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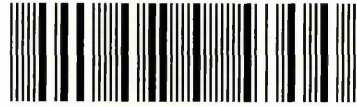
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# **The Re-design of Rural Governance: New Institutions for Old?**

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A thesis submitted in partial fulfilment of the requirements of  
Sheffield Hallam University  
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## **ABSTRACT**

### **The Re-design of Rural Governance: New Institutions for Old?**

For 40 years after the war, government in the UK supported, subsidised and promoted the expansion of agricultural production, to the exclusion of almost all other rural issues. Similar expansion of food production was encouraged across Western Europe. This 'productivist' era came to an end during the 1980s provoking a reassessment of the role of agriculture and of rural areas. Rural geographers have identified a post-productivist transition but have sought to explain the causes of change through the framework of regulation theory. The study rejects this approach as focusing its explanation on changes in accumulation imperatives within some agent-less process. It adopts a constructivist/discursive institutionalist framework which endogenizes agency and seeks to explain institutional change through exploring the role of ideas in responding to crises and critical junctures. The study proceeds through the construction of structured policy narratives over the period from the war to the present.

The study contrasts the development of productivist regimes in the UK and the European Community and reveals significant differences in the policy institutions which have strongly influenced UK relations with the Community and the integration of UK agriculture within the Common Agricultural Policy. It is argued that responses to the crisis created by the end of the productivist regime reflected the contrast in rural policy institutions. The study identifies a paradigm shift in the Common Agricultural Policy enabling reform to be constructed within the context of the normative values which shaped its original design. The Thatcher government by contrast introduced a neo-liberal rural policy.

Recently, New Labour has introduced a re-design of rural governance. It is argued that the Treasury was influential in its role as meta-governor in advocating alternative cognitive assumptions which denied the distinctiveness of rural economic and social needs. The outcome has been the disintegration of rural policy in England.

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## Chapter 1

### Introduction

Urban politics, according to Peter John (2009, p21), is “politics in miniature [which] creates a particular kind of political system rather than a mirror image of other levels” with the result that its focus is essentially local (or sub-national). ‘Rural’ has been defined as everything that is not ‘urban’ but rural politics cannot be regarded as the reverse side of the urban coin. For 40 years after the war, rural politics was associated with policies and politics relating to agriculture and the management of rural land. It was thus framed by the interests of farmers and farming, and so long as social problems of rural areas could be contained by rising farm incomes, by retaining the ‘family farm’ and by maintaining agricultural employment, then “rural social problems could be absorbed within agricultural policy” (Woods 2007, p3). This traditional perspective has been challenged as the significance of agriculture, as a generator of rural wealth and employment, has declined. Change has been rapid: counter-urbanisation has led to increasing rural population; economic growth has matched urban areas; and, rural areas increasingly reveal conflicts and contestation about the use of land, whether for farming, development or environmental conservation. Woods (2007, p2) suggests that rural politics has been succeeded by the politics of the rural.

Unlike urban policy, “studies of rural policy in Britain are relatively limited in number and ... most these focus on the policy-making process, ... e.g. Smith 1993 and Winter 1996” (Woods 2008, p8). Marsden and Sonnino (2008, p430) suggest that “there is little critical research that explores the contradictory nature of policy developments, their impacts or their lack of effectiveness in rural areas.” Analysis of rural policy has largely been the preserve of rural geographers and rural studies academics, while the interest of political scientists has largely been confined to studies of the European Community’s Common Agricultural Policy and most significantly, the emergence after the war of a closed policy community comprising the Ministry of Agriculture and the National Farmers’ Union (Smith 1990; Marsh and Smith 2000).

The policy of agricultural expansion developed in the aftermath of the war has been widely regarded as heralding the beginning of a productivist regime, as governments of both main political parties supported a post-war settlement for increased food production. Rural policy came to be dominated by the need to satisfy the demands of agricultural sector. When over-production and food surpluses began to appear in the European Community in the late 1970s, the policy of expansion came under sustained attack from some governments, including the UK, environmentalists and consumers. The productivist regime was succeeded by what rural geographers have conceptualised as the post-productivist era. This dualism and the nature of post-productivism have been the subject of intense yet inconclusive debate. What is not in doubt is the fact that agriculture no longer retains its dominant position in rural areas, as other issues such as the rural environment, the conservation of the countryside, biodiversity, accommodating population growth, the social impact of the concentration of services in urban areas all compete for policy space.

The political context in rural areas has many unique features. The market does not play such a significant role in providing solutions to many rural issues: the low density and dispersed population effectively reduces opportunities for economies of scale; rural landscapes, biodiversity and cultural heritage are public rather than market goods; and, agriculture functions within a highly controlled market. There is increasing interaction between rural and urban areas, with a growing scale of urban-bound commuting countered by increasing use of the countryside for recreation by city dwellers. Rural areas especially the uplands provide ecosystem services, including water management and flood control; renewable energy; carbon sinks in the peat moorlands, among others. Therefore, rural areas have become highly politicised arenas: rural policy is concerned with choices about the use of land, the scale of agricultural production, the rate of use of natural resources, the extent of social and economic support and subsidy, the scale of development and the increasing multifunctional use of rural spaces. Rural change is therefore associated to a significant extent with shifts in rural policy.

Rural policy is multi-level with European, national, regional and local governments all contributing to the rural policy process. UK agriculture has been since 1973 supported through the Common Agricultural Policy and the European Union has also developed rural development programmes. National policy statements on the future of rural areas have been prepared by both main parties. At the regional level, the Regional Development Agencies are statutorily obliged to give equal weight to rural as to urban areas in their regeneration responsibilities. Many local authorities have prepared rural policy statements and through their planning responsibilities control the scale and characteristics of rural development and protect the countryside. The issue of coherence across the multi-levels is a challenge for rural governance.

Despite the strong influence of political intervention in shaping rural areas, it is surprising that there is such a limited literature on rural policy in England. As Woods (2008, p8) remarks, "critical discussion of the discourses of rurality that underpin rural policy are restricted to no more than a handful." While the shift from productivism to post-productivism has occupied much space, rural geographers have largely ignored the influence of policy and political decisions in shaping post-productive rural England. Potter and Tilzey (2005, p582) argue that previous work examining the shift to agricultural post-productivism has largely ignored questions of causation and agency in rural change. Moreover, Marsden and Sonnino (2008, p430) suggest that

social scientists (especially since 1997) have been so busy descriptively following the various initiatives, schemes and projects that they have tended to forfeit a more critical and structural analysis of the contemporary State and of its profound role in conditioning and positioning its agricultures.

The aim of this study is therefore to explain the historical transformation of a post-war rural policy dedicated to supporting the expansion of agriculture to the emergence of what the OECD (2011, p22) regards as a policy approach in England, "unique among OECD countries." It does not however propose alternative policy solutions and designs, but by contributing to a more complete understanding of how present policy for rural England came to be shaped may help to stimulate more critical debate and research.

This study was supported by an ESRC CASE Studentship co-sponsored by the Rural Community Councils (RCCs) in Yorkshire and the Humber region. It coincided with a fundamental shift in the place of RCCs in rural governance. Founded in the 1920s to support the social development of rural communities, the RCCs were continuously sponsored by the Rural Development Commission until it was scrapped in 1997 to be succeeded by the Countryside Agency. Their independence from government at all levels allowed the RCCs the freedom to innovate and be flexible in their roles. Following government proposals to 'modernise rural delivery' agreed in the 2004 Rural Strategy (Great Britain, Defra 2004), the RCCs were funded by central government with reporting lines to the Government Office for the Yorkshire and the Humber region. This change thrust the RCCs into the network of government relationships and their remit became more closely associated with regional and local government activities and programmes, with which they were unfamiliar. This study provided the opportunity to improve their understanding of why rural governance had been fully re-designed and what the changes were hoping to achieve.

The research questions were initially defined as identifying the key factors which explained the re-design of rural governance. However, the re-design may only be understood in the context of changes in rural policy and in particular the shift from the post-war productivist regime to a more broadly based rural policy. The study therefore needed to examine change over the long-term - from the creation of the policy of agricultural expansion to the present. It was equally clear that change impacted on all levels of policy from the European Community's Common Agricultural Policy to local community support.

### *Outline of the study*

Chapter 2 explores the limited range of literature on rural policy in the UK. It focuses specifically on rural geographers' interpretation of the shift from productivism to post-productivism, revealing their close adherence to a Marxist framework of analysis. The use of regulation theory limits the scope of analysis, imputing the causes of change to accumulation imperatives, but within some agent-less process. Analysis tends to concentrate on identifying the spatial

differentiation of the impact of change. Recent literature has disputed this dualism and has sought to promote a multi-theoretical approach.

Chapter 3 provides a critique of regulation theory as a framework for analysing policy change. Rejecting the structural tendencies central to neo-Marxist approaches, it then explores the recent developments in new institutionalism as offering potential for examining in greater detail the processes of policy change, the role of agency and a range of causal factors. While the three older new institutionalisms lack agency, the emergence of constructivist approaches characterised by the role of ideas and ideational processes provide a basis for explaining and interpreting change.

Constructivist approaches do however present significant methodological challenges which are explored in Chapter 4. Elaborating the nature of the research problem, the research questions are reformulated as:

1. How did rural policy institutions come to be changed?
  - a) How did a socio-political and economic context lend support for the selection of certain ideas above others in the design of rural institutions?
  - b) Who were the key ideational entrepreneurs, and how did they succeed in getting their ideas accepted?
2. What has been the relationship between the rural institutional change and the design of rural governance?

The need for methodological pluralism is emphasised, although the structured policy narrative (following Kay 2006) is adopted as the main research design. By analysing the progress of the rural policy path, crises or critical junctures become the key moments in the narrative which are explained by linking the causal properties of institutional structures to the processes of policy development. Policy tracing is adopted as the key method for populating the narrative, and incorporates historical method and its concerns for the quality of data sources. An emphasis is placed on 'eyewitness' accounts of key policy debates.

Since the UK accession to the European Community in 1973, it has been assumed in many political studies that the Common Agricultural Policy (CAP) undermined the capacity of the state to construct its own national agricultural policy. Therefore, Chapter 5 explores the development of the CAP and argues that the stimulus for a common policy cannot simply be ascribed to economic logic. Recent work by Knudsen (2009) based on original sources has emphasised social welfare and rural values in the original policy design. The Chapter explores how, in response to the deep budget crisis resulting from the production of surpluses in the 1980s, CAP reform has been constructed within the context of the normative values which shaped its original design. The Chapter provided the basis of an article on the construction of an alternative policy narrative in the 1980s (Elton 2010).

Chapter 6 analyses a structured narrative of agricultural and rural policy in the UK following the post-war settlement. It compares its development with European experience and identifies a divergence which had significant implications for UK relations with Europe. It highlights that the Europeanization of UK agricultural/rural policy has not received sufficient attention. The Chapter contests the view of Marsh and Smith (2000) that the monopoly power of the closed policy community explains the persistence of productivist agriculture, proffering an alternative interpretation of agricultural policy as an instrument of economic policy. The Chapter concludes that following the election of the Thatcher government there was a paradigm shift as neo-liberal ideas introduced the role of markets to UK rural policy and significantly reduced the level of support and subsidy.

The following Chapter 7 explores the UK response to CAP reform and its introduction of a multi-sectoral, territorial rural policy supported through local initiative and intervention. It compares the attempt to formulate a rural policy for England with the European approach and concludes that despite the introduction of an environmental dimension emphasising the production of public goods, rural policy in England was highly constrained by the neo-liberal policy regime.

Chapter 8 argues that the response of New Labour to the declining role of agriculture in rural areas was initially determined by its unexpected electoral success in rural England and by accusations of the Countryside Alliance that the party did not understand rural issues. Its rural policy statement in 2000 was more a commitment of substantially increased resources than a vision for rural England. Following the wide ranging impact of the outbreak of foot and mouth disease, New Labour created a new department to coordinate rural affairs and embarked on a more considered policy review. It is argued that the review was heavily influenced by the Treasury which acted as a meta-governor seeking to steer the nascent department and to revise and reform rural policy institutions. The outcome has been the disintegration of rural policy as the Treasury denied the distinctiveness of rural economic and social needs. The policy delivery strategy has thus become dominated by 'mainstreaming' considered by the OECD (2011) as "unique among OECD countries."

The final Chapter 9 draws together the key findings and assesses the value of the constructivist/discursive institutionalist framework for the historical analysis of rural policy in England. It also highlights areas for further research, especially further investigation of the Europeanization of UK rural policy.

## **Chapter 2**

### **A Review of Literature on Rural Change**

#### **1. Introduction**

The past 20 years have witnessed increasing challenges to the traditional concept of rural life, dependent on agricultural production as the key source of economic and social integration. In the aftermath of the Second World War, the government's commitment to sustaining agriculture as a contributor not only to greater self sufficiency of food but to improvements in the UK's balance of payments was enabled through the construction of a simple, coherent rural policy in which farming was afforded first priority. Rural policy consisted of a set of values, norms and instruments which ensured that agriculture could expand levels of production without fear of competition from other demands on rural land. Rural governance was dominated by what has been described as either a corporatist policy model (Winter 1996) or a closed policy community (Smith 1990) in which the National Farmers Union and the Ministry of Agriculture, Fisheries and Food (MAFF) developed a crucial interdependency. This post-war settlement was gradually challenged as the rapid expansion of production increasingly generated unintended consequences for farm incomes, for world trade, for the environment, for animal welfare, for the countryside and for rural lifestyles. The responses to these challenges have been the subject of considerable debate as government has sought to develop rural policies which maintain a productive agricultural sector while supporting the sustainable development of rural areas.

The move from this stable rural policy framework to a successor has been through a number of cycles of policy design and experimentation. This reconstruction has been a prolonged process, perhaps as the dimensions of any new settlement involve a substantially greater number of stakeholders, or perhaps as the wider range of issues increase the complexity of rural policy, or for other reasons which this study seeks to explore. This Chapter explores what is a quite limited range of literature to seek to identify: different interpretations of the post-war policy settlement; the reasons put forward for its gradual

demise; conceptualisations and theorisations of this shift and successor policies; how attempts to construct a new rural policy framework, including political debates on the future of rural areas have been analysed; the role of the state at different scales in stimulating or facilitating change; and, the emergence of new forms of rural governance.

## **2. Approaches to the Interpretation of Rural Change**

The range of this literature is largely confined to the rural studies and political science disciplines. These disciplines adopt distinctly different approaches to accounting for change. Rural studies has been concerned to explore rural change in a holistic way (Cloke and Goodwin 1992, p322), and has relied heavily on a Marxist political economy perspective and especially regulation theory, while political scientists have explored fundamental shifts in policy through the concept of policy paradigms (Coleman, Grant and Josling 2004, p93). These approaches are fully explored in later Chapters, but are outlined below to provide a sufficient context for exploring this literature.

### *Rural Studies Approaches*

Although rural studies developed rapidly in the 1980s drawing on a range of different disciplines, Lowe and Ward (2007, p3) suggest that from this revival of interest in rural issues "rural geography was able to grow in strength at the expense of other sub-disciplines such as rural sociology and agricultural economics. They conclude that the discipline has thrived over the past two decades, "in part due to its openness to interdisciplinary influences. Its fortunes contrast starkly with those of agricultural economics, which has declined largely because it was closed to such influences" (Lowe and Ward 2007, p15).

The emergence of rural geography as a significant sub-discipline dates from the late 1970s, and was largely stimulated by the work of the rural sociologist, Howard Newby. Newby drew on concepts and ideas from the Marxist political economy perspective, especially the centrality of capital accumulation and restructuring in the social formation and uneven development in rural areas (Newby 1977; Newby et al 1978). Lowe and Ward (2007, p7) emphasise that his "studies of the social relations of capitalist farming were particularly

influential". Importantly, they suggest that Newby's work demonstrated how the study of rural change could illuminate general processes of social and economic change in Britain. Yet, Newby's claim for a 'New' or 'Critical Rural Sociology' in Britain foundered on the failure of that sub-discipline to achieve recognition within its largely urban focused parent discipline (Crow et al 1990, p253).

Newby's pioneering work enlivened interest in the rural dimension, and Lowe and Ward (2007, p10) note that rural geography and much of the early research on rural issues were able to draw on a wide range of different disciplines to incorporate an array of ideas and approaches such as regulation theory, international regimes, actor network theory and ethnographic method (which were new to the geography discipline). Bowler (1987, p425) highlighted that by 1987 "Marxist political economy, either explicitly or implicitly, underpins much of the recent literature on the processes of change operating in agriculture". This approach (in its various forms) came to dominate academic analysis of agricultural and rural economic change over the next 20 years. As is revealed by the following review of literature on such change, after the early absorption of a wide range of different approaches, neo-Marxist approaches have perhaps surprisingly taken such a hold that other approaches, especially from policy studies and political science, have largely been overlooked<sup>1</sup>.

Much of the early research in rural studies was conducted within a Marxist political economy framework, and focused largely on agriculture as an economic sector while elements of social change within rural areas were largely neglected. Structural change in agriculture was seen as contingent on global trends. Marxist concepts, particularly regimes of accumulation, were employed by Friedmann and McMichael (1989) to link global economic change to major shifts in the agricultural economy and hence to identify the long-term

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<sup>1</sup> In what human geographers have termed a cultural turn, a complementary area of rural research emerged in the 1990s. Lowe and Ward (2007, p15) note that "a crucial development was the reclaiming of rurality as an appropriate scientific object." Philo (1992, 1993) and Murdoch and Pratt (1993, 1994) explored the implications of post-modernism for rural studies and called for greater consideration of marginalized groups and communities, together with a broader sociological analysis of rural studies that incorporated the social construction of 'the rural' (Halfacree 1993). Lowe and Ward (2007, p15) conclude that "this rescuing of the rural as an object of analysis opened up a rich seam of research on representations of rurality, rural identities and processes of social and cultural marginalisation (e.g. Milbourne 1997, Cloke and Little 1997)."

development of food regimes. These reflect different types of commodity chains and production systems, which “had to be politically constructed, coordinated and maintained across ... the constituent countries of the regime” (Goodwin 2006, p308).

Aglietta (1979) identifies two periods of capitalist development, each with its own distinctive modes of expansion. In the earlier phase (1870s to 1910s) capitalist expansion depended on spreading to new areas of activity. Marsden et al (1993, p44) refers to this phase, in relation to agriculture, as the “Imperial food order”<sup>2</sup> in which extensive development of agriculture was encouraged through the expansion of cultivation to new colonial frontiers and supported by a commitment to free trade. In the later, more intensive, phase, from the 1940s to the 1970s, expansion was dependent on the reorganisation of existing areas of capitalist activity to increase efficiency. However, when this phase failed to generate sufficient demand, as a result of over-investment and under-consumption in the Great Depression, a monopolistic mode of regulation, referred to as the Keynesian welfare national state (Jessop 2002, p2), emerged in the post-war period. This regime is generally referred to as “Atlantic Fordism ... [in which] mass production would be the main source of economic dynamism”<sup>3</sup> (Jessop 2002, p56). Marsden et al (1993, p44) refer to this phase, in relation to agriculture, as the post-war “Atlanticist food order” in which more intensive development of agriculture was encouraged by the shift to a mass consumption economy. A third regime has been recognised by some authors (McMichael 1996; Goodwin 2006, p308) as emerging in the 1980s and 1990s as international trade agreements and a neo-liberal globalisation of capital have created new conditions for the development of an agro-industrial model of farming (Marsden 2003, p3).

These structural changes in agriculture came to be regarded as largely exogenous to the wider processes of rural restructuring. Rural studies research

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<sup>2</sup> Marsden et al (1993, p44) suggests that the Imperial food order was dominated by Britain and lasted from the 1860s to the 1930s.

<sup>3</sup> Jessop (2002, p56) expands on this definition of Fordism by stating that “Fordism in its strict, ideal-typical sense involves a virtuous circle of growth based on mass production, rising productivity, increased mass demand due to rising wages, increased profits based on full utilisation of capacity and increased investment in improved mass production equipment and techniques.”

on such restructuring has, on the other hand, been framed by regulation theory. In particular, analysis of restructuring has focused on the core assumption of regulation theory: that “regularization or normalisation” (Jessop 1995, p309) or socialisation processes are required for capitalist accumulation to proceed.

Regulation theory seeks to identify the macroeconomic and institutional underpinnings of long cycles of growth in the world economy, and the reproduction of capitalist economic and social relations over time. Such cycles or ‘regimes of accumulation’ refer to “particular patterns of economic evolution, linking production and consumption” (Hay 2001, p1334). Boyer (1990, p35-36) suggests that the coherent progress of a regime depends on “a set of regularities ... that allow for the resolution or postponement of the distortions or disequilibria to which the process continually gives rise.” The norms, institutions, routines, practices and procedures which help to stabilise an accumulation regime and so avoid tendencies towards crises are collectively referred to as a ‘mode of regulation’.

The failure of Fordism in the 1970s to continue to generate further growth in productivity gave rise to structural crises in the changed economic environment precipitated by the oil crisis. There are divergent views on what kind of regime has succeeded Fordism: some argue that a new post-Fordist mode of capitalist development has already emerged characterised by ‘flexible accumulation’ with flexible specialisation, and a search for economies of scope rather than scale and a workfare rather than welfare state; others consider that the present period is a long transition to some post-Fordist alternative; yet others consider that the politics of neo-liberalism and welfare retrenchment is a continuation of the Fordist regime (Hay 2001, p1335).

### *Political Science Approaches*

The interest of political scientists in rural policy has largely been confined to studies of the European Union’s Common Agriculture Policy (CAP). Given that the CAP has been “one of the cornerstones of the EU since its inception as a common market” (Grant 1997, p1), political analysis has focused on its role in

supporting European integration, the complex institutional structures which support its implementation and the politics of CAP reform, including "its persistence in a form which seems to have little economic justification" (Grant 1997, p30).

Analyses of CAP reform and changes in agriculture policy have frequently employed Hall's (1993) concept of policy paradigms. His notion that public policy bears the imprint of a dominant paradigm in the form of a relatively coherent set of ideas and standards has been applied by a number of authors (Coleman, et al 1996; Coleman 1998, Skogstad 1998; Daugbjerg 1999; Coleman, Grant & Josling 2004; Garzon 2006) in seeking to explain significant change to agricultural policy in OECD countries and increasingly globally. Such a paradigm is defined by Hall (1993, p279) as a "framework of ideas and standards that specifies not only the goals of policy and the kind of instruments that can be used to attain them, but also the very nature of the problems they are meant to be addressing." Shifts from one paradigm to another have been the subject of much debate in this political science literature, and in particular, whether such a shift results from exogenous pressures and is associated with major institutional re-alignments.

### *Other Approaches*

It would be wrong to suggest that these are the only approaches and theoretical and conceptual frameworks which have been employed in analysing rural policy change. Increasingly, as the limitations of regulation theory and the concept of a policy paradigm have become recognised, a trend towards a more multi-theoretical approach has become evident. In particular, the role of supranational and national governments has been introduced more transparently into analyses of change, which have demanded the inclusion of other approaches. In rural studies research, the increasing recognition of the significance of politics in determining change has led to the introduction of neo-Gramscian state theory to help identify political forces and practices which underpin modes of regulation. In addition, neo-Foucaudian approaches have been adopted to provide analytical tools to explore how 'managerial technologies' enable the state to shape local institutional practices (e.g.

MacKinnon 2000). Within a similar framework, others have identified the 'political construction' of key components of policy as important determinants shaping policy design and delivery (Potter and Lobley 2004). Further, both rural studies and political science have turned to the concept of governance, whether within the concept of governmentality or governance theory, to explore how the state responds to change and the need for change.

### **3. Post-war Rural Policy and its Demise**

This section explores the different interpretations of the post-war settlement and the rapid expansion of agricultural production, together accounts of the reasons for the end of productivism.

#### *The Post-War Rural Policy Settlement*

It is generally accepted that the post-war settlement for agriculture in the UK (and across much of Western Europe) heralded an era of modernisation and technological development which was aimed at supporting a substantial expansion of farm production. In the case of the UK, expansion is associated with enabling a reduction in the reliance on imports in order to improve the balance of payments (Marsden et al 1993, p52), but also with developments in the mass production and consumption relations of the Fordist regime. Many rural studies scholars have applied the term 'productivist regime' (Marsden et al 1993, p58) to represent this period of agricultural modernisation and expansion, while political scientists have emphasised the key role of governments in establishing a policy paradigm, in which state assistance underpinned the expansionary principles and values.

The way in which the productivist regime emerged in the UK is explored in some detail by Winter (1996) and Marsden et al (1993). Both emphasise the need to set its development in a broader historical context firstly, in Winter (1996, p2) of "forces deeply rooted in political, cultural, social and economic history" or secondly, in Marsden et al (1993, Chapter 3) of "food orders". The state assisted paradigm or productivist regime is seen as owing its origins to wartime conditions as a state-directed agricultural policy, in which the UK government set the key goals, took control of farm prices and identified the

National Farmers Union as its key partner to ensure Britain could become more self-sufficient in food.

In Winter's (1996, p 104-5) more narrative account of the need for agricultural expansion, he contends that in the immediate post-war period, the UK had found itself with shortages of both food (hence the introduction of rationing) and foreign exchange with which to purchase it on the world market. All political parties agreed that British farmers should be encouraged to produce as much of the domestic demand as possible. As Winter (1996, p104-5) recounts, the Labour government provided a legislative framework for agriculture in the 1947 Agriculture Act, which built on the experiences of the Second World War to "dramatically [alter the] role of agriculture in the economy and the polity". Winter (1996, p105) suggests that the Act provided a mutually acceptable arrangement "government wanted secure food supplies, farmers a secure income; and so the idea of partnership ... came into fruition". The National Farmers Union (NFU) became the lead consultee and formed with the Ministry of Agriculture, Fisheries and Food (MAFF) what Smith (1993, p101) argues "is seen as the paradigm case of a closed policy community". He defines this as "a highly integrated community ... [with] a very restricted membership with shared interests ... [and] limited horizontal articulation being largely isolated from other networks" (Smith 1993, p101). However, other groups representing the consumer, environmentalists and the National Union of Agricultural and Allied Workers were excluded. Smith (1993, 102-3) demonstrates that the policy community was able to secure its closure to others by depoliticising agriculture policy.

Marsden et al (1993, p44) link this commitment to agricultural expansion to the wider trends in the economy and society, especially the shift towards a mass consumption economy and a greater dependency on domestic food supply<sup>4</sup>. Government support was therefore "oriented towards ensuring relatively cheap, abundant and secure food supplies ... and [hence] the expansion of agriculture and its industrialization became a focus of accumulation" (Marsden et al 1993,

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<sup>4</sup> Marsden et al (1993, p 44) argue that the need to boost domestic supply was for "strategic reasons linked to the UK's declining military and economic strength."

p44). According to Marsden et al (1993, p59-60), the state played a dominant role in establishing conditions to facilitate expansion of production, and in particular, introduced a range of complementary measures, including:

- Security of land use: the Town and Country Planning Act, 1947, gave farming “a pre-emptive claim over rural land”;
- Financial security: annually guaranteed prices provided farmers with both protection from market fluctuations and the incentive to increase production;
- Political security: the influence of the NFU stemmed not from its market strength, but “from effective organisation in the context of a politically prescribed partnership”;
- Ideological security: the ideology of the partnership fostered identification with the national interest, a productivist image, and the image of farmers as competitive and independent minded entrepreneurs.

An alternative perspective of the post-war settlement in Western Europe is provided by Coleman (1998). He develops an analysis of a policy paradigm which was adopted in most Western countries and which informed the development of the Common Agricultural Policy from its beginnings in 1958. Coleman (1998, p636-8) argues that this state-assisted or “developmental” paradigm was framed in the post-war context of farming beset by problems of low incomes and lack of competitiveness. The prevailing image was of a sector which lagged behind the rest of the economy, especially in its failure to modernise its structures and technologies. The core belief was that agriculture should meet the basic food needs of the population and provide a security of supply. This was encapsulated as one of the key objectives of the CAP and delivered through policy instruments which supported the modernisation of farming and the improvement of productivity. However, because of the sector’s vulnerability to unstable and variable natural conditions, market price mechanisms were not seen as an effective means of securing such improvements. Therefore, governments undertook to control the market through price and market support instruments, including protection from world

markets, buying up surplus production and compensating for reducing surplus capacity.

### *A Crisis for the productivist regime or state-assisted paradigm*

Challenges to the 'productivist' regime or 'state-assisted' agricultural policy paradigm erupted into a major crisis in the early 1980s, especially for the CAP. The significance of crises in stimulating the re-design of modes of regulation or of policy paradigms, and therefore for policy and institutional change, has been widely recognised. This sub-section explores interpretations in the literature of the significance of this crisis for agricultural and rural change and its impact on the role of the state and its policy objectives. For the most part, these interpretations have been limited to narrative accounts, frequently containing undeveloped hypotheses about the key determining factors and their influence on change. Rural studies literature has for the most part provided accounts of the crisis within a regulationist framework, and has sought, to varying degrees, to associate the crisis with macro-economic change and contradictions in capitalist accumulation. Political science research on the CAP and its reform has, on the other hand, regarded the crisis as a challenge to the prevailing ideas of the policy paradigm, but with limited explanation of the causes or the influence of the crisis on policy ideas.

Winter (1996, p130) suggests that the main cause of this crisis lay with "the increasing surpluses [of production] and their cost to the EC budget". Overproduction, both within Europe and the rest of the world, had by the early 1980s led to accusations of dumping as states sought to reduce surpluses. Critically for the European Community (EC), its policy commitments required it to increase its intervention in the market, necessitating increases in storage capacity and hence in the overall level of CAP expenditure, which by 1984 consumed 69.8% of the EC's total budget. Winter's account of the crisis, while emphasising some of the CAP's internal contradictions does not directly link the crisis to exogenous factors.

On the other hand, Marsden (1993) seeks to set the crisis in a broader context than the operation of the CAP or the global market for agricultural products. He

argues that in the 1980s the productivist regime became beset by an “overwhelming build-up of contradictions” ... [but what was new] “was the way these spilt over from domestic and international politics” (Marsden et al 1993, p62). Most significant of these contradictions were, according to Marsden et al (1993, p62-3): the globalisation of the food crisis following the collapse of the Atlanticist food order, and the consequent dumping of surpluses on the world market; the depression in world commodity prices and the consequential increase in the costs of price support, especially in the EC; a fall in farm incomes and land values; but at its root, the problem was the “expansion of agricultural output at a rate that ... outstripped the capacity of domestic markets to absorb the increase”. The solution to the crisis, he argues, lay in reducing output to match demand, but the political difficulty lay in how to achieve this “in the face of entrenched farming interests” (Marsden et al (1993, p63). Goodman and Redclift (1989, p12) summarised these growing contradictions by suggesting, “the farm crisis has exposed current production regimes to a crisis of legitimacy”.

Political analysis of the crisis while reflecting the same circumstances surrounding its causes and characteristics has raised further issues, relating to whether the sources of the crisis could be identified with exogenous or endogenous factors. Coleman (1998, p643-4) argues that the developmental paradigm “foundered on economic stagnation, additional inequality fostered by price and market regulation<sup>5</sup>, and political change ... [resulting from] the addition of Greece, Spain and Portugal ... all with farming sectors dominated by small holdings”. Smith (1993, p111) maintains that “any changes that have occurred have been the result of external changes on the CAP”, and he contends that “three structural factors have provided the main motors of change within the EC. They are: the level of overproduction, the cost of the CAP and the international agricultural situation”. While the focus of his study is the agricultural policy community and its influence on delivering the policy

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<sup>5</sup> Coleman (1998, p643) contends that “the price and market regulation system [created by the developmental paradigm] ended up favouring disproportionately the larger, more efficient farmers, all the while providing enough scraps to enable many smaller, less efficient producers to remain active.”

goals, Smith (1993, p111) concedes that “it is important not to over-emphasize the role of groups in forcing change on agricultural policy”.

In a contrasting account, Kay (2006, Chapters 6 and 7) argues that reforms of the CAP have occurred within a path-dependent process, and that the structure and institutions of “the original CAP created periodic bursts of ‘crisis’ almost by design” (Kay 2006, p100). He contends that since 1977 “CAP reforms have generally been the result of pressures from one or both of two sources – the EU budget and, more recently international trade pressures” and that despite the periodic crises resulting from pressures on the budget “the underlying basis of support remained unchanged until at least 1992” (Kay 2006, p92). He argues that because of the design of the EC budget system in which CAP expenditure was regarded as ‘compulsory’ at all times regardless of the overall budget situation facing the Community, price and market support for farmers “contained an open-ended commitment” (Kay 2006, p93). Therefore, Kay contends that unlike other path dependent processes in which a path break is the result of external shocks, “with the CAP ... change is forced by endogenous factors” (Kay 2006, p100). He suggests that the protection of the net budget position of member states with respect to the CAP became “an objective for national governments bargaining within different councils of ministers” (Kay 2006, p90) and therefore was a major factor in retaining the structure of the budget and keeping the policy on the same path.

#### **4. Responses to the Crisis**

The 1990s saw a significant expansion of research interest in the response of the market, the state and society to this crisis for agriculture, its policy framework and the implications for rural areas. The research literature has tended to conceptualise the resulting changes as dualisms: as a shift from productivism to post-productivism or from a developmental paradigm to a differential paradigm. However, as Potter and Tilzey (2005, p582) argue such dualisms have largely ignored questions of causation and agency. Such conceptualisations dominated the literature during the 1990s and only recently has attention turned to other theoretical frameworks. The impact has been to

restrict analysis and prevent “a convincing exposition of rural change” (Potter and Tilzey 2005, p582).

A major theme of research principally in rural studies, but also among a small group of political scientists, has been the conceptualisation and theorisation of “the processes of economic restructuring and social recomposition” of rural areas (Cloke and Goodwin 1992, p321). This theme generated a significant explosion in rural studies literature from the discipline’s emergence in the 1980s through to the early years of the 21<sup>st</sup> century. This section explores this literature, highlighting the main conclusions to emerge, the conceptualisation of agricultural and rural change and the role of the state, together with recent critiques of its theoretical basis. Then, the following section compares this approach with the work undertaken within a political science framework.

### *Productivism to post-productivism*

An important emphasis in the rural studies literature in the 1980s was to place the analysis of this crisis and the ‘restructuring’ of the agricultural sector in the context of the wider capitalist reorganisation of the early 1980s. Overcapacity in the sector was related to the general economic malaise associated with the collapse of the Fordist model; in particular, parallels were drawn with the wider processes of industrial restructuring (Lowe et al 1994, p4). The conceptualisation of farming as part of rural society and community gave way to notions of food systems and regimes “whose organisation cannot be separated from the development and transformation of national economies within the global capitalist economy” (Lowe et al 1994, p4). Hence the debate sought to conceptualise change as a shift from productivism to post-productivism, just as the wider debate on the political economy theorised a shift from Fordism to post-Fordism.

According to Cloke and Goodwin (1992, p322), the early literature in this field reflected “a serious bifurcation” between research on the agrarian political economy and investigation of broader aspects of rural change and restructuring. Thus, Marsden et al (1993, p19; p20) argue that while in the 1980s “the political economy of agrarian development ... became an active field

of study”, “restructuring theorists have tended to marginalize the rural”. A number of authors (Marsden et al, 1993; Potter and Tilzey, 2005; Goodwin, 2006) have reflected on the tension between the structuralist approaches evident in ‘food regime theory’ (advanced, for example, in Friedman and McMichael (1989) and McMichael (1994)) and the social action central to local restructuring in response to shifts in capitalist accumulation (Marsden et al, 1993; Whatmore, 1995; Marsden, 2003). Potter and Tilzey (2005, p583) conclude that:

the result has been a polarization of academic opinion between those who emphasise social action in local and national spaces, and those who retain allegiance to the structuralist explanations offered by food regime theory.

Such analyses of agrarian change largely overlooked the rural, with little attention being paid to the way trends in agriculture were integrated with other aspects of rural change. Marsden et al (1993, p20) concluded that:

The lack of analysis of the changing position of rural areas ... has become more and more apparent with the recognition that rural change is deeply embedded within restructuring processes.

The debate on rural as opposed to agricultural restructuring burgeoned in the 1990s, and Marsden et al (1993, p20) were convinced that the debate on rural restructuring should:

move beyond the broad theoretical concepts that dominate much of the restructuring literature ... [which] retain an excessive economism and a set of ‘top-down’, structuralist assumptions about the nature of change.

Their preferred approach sought to move from the macro to the micro, relying on evidence of local action and local systems of relationships. They highlight the significance of new local social relations, concluding “as the structural dominance of a productivist agriculture has receded, the remoulding of local conditions by local actors has become more diverse” (Marsden et al 1993, p175). The outcome of “the current processes of economic political and social change [is] engendering a period of flux and differentiation in rural areas” (Marsden et al 1993, p185). Later, he concluded “since the early 1980s it has become increasingly clear that rural areas ... have become caught up in a much more complicated national and international political economy” (Marsden 1998, p15). The analysis of rural change therefore focused on investigating

differences in the mode of regulation and “the plurality of regulatory strategies operating both within and between different rural areas” (Murdoch et al 2003, p53).

However, Cloke and Goodwin (1992, p323) were concerned at how “rural researchers [were] beginning to conceptualise current rural change in terms of a shift to post-Fordism in the broadest sense of the term”. In light of such a shift and a new mode of regulation, Marsden and Murdoch (1990, p14) called for a revised conceptual and empirical agenda for understanding rural change based on the “regulationist restructuring thesis” which had gained support in urban and regional studies. For example, Amin and Thrift (1994, p23), argue that the emergence of a post-Fordist regime of flexible specialisation and accumulation created a differentiation in the fortunes of territorial areas. A similar process of rural differentiation has been identified by Marsden et al (1993), Murdoch and Marsden (1995) and Murdoch et al (2003) and has become a major sub-theme of the literature on rural change and restructuring. Goodwin (2006, p310) supports the differentiation thesis and explains it by emphasising that regulation is a contested and highly variable set of processes with the result that within any mode of regulation, there is always a variety of institutions, practices, regulatory mechanisms and social norms. He therefore concludes that “using this conceptualisation, the rural researcher is able to analyse the differential constitution and effects of particular modes of regulation as they operate across rural areas”. Marsden et al (1993, 20) therefore “focus on explaining processes of change as they are experienced at the local level”.

Evans et al (2002, p313; p314) argue “it has become fashionable to conceptualize recent shifts in agrarian priorities as a ‘post-productivist’ transition” while “the active creation and reinforcement of a productivist/post-productivist dualism has emerged as a means of explaining the uneven development of rural areas”. However, Cloke and Goodwin (1992, p324) in commenting on initial applications of the ‘regulation’ approach to rural research cautioned against “borrowing inappropriate ideas” and using “overarching concepts in a rather cavalier fashion.” In particular, they counter by suggesting that:

a sea-change to a new epoch may well be the latest in a long line of 'constant revolutions', and hence any search for an extensive shift in rural society from Fordism to its successor would seem to us somewhat premature.

However, despite Cloke and Goodwin's (1992, p324) call to "theorise the complexity of empirical change in a more satisfactory manner than that allowed by the rather abstract and over-arching notions of Fordism and post-Fordism", the development of rural and agricultural research into the restructuring process became focused on the notion of a shift from 'productivism to post-productivism'. This research is examined, in order to provide firstly, an account of the changes which this literature sought to conceptualise and theorise; secondly, a basis for comparison with other approaches – both more recent developments in rural studies and within the political science discipline.

### *Post-productivism*

The restructuring of agriculture and of rural areas has been "considered to be of sufficient magnitude to demand a revised conceptualisation of rural change" (Marsden et al 1993, p172). 'Post-productivism' emerged as the term to capture and help to define a new state in which the restructuring process had moved away from productivism but had yet to stabilise in the form of a new mode of accumulation. While rural studies scholars largely agreed that by the mid-1980s "the logic, rationale and morality of the productivist regime were increasingly questioned" (Wilson 2001, p81) and Marsden et al (1993, p68) declared that the productivist ideology "was obviously in disarray", Lowe et al (1993, p221) and Ward (1993, p349) suggest that there was a lack of a clear definition of post-productivism. Based on the work of Marsden et al (1993) and Ilbery and Bowler (1998), Wilson (2001, p82) concludes that post-productivism has been conceptualised as the 'mirror image' of productivism.

In the absence of any general agreement of what the characteristics of post-productivist agriculture are, conceptualisations have largely been reflected in terms of an erosion of the key drivers of productivism – the loss of agriculture's central position in rural society; a move away from exceptionalism; the replacement of the production imperative by an increasing concern for farming's impact on the environment; the broadening of the policy community

to allow alternative voices to influence policy and public expenditure; a breaking of the monopoly of rural land use, allowing competing developments in housing and industry/services to support a growing middle-class; increasing calls for dismantling of protectionism, e.g. by the OECD (Tangermann, 1996); increases in pluriactivity<sup>6</sup> as a means of increasing or even just maintaining farm household incomes; shifts in agriculture policy away from supporting production and towards agri-environmental practices.

The reversal in fortunes of the productivist hegemony was associated with reductions in state support for production, which signalled "a gradual loss of faith in the ability of the state to influence agricultural regeneration" (Wilson 2001, p84). Moreover, Shucksmith (1993, p446) argues "the European Community and member states have [developed] post-productivist policy instruments ... [to provide] new sources of income for farm families and new uses of farmland", including measures to diversify the rural economy and to give priority to extensive rather than intensive agriculture. Moreover, European support for a shift to environmentally sustainable agricultural practices is the instrument which has been most strongly associated with a move to post-productivism.

While productivism was largely associated with the drive to modernise agriculture, authors have seen post-productivism as representing a rural rather than simply an agricultural reaction to it. For example, the policy to increase the range of employment opportunities for those farmers who were suffering a decline in income may, as Shucksmith (1993, p471) demonstrates, have been a reaction to the decline in the fortunes of farming, but the target of its delivery was rural, being delivered through measures to diversify the rural economy. Moreover, in addition to agricultural changes, a broader range of economic and social processes were already stimulating rural economic restructuring and social recomposition, and Cloke and Goodwin (1992, p321) concluded that theorising such changes meant that "the 'agricultural' and the 'rural' have to be

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<sup>6</sup> Pluriactivity is the term applied by rural studies scholars to denote the diversification of economic activities carried out by farm households, including "on-farm use of the resources of the farm for producing either new agricultural products which are not in surplus or non-agricultural products ... or other off-farm sources of income" (Shucksmith and Winter 1990, p429).

brought together in conceptual terms". It has been widely recognised (Philo 1993; Halfarcree 1997; Marsden 1999) that "the notions of productivism/post-productivism go well beyond the issue of agriculture and cannot be understood in agricultural terms alone" (Wilson 2001, p78).

The conceptualisation of a more inclusive definition of 'rural post-productivism' has been widely explored, but is perhaps most effectively represented by Marsden (2003, Chapter 5)<sup>7</sup>. He argues that post-productivist forces counterpoise the waning of productivism against a countryside being increasingly seen "as a multifaceted consumption space" (Marsden (2003, p95), as a result of an increasing trend of counter-urbanisation and of expanding inflows of visitors. He suggests that rural restructuring within a differentiated rural space is resulting in "rural areas becoming more regionally situated and dependent upon different types and combinations of production and consumption" (Marsden 2003, p99). The main characteristics of this post-productivist countryside therefore result from the growing contribution of non-agricultural actors to stimulating land use change and the reinvigoration of the rural economy. Marsden (2003, p111) suggests that a process of 'commoditisation':

is central to understanding contemporary rural restructuring ... [and] represents a variety of social and political processes by which commodity values are constructed and attributed to rural and agricultural objects, artefacts and people<sup>8</sup>.

Under this conceptualisation, rural areas have become valued in particular for their aesthetic qualities with different social constructions of rurality being influential in the commoditisation process. For example, tourism has prospered as rural entrepreneurs and countryside institutions have represented constructions of nature and rurality to urban 'consumers'. At the same time, rural people, especially in-migrant middle classes, have sought to restrict development to conserve and protect their countryside assets.

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<sup>7</sup> Marsden (2003) structures his book on the transformation of rural spaces around three 'ideal types' – agro-industrial food networks, post-productivist landscapes and rural development dynamics.

<sup>8</sup> Examples of commoditisation are the re-use of redundant farm buildings, the development of recreation sites such as golf courses and rural based theme parks and social housing.

Analyses have identified both a temporal and a spatial dimension to the concept of post-productivism. The concept is thought to imply a sense of directionality, i.e. there is a move towards a different political, economic and cultural framework within which agriculture and rural activity takes place, and a move towards a specific goal (of post-productivism). Hence, Shucksmith (1993, p467) examined change in farm household behaviour in the context of a transition to post-productivism. His work generated a significant debate about the temporal dimension of post-productivism and the possible start-date of such a transition, with views varying from the 1970s (Halfacree 1997, p81) to the CAP reform of 1992 (Clark et al (1997, p1870), while others argue that the transition is far from over (Morris and Evans 1999, p350; Marsden (2003, pix). This debate has given rise to a view that the transition to post-productivism has allowed it to co-exist alongside productivist agriculture. Hence, Wilson (2001, p90) concludes that the pace of the shift to post-productivism is not solely determined by the political economy, but may be mediated by local actors resulting in a "complex adoption and non-adoption of post-productivist thought and action". This, he contends, may result in "*multiple* post-productivisms" (Wilson 2001, p90 *emphasis in original*). In a similar argument, Marsden (1998, p28) suggests that some rural areas are becoming more 'post-productive' than others, and therefore that the concept has a strong spatial dimension.

### *Critiques of Post-Productivism and Restructuring*

Over the past 10 years, the conceptualisation of rural change as a shift from productivism to post-productivism or as part of a process of rural restructuring has increasingly been challenged. It has been argued that these concepts, together with the concept of a consumption countryside and even regulation theory itself are no more than heuristic devices and therefore do not provide a sufficiently theorised explanation of the causality, agency and processes of rural change. These critiques are explored below, while responses in terms of alternative theoretical frameworks are outlined in the following sub-section.

Wilson (2001, p82; p77) highlights the growing "lack of consensus as to whether or not the Productivist Agricultural Regime has been superseded by post-productivism", and "a growing dissatisfaction with the relatively uncritical

acceptance that agriculture in advanced societies has moved from 'productivism to 'post-productivism' ". However, an article by Evans et al (2002) developed these doubts into a full critique in which they argue the concept should be abandoned altogether.

Evans et al (2002, p314) argue that the term 'post-productivism' has been widely employed in rural research, largely because it encapsulates "a sense of fundamental change in post-war agriculture" and may also be applied within "discourses on wider rural change which recognises the declining significance of agriculture in the social and economic fabric of rural areas". In fact, Evans et al (2002, p314) suggest its very attraction as a term or "catchphrase" relates to the fact that it "encompasses both micro and macro changes" together with descriptions of all those shifts in policy, ideology and farm practices which have been perceived in the period since agricultural policies moved beyond simply promoting the expansion of production. To be so all encompassing a term only serves to emphasise the "looseness of the conceptualisation" and they conclude "the convenience of the term seems to have militated against rigorous assessment of the empirical and theoretical justification for it" (Evans et al 2002, p316).

These authors argue that the notion of 'post-productivism' simply exemplifies the very problems which Gerber (1997, p2) and Murdoch (1997a, p324) have criticised research in human geography for being generalistic, dualistic and a distraction from theorising (Evans et al 2002, p325). Despite the early exhortation, expressed by Cloke and Goodwin (1992, p324), to be alert to the dangers of fitting such a change "into a rather forced categorisation where the actual processes and components of the supposed shift all too often remain unspecified", the dualism of productivism and post-productivism has been widely applied in studies of agricultural and rural change. Even more problematic for this dualism is the lack of agreement on what post-Fordism actually means. Therefore, Evans et al (2002, p325) conclude that to theorise post-productivism "would be to elevate it beyond its conceptual status" since even if empirical evidence supports such a shift "there seems little direction in which to take research other than to argue that a shift has occurred". Crucially,

Evans et al (2002, p326) conclude that the "processes and components" referred to above "remain difficult to identify and substantiate in the absence of a theoretical framework".

Similarly, 'rural restructuring' has been widely used in rural studies as a concept to suggest that rural society has been significantly transformed. However, Hoggart and Paniagua (2001, p41) argue that as an interpretation of change its "utilisation is too commonly unfocused, while its theoretical base is too partial". As a concept, 'restructuring' has been widely linked to a qualitative change from one form of social organisation to another (Lovering 1989, p200) and in this way has been associated with shifts from Fordism to post-Fordism. The concept is largely associated with "a political economy centred vision of restructuring" and hence focuses on production relationships (Hoggart and Paniagua 2001, p47). Within rural studies, rural restructuring has therefore centred on the consequences of the relative decline of the role of agriculture in rural economies. However, they are not convinced that agricultural change has been as significant as many authors have asserted.

In particular, they query whether Fordism had anything other than a light touch in rural areas, which "questions the capacity for these areas to experience a fundamental transformation into post-Fordism" (Hoggart and Paniagua 2001, p50). Moreover, the definition of the 'rural' component of rural restructuring is felt to be ill-defined; in particular they dismiss any view that such processes are causally grounded in rural areas, and assert that change may most often be driven by broader forces, which are interpreted and altered within rural settings. Hence, it is argued that "there must be something that is distinctively local if we are to use the expression 'rural restructuring' " and they conclude that many of the changes identified in the rural studies literature are occurring nationally, and therefore they remain "to be convinced that there is much [change] that is distinctively rural" (Hoggart and Paniagua 2001, p54). In particular, they reject the notion of a shift to a consumption countryside, since increases in tourism and recreation activity are of much longer standing. Moreover, it is suggested that the lack of a longer term perspective to much of the rural research negates the opportunity to draw conclusions on the extent to

which rural social change has occurred. They argue that Marxist political economy perspectives have dominated much of the work on restructuring, which has influenced the nature of explanation, and have therefore underplayed the contribution of social practices and processes. Hoggart and Paniagua (2001, p44) advocate that if restructuring is to be more holistic and incorporate "a multitude of change processes", then a wider range of theoretical perspectives will be needed.

Goodwin and Painter (1996, p640) accept that regulation theory

is not a complete theory of social and economic restructuring ... Rather it is a method or an analytical approach, which allows an assessment to be made of the effectiveness of 'regulation' in different places at different times.

Its widespread application in rural geography derives from the view that, according to Goodwin (2006, p311), it enables the varied nature of 'regulation' in different rural areas to be explored. As such, regulation theory is used to generate evidence of changes in the rural state, cultural and social relations, but it does not seek to explain such changes. As Goodwin (2006, p311) stresses "there is a danger in seeking to overextend its conceptual reach". Equally, however, simply comparing different experiences of 'regulation' or 'restructuring', in the absence of integrating insights from different theoretical perspectives, risks allowing "reductionism to proceed" (Hoggart and Paniagua 2001, p46).

Recent literature on rural change has increasingly recognised the limitations of the conceptualisations which were widely applied in rural research in the 1990s. The use of what has been derogatively termed 'catchphrases', "labels" or "new titles" (Hoggart and Paniagua 2001, p55) for concepts of transformation and change has led many authors to call for the adoption of complementary or alternative theoretical perspectives which support more effective explanation – some of these are explored in the next sub-section. The consequence of such an under-theorised approach to rural change and the dominance of regulation theory in framing its conceptualisation has been the absence of research on a range of issues: how rural crises are politically articulated (Goodwin 2006, p312); the need for an empirical base which supports judgements about

change in state action in rural areas (Hoggart and Paniagua 2001, p53); the need to explore “change processes, most especially over longer time periods” (Hoggart and Paniagua 2001, p53).

### *Alternative theoretical frameworks*

Evans et al's (2002, p326) plea to abandon post-productivism begs the question of what alternative theoretical frameworks have been proposed to elucidate agricultural and rural change. Recent research in rural studies and particularly in rural geography has identified new approaches which attempt to provide some improved theorisation of change, but all originate from within a political economy and regulationist framework. The most significant of these approaches are explored below: firstly, Goodwin (2006, p314) highlights the potential of the ‘third wave’ of regulation theory; secondly, Evans et al (2002, p326) emphasise the need for a multi-theoretical approach; and, finally, Potter and Tilzey (2005, p581) stress the need to consider the “relationship between deep-set structural tendencies and policy trends, and the way these are constituted”.

For Goodwin (2006, p309), the new (third<sup>9</sup>) wave of regulation theory (Drummond et al 2000, p133-4) puts emphasis on the transformation from one regime of accumulation to another and therefore on understanding periods of stability, crisis and change in capitalism. Such an approach appears to open up “a number of critical issues for analysis” (Goodwin 2006, p309) including the role of experimentation in periods of crisis, how the mode of regulation relates to new regimes and how social responses affect change. The focus of this new wave is firmly on the mode of regulation, and its social, political and cultural as well as economic dimensions. Goodwin (2006, p310) argues that because ‘regulation’ is a continuous process there will be a “variety of institutional structures, regulatory mechanisms and social norms” within any mode. Therefore, by analysing such a variety of modes, “we will in practice find a plurality of regulatory strategies operating within and between different rural areas” (Goodwin 2006, p310). Hence, the emphasis of this new wave of

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<sup>9</sup> The first-generation regulation theory addressed questions of macroeconomic stabilisation at the national level (Aglietta, 1979) and the second-generation approaches focused on problems of supranational regulation and the insertion of national economies into international regimes (Lipietz 1986).

regulation theory is on the local dimension, on demonstrating the diversity of outcomes and their continued variance from some imagined Fordist or post-Fordist 'norm' (Goodwin (2006, p312). In this way, post-productivist tendencies may be examined within a local social, cultural and political context.

This approach is used by MacKinnon (2000, 2001) in research on rural Scotland, in which he focuses on the role of the local state in providing channels to mediate and filter the effect of wider regulatory mechanisms. He concludes however that the new regulationist approach needs to be complemented by other theoretical frameworks and supports the arguments of Painter and Goodwin (1995, p347) that as:

the institutions and practices of local government have their own histories and patterns of development, explaining their changing character requires a theory of governance, a theory of the state ... as well as a theory of their impact on (economic) regulation.

Evans et al (2002, p326) support the view that regulation theory, while providing a framework for explaining why growth and crises have different intensities in different areas, should be more widely used in examining the social relations of agricultural production and changing governance structures which underpin the uneven outcomes of the conceptualised post-productivism. Further, they also accept that the regulation approach needs to be complemented by other frameworks and theories, including actor network theory, culturally informed perspectives on agricultural change and ecological modernisation, in order to provide greater analytical power and an improved basis for theorising current and recent agrarian change.

More radically, Potter and Tilzey (2005, p582) argue that previous work examining the shift to agricultural post-productivism has largely ignored questions of causation and agency in rural change. They conclude that this theoretical shortcoming has its roots in the conflation of political economy with structuralism, such that food regimes are assumed to reflect accumulation imperatives in some agent-less process. It is suggested that studies have therefore adopted a false dichotomy between "the putatively 'real' world of local actors, and the abstract and theoretical one of global food regimes" (Potter and Tilzey 2005, p583). Such studies (e.g. Walford (2003) and Holmes (2002))

therefore tend to take exogenous policy drivers and structural influences as given, while conceiving of agency in terms of local actors, such that the role of political action and policy-making at the state and supranational levels are largely ignored.

Potter and Tilzey (2005, p584) argue for “rediscovering [agricultural restructuring] as an essentially socio-political project framed by, and expressive of, deep-set and structurally embedded power relations”. They present ‘structuralist forces’ as the product of socio-political agency, and the outcome of discursive practices. Thus, competing policy discourses are seen to frame alternative perspectives on causation, problems and solutions, while outcomes reflect “struggles between ‘capital’ and ‘labour’ and between different fractions of the capitalist class” (Potter and Tilzey 2005, p585). They support Boyer and Saillard’s (2002) view that discourse alone shapes power relations, but that “arguments, ideas and ideology become important recruiting devices during transitions from one regime ... to another” (Potter and Tilzey 2005, p586). The state is seen to play an important role in seeking to balance these competing discourses, but is likely to favour those with greatest socio-political power.

Within this alternative framework, Potter and Tilzey (2005, p588-95) explore the competing discourses within the European Union’s Common Agricultural Policy. They counterpoise the neo-liberal discourses of transnational corporations in the agro-food sector against the long-standing discourse of the post-war “corporatist ‘political productivism’ ” (Tilzey 2000, p279). The outcome, they postulate, is:

a division between the interests of larger, more capitalised businesses able to respond to the demands of processors and distributors and those labour intensive family-run farms, many of them still dependent on state assistance (Potter and Tilzey 2005, p589).

It is argued that the European Union (EU) has resisted moves from the agro-food fractions of capital by promoting in World Trade Organisation (WTO) negotiations “competing discourses of neomercantilism and ... multifunctionality” (Potter and Tilzey (2005, p590). The EU has since the 1980s put forward a social welfare justification for state assistance, promoting the diversification of

the income base of family farms<sup>10</sup>. Potter and Tilzey (2005, p590) suggest that a more environmentally and socially specific version of multifunctionality has emerged recently, with the result that “the rise of agro-environmentalism is one of the defining features of the agricultural policy debate over the last 20 years”. In addition to these related discourses of multifunctionality, it is argued that the state has a duty to assist the European domestic market and support exports. Such a neomercantilistic discourse has been favoured by COPA<sup>11</sup> as the representative of the national farming unions in the European Union. Potter and Tilzey (2005, p592) conclude that European policy reflects attempts to accommodate these competing narratives and is expressed in terms of the “regulation of an increasingly bifurcated agricultural industry comprising both productivist and post-productivist sectors”. Further, they are pessimistic about the ability of European policy-makers to “defend spaces for post-productivism within an inherently productivist agriculture” (Potter and Tilzey 2005, p596).

### *Paradigm shifts*

Coleman et al (1996) were the first to apply Hall’s (1993) concept of policy paradigms to analysis of the post-war agricultural policy. This initial article sought, firstly, to account for a shift from the state-assisted to a more market liberal paradigm in Australia, Canada and the United States. Secondly, the authors sought to challenge Hall’s conclusion that paradigm shifts result from the relatively sudden change and exogenous forces identified by Hall (1993).

They conclude that policy networks which included farm interest groups were particularly influential in shaping policy change. However, they distinguish between corporatist and pressure pluralist policy networks (Coleman et al 1996, 280). Corporatist networks with a recognised public status and direct access to policymakers were found to create an environment in which deliberation and discussion on policy issues became the norm and in which therefore policy change was negotiated. As a result, paradigm change in corporatist networks

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<sup>10</sup> The policy justification for supporting diversification was first put forward in 1988 in the European Community’s Green Paper on the ‘Future of Rural Society (Commission for European Communities 1988), was re-stated in the Cork Declaration of 1996 and later in Agenda 2000 (Commission for European Communities 1999).

<sup>11</sup> COPA is the Comité des Organisations Professionnelles Agricoles, the European confederation of farming unions.

was more likely to be the outcome of cumulative adjustments. Pressure pluralist networks on the other hand had much more difficulty in sustaining the same relationships with the state and policymakers and in preventing others from engaging in deliberation on policy change, with the result that they "are more likely to be associated with crisis-driven change" of the type postulated by Hall (1993).

Skogstad (1998) explores the reasons why the 'state-assisted' paradigm endured in the EU while it shifted to a market liberal paradigm in the United States. She concludes, firstly, that the institutional framework in the EU has effectively 'locked-in' the key policy objectives and instruments in the state-assisted paradigm, while she detected "very weak institutionalization of ideas in American agricultural policy" (Skogstad 1998, p482). Secondly, she suggests that the degree of fit between the sectoral policy paradigm and the wider societal ideational framework regarding relations between the state, market and individuals differs markedly between the two polities, with a strong statist tradition in Europe underpinning the persistence of the state-assisted paradigm (Skogstad 1998, p481).

Both Skogstad (1998) and Daugbjerg (1999) argue that reform of the CAP in the period to 1988 and even in 1992<sup>12</sup> has been moderate as the 'state-assisted' paradigm has not been questioned. Daugbjerg (1999, p409) summarises his conclusions of the 1992 reform in this way: "the reform can hardly be called radical because it did not question the use of considerable subsidies in agriculture, but rather altered the way in which subsidies were paid to farmers." In other words, he accepts that there were changes in policy instruments but that the underlying values of state assistance remain intact. Similarly, Fennel (1996, p9) argues that these reforms should be regarded as "changes within the framework provided by the policy rather than in the context of its abolition".

Skogstad (1998, p471) further argues that the introduction of rural structural support instruments and "a new objective of environmental sustainability" as

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<sup>12</sup> The CAP reform of 1992 led by the Agriculture Commissioner, Ray McSharry, has been regarded by some authors as "radical" (Patterson 1997, p137).

part of the 1988 reforms “are best regarded as continuity within the state assistance model”. It would appear that for both Skogstad (1998) and Daugbjerg (1999) a change in the CAP policy paradigm would mean

a jettisoning of the state assistance model ... indicated by deregulation of agricultural markets, the termination or substantial restraint of government expenditures for agriculture, and a discourse antithetical to government intervention, (Skogstad 1998, p471).

In other words, paradigm change in the CAP would be signalled by a shift from a state assisted to market liberal paradigm. Neither of these authors considered the possibility of a change *within* the state assisted paradigm.

However, Coleman (1998, p642) contends that the European Community in its CAP has since 1985 “pursued a modified market liberal strategy”. He argues that the shift towards market liberalism was mollified by the inclusion of the normative value of economic and social ‘cohesion’ in the Single European Act, which ensured that the consequences of market liberalism for less efficient producers were ameliorated by providing safety-nets and alternative sources of rural employment. Coleman (1998, p643) thus distinguishes between the original CAP paradigm and its modified form, by sub-dividing the state-assisted paradigm into ‘developmental’ and ‘differentiated’ paradigms respectively. This is reflected more recently in Potter and Tilzey’s (2005, p589) conclusion of a division of interests between capitalised farm businesses and state-assisted family farms.

## **5. Rural Governance and the Role of the State**

Despite the expanding literature and research in the 1990s on the agricultural crisis and the range of conceptualisations of the rural responses to it, Goodwin (1998, p5; p6) laments “an increasingly noticeable silence at the centre of contemporary rural studies concerning the way in which rural areas are governed”; he goes on to express some dismay at “the reluctance of rural scholars to engage with ... emerging debates on new forms of governance ... [given] the scale of the changes that have occurred in the governance of rural society”. Goodwin’s (1998) article reviews the emerging debate in political science at that time on the concept of governance, relying heavily on Stoker’s

(1998) work on 'governance as theory'<sup>13</sup> to propose a rural governance research agenda.

Goodwin (1998, p10) admonishes some of his contemporary researchers for simply "charting new mechanisms and structures of [rural] governance" and seeks to position his research agenda in the context of the regulation approach. The agenda identifies three main areas for further work relating to the examination of:

1. The way social, economic and political interests are articulated in rural areas;
2. 'Accumulation strategies' in different rural spaces, and the specific "role that new structures of governance might play in [making] choices" (Goodwin (1998, p11);
3. The "struggles and contestations" (Goodwin 1998, p11) as new structures and mechanisms are defined, including the roles and responsibilities of elected politicians.

In a report to ESRC, the Countryside Agency and Defra, some five years after proposing this agenda, Goodwin (2003, p2) notes "the literature on rural governance is not extensive" but he suggests "the silence has begun to diminish". Woods and Goodwin (2003, p246) argue that the range of economic, social and political influences (which have been associated with the shift to post-productivism) have not only disrupted the paternalist power structures, reduced the fiscal demands on the state and "rendered urban-rural distinctions in policy and institutional structures increasingly questionable", but "have initiated a series of still ongoing changes in rural policy and governance". These embrace six inter-related trends:

1. A move away from sector-specific policies towards integrated rural policy, evident in "pressures to reconfigure the CAP as a 'Common Rural Policy' " (Goodwin (2003, p3) and in the British Rural White Papers (Hodge 1996; Lowe and Ward 2001);

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<sup>13</sup> In particular, Goodwin (1998, p6) draws on Stoker's (1998, p18) assertion that "the value of the governance perspective rests in its capacity to provide a framework of understanding changing processes of governing".

2. A consequential broadening of participation in rural policy making;
3. "Integrated policy has demanded co-ordination of policy delivery" (Woods and Goodwin 2003, p247) and prompted the re-structuring of government departments and agencies, together with a stimulus for the development of partnerships;
4. The scaling back of the role of the state in rural government;
5. Partnership working at a local scale which has put emphasis on community engagement and 'bottom-up' initiatives, particularly developed as part of the EU's LEADER<sup>14</sup> approach and explored in Edwards (1998) and Ray (1998). Such an approach had been encouraged by funding regulations, especially in European and national regeneration programmes;
6. Following devolution and the establishment of Regional Development Agencies, the emergence of a regional dimension to funding regimes and regeneration initiatives which encompass both urban and rural areas (explored in Ward et al 2003). A similar approach is evident in the European Spatial Development Perspective (ESDP) in which rural areas are subsumed within urban-rural partnerships (Richardson 2000).

Woods and Goodwin (2003, p251) regard the emergence of new forms of governance as "part of the[se] multiple social, cultural and institutional supports which ... promote and sustain economic growth. Thus, governance theory becomes an important complement to regulation theory which these authors suggest "can [only] illuminate how changes in governance and policy can help continued accumulation ... [but] should not be expected to explain these changes themselves". As other authors highlighted above, Woods and Goodwin (2003, p253) recognise that the regulation approach needs to be complemented by other theoretical frameworks.

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<sup>14</sup> LEADER – Liaisons Entre Actions Développement de l'Economie Rurale; this approach focuses on endogenous rural development at the local level.

Research on rural governance has largely been devoted to the study of rural partnerships, which Edwards et al (2001, p289) argue have become a "significant vehicle for the implementation of rural development policy." However, much of this work does not go further than describing the mechanisms and structures of sets of partnerships, as Goodwin (1998, p10) feared. Although these analyses examine partnerships established to address rural issues, few authors isolate the specifically rural dimension of partnership working. Woods and Goodwin (2003, p250) suggest "there is a danger that the concept of governance has been applied in a one-dimensional manner – and used in a descriptive rather than a conceptual sense."

The conclusions from what is a large body of research on rural partnerships tend to reflect similar work on urban partnerships, and include the continued dominance of the state in partnerships (Edwards et al 2001, p308); problems in engaging with community and private sectors, and imbalances in gender participation (Jones and Little 2000, p179); conflation of communities of interest and communities of place (McKinnon 2001, p840); the limited empowerment of local actors (McKinnon 2000, p302); partnerships being open to "charges of elitism and cronyism, or to 'burn-out' by ... overworked individuals" (Osborne et al 2002, p20). Only a small number of studies have identified rural dimensions to these problems, specifically commenting on the lower levels of rural institutional capacity compared with urban partnerships as a result of the relative sparsity of population (Goodwin 2003, p13).

Goodwin (2003, p20) suggests that few of these studies have considered issues of participation, representation, empowerment and accountability in rural partnership working. Derkzen and Bock (2009) provide one of the few studies of representation and participation in rural partnerships. In their study of three rural partnerships in Wales, they note that partnership members receive their authority to act as a result of their organisations being selected by the government (central or local) which established the partnership. This representation is seen to give partnership members the legitimacy to act. However, Derkzen and Bock (2009, p87) conclude that members view their

roles and responsibilities differently, along a spectrum from delegates (with the voluntary sector members being most likely to be responsive to their constituency) to trustees (especially local authority members who regard their mandate as giving them independence). They argue that for trustee members “representation seems to come without any obligations” and “they can hide behind the fashionable but depoliticised notion of participant” (Derkzen and Bock 2009, p88). They conclude that “Partnership and participation are not necessarily a good marriage and do not necessarily imply empowerment and democracy” (Derkzen and Bock 2009, p88). Despite what is a much more thorough insight into the processes of rural partnership working, this study does not identify any specifically rural dimensions which may distinguish practices and outcomes in such partnerships.

Woods and Goodwin (2003, p253) identify a growing trend among rural geographers (McKinnon 2000; Thompson 2001) to adopt the concept of governmentality to provide insights into the state strategies “through which changes in governance and policy are framed”. ‘Governmentality’, derived from the work of Foucault and developed in Rose (1993) and Dean (1999) is concerned with how government renders society governable. In rural studies, the concept has been applied to reveal the strategic rationalities which produce new forms of governance. Rose (1996, p41) identifies a shift in the regime of governmentality from managed liberalism of the Keynesian welfare state to “governing through communities ... through the regulated choices of individual citizens”. Murdoch (1997b, p117) applies this conceptualisation in the context of the Rural White Papers of the mid-1990s to argue that the representation of the countryside as tightly-knit communities is used to justify a policy of devolving responsibility to local communities<sup>15</sup>.

## **6. Conclusions**

Rural studies literature has become increasingly critical of attempts to conceptualise and theorise the significant shifts in agriculture and rural policy and indeed rural change generally which has been evident over the past 20-30

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<sup>15</sup> Rose (1996, p41) stresses that governing through communities does not imply a territorial definition, but a “self-defining allegiance”.

years. Its main analytical concepts – the shift from productivism to post-productivism, the development of the 'consumption countryside', and indeed regulation theory itself – have been questioned and undermined. Moreover, the rural research has until recently failed to explore how and why new mechanisms of governance have arisen and what the consequences for rural politics, economy and society could be.

It may be argued that the rural studies discipline is seeking to re-build its theoretical and conceptual frameworks, and has begun to adopt a multi-theoretical approach. It has however continued to put regulation theory at the heart of its approach, despite Goodwin and Painter's (1995, p640) acceptance that it is not a complete theory of restructuring but is "a method or an analytical framework which allows an assessment to be made of the effectiveness of regulation in different places at different times". It could be suggested that rural geography's overriding concern with demonstrating local differentiation in the adjustment to new accumulation regimes has led firstly, to an acceptance that the shift in economic regimes provides the contextual explanation of spatial differentiation, and secondly, to descriptive analysis of change based (until recently) on the uncritical adoption of the concept of post-productivism.

The lack of agreement on the characteristics and dynamics of post-Fordism (Hay, 2001, p1335) has only made such a conceptualisation of rural change more problematic. It has prevented adequate analysis of the relationship between macro trends and micro developments not only in agriculture but more importantly (for this study) also in rural economic and social dynamics. Perhaps more significantly, until Potter and Tilzey (2005) highlighted the need to investigate and identify the key drivers of those macro (structural) forces, conceptualisations of agricultural and rural change have lacked effective analysis of the causality, agency and temporal processes of restructuring. The focus on the comparison between the twin aspects of such dualisms effectively negates any consideration of the processes of transformation, and their impact on the transition and outcome. The socio-political approach therefore

introduces new dimensions and raises the significance of the role of policy, political struggles and competing discourses.

The rural studies literature on rural restructuring focuses on the role of agricultural change, which is regarded as an exogenous force, while the role of the state and policy are seen as independent variables (Potter and Lobley 2004, p4-5). It is perhaps somewhat surprising, given the dominant roles of nation states and the European Union in providing a detailed policy, financial and economic context for agriculture and rural regeneration that policy dimensions and political factors have not assumed a much more significant place in theorising change, despite the acceptance that agricultural restructuring is a process managed by government (Burch et al 1999). The tendency for policy to remain an exogenous variable may stem from the overriding concern of rural geographers for explaining spatial differentiation and diversity in the impact of restructuring and change.

It may also be concluded that the recent exposure of the limitations of previous thinking has created a theoretical and conceptual void in rural studies and has prevented the development of an appropriate explanation of rural change. Previous literature has largely avoided explaining *how* the response to the crisis in agriculture and rural areas was constructed. Specifically, it has not addressed the role of political debate and struggles for competing policy approaches, or the role of the farming unions and excluded interest groups. Moreover, there has been a dearth of analysis of the way in which European policy has been mediated and interpreted within the UK. Also, political scientists' analysis of the development of agriculture policy has usefully identified a shift in the policy paradigms, but has not fully explained how and why the shift occurred.

These limitations in the analysis of rural change are being increasingly recognised, with a range of alternative or complementary frameworks being proposed. Goodwin (2006, p312-3) suggests new areas for rural research including: the significance of crises, the way they are politically articulated and mediated; the political moments which help to constitute different stages of crises; the way that established norms, practices and ideologies underpinning agriculture (or rural policy) are destabilised. A clear theme of Goodwin's agenda

is the need for a more overt political dimension in which the construction of alternative interpretations of crises and their resolution forms a distinctive element.

This review of the relatively limited literature on rural change and the questioning of many of the theoretical and conceptual frameworks raise significant implications for the way in which the research questions are pursued. Firstly, it is clear that rural policy change accelerated after the crisis for the CAP in the early 1980s, and therefore that this study has to take a long-term approach. Secondly, the study has to consider how responses to this and perhaps subsequent crises were constructed, including the roles of different agencies and political struggles. As Potter and Tilzey (2005) state, a socio-political approach which considers issues of agency, causality and temporal processes is required. Thirdly, the study needs to consider the way in which European policy was mediated in the UK, and in England specifically.

At the end of the 1980s, as the rural studies agenda was developing, Mormont summarised quite succinctly the challenges ahead not only for academics but for rural policy makers in this way:

From now on, if what could be termed a rural question exists it no longer concerns issues of agriculture or of a particular aspect of living conditions in a rural environment, but questions concerning the specific function of rural space and the type of development to encourage within it (Mormont 1987, p562).

The study examines how these rural questions were addressed, through what political mechanisms and over what time period.

### Conceptualising Change in Rural Politics

#### 1. Introduction

The previous Chapter exposed serious shortcomings in the attempts of rural geographers to explain rural change generally and, more specifically, to account for the responses to the crisis created by the demise of the post-war agriculture settlement. This Chapter explores these analytical shortcomings, in particular the limitations of regulation theory as a theoretical framework and the failure to account effectively for the role of policy and the state at both national and supranational levels. It concludes that previous analysis has left many issues and questions unexplored. Thus, rural studies literature despite (or even because of) its shortcomings helps to interpret the research questions in a broader context, against which alternative theoretical and analytical frameworks may be evaluated.

Perhaps above all, previous research has placed less emphasis on the political restructuring of rural policy in the wake of this crisis. This is all the more surprising given the creation and effective dominance of the post-war political institutions designed to support agriculture financially and to prioritise farming activities not only in the use of rural land but amongst rural society. The cross-party support for the post-war settlement and for its political institutions, especially the closed policy community, the system of annual price reviews and the supportive planning policy framework, all became subject to re-evaluation at the onset of this crisis.

The limitations of regulation theory in enabling investigation of this political restructuring highlight the need to explore meso-level theoretical and analytical frameworks. Interpretation of 'stability and change' in policy, political institutions and governance has emerged as key areas of research in political science over the past 20 years. It is therefore from within political science that this chapter explores frameworks of analysis for assessing and explaining the processes of rural policy change.

## *Outline of Chapter*

The Chapter begins by critically examining regulation theory as a framework for analysing rural change, identifying how its specification and limitations have influenced rural research. It moves on to explore the potential of new institutionalism as a political theory and highlights its strengths and limitations for examining and accounting for rural change. This section examines the basic components and variants of new institutionalism, before moving on to critically assess alternative frameworks. The following section compares the recent developments which have introduced the role of ideas to accounts of institutional change. The Chapter ends by noting the significance of the interaction between institutions and the role of institutional design.

### **2. A critique of regulation theory as a framework for analysis of rural change**

The reliance on regulation theory to explain rural change in much of the rural studies literature has effectively narrowed the debate to one of establishing relationships between structural economic change and local responses, "where rural changes are the results of particular combinations of political, economic, social and cultural relations" (Cloeke and Goodwin 1992, p324). The debate has been so constrained that many issues and questions have been overlooked, in particular the process by which change has occurred; the temporality of change, especially whether change has been evolutionary or revolutionary; the role of agency, especially of the state, in enabling change; and perhaps, most significant of all, the relative degree of change. This section explores how the specification and assumptions of regulation theory influenced the rural research agenda and the explanation of rural change in ways which privileged analysis of a differentiated countryside at the expense of developing understanding of the processes of change, the role of agency and causation.

In regulation theory, emphasis is placed on the role of norms, institutions, routines, practices and procedures - the mode of regulation – in permitting the continued reproduction of capital by countering those contradictions which

could threaten the regime of accumulation. The application of this approach has largely been in studies of the response of national and local states and their underlying social and political institutions to changes in the nature and structure of capitalism. James (2009, p182) suggests that the approach was designed to "theorise the relationship between institutions at multiple levels (economic, political and social) to enable a more holistic model of analysis and overcome the problem ... of seeing change purely as an exogenous force." It is the inclusion of the notion of 'temporal-spatial fixes' to regulate capitalism which in the 1990s proved particularly attractive both to rural geographers and to researchers examining the shift to local governance<sup>16</sup>.

Much of this work has focused on how local, including rural, areas have responded to the crisis of Fordism and created new regulative structures in some post-Fordist regime. Crisis is therefore the key mechanism of change and the utility of the approach is "to explain how local change can be brought about by an external context without making this exogenous to the model" (James 2009, p188). Hay (2001, p1334) argues that, in regulation theory, structural crises (such as the crisis of Fordism) initiates a period of (class) conflict and that the outcome of the moment of crisis is "contingent on the nature of the ensuing struggle and the alternatives offered."

This approach has been subject to a range of criticisms as a model for explaining local change. In addition, there have been accusations of the mis-application of the basic tenets of the theory (Goodwin 2006, p304; Hay 2001, p1332). Firstly, it has been suggested that the approach essentially privileges economic structure over other forces, with political institutions having to respond to the demands of capitalist reproduction (James 2009, p197). As the only cause of change emerges from economic crisis, James (2009, p198) concludes "the approach is left open to the claim of functionalism." Such a functionalist concept of change also denies the possibility of other sources of change, including ideological and political struggles.

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<sup>16</sup> In the ESRC sponsored research programme on local governance in 1995, regulation theory was selected as the theoretical model for understanding change.

Secondly, regulation theory, by emphasising change within global economic systems, especially in the first two 'waves' of its development, is essentially a macro approach. Cochrane (1993) argues that as a meta-theory it is too vague to explain micro-level change. Hence, there has been a broad recognition that regulation theory needs to be complemented by micro- and meso-level theories to explain local or rural change (James 2009, p197; Woods and Goodwin 2003, p258; Goodwin 2006, p311).

Thirdly, rural studies has tended to adopt a somewhat loose definition of 'rural change'. Rather than conceptualising change as a rural response to crisis, embodied in the 'necessary' shifts in routines, norms and conventions of social relations and institutions, rural research has adopted a more encompassing and complex definition of change which has tended to over-emphasise the outcomes of change. Moreover, as post-productivism became accepted as the principal conceptualisation of rural change, it negated the need for further development of the definition of rural change. In particular, the lack of any analysis of the process of change, or of the struggles among competing factions to mediate the mode of regulation toward particular interests, undoubtedly led to the over-simplified characterisation of post-productivism as the reverse of productivism.

Fourthly, the regulation approach largely under-theorises the process of change. While the role of crises and conflict are regarded as important aspects of change, structural explanation appears to be much more significant than the role of agency. The temporal dimension of change is largely absent with the result that the extent, direction and rate of change has become overlooked in rural research.

It is widely recognised that regulation theory is more a methodology than a theory (Goodwin 2006, p311; Hay 2001, p1335; James 2009, p184). The approach provides a framework for linking macro-level shifts in capitalist reproduction with the stabilising roles of institutions and social structures. However, it does not provide an explanation of micro-level responses or therefore of local change and as such it needs to be complemented with meso- and micro-level approaches, with Stoker (quoted in James 2009, p183)

suggesting he had abandoned the regulation approach in the mid-1990s because:

I think that my intellectual explanation of what went wrong was that people found that it offered answers and arguments at a sort of macro-level but that when it came to actually explain the way that the state was responding or what it was doing, people started to get into more meso-levels of theory.

While the rural studies literature has increasingly recognised the need for such a multi-theoretical approach, there have been relatively few analyses of the role of policies or political and social institutions in enabling rural change.

The difficulties of explaining change within the regulation approach is essentially a problem of comparative statics, in which change is couched in terms of a comparison of the system at one time (e.g. Fordism) with a later stage (e.g. post-Fordism). Hence, as Hay (2002, p147) concludes simply counterpoising static snapshots "tends to prejudice and foreclose any discussion and analysis of the process and hence the temporality of change." The logic of such a model of change implies but does not make explicit causal links between the later stage and the earlier one. Blyth (2002a, p8) highlights that agents' intentions are identified in terms of observed outcomes and therefore concludes "the mechanism of change remains at best underspecified and at worst circular." This analysis of the regulation approach, its limitations and application in rural studies demonstrates that:

- overall, as a methodology rather than a theory it cannot provide a satisfactory analytical framework for the investigation of meso-level issues relating to the re-design of rural institutions and the dynamics of rural policy;
- it fails to provide a sufficiently well-developed conceptualisation of the response of political institutions to crises;
- it does however identify a number of requirements which will need to be met in order to provide a more informed response to the research questions including the need to :
  - a) incorporate a meso-level of analysis, which explains how macro-trends are mediated by political developments and institutional

- arrangements, and which provides a framework for understanding 'on the ground' or micro-level responses;
- b) explore the role of political institutions as constraints on the shaping of policy options and outcomes;
  - c) recognise the role of agents in the causal processes of maintaining the stability of institutions and initiating change;
  - d) acknowledge the temporal dimension in the processes of change;
  - e) explore the role of crises as stimuli to change;
  - f) recognise the contingency of the response to crises and therefore the range of alternative options available.

### **3. New institutionalism**

New Institutionalism has emerged as an important and developing concept in political science and policy studies, capable of providing the meso-level theory to fill the gap left by the largely abandoned regulation theory. Yet, in the UK in particular, new institutionalism has been slow to become established in the wake of the largely discredited 'old institutionalism' which was "concerned with the institution of government rather than political behaviour"<sup>17</sup> (Lowndes (2001a, p1957). New institutionalism emerged as an analytical framework because, in the words of the March and Olsen's (1984, p747) seminal article, "the organisation of political life matters." The aim has been "to seek to capture and reflect the complexity and open-endedness of processes of social and political change" (Hay 2002, p11). Its development and increasing application within political studies since the 1980s has largely been stimulated by the need to account for a range of significant contemporary political trends, including the changing role of the state, the consequences of the shift to neo-liberal thinking, including the move towards greater European integration and change in the welfare state.

Institutions in new institutionalism are distinctly different from the formal structures and organisations of government in 'old institutionalism', and

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<sup>17</sup> For example, it has been argued that "institutional theory has ... found it hard to shake off its Aunt Sally status within urban politics" (Lowndes 2001, p1967), while a decade later Lowndes (2009, p102) continues to plead the case for new institutionalism which "has much to offer the study of urban politics."

embrace informal as well as formal rules and conventions which embody values and power relations and guide political behaviour. Institutions are variously regarded as: embodying the rules of the game (North 1990); structuring political behaviour (Steinmo 2008, p129); providing the setting within which political struggles are mediated (Thelen and Steinmo 1992, p9); acting as a barrier to change – filtering and constraining action; demonstrating considerable stability (although increasingly research recognises “institutional reproduction as a dynamic process” (Streeck and Thelen 2005, p6); impacting on the politics of policy making (Immergut 2006, p565). Institutions are also seen to have significant impacts on the conduct of the polity by: including and excluding different actors; structuring the menu of choices; and, because they affect political behaviour over time, shaping political preferences.

The procedures through which political choices are made are embedded in institutions, and hence new institutionalism provides a framework within which to analyse the constantly evolving arrangements for governance. Chhotray and Stoker (2008, p10, *emphasis added*) argue that “the political science approach to governance recognises that what can be achieved by governments is mediated through a complex web of institutions *and* a dispersed range of networks.” This has ensured that governance is increasingly decoupled from the arena of formal politics (Lowndes 2009, p95). However, as Richards and Smith (2002, p275) argue the emergence of new forms of governing has not lead to the substantial “hollowing-out” of the state (Rhodes 1997, p17), but rather the state retains powers “to organise sites, scales, spaces and relationships and to allocate forms of power to different agents” (Newman and Clarke 2009, p104). Thus, the reconstituted state is heavily involved in organising new institutional arrangements, but in which it may only be co-steering or even may have limited direct influence. Institutions may also be regarded as having a mediating role in responding to external pressures for change, as for example in the process of Europeanization (Bache and Marshall 2004, p1).

### *The development of new institutionalism*

The focus of much of the early work within new institutionalism was on establishing an alternative approach to the reductionist tendencies of political

science in the late 1970s, including challenging the regularity of behaviouralism and the simplifying assumptions of rational choice theory. The stimulus to bringing the state back into political analysis was undoubtedly the economic turmoil of the late 1970s and early 1980s as nation states took the lead in making the shift from Keynesianism to monetarism. Much of this early work sought to account for variations in the way states addressed major political issues, including changes in economic governance (Hall 1986) and development of welfare states (Katzenstein 1985). In addition to these studies of comparative politics, others focused on establishing the basic tenets of new institutionalism, especially March and Olsen (1984) and Steinmo et al (1992). Inevitably, the focus of this early work was on establishing new institutionalism in the mainstream of political science, and in particular, on gaining acknowledgement of the mediating role of institutions in shaping political behaviour, and in “translating political inputs into political outputs” (Hay 2002, p14). Thus, the early work tended to emphasise the stability of institutions, with change being the result of exogenous change. Perhaps as a result, conclusions emerging from comparative studies attributed differences largely to the effect of variations in institutional structures.

Discussion of the emergence, adaptation and change in institutions has only begun to receive greater attention in more recent times. It may be that as Streeck and Thelen (2005, p4) suggest the relative stability of neo-liberalism has enabled scholars to turn from issues associated with macro-level change to the adaptation of institutions to new political contexts. The more recent development of new institutionalism seeks to embrace the shift from government to governance and the consequential complexity of governing arrangements. This has given rise to the need to explain the process of institutional change in more detail, to account for the role of agency and to identify the factors initiating change and the mechanisms by which change is achieved.

#### *The basic components of new institutionalism*

“The building blocks of institutions are rules” (March and Olsen 2005, p10); rules may be formal, purposefully designed and highly structured, e.g. as

embodied in legislation and policy statements; at the same time, they may be informal conventions and sets of practice which embody historical experience. March and Olsen (2005, p8) maintain that "the basic logic of action is rule following ... rules are followed because they are seen as natural, rightful, expected and legitimate." Thus, rules shape political behaviour and regulate the roles of organisations and non-political groups in networks and partnerships within institutional settings. In this way, "the overarching rules of governance are not neutral" (Lowndes 2009, p95) and necessarily rational; rules create roles and positions within governance arrangements, thereby affecting "how political actors are enabled or constrained and the governing capacities of a political system" (March and Olsen 2005, p9). As Lowndes (2001a, p1960) emphasises, "institutional rules embody power relations by privileging certain positions and certain courses of action over others and by including certain actors and excluding others." Therefore, for March and Olsen (2005, p4) new institutionalism "emphasises the social construction of political institutions", and for Lowndes (2009, p95) it takes "a value-critical stance."

Such rules, practices and conventions impose both a structure and an order on political relations which become difficult to change. According to Hay (2002, p105), institutions also have normalising functions, since rules and conventions introduce value-systems and define "a logic of appropriateness" (March and Olsen 1989) both of which constrain and guide everyday political behaviour. In addition, institutions are guided by a set of ideas which frame the legitimate range of policy tools and the cognisance of the policy environment (Hall 1993, p279). So much of political behaviour within institutional settings is habitual, which ensures that it is difficult to challenge and to change.

### *Variants of 'new institutionalism'*

Lowndes (2009, p92) argues that because new institutionalism adopts a deductive approach there are many different theoretical propositions about the way institutions work, and hence many new institutionalisms. While Peters (1999) identifies seven different new institutionalisms and more recently Schmidt (2006) recognises four variants, each has a different logic of explanation. All share the common assumption that institutions contain rules

which structure behaviour – “where they differ ... is over their understanding of the nature of the beings whose actions or behaviour is being structured” (Steinmo 2008, p 127). Schmidt (2006, p115) suggests there is a continuum from the positivist rational choice institutionalism to the constructivist sociological variant, with historical institutionalism occupying the middle ground. A fourth and newest institutionalism, referred to as discursive (Schmidt 2002a) or constructivist (Hay 2006) or ideational institutionalism (Hay 2001), has introduced a further dynamic and ideational dimension to the previously largely static institutionalisms.

In rational choice institutionalism, it is argued that individuals act in a rational way, calculating costs and benefits, but that political institutions influence behaviour by structuring the situation in which choices are made. Hence, rational individuals follow rules in order to maximise personal gain. By contrast, sociological institutionalists assume that rather than seeking to maximise self-interest, human beings may be regarded as satisficers and follow a “logic of appropriateness” (March and Olsen, 1989) derived from culturally specific practices. For the sociological institutionalists, institutions therefore embody the norms, values, cognitive frames and meaning systems which guide human action. This variant is therefore conceptually diametrically opposed to the rationalist behaviour which follows a ‘logic of interest’ “which is prior to institutions, by which individuals may be affected but not defined” (Schmidt 2006, p115).

Historical institutionalism (HI) owes its origins to the “break-up of state theory in order to explain things at a lower level of analysis” (Blyth 2002b, p300) and therefore, in comparison to the other institutionalisms, “focuses most explicitly on the state and its institutional development ... [together with] all the structures through which governing occurs” (Schmidt 2006, p107). HI challenges the behaviouralist theories of politics by stressing the role of the state in structuring action and the impact of policy legacies on outcomes. Its historical perspective introduces issues of temporality into political analysis and HI is concerned to identify sequences in long term institutional development and the effect of the timing of events. However, HI initially emphasised the

resilience of political institutions over long periods. Pierson (2004), adopting a more positivist approach to explaining the persistence of institutions, has stressed the importance of feedback effects and increasing returns which support the path dependence of institutions. His perspectives have come under increasing challenge, especially in Europe, where Immergut and Anderson (2008, p355) argue that this "focus on pinning down history has resulted in the neglect of two basic features of both politics and history: political contestation and actor reflexivity." The emphasis in HI analysis has begun to shift towards the more constructivist perspective, particularly in the literature on West European politics, to consider ways in which "institutions are the product of political contestation ... how they are renegotiated and reformed over time, and how [they reflect] forms, functions and meanings their creators never intended" (Immergut and Anderson 2008, p360).

Discursive (DI) and constructivist institutionalism (CI) have grown out of the apparent failure of the other institutionalisms to explain change. In this conceptualisation, ideas and discourse play a central role in explaining change within and to the state. Ideas may be statements of value, or may specify causal relationships and provide solutions to policy problems, or carry images and symbols which express identity, as well as being worldviews and ideologies (John 1998, p144). Policy discourse conveys a set of ideas and values which are embedded in a policy programme and has two functions: a cognitive function which justifies the choice of solution to policy problems; and a normative function which legitimises the policy programme in terms of the values of the state (Schmidt 2002a, p213). In DI and CI, institutions therefore "shape behaviour through frames of meaning" (Lowndes 2009, p93) i.e. through the "ideas and discourse which actors use to explain, deliberate and/or legitimise political action" (Schmidt 2006, p99).

Constructivist institutionalists recognise ideational path dependence as well as the institutional path dependence (an integral component of historical institutionalism) with the result that "it is not just institutions but the very ideas on which they are predicated and which inform their design and development, that exert constraints on political autonomy" (Hay 2006, p65). Therefore, CI is

concerned with examining the processes through which ideas become embedded and institutionalised.

Discursive institutionalists have also been concerned to identify the processes through which ideas are generated, accepted and legitimised (Schmidt 2006, p113). In this sense, discourse is regarded as performing two functions: in its 'coordinative' function, it provides policy actors with an ideational framework with which to construct a policy programme; in its 'communicative' function, it provides a basis for persuading the wider public that the proposals are necessary and appropriate (Schmidt 2002a, p230). Schmidt (2002a, Ch 5) also highlights the significance of different political structures and institutional contexts for framing the discourse<sup>18</sup> process, contrasting the effects of national single-actor and multi-actor governance systems at both national and EU levels. Her analysis raises the importance of the structure of governance systems in explaining how ideas are assessed, accepted and legitimised.

Schmidt (2006, p115-6) discusses whether these four widely adopted variants of new institutionalism can be used together or whether they have such major conceptual differences and different objects of explanation to effectively prevent this. She concludes that theoretical purists have tended to warn against combining aspects of these variants, but highlights that "more problem-oriented scholars mix approaches all the time" (Schmidt 2006, p116). There are many examples of such mixing, especially of historical institutionalists adopting a rational calculus, for example, Immergut (1992), Thelen (2004), Hall and Soskice (2001) and Schmidt (2002a, Part II). The practical application of these variants to real-world problems would seem to highlight that they represent different analytical strategies rather than separate theoretical frameworks. It is perhaps noteworthy that some authors have sought to develop 'theories' out of such combinations of variants, as with the attempts of Greif and Laitin (2004) and Mahoney and Thelen (2010) to define theories of institutional change.

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<sup>18</sup> Discourse is not used in the same sense as post-modernists apply the term, but as encompassing "language, narrative or communicative action" (Schmidt and Radaelli 2004, p193).

#### **4. Institutional change**

The research questions focus on the problem of the political response to the demise of the post-war settlement and the consequential change in rural political institutions. The analysis therefore has to account for the reasons for the demise of post-war rural policy, the processes and causes of rural institutional change and the establishment of an alternative rural policy and its governance. However, not all of the variants of new institutionalism provide an appropriate framework for exploring these questions. Within rational choice and sociological institutionalism explanation is largely static (Schmidt 2006, p106; p113). Historical institutionalism, despite its temporal context, has tended to emphasise institutional resilience rather than institutional change (Immergut and Anderson 2008, p355), while Mahoney and Thelen (2010, p4) conclude that “all leading approaches to institutionalism ... face problems in explaining institutional change.”

Therefore, this section explores the scope and limitations of recent developments in new institutionalism which have been conceived in response to these problems, and assesses their ability to provide a suitable framework within which to examine changes in rural politics. These developments include the introduction of the role of ideas in explaining change in both constructivist and discursive institutionalism and the attempt by Mahoney and Thelen (2010) to define ‘a theory of gradual institutional change’. All seek to improve the capacity of new institutionalism in accounting for and explaining institutional change. While these developments adopt elements of the three ‘older’ institutionalisms, each one has largely built on the framework of HI as a basis for providing an underlying structural and temporal dimension. The following section explores the key dimensions of HI in accounting for institutional change, together with its limitations; the subsequent sections examine how recent developments have sought to explain institutional change more fully, and specifically considers how each approach addresses questions firstly, of how change occurs and through what types of processes; secondly, of who is involved in orchestrating the change and the overall role of agency; and thirdly, of why change occurs and its causation. This assessment largely draws on the

work of Hay (2002; 2006) on constructivist institutionalism, on Schmidt (2008) on discursive institutionalism and Mahoney and Thelen's (2010) 'theory of gradual institutional change'.

### *Historical institutionalism and its limitations*

Despite the emphasis in HI on institutional development, it has until recently largely sought to account for institutional resilience and evolutionary change. Hence, Schmidt (2006, p107) suggests that HI works best "at delineating the origins and development of institutional structures and processes over time ... [focusing on] sequences, timing of events and phases of political change", while Hay (2002, p142) argues

the aim has been to demonstrate the existence and effect of historical legacies in the political processes and institutions of the present ... [for historical institutionalists] history matters; to understand the present is to understand how it has evolved from the past and to trace the legacies of that evolution.

The key problem for HI has been how to explain agency and to introduce it into institutional analysis (Schmidt 2006, p108; Streeck and Thelen 2005, p5; Immergut and Anderson 2008, p356; Mahoney and Thelen 2010, p4-5). Historical institutionalism is considered by some new institutionalists to stand between rational choice and sociological institutionalisms (Hall and Taylor 1996, p938-9; Steinmo 2008, p127). Some proponents of HI suggest that either the 'calculus approach' of rational choice or the 'cultural approach' of sociological institutionalism or both may be adopted in the analysis of any political situation. Steinmo (2008, p128) concludes that historical institutionalists would argue that any significant political outcome is best understood as a product of both interest maximizing and rule following.

Hay and Wincott (1998, p953) contest Hall and Taylor's (1996) ontological position, suggesting that their definition of HI would imply that it "is not a distinctive approach to institutional analysis." Hay and Wincott (1998, p953) postulate that if HI is to be regarded as a distinctive institutionalism a relationship which uniquely connects institution and behaviour (structure and agency) would need to be established and one which identifies "a coherent and

consistent approach to institutional analysis in its own right.” Hay (2006, p62) evokes the work of Thelen and Steinmo (1992), who are credited with initiating the HI approach, and who conclude that rational choice and HI are “premised on different assumptions that in fact reflect quite different approaches to the study of politics” (Thelen and Steinmo 1992, p7). Moreover they argue that rational choice institutionalism assumes actors have fixed preferences, (almost) perfect information and are self-serving utility maximisers. Equally, they reject sociological institutionalism’s perspective of norm-driven behaviour which minimises the importance of agency. In this way, Thelen and Steinmo (1992, p10) seek to define a distinctive social ontology for HI:

Institutional analysis ... allows us to examine the relationship between political actors as objects and as agents of history. The institutions that are at the centre of historical institutionalist analysis ... can shape and constrain political strategies in important ways, but they are themselves also the outcome (conscious or unintended) of deliberate political strategies of political conflict and of choice.

Moreover, they emphasise that the key characteristic distinguishing HI from rational choice or sociological institutionalism is the endogeneity of preferences (Thelen and Steinmo 1992) – i.e. institutions can influence the formation of actors’ preferences and the politicisation of their interests.

Despite consideration of the role of agents within this distinctive ontology, Thelen and Steinmo’s (1992, p2) ambitions were largely limited to “an emphasis on how pre-existing institutions structure contemporary political conflicts and outcomes”, thereby according primacy to structure over agency. Thus, many analyses within this framework have tended to emphasise the role of historical structures in shaping actors’ interests, and incorporate agency only by “turn[ing] to rational choice institutionalism, which posits actors pursuing their strategic interests through a logic of incentive-based calculation” (Schmidt 2008, p2)<sup>19</sup>. Steinmo (2008, p127; p131) concludes that studies by historical institutionalists have been “motivated by the desire to answer real-world empirical questions ... [and to demonstrate] that institutional structures had

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<sup>19</sup> Schmidt (2006, p108) identifies a number of examples of research based on historical institutionalism with a “rational calculus”, including Immergut’s (1992) study of the impact of governing structures (veto-points) on the ability of physicians to influence healthcare reform.

profound effects on shaping political strategies, outcomes and, ultimately, political preferences.”

However, “this approach cannot account for new choices or changing preferences” (Schmidt 2008, p2), and moreover, transformative or path-shaping change within such studies has largely been attributed to exogenous forces. Dissatisfaction with this approach has grown over the past 10 years, in particular while comparative research has usefully demonstrated the effect of institutions on political strategies and outcomes, studies within HI have not provided a framework “capable of endogenizing agency *in such a way* as to explain the dynamics of institutional change (and continuity)” (Schmidt 2008, p2-3, *emphasis added*). Indeed, there has been an increasing tendency on the part of some authors, notably Hall and Soskice (2001) and Pierson (2004), to focus on the resilience of institutions, emphasising the incremental rather than transformative nature of change, and to incorporate agency by linking the concepts of HI to rational choice institutionalism, and incorporating micro-foundations into institutionalist analysis.

Pierson (2004, p19) argues that positive feedback dynamics play a crucial role in social contexts, as the costs of switching from one alternative to another increase markedly over time and as initial choices tend to set a direction which is difficult to reverse. Thus, the sequencing and timing of events are seen to have significant impacts on the development paths which institutions take. Such self-reinforcing, path dependent dynamics are considered to be “an essential building block for exploring a wide range of issues related to temporal processes” (Pierson 2004, p22). He argues that path dependence is prevalent in politics and therefore studies of institutional development need to adopt a long time frame to identify the incremental nature of institutional change. However, as Immergut and Anderson (2008, p355) stress “it is extremely difficult to measure feedback effects in politics.” They reject Pierson’s approach because of its emphasis on the search for regularities in political behaviour and its neglect of the significance of political struggles in determining outcomes and power distribution.

Further, Streeck and Thelen (2005, p1-6) highlight the lack of theorising on issues of institutional change, and an over-reliance by historical institutionalists on the punctuated equilibrium model in which change is either the result of exogenous shocks or the consequence of path dependent lock-in effects. They suggest it is because of this model that Hall and Soskice (2001) and Pierson (2004) privilege understanding institutional resilience over change. Such criticism of the way in which historical institutionalist approach has evolved has led Hay (2006, p62) to suggest that there has been a “hollowing-out of historical institutionalism.”

The recent development of constructivist and discursive institutionalism, together with the theorising of gradual institutional change, have all sought to address some if not all of the drawbacks of HI in order to provide a more fully developed framework for explaining institutional dynamics. Yet, they have each sought to retain and build on key structural aspects of HI, in particular an institutional context composed of historical rules and regularities resulting from the order and sequencing of events over the often lengthy period since the formation of the institution.

### *Conceptualising processes and dynamics of institutional change*

The notion of punctuated equilibrium<sup>20</sup>, widely adopted in HI to conceptualise the dynamics of institutional development, contrasts phases of development in which long periods of institutional stability and path dependent processes are punctuated by occasional and relatively brief crises during which more rapid and profound transformation may occur. At such punctuations in the normal equilibrium, the choices made (but largely unexplored and unexplained in HI) are seen to close off alternative options and therefore support new self-reinforcing path-dependent processes which become resistant to change.

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<sup>20</sup> According to Hay (2002, p161) the concept of ‘punctuated equilibrium’ has its origins in evolutionary biology which asserts that evolution occurs in rapid bursts over short periods of time, followed by relative stasis. This heuristic was first applied in political science by Krasner (1984, p242) who noted that studies of institutional change all appeared to point to an “episodic and dramatic rather than continuous and incremental” process of institutional change.

At moments of crisis or “critical junctures”<sup>21</sup> (Collier and Collier 1991, p29) or “critical periods” (Polyani 1944, p4) change may become more fluid and rapid. Moreover, critical junctures are often regarded as the moment when new paths are created, but as Capoccia and Kelemen (2006, p6) argue critical junctures should be regarded as a period of “heightened contingency” which may lead to change, but equally may result in a re-equilibration, i.e. an “aborted change.” Historical institutionalists have tended to argue that the source of change in this model and therefore the cause of the crisis or critical juncture is exogenous (Mahoney and Thelen 2010, p9).

Hay (2006, p61) argues that “given the importance of such moments, the new institutionalism has had remarkably little to say on these bouts of path-shaping institutional change.” HI has been criticised for “appearing historically deterministic or even mechanistic where it focuses exclusively on continuities and path-dependencies”, and for not “explaining what brings about the crisis that spurs change” (Schmidt 2006, p7). In the same vein, Hay (2002, p163) suggests that while this model is “versatile and arguably lends itself to descriptively accurate accounts [this] is achieved at the price of theoretically complexity.” Moreover, Streeck and Thelen (2005, p1) go further and suggest that studies of institutional change rely too heavily on the punctuated equilibrium model which “draws an overly sharp distinction between long periods of institutional stasis periodically interrupted by some sort of exogenous shock” and hence fail to explain modes of gradual change. They argue that recent institutional change in political economies following the onset of the period of neo-liberal politics has been incremental and without dramatic disruptions. They maintain that the gradual change characteristic of this period is not being adequately theorised (Streeck and Thelen 2005, p5).

In order to address this failing, Streeck and Thelen (2005, p6) point to a growing interest in conceiving “institutional reproduction as a dynamic political process.” Rather than simply opposing change with stasis, Immergut and Anderson (2008, p356) argue that “all institutions are continually renegotiated

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<sup>21</sup> Junctures are regarded as ‘critical’ “because they place institutional arrangements on paths or trajectories which are then difficult to alter” (Pierson 2004, p135 ).

and reinterpreted, for none can provide complete and unambiguous guides to action.” Conceptualisations of the processes of institutional change are therefore increasingly moving away from a requirement for a continual return to equilibrium. Such a re-configuration opens up possibilities for alternative processes of more gradual as well as abrupt change. Streeck and Thelen (2005, p14) argue that transformation of institutions can occur through gradual processes because the “enactment of a social rule is never perfect and there is always a gap between the ideal pattern and the real pattern of life under it.” According to Schmidt (2008, p6), they effectively replace path dependence with processes of path renewal, revision and replacement.

Mahoney and Thelen (2010, p19) identify four modes of gradual or incremental transformative change which is endogenous or “produced by the very behaviour of the institution itself” (Streeck and Thelen 2005, p19). These modes are:

- Displacement: the removal of old rules and the introduction of new ones;
- Layering: the introduction of new rules on top or alongside existing rules;
- Drift: the changed impact of existing rules due to shifts in the environment;
- Conversion: the changed enactment of existing rules due to their strategic redeployment.

Such a categorisation of gradual transformations may not be exhaustive, but it serves to emphasise how institutional change cannot be reduced to a simple dualism of path dependent induced stability and path-shaping change.

The processes of institutional change conceptualised within HI are largely descriptive and concerned with returning to some states of equilibrium. They say little about how institutions and their rules become subject to challenge, what causes the crises, and how new rules emerge and become accepted and embodied in the replacement institution. Nonetheless, HI has highlighted the significance of historical contingency, sequencing and timing of events and path dependent regularities for understanding institutional stability.

In both sociological and rational choice institutionalism, actors are external to institutions and undifferentiated, such that "the inescapable conclusion is that changes in self-enforcing institutions must have an exogenous origin" (Greif and Laitin 2004, p633). Similarly, in many of the early historical institutionalist studies, continuity of the set of rules reflected the political legacy of historic struggles which meant that current actors remain external to the institution. It is the lack of any strong conceptualisation of agency in HI which has prevented studies within an historical institutionalist framework from effectively identifying the key factors which explain the dynamics of institutional change. However, recent literature (Pierson 2004; Thelen 1999; 2004; Mahoney 2000) has begun to suggest that such a historical path-dependent 'lock-in' is a rare phenomenon and that institutions change through both evolutionary and more revolutionary processes which may only be explained through some conceptualisation of the interaction between institutions and agents.

Hay (2002; 2006), Schmidt (2008) and Mahoney and Thelen (2010) have, in contrasting ways explored the interaction between structure and agency (context and conduct). For Hay (2006, p64) "change is seen to reside in the relationship between actors and the context in which they find themselves", while for Mahoney and Thelen (2010, p5) "institutional change often occurs precisely when problems of rule interpretation or enforcement open up space for actors to implement existing rules in new ways." Schmidt (2008, p13) more specifically emphasises the discursive interaction both among policy actors and social partners, and between policy actors and the wider public. Therefore this section compares these authors' conceptualisation of role of agents in institutional change.

Mahoney and Thelen's (2010, p1; p5) approach to explaining "gradual institutional change" is predicated on the assumption that power is unequally distributed among actors, in a perspective that largely reflects Hay's (2006, p65) proposition that actors' "access to strategic resources ... is unevenly distributed." Both share the view that this affects actors' ability and desire to change institutions. For Mahoney and Thelen (2010, p4), this characteristic

“provides a basic motor of change.” They maintain that, at the extreme, a group or coalition of actors could be so dominant that they could “design institutions that closely correspond to their well-defined institutional preferences” (Mahoney and Thelen 2010, p11). In order to maintain institutional continuity, the more well-resourced actors have to continue to mobilise political support in order to avert any tensions which may threaten continuity. Hence, any division among the ‘elite’ is likely to weaken their power and open up opportunities for change. In contrast, the unequal distribution of power and its consequences could create disaffection among some actors, who develop strategies to redress the imbalance of power and resources through developing “united subordinate groups” (Mahoney and Thelen 2010, p12). This theory assumes that dominant actors are driven by the logic of incentive-based calculation, and therefore leans heavily towards the rational choice end of the new institutionalist spectrum. This is not to deny the potential transferability of its approach to other settings.

The incorporation of agency through the constructivist approaches of Hay (2006) and Schmidt (2008) presents a very different perspective. Compared with the conventional new institutionalist approach, in which actors’ material interests are assumed to determine their behaviour, constructivist institutionalism views an actor’s strategy “as an irredeemably perceptual matter” (Hay 2002, p194). Because of their imperfect knowledge, actors have to interpret the world in which they function and depend on perceptions of the institution and its environment in order to develop their strategies. As a result, “ideas provide the point of mediation between actors and their environment” (Hay 2002, p209-10). Their preferences and motivations are not simply a reflection of material or social circumstance but ideational. Consequently, actors are not “analytically substitutable” (Hay 2006, p64) as they are in rational choice or sociological institutionalism.

For both of these authors, explaining change necessitates an understanding of how and why agents make new choices or change preferences. The ideational underpinning of their approaches highlights the need to analyse the cognitive and normative dimensions of agents’ ideas and, especially for Schmidt (2008,

p3), "the interactive processes that serve to generate those ideas and communicate them to the public." In this conceptualisation, ideas have both a cognitive and a normative function. Cognitive ideas "serve to justify policies and programmes" (Schmidt 2008, p10) through their comparative 'technical' ability to define problems, to provide solutions and to support a coherent approach. Such cognitive ideas have been conceptualised as "policy paradigms" (Hall, 1993); or "reference systems" (Jobert and Muller 1987) which act as "interpretative schema" for actors and which define legitimate policy techniques and instruments, and hence "delimit the very targets and goals of policy itself" (Hay 2006, p66). In Hall's (1993, p279) seminal conceptualisation of policy paradigms, he maintains that:

Policy makers customarily work within a framework of ideas and standards that specifies not only the goals of policy and the kind of instruments that can be used to attain them, but the very nature of the problems they are meant to be addressing ... this framework is embedded in the very terminology through which policy makers communicate about their work, and it is influential precisely because so much of it is taken for granted.

Normative ideas "serve to legitimate policies and programmes in terms of their appropriateness and resonance with the more basic principles and values of public life" (Schmidt 2008, p11). Such principles and values may be considered integral to the operation of the state and public policy since they carry the support of most citizens, but they may vary in emphasis within different (party) political ideologies. However, some actors may strive to review and change such values in response to changes in conditions and attitudes (Schmidt 2002a, p221).

Schmidt (2002a, p213) argues that while cognitive and normative ideas are analytically separable, in reality, a cognitive idea carries in its recipe for addressing problems the values which ensure its legitimation not only within the polity but among the wider public. Similarly, the core values of the polity provide a context within which problems are framed and ideas about responses are formulated. However, new ideas may also reflect contemporary appraisals of long-standing values and may therefore be catalysts for change in national/societal values.

Within a discursive institutionalist framework, the focus is on “the discursive interactions by which actors reach collective agreement on change” (Schmidt 2008, p8). DI therefore explores the interactive processes by which ideas are generated and by which they are communicated. Actors’ narratives and arguments about cognitive and normative ideas reflect the key discursive practices which support the (re-)interpretation of institutions and enable collective agreement to be reached.

### *Conceptualising causation of institutional change*

All three of these approaches to conceptualising institutional change build on, rather than reject, the framework of HI and in contrasting ways incorporate its basic concepts of path dependence and historical legacy. Mahoney and Thelen (2010, p10, *emphasis in original*), conceive of institutions as “*distributional instruments* with power implications”; a view which they argue is “commonplace in historical institutionalism.” Schmidt’s approach (2008, p19) incorporates a context of “historical rules and regularities ... [which provide] background information for a discursive institutionalist analysis of how ideas infuse such rules.” Similarly, Hay (2006, p66) reveals the “indebtedness” of constructivist institutionalism to earlier versions of HI. Thus, in their varying conceptualisations, these authors seek to explain disruptions to the stability and path dependency of historical processes by introducing an endogenous perspective on institutional change.

For Mahoney and Thelen (2010, p10-11), it is the unequal allocation of resources within an institution which generates pressures to interpret rules in differing ways and hence helps to ensure “a dynamic component is built in.” As rules are subject to continuous “interpretation, debate and contestation”, rule compliance becomes a significant variable in explaining institutional stability and change (Mahoney and Thelen 2010, p14). Ambiguity in the interpretation of rules creates opportunities for contestation, particularly when: developments in the real world expose the limitations of current rules; actors fail to reflect the complexities of real world situations in the design of institutions and their rules; some aspects of the rules are implicit rather than explicit and understandings

vary among actors; the designers of rules are not the enforcers (Mahoney and Thelen 2010, p14-7).

This focus on compliance allows for a theorising of actors and coalitions on the basis of their interest in maintaining institutional stability or stimulating change. Mahoney and Thelen (2010, p19) argue that the characteristics of the interaction between the political context and the institution determine the type of institutional change that can be expected, because “they shape the type of dominant change-agent ... and the kinds of strategies this agent is likely to pursue to effect change” (Mahoney and Thelen 2010, p19). Thus, Mahoney and Thelen (2010, p28-34) identify four basic types of change-agents, each with differing strategies, and each type being associated with a particular mode of change<sup>22</sup>.

The contrast between the rationalist approach of Mahoney and Thelen (2010) and constructivism is perhaps best exemplified in the conceptualisation of the causation of institutional change. In CI, social and political relations are structured within institutions which act as constraints on actors, who nonetheless have the capacity to act consciously in an attempt to realise their intentions (Hay 2002, p94). Constraints operate through a number of mechanisms which may include the effect of normalising through shared rules and conventions, the normalising effect of logics of appropriate behaviour, sets of ideas about how the policy environment functions and the complexity and depth of definition of established practices. However, these structural

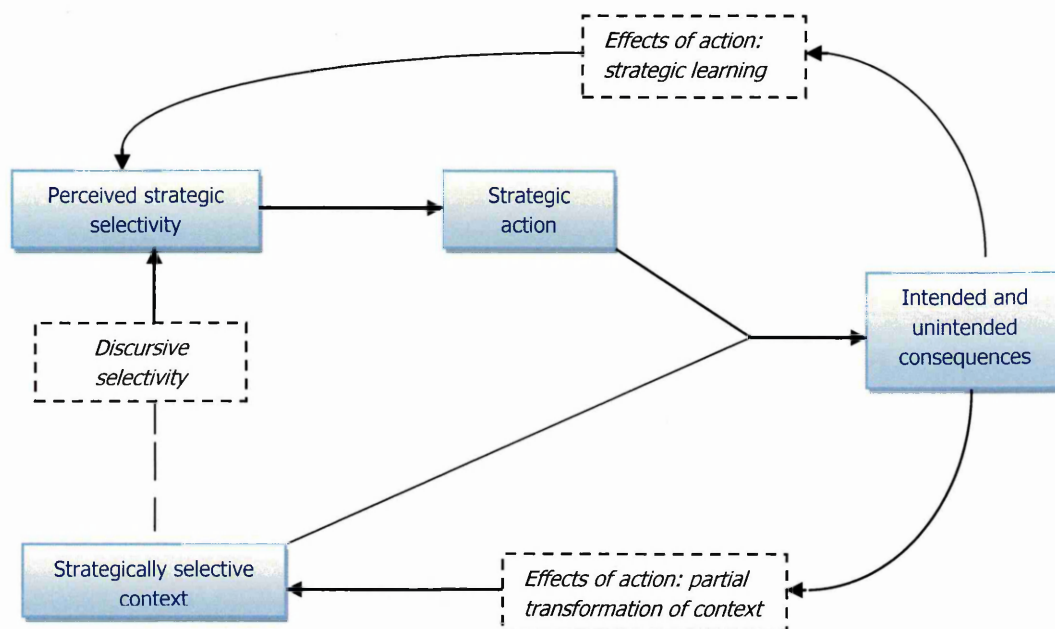
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<sup>22</sup>The different types of change-agents identified are:

1. ‘insurrectionaries’ who consciously seek to eliminate existing rules by mobilising against them, and seek their outright institutional ‘displacement’;
2. ‘symbionts’ who come in two variants: parasitic actors, who exploit institutions for private gain, while contradicting their collective ‘spirit’, may undermine the institution which, in the absence of corrective action, may result institutional ‘drift’ or neglect; mutualist actors, who use rules they were not part of designing to advance their own interests and so exploit the letter of the rule but not the spirit, which may lead to institutional ‘conversion’;
3. ‘subversives’ who seek to displace the institution not by breaking the rules, but by promoting new rules on the edges of the old, thereby reducing the support for the original institution; such change-agents are associated with the layering mode of change;
4. ‘opportunists’ who have ambiguous preferences about institutional continuity but exploit any possibilities to achieve their own ends within the existing institution, which may promote continuity rather than the riskier strategy of change; but where they become agents of change they may support institutional conversion.

constraints are not fixed as actors have both a role in their construction and a capacity to challenge and amend them, with structure and agency operating in a dynamic relationship. Therefore, CI highlights “the *intersubjective* nature of structure and hence ... the role of agents in the constitution of the very contexts within which their political conduct occurs” (Hay 2002, p106). In CI, change is “understood in terms of the interaction between strategic conduct and the strategic context” (Hay 2006, p64) as fig 3.1 illustrates.

Fig. 3.1: The cycle of discursive and strategic selectivity (Hay 2002, p212)



Given the nature of the constitution of the context, only a limited range of strategic actions are available to actors, or in the terms of Jessop’s (1996) strategic relational approach, structures impose a “strategic selectivity.” Moreover, as strategies are formulated, actors have to rely on an understanding or interpretation of the institutional context which may reflect their experiences of what is feasible and what is not. The context therefore imposes a “discursive selectivity” (Hay 2002, p212). As actors lack complete information about the environment they inhabit, including the actions of others, they must interpret the world, often through cognitive filters, such as policy paradigms. Hence, in addition to their role in enabling actors to understand their context, ideas play a mediating role between actors and their environment. Hay (2002, p210)

therefore concludes that “ideas ... have to be accorded an independent role in the causation of political outcomes.” The final link in the cycle is the feedback from the consequences of strategic action, which provide opportunities for strategic learning to improve understandings of the context and to test the validity of cognitive models. These “learning effects” have been identified by Pierson (2004, p38-9) as playing an important role in maintaining the efficiency of the institution and path dependence.

By incorporating the basic concepts of the ‘early’ historical institutionalists, CI accepts the long term nature of institutional change, including path dependence and the significance of crises for initiating path-shaping change. Because ideas are at the core of this approach, CI emphasises “ideational path dependence ...[as] it is not just institutions but the very ideas on which they are predicated and which inform their design and development that exert constraints on political autonomy” (Hay 2006, p65). The key parameters of explanation in CI therefore relate to the processes by which ideas become accepted as policy paradigms or cognitive filters and the way they are contested, challenged and replaced (Hay 2006, p65).

Blyth’s (2002a) work on economic change in the United States and Sweden has been influential in furthering the development of the constructivist approach to institutional change, in particular by focusing on the moment of crisis and the response of agents as the object of explanation. Blyth (2002a, p41; p32) argues that crises create uncertainty firstly, about the capacity of an institution to maintain stability and coordinate agents’ expectations about the future; and secondly, for agents’ interests<sup>23</sup>. His model of institutional change portrays a sequential process in which ideas play a constructive role in addressing the

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<sup>23</sup> Blyth (2002a, p32) argues that crises problematize agents’ interests. This is contested by Hay (2006, p68) who maintains that “it is not clear that moments of crisis do indeed lead to uncertainty about actors’ interest.” Blyth’s assertion does not seem logical; while the crisis creates uncertainty for an actor in terms of the capacity of the institution to continue to maintain her interests, it is “more likely to result in vehement reassertion, expression and articulation of prior conceptions of self-interest” (Hay 2006, p69). It would also seem likely that actors would seek a change in or re-design of the institution which could be reconciled with their interests. It should be remembered that Blyth’s (2002, Ch 2) development of a “theory of institutional change” was conceived to explain major shifts in economic ideas, and whether his model can be transferred to an analysis of rural politics is an empirical issue which is discussed in later chapters.

uncertainty and in establishing “a new trajectory of institutional evolution” (Hay 2006, p68).

Blyth’s (2002a, p34-44) model identifies a temporal sequence in which ideas have five causal effects:

1. Ideas reduce uncertainty during periods of crisis “by interpreting the nature of the crisis”, i.e., by developing understanding of what the crisis is and what caused it. Such ideas provide agents with a cognitive and normative critique of the particular policy, its environment and its polity, as a prelude to subsequent institutional (re-)construction. This first step is critical for establishing a new path dependence<sup>24</sup>, as ideas are “the predicates of institutional construction” (Blyth 2002a, p37).
2. Ideas, as narratives or causal stories, allow a redefinition of an agent’s relationship to the crisis – confusion and uncertainty are replaced by the emergence of plausible solutions. Policy entrepreneurs may lead the debate using the new ideas to define the common goals and thereby generate resources for coalition building and collective action in a reconfigured institution.
3. Ideas are used as weapons to contest and replace existing institutions which come to be regarded as part of the problem, therefore “to replace them, agents must delegitimize such institutions by contesting the ideas that underlie them” (Blyth 2002a, p39).
4. New ideas act as blueprints for institutional design, i.e., “new institutions are derivative of new ideas ... [which] also dictate the form and content of the institutions that agents *should* construct to resolve a ... crisis” (Blyth 2002a, p40; emphasis in original).
5. Ideas promote stability through developing shared understandings of how the polity should work. Such shared ideas become conventions which coordinate agents’ expectations and thereby make stability possible.

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<sup>24</sup> As Pierson (2004, p40) highlights “options which gain a head start will often reinforce themselves over time, even if they have serious shortcomings.”

As ideas act as the catalyst for new institutional design, the discursive process by which new ideas are generated may be identified as the key component of this model. While Blyth (2002a, Ch 2) and Hay (2006, p68; 2002, p212) recognise the significance of discursive dimensions, Schmidt's (2002a; 2008) conceptualisation of such discursive processes permits more detailed analysis of the formation of new ideas. Discursive institutionalism puts to the forefront "sentient agents who construct their ideas conveyed through discourse following a meaning-based logic of communication" (Schmidt 2008, p3). Hence, DI focuses on the interactive processes through which ideas are generated and communicated to the public. Discourse becomes real in an institutional context which consists firstly, of "the structure, construction and communication of meaning", and secondly, of those macro-historical patterns, macro-cultural norms and micro-rationalist strategies that underpin agents' ideas (Schmidt 2008, p3).

In explaining institutional change, DI seeks to interrogate in some depth the ideas and discursive interactions which promote change. Discourse has a coordinative function by generating debate among agents about the functionality and performance of institutions in ways which enable them to challenge and change existing ideas. Hence, Schmidt (2008, p15) concludes that "the clash in ideas and discourse is just as important in building, maintaining and changing 'institutions' as is any ultimate compromise." Discourse also has a communicative function through enabling effective communication of ideas, e.g. about a policy programme, to the public. For politicians/policy elites, this function is essential for gaining legitimacy of key aspects and securing long-term acceptance of ideas which are embodied in policy.

These three different accounts of causation reveal both strengths and limitations of current developments in new institutionalism in accounting for change. The incorporation of agency into these accounts has exposed the weaknesses of previous conceptualisations of a punctuated equilibrium. While their analysis perhaps still reflects a more rationalist explanation within historical institutionalism, Mahoney and Thelen (2010, p15) effectively reject

the equilibrium-based model. By recognising the ambiguity of institutional rules and therefore opportunities for political contestation, they are able to introduce a dynamic dimension to the process of gradual or evolutionary change. However, it is in the logic of explanation and the conceptualisation of power that differentiates rationalist and constructivist approaches. For example, while Mahoney and Thelen (2010) rely on a power distribution approach in which actors compete for access to resources endowed by the institution, Schmidt (2008, p8) maintains that "change is explained by reference to agents' ideas about how to layer, reinterpret or subvert those institutions." Power in CI and DI resides in the political power of ideas, which cannot be reduced to rational materialism, and political outcomes are likely to reflect a "complex interaction of material and ideational factors" (Hay 2002, p208).

The introduction of agency in these recent approaches enables institutional change to be viewed as a process of continual reproduction. In the context of more revolutionary or path-shaping change, both Hay (2006, p67) and Schmidt (2008, p8) emphasise the significance of crises as moments of intense contestation about the ideas underpinning institutions. It is these moments which become the object of explanation. Hay (2002, p214-5) rejects the perspective of other authors (Berman 1998; Blyth 2002a; Campbell 1998) that ideas are somehow more important at such moments; he argues rather that it is new ideas that matter more at such times. The constructivist approach has largely been developed within the context of major changes in economic or ideological thinking. The extent to which this approach may be successfully used to explain change in other moments of crisis therefore remains an empirical issue.

Despite the recent developments in new institutionalism, there remain significant limitations to the analysis of change. Change may happen for reasons beyond the scope of institutionalist explanation: unintended consequences of institutional designs may have their cause in events in other institutions or as Schmidt (2008, p17) stresses because "stuff happens, material conditions do change, and actors often act before thinking", or as Hall (1993, p291) originally proposed because of exogenous change, such as war or

revolutions. While none of these approaches is able to explain the origins of crises or critical junctures, they have introduced new conceptualisations, capable of explaining the processes of change.

Rural politics reflects contrasting ideas about the role of the countryside, and indeed many regard 'rurality' itself as a social construction (Giarchi 2007, pxi), with the result that conflicting views have become apparent among the many different interests. Therefore, understanding and explaining the nature of such conflict and the outcomes of contestation about the role of the 'rural' demands an appreciation of the ideational processes in rural politics. Constructivist and discursive institutionalisms offer a potentially effective means of identifying and explaining those factors which have determined recent rural institutional change. Nonetheless, the emphasis in Mahoney and Thelen's (2010) theory of gradual institutional change on the strategies adopted by change-agents provides an important additional dimension to explaining evolutionary change and transformation. CI and DI do not purport to assign the cause of all change to relationships internal to the institution. While recognising the significance of what happens in the wider policy environment they cannot account for it.

### *Conceptualising institutions in the institutional matrix*

It has been argued (Woods 2007, p5) that the transformation of rural politics following the demise of the post-war settlement has changed the "terms and focus of rural political discourse." Increasingly, attempts have been made to present rural policy within a coherent and integrated framework supported by the array of domestic policy institutions. Interactions between political institutions are therefore of particular significance for rural politics. Goodin and Klingemann (1996, p18) maintain that political institutions are "nested within an ever-ascending hierarchy of yet-more-fundamental, yet-more-authoritative rules and regimes and practices and procedures."

The extent to which rural policy and sectoral policies are complementary will depend on the quality and capacity of institutional interactions, since "where complementarities exist, the value of each component is enhanced by the presence of the others" (Pierson 2004, p150). It has been suggested that a

critical feature of the polity is the interrelatedness of its political institutions which “form a complicated ecology of inter-connected rules” (March and Olsen 1989, p170) and which moreover help to determine the coherence of policy (May et al 2005, p37)<sup>25</sup>. In this context, Pierson and Skocpol (2002, p696) state that “historical institutionalists ... hypothesise about the combined effects of institutions and processes rather than examining just one institution at a time.” Institutional interactions may therefore provide an important source of change which may be exogenous to an individual institution but endogenous to the matrix of institutions. Moreover, the development of such interactions may have a significant impact on the behaviour of actors, some of whom, for example, may seek to offset disadvantage they experience in one institution by using their advantage in other institution(s) to enact change (Mahoney and Thelen 2010, p12).

### *Institutional Design*

The reform the workings of the state under both the Conservative and Labour administrations over the past 20-30 years may be regarded as positive attempts not only to re-design governance and relationships between the state and stakeholders, but perhaps more critically to re-design the very institutions which guide the policy process. As Stoker (2004, p1) argues “governance requires the design of institutions to meet the demands of collective decision-making in increasingly complex circumstances.” It may be supposed that attempts to impose or introduce external governance designs will be mediated through the internal rules of the individual institution, resulting in a range of different outcomes for governance.

This raises questions more generally about what constitutes institutional design and the processes by which institutional rules are re-designed. Most scholars begin from the assumption that the context for institutional design is already highly populated with rules, and in the example of governance with rules about governing. Therefore it may be appropriate to consider institutional ‘re-design’

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<sup>25</sup> Pierson’s (2004) view of the significance of the interrelatedness of political institutions for underpinning stability and path dependence largely draws on North’s (1990, p95) economic concept of an institutional matrix which, he argues, produces massive increasing returns and which facilitates the adoption of other complementary institutions.

rather than simply design. The literature on institutional design is limited, but Goodin's (1996) work is a significant attempt to establish a broad conceptualisation, while Lowndes and Wilson (2001) outlines the key dimensions of the re-design process. Other work has generally sought to establish principles of what constitutes good design within relatively specialist areas, e.g. Klijn and Koppenjan's (2006) examination of deliberate attempts to design policy networks; Alexander's (2006) work on the design of institutions in support of the implementation of planning programmes and strategies. Stoker's (2004) examination of institutional design for governance is particularly relevant to this study.

Goodin (1996, p28-9) suggests that institutions may change or emerge accidentally in unintended ways; or, they may just evolve naturally in equally unintended ways, but maintains that they are not the result of some single design or designer. Rather he argues that "there are just lots of localized attempts at partial design cutting across one another." As a result, the outcomes of such change cannot be regarded as being the direct result of intentional design or re-design. Goodin (1996, p29-30) prefers to argue that design should relate to indirect mechanisms which intentionally seek to avoid accidents or guide the direction of evolution, and therefore that design should be more properly defined as the intentional shaping of institutions and practices.

Lowndes (2001b, p642) argues that the likelihood of an institutional re-design becoming embedded over time is "related to the interaction with the broader institutional environment", i.e. with the degree to which the re-design is compatible with institutions in the hierarchy of institutions or in closely adjacent environments. However, as the re-design may affect the distribution of resources or power within the institution, it is likely to be a contested process. The re-design may, for example, be resisted by dominant actors who benefit most from existing arrangements. Hence attempts at re-design "inevitably involve conflicts over values, identities and interests" Lowndes (2001b, p643). As a result, Pierson (2004, Ch 4) concludes that the intentions of the designer are rarely fully implemented in practice.

A number of authors have set out key principles for 'good design'. Goodin (1996, p40) stresses the need for flexibility in design and opportunities for learning, in a general principle of revisability. This leaves capacity for innovation and adaptation to changing circumstances. Lowndes (2001b, p644) therefore concludes that embeddedness may have a positive effect by providing a source of variety within the re-design process. Goodin (1996, p40) complements this principle with the need for robustness so that change only occurs when there is a fundamental change in the institutional environment. Thus, re-design becomes a normative process, but as Goodin (1996, p41-2) argues one which is "publicly defensible" and therefore provides legitimacy.

Stoker (2004) has interpreted design principles within the context of establishing or improving governance arrangements. These include: matching governance mechanisms to the social context; understanding and developing a variety of governance tools; recognising the role of ritual – long-standing and highly valued forms of communication; building interlocking tiers of governance (Stoker 2004, p46).

## **5. Conclusions**

The limitations of regulation theory for exploring the response to the demise of the post-war settlement have necessitated investigation of alternative frameworks within which to analyse the process of adjustment and change in rural politics. Jessop (2002, p34) argues that "institutions matter" because of the role they play in stabilising crisis tendencies in capitalism. However, the focus of regulation theory ensures that the incorporation of institutions into analysis is always embedded in economic action and therefore tends to focus on the organising forms which maintain capitalism. However, the 'institutional turn' in geography has not thus far significantly influenced rural research, with exploration of the role of the state, for example, largely being restricted to formal structures. For regulation theorists, institutions are largely regarded as being responsive to change – to maintain and support the prevailing regime of accumulation, or to respond to rather than being an integral part of the transition from one stage of capitalist development to another.

Within political science, new institutionalists reject such structural tendencies central to neo-Marxist and regulation approaches to institutions, and emphasise “open-endedness of processes of social and political change” (Hay 2002, p11). In providing a framework for the analysis of rural political change, recent developments in new institutionalism open up opportunities to explore in greater detail the processes of change, the role of agency and a range of causal factors. In particular, the approach emphasises the need to take a long term perspective, examining sequences and timing of events and to consider the role of crises or critical junctures in stimulating change. Recent developments in new institutionalism have sought to incorporate the role which agents play in effecting reproduction and change. Constructivist approaches have identified ideas and ideational processes as critical to understanding change. In particular, the values, norms and cognitions which are embodied in institutions are vital constraints on political behaviour, and difficult to amend and change.

However, the recent developments and the constructivist approaches in particular present significant methodological challenges, especially in identifying how institutions constrain behaviour, in defining values, in capturing alternative courses of action which may have been possible (counterfactuals). These issues are now explored in Chapter 4 which considers the epistemological and methodological issues.

## Chapter 4

### **Methodology: tracing the processes and impacts of rural political change**

#### **1. Introduction**

The previous chapter sets out the merits of the new institutionalist framework for examining rural political change, and as a meso-level theory, its value for analysing change in public policy has been widely recognised. However, operationalising' this framework is not without problems. Lowndes (2009, p103) points in particular to methodological (and practical) issues associated with identifying those informal understandings which may constrain actors just as much as formal ones; as she concludes "actors who ignore formal rules could be seen as following another, invisible, set of informal rules". Because of the difficulties of identifying the rules-in-use, Lowndes (2009, p103) notes that "new institutionalists are responding by experimenting with a broad repertoire of techniques".

Before examining alternative techniques, the chapter begins by setting out the development process (the natural history of the research) by which the research problems and questions were finalised. As this study is supported by a CASE Studentship, a specification had been prepared before the study started. Through discussion with the two collaborative partners, the Rural Community Councils (RCCs) in Yorkshire and the Humber (Y&H) region, and initial investigations, the research problems and questions were narrowed and reformulated. As a result, the research aims to provide an explanation of what has been regarded as 'the most extensive restructuring of rural policy for 50 years', and an analysis of the revised policy context for the RCCs.

It is the view of an increasing number of authors (Schmidt 2006; Moses and Knutsen 2007; Lowndes 2009;) that problem-oriented research such as this study demands a methodological pluralism. As the last chapter demonstrates, new institutionalism comprises a wide range of perspectives on the role of institutions in structuring political behaviour which some authors mix to provide explanations of change. The next section of the chapter therefore considers

some of the epistemological and methodological issues of a pluralist approach.

\*It concludes that taking different epistemological positions within a single study highlights a need to (re-)consider the precise formulation of the research questions.

The following section compares comparative methods and historical narrative as alternative research designs. The historical narrative approach is preferred for practical reasons and as Kay (2006, p17) argues "it renders the complexities and conjunctural contingencies in the policy process tractable for analysis". This approach is however not without its critics and the role of policy narratives in providing explanations is evaluated. This section demonstrates that the historical narrative is not simply a chronicle of events, but is structured by the long-term trajectory of rural policy and its 'policy path' of events. Hence, the focus of the research strategy becomes the 'structured policy narrative' which examines crises or critical junctures as key 'moments' in the narrative, and which provides explanation of change by linking the causal properties of institutional structures to the processes of policy development revealed by the historical record. However, it is recognised that the researcher has an influence on the interpretation of policy change such that there are many competing histories of rural policy change rather than a single interpretation.

The chapter then identifies the key methods employed in constructing the policy narrative. Policy tracing is the method most widely preferred by new institutionalists across the different variants, with theory-guided narratives favoured by rational choice institutionalists and deeply contextualised narratives preferred by constructivist institutionalists. With the emphasis on structured policy narratives, the chapter then considers the quality of data sources. The study focuses on the need for triangulation of methods of data collection and of data sources.

## **2. A natural history of the research**

As this study has been supported by the two Rural Community Councils (RCCs) in Yorkshire and the Humber (Y&H) region through a CASE studentship, the process of defining the research topic and to some extent the research design

had already been defined, at least in outline, before I was offered the studentship. However, further refinement of the research specification took place over the first two years of study, before the research questions, theoretical framework, methodology and methods were finalised. This period of deliberation was marked by a dialogue between me as the researcher and the RCCs, in a policy context which appeared to be in a constant state of flux. This section therefore sets out what Silverman (2005, 305-6) has termed the “natural history of the research”, and seeks to explain how and why the original specification was revised and changed, and in doing so, draws attention to my role in interpreting the research specification, including the influence of my experience and ‘prior knowledge’ of rural policy. Inevitably, my 35 years of working in public policy fields, including strategic planning, economic development and regional policy, has influenced my interpretation of many of the rural and urban policy issues. The section concludes by identifying the research questions agreed with the RCCs.

The specification of this CASE studentship was drawn up in the context of what it specified as “the most extensive restructuring of rural policy for over 50 years”. The research proposal emphasised “exploring the [ongoing] processes and implications of a reconfigured rural policy and institutional<sup>26</sup> framework on the work of the two Rural Community Councils (RCCs)”. The aim and objectives<sup>27</sup> were very broadly drawn to embrace not only the implications of shifts in rural policy and institutional change, but also, in this context, to provide an assessment of the capacity and contribution of the rural voluntary and community sector (VCS) in supporting the economic and social wellbeing of

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<sup>26</sup> ‘Institutional framework’ in this context refers to political institutions or organisations.

<sup>27</sup> **Aim**

- to explore and assess the changing roles of rural voluntary and community support organisations in the emerging UK rural policy and institutional environment

**Objectives**

This proposal has 3 objectives:

- to understand the implications of policy and institutional change for rural voluntary and community sector support organisations
- to examine the extent to which rural voluntary and community sector organisations, and rural voluntary capacity, is conditioned by local social and economic factors (including social capital), by time and by geographic factors
- to explore the contribution of rural voluntary and community activities to social and economic development and sustainable rural communities.

rural communities. The proposal envisaged that by exploring the process of restructuring the research would provide, firstly, a specific example of the general shift to a more open, fluid process of governance with multiple access points at multiple scales, and secondly, a case study of how relationships between actors develop within a changing governance context.

The CASE studentship required quarterly progress reports to be made to the RCCs, and these have provided an invaluable means of tracing the way the study developed. In particular, they document how the study came to be more focused on the process by which rural governance was redesigned, and on providing an understanding of the reasons for the constant revision to the rural policy framework in England. Following initial discussions with the RCCs and in particular an in-depth interview with the Chief Executive of one of the RCCs, I was made aware of firstly, just how far-reaching these changes were not only for the RCCs, but for regional organisations for whom rural policy responsibilities were a new but a relatively minor part of their overall remits; and secondly, the widely differing interpretations of the rationale for and therefore the intentions of the changes. As a result, my focus shifted to explaining how rural policy and the 'institutional framework' came to be redesigned, as a basis for providing an understanding of the implications for the RCCs. As a result, it became clear within the first 12 months of the research that the second and third objectives in the original specification were major issues in their own right and could not be adequately addressed in addition to exploring the political processes guiding the redesign of rural governance, and therefore it was agreed with the two RCCs that they should be left out of the research.

Prior to accepting the studentship, I had lengthy discussions with the Regional Director of the Countryside Agency in the South West and, was made aware of what she felt were contentious proposals being put forward for the abolition of the Countryside Agency and restructuring of rural institutions. Others, perhaps less directly affected, also pointed to difficulties in understanding the reasons for the redesign of rural governance. In particular, "the most extensive restructuring of rural policy for over 50 years" had in the opinion of some rural

geographers created a rural revolution. I was therefore concerned that without investigating the reasons for this 'revolution' I would not be able to fully assess the re-design of rural governance.

This 'restructuring' or 'revolution' had begun with the government's response to the outbreak of foot and mouth disease in 2001 and had in the following four years resulted in the establishment of the UK's first department for rural affairs, the abolition of some new and some old agencies, the creation of entirely new replacements, and the devolution of responsibilities for delivery to a regional tier of government and regional agencies. However, as Chapter 2 demonstrates, the rural geography literature and analyses based on a regulation approach provided a limited basis for explaining this restructuring. Indeed, Goodwin's (1998, p6) conclusion that there had been "a curious neglect of rural governance" confirmed to me that a different approach was required.

In considering alternative theoretical frameworks, I concluded that much of the recent research in political science, especially on governance and institutionalism, offered important insights on changes in the ways of governing rural areas and also presented a range of potentially useful analytical perspectives. Moreover, governance theory and new institutionalism raised important questions about political change which had not been addressed in the rural geography literature. In particular, these included questions about the processes of change in rural politics; the timescale over which change has occurred; the role of crises and events in influencing change; the significance of institutional and ideational path dependencies; evolutionary or revolutionary change; the role of discursive processes.

As discussed in Chapter 2, the timescale over which change has occurred has not been clearly identified by rural geographers, since their conceptualisation of the shift from productivism to post-productivism has not required any detailed account of the process of change. Moreover, they have put only limited emphasis on the role of policy and policy making procedures. Within a governance perspective however, the influence of the Common Agricultural Policy (CAP) emerges as a dominant force, in both shaping rural policy and perhaps most significantly, in contrast to the regulation theory's emphasis on

macro-economic forces, regulating and moulding market forces in rural areas. It was therefore clear that an understanding of rural restructuring in England has to account for the impact of the CAP and its major reforms on rural policy in both Europe and England. It is generally agreed (Kay 2006; Grant 1997; Winter 1996; Garzon 2006) that the first of a series of major reforms began to take shape in 1984<sup>28</sup>. In line with Hay's (2006, p65) emphasis on the "need for a consideration of the processes of change over a significant period of time", the timescale adopted in the study relates to the 60 year period from 1947 to 2009 – which embraces the origins of the productivist policy, together with creation of the CAP and enables analysis of crises and path-shaping institutional change, as well as intervening periods of stability and incremental change.

The rural geographers' analysis of rural governance to date has been constrained by the limitations of regulation theory, and in particular, by downplaying how competing interests came to be resolved. This is in marked contrast to the analysis of the emergence of urban governance by scholars in a wide range of disciplines, and it therefore offers a potentially useful comparator for the analysis of rural politics. In particular, urban governance literature provides an invaluable source of approaches to analysis and lessons drawn from research outcomes. Urban analysis raises a range of questions which may be considered in the investigation of the redesign of rural governance, these include:

- a) What constraints do the institutional frameworks of higher levels of government impose on rural governance?
- b) Similarly, to what extent are lower level frameworks of community based governance integrated within rural governance?
- c) Do the top-down and bottom-up institutional influences interact to create spatially distinctive rural governance?
- d) Is there a structured and well-defined multi-level governance of rural areas?

The outcome of these deliberations was agreement (with the RCCs) that two research questions would be pursued:

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<sup>28</sup> Other major reforms of the CAP have been made in 1988, 1992, 1999 and 2003.

1. What are the key factors influencing the transformation of rural policy from an emphasis on agricultural productivism to a multi-sectoral rural policy?
2. What factors have determined the redesign of rural governance in England, and its regions?

### **3. Epistemological and methodological issues**

Exploring how rural institutions have adapted and changed in light of political events and decisions offers a potentially valuable approach to responding to these two research questions. However, new institutionalism, as Chapter 3 demonstrates, embraces many different ontological and epistemological positions, from the positivist or naturalist to the interpretivist or constructivist. While some authors have combined different aspects of the new institutionalist toolbox in problem-oriented research (Schmidt 2006, p116), there are epistemological and methodological constraints on the extent to which different approaches may be mixed. Chapter 3 focuses on three approaches to explaining institutional change – Mahoney and Thelen (2010); Hay (2002; 2006) and Schmidt (2008) – and their differing epistemological and methodological underpinnings are discussed here in order to:

- a) Illustrate the problems and difficulties which may be encountered in mixing approaches;
- b) Provide a basis for presenting a critique of other studies of rural policy change, set out in subsequent Chapters;
- c) Position this study in comparison with others and therefore provide a justification for adopting principally a constructivist approach together with its epistemological and methodological position.

Mahoney and Thelen's (2010, p38; p39) "theory of gradual institutional change" adopts a positivist approach and methodologically, they argue this theory should be assessed through "the analysis of concrete cases and actual episodes of institutional change". Such theory testing has been widely approached through comparative research methods, in which case studies or small-N comparison is favoured (Hall 2003). However, the inclusion of the historical

dimension in new institutionalism has exposed deficiencies in the static approach of such comparative methods. Hall (2003, p391) therefore argues for the adoption of what he terms “systematic process analysis”, sometimes called ‘process tracing’, to provide a method for analysing the process of change including not only the causal chain, but also the sequencing of events. Hall (2003, p393) concludes that

observations bearing on a theory’s predictions<sup>29</sup> about the process whereby an outcome is caused provide as relevant a test of that theory as predictions about the correspondence between a small number of causal variables and the outcomes they are said to produce.

Such a methodology reflects a positivist epistemology in which knowledge about regularities is gathered through systematic observation and accumulates over time, enabling more ‘accurate theories’. Moreover, this assumes that the subject (social analyst) can be separated from the object of her study.

Thus, despite the widespread critiques<sup>30</sup> of the limitations of positivism and attempts to apply such scientific analysis to social phenomenon (naturalism), these methods continue to play an important role in some rational choice and historical institutionalist analysis. These limitations relate to, firstly the point that observations (or facts) do not speak for themselves, but only make sense in relation to some pre-existing condition or frame of reference for understanding the world; secondly, the view that “social facts are not things which can simply be observed” (Moses and Knutsen 2007, p154) but derive their meaning from the ideas, desires and motivations which social actors use to support their actions – therefore, to distinguish one meaning from another, an observer has to interpret a phenomenon “in the constitutive context in which it anchored” (Moses and Knutsen 2007, p155).

Although constructivists may differ widely in respect of their ontological and epistemological positions, they are united in their scepticism of the naturalist approach to social science. As a result, the constructivist ontology owes nothing to naturalism, and in contrast reflects the view that the world does not exist

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<sup>29</sup> By “predictions”, Hall (2003, p392) refers “not only to future developments but to predictions about patterns observable in data gathered about past events”.

<sup>30</sup> E.g. Benton and Craib (2001, Ch 3); Moses and Knutsen (2008, Ch 7).

independent of our senses but “appears differently to different observers; its appearance varies with the contextual setting (temporal, geographical, gendered, ideological, cultural, etc) of the observers” (Moses and Knutsen 2007, p192). In the constructivist epistemology, knowledge about the social world is inter-subjective and is always ‘knowledge in context’ (Moses and Knutsen 2007, p194). As knowledge is socially situated, it serves somebody’s purpose and thus is a crucial component of power relations. There is therefore a need from a constructivist perspective to treat knowledge with some caution, to analyse the ‘political’ context in which it was produced and to examine it in a critical way to discover its purpose. The methods employed by constructivists to gather information may be similar to those of positivists, but the key difference is their insistence that patterns and regularities in the data are socially constructed. Hence, the objective is to understand socially constructed patterns “in light of the contexts which give them meaning” (Moses and Knutsen 2007, p195).

The previous chapter highlighted the significance of ideas for constructivist and discursive institutionalists’ attempts at explaining political change. Gofas and Hay (2008, 36) argue that by according ideas an explanatory role or to see ideas as constitutive of the social “is to reject naturalism and with it the positivist epistemological self-confidence it has sustained”. As a result, they dismiss notions of Humean causality<sup>31</sup> which they regard as “fundamentally incompatible with the non-naturalist ontology that results from according to ideas (any) explanatory significance” (Gofas and Hay 2008, p37). The crucial point is that if actors’ behaviour is shaped by ideas, then such ideas cannot be reduced to the contexts in which they arise and hence there are no constant conjunctions (Gofas and Hay 2008, p37). This argument is of some significance for this study. Firstly, it would suggest that mixing of new institutionalist approaches is fraught with epistemological problems. Secondly, it raises major doubts about the possibility of making use of the theory of gradual institutional change and its classification of ‘change-agents’ within a constructivist perspective. Mahoney and Thelen’s (2010) aim appears to be to identify

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<sup>31</sup> Humean causality rests on the principle of constant conjunction – if A causes B, then all instances of A must be followed by the appearance of B (Parsons 2003, p105).

patterns of behaviour and predictive outcomes, such that causality becomes based on the Humean notion. Thirdly, it suggests that the form and structure of the research questions may need to be amended, so that they more appropriately reflect the constructivist framework of the study.

Mahoney and Thelen's (2010, p10; *emphasis in original*) theory is predicated on a conception of "institutions above all else as *distributional instruments* laden with power implications" and therefore assumes that actors (or coalitions of actors) are driven by material interests. Moreover, such a material conception "serves to render actors' behaviour predictable given the context in which they find themselves ... [hence] their behaviour is, in effect, determined by their surroundings" (Gofas and Hay 2008, p37-8). Rather, Gofas (2001, p14) argues from within a constructivist framework that "ideas and interests are mutually constituted ... [and] ideas provide the framework through which interests are defined". From an epistemological viewpoint, this contention maintains that ideas always enter the political process alongside interests and thus structure actors' behaviour in ways which are not predictable. In this formulation, "interests do not exist, but constructions of interests do ... [which] are in turn predicated on irreducibly normative conceptions of self-good – of what it would advantage the individual to do or to have done" (Gofas and Hay 2008, p38).

These arguments would appear to point to a conclusion that the positivist theory of gradual institutional change and a constructivist interpretation of change (of rural politics) are not theoretically compatible. However, in a problem oriented study such as this, both approaches offer different insights of institutional change which together may provide a more rounded interpretation of the problems being examined. While the principal framework of the study is provided by a constructivist approach, the plea for methodological pluralism made by Moses and Knutsen (2007, p288-9) and their conclusion that "we gain something useful and important from both approaches<sup>32</sup>" are both accepted.

The research problem is firstly, to explain why rural policy institutions have changed and why rural governance was redesigned. Elaborating on the nature of the research problem within a constructivist framework would put emphasis

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<sup>32</sup> The two approaches referred to are naturalism and constructivism.

on “the causal significance of constitutive processes” (Gofas and Hay 2008, p37). As Blyth (2002, p41) maintains, understanding the design of new institutions only becomes possible by reference to the ideas which agents use to interpret their situation in a given crisis. Hence, the research questions are reformulated as:

1. How did rural policy institutions come to be changed?
  - a) How did a socio-political and economic context lend support for the selection of certain ideas above others in the design of rural institutions?
  - b) Who were the key ideational entrepreneurs, and how did they succeed in getting their ideas accepted?
2. What has been the relationship between rural institutional change and the design of rural governance?

A positivist interpretation of the research problem would highlight the need for the object of analysis to be more precisely defined, and in particular, whether change was the result of evolutionary or revolutionary processes, and what components of rural institutions had experienced change. This interpretation would then direct the methodology and specifically observations towards these aspects of change. Analysis of the findings could then include testing against alternative theories, such as the theory of gradual institutional change. The research questions would thus be more precisely defined:

1. What are the key factors (casual mechanisms) which explain institutional change?
2. What were the effects of change on rural governance and in particular changes in the responsibilities of different agencies?

The adoption of such a methodological pluralism would thus appear to have particular advantages for problem-oriented research by enabling the research problem to be viewed from different perspectives, raising important definitional issues and raising questions within one epistemological context for response in the other.

## 4. Research Design

This section sets out and justifies the research design adopted to address the research questions. It begins by outlining the process of determining a research strategy within the framework of new institutionalism, before detailing the overall approach, methods of data collection and analysis.

### *1. Choice of research strategy*

The overall research design reflects a methodological pluralism in support of the problem-oriented focus of the study. A number of alternative designs, consistent with the constructivist epistemology, were considered, including comparative case studies and historical narratives, while a number of models, theories and other concepts, including the theory of gradual institutional change, were identified as a means of elucidating particular events and processes which may be more generally observed. Lowndes (2009, p103) identifies a number of criticisms of new institutionalism at a methodological level, including "conceptual stretching and associated dangers of non-falsifiability". She poses an important epistemological question about the outcome of new institutionalist based research: do new institutionalists trade a capacity to explain and predict for nothing more than thick descriptions? (Lowndes 2009, p103). The response to this question has important implications for the choice of research design.

Conducting comparative case studies of the emergence and design of rural governance was the first research design to be evaluated. This approach has been adopted by a number of authors (Immergut 1992; Blyth 2002; Schmidt 2002) who have adopted a new institutionalist framework. The approach focuses on comparing rural governance and political processes in two or more countries and accounting for differences through examination of their respective institutional arrangements. This approach has been useful for improving the utility and theoretical development of new institutionalist frameworks, especially for identifying the relevance of normative and cognitive factors. Overall the conclusion must be that comparative studies have been influential in developing new institutionalist capacity for explanation, and

especially in supporting the development of discursive institutionalism through Schmidt (2002a). This design was however rejected for this study largely for practical reasons.

The implication of Lowndes' question is that thick descriptions, as in historical narratives, lack the capacity to explain and to support theoretical development. Kay (2006, p17) justifies the use of the historical narrative for the study of policy dynamics through its ability to provide an "appropriate method to render the complexities and conjunctural contingencies in the policy process tractable for analysis." Moreover, as Schmidt (2008, p17) argues, explanation in both constructivist and discursive institutionalism is strongly influenced by the concepts of historical institutionalism and its temporal perspectives. It would not seem appropriate to suggest that the 'historical' provides only descriptive outputs and lacks the capacity to explain, as Carr (1964, p87) argues "the study of history is a study of causes". Carr's (1964) work has been widely regarded as being influential in moving history from a concern only with naturalist objectivity to a more constructivist approach (Moses and Knutsen 2007, p199). Carr (1964, p105) argues that "history is a selective system not only of cognitive, but of causal, orientations to reality" and therefore the historian

from the multiplicity of sequences of cause and effect ... extracts those and only those which are historically significant; and the standard of historical significance is his ability to fit them into his pattern of rational explanation and interpretation<sup>33</sup>.

While undoubtedly some thick descriptions, especially those based upon traditional historiography, lack effective interpretation of cause and effect, historical narratives assembled within a more constructivist approach offer a particularly valuable research design for examining the dynamics of policy and governance. Perhaps, the best example of the application of an historical narrative is Blyth's (2002) study of the political transformation of the economies in Sweden and USA which has been significant to the emergence of constructivist institutionalism. Moreover, Immergut and Anderson (2008, p363),

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<sup>33</sup> Carr (1961, p106) goes on to suggest that once the historian has identified the causes of a particular event "he may feel these are rational and historically significant explanations, in the sense that they could also be applied to other historical situations".

in their appraisal of the development and potential of historical institutionalism in West European politics, conclude that “the historical record is as close as we get to observing political behaviour directly, that is ‘politics in action’ ... we only want to emphasise the unique potential for historical research in addressing important research questions”.

Rural institutional change and the redesign of rural governance in England needs to be examined in the context of developments in rural policy and governance at different scales from European and national to local levels, and over a period long enough to permit the identification and analysis of critical junctures, conjunctural contingencies and transformation of rural policy institutions. A research strategy based upon developing an historical narrative of rural policy appears to offer the most effective methodology for this study. The long term development of rural policy reflects shifts in policy paradigms and the testing of long held values and beliefs which are, according to historical institutionalists, strongly influenced by events and crises, and the broader political context. The focus of the study is therefore on long term changes in those rural policy institutions in which rural governance arrangements are embedded.

The timescale to be covered in this examination of policy change has been chosen subjectively; while Hay (2006, p65) argues for analysing the dynamics of institutions over “a significant period of time”, Moses and Knutsen (2007, p204) suggest that the researcher has to use “her familiarity with the subject to follow a causal chain backwards.” The 60 year period from the beginnings of agricultural productivism to 2009 would appear to provide a sufficiently long period over which to examine the influence of history, ideas, beliefs and values on institutional change and the redesign of rural governance arrangements.

## *2. The Research Strategy: From Historical Narrative to Structured Policy Narrative*

Both historical and constructivist institutionalisms seek to capture the complexities of political processes, rather than searching for regularities. As Hay

(2002, p47; *emphasis in original*) concludes, in institutionalist and constructivist analysis

theory is a guide to empirical exploration ... [and] sensitises the analyst to the causal processes, [such that] analysis proceeds by way of a *dialogue* between theory and evidence as the analyst, often painstakingly, pieces together a rich and *theoretically* informed historical narrative.

An historical narrative is disaggregated into a time series of events and processes, but in a way which does more than provide a simple chronicle. The historical narrative is "a coherent story, albeit with subplots" (Stone 2001, p74), which is bound together by some component which provides meaning.

What distinguishes the study of political or policy dynamics from history is making sense of sequences of events "in terms of some greater interpretative scheme" (Kay 2006, p59). In this study, the long term trajectory of rural policy is examined as a sequence of events together with details of associated 'happenings' as one 'policy state' is transformed into another; the whole sequence being made intelligible through the interpretative scheme provided by constructivist and discursive institutionalism. This section sets out how this research strategy based upon what Kay (2006, p59) terms a "structured policy narrative" provides the basis for explaining rural policy dynamics over the 1947-2009 period.

The core structure of this policy narrative is the succession of policy states which are tracked over time, and "embrace the complexity of different processes of different speeds and at different levels coexisting in the policy path" (Kay 2006, p60), which becomes the focus of investigation. The sequence of events explored in the structured policy narrative is regarded as unique, and explanation is therefore generally made without recourse to some general theory through which the mechanisms of change may be deduced. By contrast, in such a narrative, the mechanisms "arise through thick historical description or metaphors that provide reasons. This is often called narrative explanation" (Kay 2006, p19). However, narrative explanation of events and outcomes has to be detailed and deeply contextualised.

### *3. Research methodology*

Constructing a coherent narrative which makes sense of a unique temporal sequence of policy development demands more than a simple chronicling of events and associated causal relationships. While Kavanagh (1991) argues that political science can benefit from the work of historians, especially through adopting their historical method with its emphasis on “generating dependable, verifiable knowledge of past events as they actually happened” (Moses and Knutsen 2007, p118), political analysis is distinguished from history by its focus on the “power relations implicated in social relations” (Hay 2002, p3). Hence the construction of a rural policy narrative needs to consider the nature of power relations not just in rural contexts but more widely in the economic, cultural and social processes which impinge on rural policy development. In particular, the policy narrative requires investigation and analysis of the interaction between institutions and agency in the context of the broader political processes.

While historical analysis may usefully identify the timeline of key events, the approach to understanding and explaining the dynamics of the rural policy path is derived from the framework provided by the variants of new institutionalism. Institutional change is the result of complex interacting causal mechanisms which, it is argued, may only be revealed through methodological pluralism and triangulation, defined by Denscombe (2010a, p346) as “the practice of viewing things from more than one perspective.” The mixing of methodologies is seen as a “profound form of triangulation” aimed at “deepening and widening one’s understanding” (Olsen 2004, p3; p1). Methodological triangulation compares findings from distinctly different methods, thereby helping to construct a more complete narrative. Three distinct methods are employed in this study:

1. Process tracing: this method allows a broad historical narrative to be constructed by tracing the process of institutional change, revealing those key moments, critical junctures or heightened contingencies which are highlighted by historical institutionalism and which then become the focus of deeper investigation and analysis;

2. Discourse analysis: this method focuses on “deconstructing texts or speeches” (Descombe 2010, p287) to reveal the rules, norms and cognitive underpinnings which support or challenge policy institutions. The method is central to constructivist institutionalism, but, as Schmidt and Radaelli (2004, p205-6) argue, in discursive institutionalism

a focus on the substantive content of the discourse is generally not enough ... one needs to consider not only the ideas represented in the discourse, but also interactive discursive processes involving those most responsible for policy-making.

3. Quantitative analysis: the long span of the study period lends itself to analyses of time-series statistical data. The pattern of change in key input variables such as financial/budget data or in key output data such as farm structures help to provide an additional perspective on policy change.

#### *4. Methods of Data Collection*

The validity and reliability of the rural policy narrative relies heavily on the selection of data from different information sources – termed “data triangulation” (Denscombe 2010a, p347). The length of the period under study dictates that for all but the last 10 years the research and analysis must rely almost wholly on documentary sources. The historical method employed in traditional historiography is concerned with “generating dependable, verifiable knowledge of past events as they actually happened” (Moses and Knutsen 2007, p118). Historians distinguish between primary, secondary and tertiary sources (Lichtman and French 1978, p18) on the basis of the timescale of the production of documents such that primary sources consist only of evidence that was part of or produced by the event in question, while secondary sources consist of other evidence relating to and produced soon after the event and, tertiary sources consist of material written afterward to reconstruct the event. Burnham et al (2008, p187) refine this classification of data sources by

incorporating the intended audience of individual documents. They argue that UK political scientists<sup>34</sup> would recognise as:

1. Primary sources: Cabinet and other government papers lodged in the national archives;
2. Secondary sources: government publications (Command papers), parliamentary debates, newspapers and contemporary reports;
3. Tertiary sources: books, academic journal articles; biographies, diaries and memoirs; unpublished higher degree theses.

The selection of documentary sources for this study took account not only of the validity and credibility of documentary data but the data implications of the long span of the study period and the time and resources available. The National Archive holds a large volume of primary data relating to rural (including agriculture) policy covering the first 30 years of the study period<sup>35</sup>, however it was decided that time and resources would be more effectively devoted to assembling a broader range of sources - secondary and tertiary documentary sources, quantitative data and interview material – in order to support data triangulation. The key data sources are:

- a) Documentary data: government official publications, including Acts and Bills, White and Green Papers together with the reporting of Parliamentary Debates in Hansard which form “the essential outer framework for political research” (Burnham 2008, p194). However, while they set out government policy and offer justification for change or new action, they are published at the end of the process of policy deliberation. These sources are therefore supplemented by other documentary data. Select Committee Reports are particularly valuable since government has to defend its decisions in greater depth. Hence, they present an important source revealing detailed justifications for policy developments, identifying implementation problems as well as

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<sup>34</sup> A similar structure of documentary data may also be applied to analyses in the European Community/Union context.

<sup>35</sup> A review of the National Archives’ records on agriculture, farming and rural policy reveals several thousand items lodged by the Cabinet Office, Ministry of Agriculture, Fisheries and Food, the Department of the Environment (under various titles) and the Treasury. Records and papers after the early 1980’s are largely embargoed under the ‘thirty years rule’.

bringing together alternative perspectives on policy issues from other stakeholders. Newspaper reports provide immediate comment on events, often with contributions from key decision makers. However, their “reliability and accuracy cannot be presumed” (Burnham 2008, p194).

Biographies and memoirs offer insights from decision makers engaged in the development of policy and the (re-)design of institutions. They are particularly valuable in providing rationales for policy decisions by exposing the norms, values and beliefs which underpin policy. However, Burnham et al (2008, p192) suggest that such material has a number of drawbacks: firstly, they tend to focus on the role of the individual rather than an examination of policymaking<sup>36</sup>; secondly, their reliability may be questioned since they are inevitably selective, usually in ways which reflects well on the individual in question. For example, Burnham et al (2008, p193) suggest “there is the desire to set the record straight or reinterpret one’s actions and the natural tendency to embroider and embellish.”

A full list of documentary data sources used in the study are set out in the section on ‘Data Sources’ at the back of the study.

#### b) Quantitative data:

Some statistical data can provide a succinct expression of political decisions, especially changes in the scale of resources allocated to specific policy areas. Although Burnham et al (2008, p166) argue that “they fail to capture the richness and complexity of the political world”, such statistics can effectively complement other sources and often bringing the direction and extent of policy change into sharper relief. The study draws extensively on financial and budgetary data as further expressions of policy shifts, revealed, for example, by changes in the scale and structure of funding.

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<sup>36</sup> Gamble (2002, p150) notes that biographies and memoirs are valuable sources of the inside story but often have less to say about the outside story.

In addition, statistical trends can reveal much about the outcomes/ consequences of policy decisions. Although the relationship may be much less direct than financial/budgetary evidence, such statistical evidence also provides invaluable contextual data. The main sources of statistical data are identified in the section on 'Data Sources' at the back of the study.

c) Interview data:

Interview data adds a third dimension to data triangulation, providing a contrasting source of evidence. However, the greater the passage of time since the events under study, the more unreliable interview data becomes as a source of "insights into things such as people's opinions, feelings, emotions and experiences" (Denscombe 2010a, p173).

Therefore, interviews were confined to the most recent period, focusing on the period of institutional review and reform from 2001<sup>37</sup>.

The strategy for gathering evidence through interviews focused on two groups of agents:

- a) Decision-makers in organisations directly engaged in the process of reviewing and reforming rural policy institutions in England;
- b) Decision-takers in organisations responsible for aspects of the implementation of institutional reform.

*a) Elite interviews*

Some 11 interviews were conducted in 2007-8 with an elite group of decision-makers in the key organisations directly affected by the rural policy reform process. Decision-makers were identified as Members of Parliament and members of boards of organisations whose role was subject to review or senior officials in such organisations (high grade

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<sup>37</sup> An opportunity to interview a former senior official at the European Commission (DG XVI) during the 1980s arose by chance and could not be complemented by interviews with other key actors of this period, but nonetheless the interview (#28) provided invaluable insights into the process of CAP Reform at a critical juncture.

civil servants, Chief Executives or members of senior management teams). Semi-structured interviews were conducted to generate insights into the process of review and reform, focusing on each interviewee's understanding of the rationale for change, the process of defining and agreeing the substance of reform, the key drivers of change (individuals and departments), the role of key individuals/departments and the response of their organisation. Hence, the overall objective was to deepen and broaden the narrative of institutional change derived from documentary sources.

*b) Interviews with decision-takers*

Some 14 interviews were conducted with Chief Executives or senior managers of organisations responsible for implementing the reforms; in order to gain a more effective understanding of the interaction between decision-takers, the Yorkshire and the Humber Region was selected as a case study area. Organisations selected for interview included the Government Office for Yorkshire and the Humber, the Regional Development Agency, the region's Rural Community Councils, a sample of local authorities and one of the three National Park Authorities<sup>38</sup>. Semi-structured interviews were conducted focusing on the process of identifying priorities for action, the organisation of policy and programme delivery and the coordination of rural policy programmes. Where organisations had experience of rural programmes under previous arrangements, comparisons were sought. The overall objective was to extend the narrative of reform to implementation issues.

*c) Other interviews*

Three other semi-structured interviews<sup>39</sup> were conducted with two academics and a consultant operating in the rural policy field. Their long experience and more detached perspective provided valuable

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<sup>38</sup> Interviewees from local authorities were selected to provide representative insights from each of the four sub-regions.

<sup>39</sup> One interviewee was also a member of the board of the Countryside Agency and therefore also a member of the elite group of decision-makers.

insights of the rationale for reform, especially in the context of the previous policy regimes.

All interviewees were asked to set aside an hour to permit in depth exploration of issues which were transmitted to the interviewee beforehand. The majority of the interviews lasted considerably longer, as the schedule of interviews indicates. All interviews were recorded and transcribed. The two main types of interviews were analysed separately; key themes were identified and coded to generate two datasets for comparison with each other and with documentary sources.

The full schedule of interviews is set out in the section on 'Data Sources' at the back of the study.

### *5. Data Analysis*

The objective of the data analysis was to construct a rural policy narrative which would address the research questions and support and underpin explanation of rural institutional change and of its influence on the design of rural governance. The aim of the narrative is to "render various series of events into an intelligible whole" (Kay 2006, p23), by explaining each event separately in the context of the whole sequence under study. Investigation of the policy sequences is conducted within the conceptual framework provided by historical institutionalism, while the causes of change are analysed within the constructivist and discursive institutionalist frameworks. The crises and critical junctures, highlighted by historical institutionalists, provide the focus of analysis since the decisions, actions and processes during these periods of uncertainty and unpredictability drive the narrative in a particular direction and at a particular rate. Historical contingency is a key characteristic of the policy narrative with a range of different outcomes becoming possible, at any given juncture. Critical junctures therefore become defining 'moments' in the narrative and their analysis considers "what happened in the context of what could have happened" (Berlin 1974, p176). Hence, the narrative highlights not just decisions and actions that were taken, but also "those that were considered

and ultimately rejected, thus making explicit the close-call counterfactuals that render the critical juncture 'critical'" (Cappocia and Keleman 2006, p14).

Constructivist and discursive institutionalisms provide the framework for explaining the outcomes of crises and critical junctures, while analyses of path dependencies or gradual processes of institutional change are also supported by Mahoney and Thelen's (2010) categorisations of change-agents. Agency is the vital catalyst within the policy narrative; the influence of agents on the course of policy development is always contextualised within policy institutions which, within their specific historical settings, provide both constraints and opportunities for agents. Hence, the narrative analyses the institutions, structures and processes embodied in the wider historical settings in order to "construct explanations of outcomes that link the causal properties of those structures to the processes of development that are found in the historic record" (Kay 2006, p60-1).

While four steps of analysis may be identified as set out below, these are iterative both within each step and between steps:

1. The first step in the analysis is to outline the chronicle of significant events, identifying for deeper analysis those potential critical junctures and periods of path dependency. Process tracing becomes iterative as key elements (junctures and events) of the chronicle are subject to fine-grained historical study of decision making with the result that new events may be identified and previously significant events may be re-evaluated. Comparison with previous studies enables established explanations of rural policy change to be evaluated.
2. The second step focuses on establishing the key characteristics of rural policy institutions - which agents are included and which are excluded; the decision making procedures and processes; how institutions constrain and limit the actions of agents; the role of discourse in maintaining the stability of the institution including identification of the norms and cognitive assumptions underpinning it. This step provides a baseline against which institutional change may be assessed.

3. The third step focuses on the decisions and discourses at critical junctures or following other significant events, and examines the decision-making of the small number of elite agents within their institutional roles and in the wider political context (Kay 2006, p64), together with the role of competing discourses and dialogues. Institutional change is explored within the models of change put forward by Hall (1992) and Blyth (2002a). The consequences of change associated with critical junctures are finally assessed in the context of the previous institutional arrangements.
4. The fourth step is to examine critical junctures in the context of the prevailing policy environment and to assess the influence of the wider political context on decision making.

Individual events and critical junctures are examined by drawing together the data generated through methodological and data triangulation. The construction of the policy narrative proceeds through discourse analysis of the documentary and interview data supported by quantitative analysis of the statistical evidence. The analysis recognises institutions as being constructed through discourse and social interaction (Burnham et al 2008, p250) and focuses on the normative and cognitive assumptions underpinning rural policy. Within this analytical context, the analysis of discourses proceeds by deconstructing the documentary and interview data to identify key elements which help to reveal the political reality of the policy institutions.

As the analysis proceeded it became clear that the UK entry to the European Economic Community in 1973 was such a major event that examination of the Community's agriculture and rural policies was essential for understanding and explaining institutional change thereafter. European policy, specifically the Common Agricultural Policy (CAP), is examined in Chapter 5 by employing the same methodological approach. The outcome of this analysis provides an important comparator and in which to explore rural institutional change in the UK and specifically in England.

## *6. The role of the researcher*

While there may be general agreement among scholars on a policy narrative, there can be “very substantial disagreement on what makes sense of them to different people” (Kay 2006, p72). The selection of events, steps and processes in a narrative is subjective but strongly influenced by the interpretative frame used to make sense of the overall story. Hence, very different narratives are possible. Thus, the construction of a policy narrative raises an additional contextual dimension, as the researcher “always acts from within a context, and under the influence of a distinct society” (Moses and Knutsen 2007, p215). As Carr (1964, p107) emphasises “interpretation in history is ... always bound up with value judgements, and causality is bound up with interpretation”.

Moreover, Yanow (2000, p6) reflects:

Knowledge is acquired through interpretation, which necessarily is ‘subjective’. It reflects the education, experience and training, as well as the individual, familial, and communal background of the ‘subject’ making the analysis.

The standpoint from which the researcher approaches a study influences those subjective elements of the historical analysis and explanation. Thus, my background and career experience in public sector policy making over the past 35 years undoubtedly has a major influence on my interpretation of policy change and shifts in governance arrangements. There is thus not some objective truth about the trends in rural policy but perhaps “many competing histories” (Moses and Knutsen 2007, p219). While rural geographers have interpreted rural change within a macro-economic framework, there are many different ways of explaining the pattern of rural policy trends. In the constructivist approach, while meaning is context dependent it is not prescribed by the context, as “meanings are open-ended – they are the contingent products of contexts, actions and interpretations” (Moses and Knutsen 2007, p221).

## **5. Conclusions**

This chapter has outlined the methods and data sources to be employed in conducting research on rural policy change and specifically for addressing the

research questions. The research design focuses on a historical/structured policy narrative. The rural policy narrative highlights' critical junctures or crises as the key 'moments' along the policy path which demand analysis, as it is the historical contingency at such 'moments' that determines the rate and direction of movement along the policy path. The constructivist methodology determines that the thick description in the narrative should include analysis of the interaction between the causal properties of institutional structures and the processes of change, especially those revealed by 'moments of historical contingency'.

The rural policy path reveals a trajectory, interrupted by path shaping critical junctures, which is then used to structure the empirical analysis in the following chapters. The need to consider the processes of change over a long period demand that critical junctures are not pre-determined but emerge from the analysis of the historical/structured narrative. Change has continued and is continuing so that the 2009 end date simply relates to the practicalities of bringing the study to a close. The policy trajectory is divided into three consecutive periods, characterised by contrasting rural policy institutions.

## **Chapter 5**

### **The Construction of European Rural Policy**

#### **1. Introduction**

The post-war settlement for agriculture and rural land use in the UK was transformed by the accession to the European Economic Community (EEC) in 1973. The domestic policy process which had been governed by the policy community of the Ministry of Agriculture, Fisheries and Food and the National Farmers Union now had to adapt to the institutions of the Common Agricultural Policy (CAP) and European decision making processes. Hence, the European influence on domestic rural politics became significant and pervasive, with deepening interconnections between political processes at European and domestic levels. This Chapter explores the politics of the CAP which underpinned its genesis and subsequent reform as a basis for examining in the following Chapter how and to what extent rural policy in England became Europeanized.

Many studies of the CAP (e.g., Grant (1996); Kay (1998)) have focused analysis on the political control of agriculture as an economic sector. Other scholars (Ackrill and Kay 2005) have adopted a rationalist approach to explain the path dependence of the CAP and the interest based responses of member states to policy problems and instrument adjustments. This Chapter takes a different approach by exploring the politics of the decisions to establish and subsequently to reform a common policy for agriculture. It therefore seeks firstly, to identify the ideas, values and beliefs which underpinned the decision of the original six member states to integrate their national policies within a supranational framework, and secondly, to explore how these ideas came under pressure as a crisis for the CAP threatened to undermine the concept of the European Community itself. To explain how ideas came to influence the formulation and development of the CAP, it is necessary, as Campbell (2002, p21) proposes, to identify the causal mechanisms linking ideas to the outcomes of policy making, including the role of actors, the institutional context in which actors influence policy making and the processes by which policy discourse

translates policy ideas into practice. Finally, the Chapter examines the much debated and contested notion of a radical shift in the CAP paradigm and in the ideas and values of the Community itself following the policy crisis.

## **2. The Political Construction and Development of the CAP**

This section examines the political processes which led to the design and development of the CAP in the late 1950s and early 1960s. It begins with an analysis of the political context which encouraged states in Western Europe to move towards some form of cooperation in agricultural markets. Previous attempts by states individually to address the farm problem infused negotiation on a common approach with a range of different policy legacies. However, it is argued that commitment to securing European economic integration became the key driving force for a common agricultural policy.

In the immediate post-war period, many states in Western Europe, including the UK, developed comprehensive agricultural policies as part of the process of reconstruction<sup>40</sup>. Such policies sought to address the pressing need for a security of food supply, but in many ways their design also reflected a response to the problems which had emerged from pre-war attempts to regulate and stimulate agriculture. Milward (2000) argues that the economic nationalism of the pre-war period had imposed extensive state regulation on the agricultural sector, including the protection of domestic markets, but with only limited success. The post-war commitment to trade liberalisation introduced an additional component to the already complex context in which national agricultural policies were being re-designed. Many states therefore found this task burdensome and politically problematic. Ideas for uniting agricultural markets which had been mooted in some states before the war were now revived in Western Europe and debated under the auspices of the Organisation for European Economic Cooperation (OEEC) from 1949 onwards (Brusse, 1997)<sup>41</sup>. However, these discussions failed to overcome strong national interests

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<sup>40</sup> This policy trend was also evident in the United States, Canada, Australia and New Zealand.

<sup>41</sup> The OEEC hosted 'Green Pool' negotiations from 1952 to 1954, paralleling the 'Black Pool' which led to the creation of the European Coal and Steel Community. The 'Green Pool' was initiated by the French minister for agriculture whose proposals were for a supranational organisation for agriculture.

and they contributed to the widespread disillusionment with the 'European project' in the mid-1950s.

The willingness of the six original member states of the European Community (EC) to persist in seeking a cooperative solution which would forego state control of a sector so fundamental to domestic wellbeing has been interpreted in different ways. Firstly, a commitment to a common agricultural policy is regarded by some as the outcome of political bargaining between France (a major agricultural exporter) and Germany (a major producer of industrial goods)<sup>42</sup>. Secondly, others consider the establishment of a common market and common policy for agriculture to be motivated by idealism for the European project, with the CAP becoming a key symbol of European integration. Thirdly, Milward (2000, p23) has challenged these interpretations by postulating that European integration history should be seen as "the rescue of the nation state" from pre-war economic nationalism rather than merely a chronicle of the bargaining about trade and economics. Lastly, Knudsen (2009, p9) argues for looking beyond the economistic approach to integration history and to 'normalise' European integration as 'politics as usual' which effectively demotes diplomatic interactions as a basis of explanation. Accepting Knudsen's perspective, it is argued here that there is a need to consider how the political process of integration inspired the emergence of *European* political values and beliefs to provide a new context for agricultural policy making in the Community.

The ideas which underpinned the development of the CAP have their origin in the 19<sup>th</sup> century when many Western European states sought to protect their farming sectors by erecting trade barriers against competition from the expanding production in the United States. Further state assistance in the form of support for market organisation and prices was provided especially from the 1920s in response to deepening crises in agricultural markets and in an attempt to shelter domestic markets from external pressures. Such state support after the war was more clearly codified in national legislation designed to nurture the

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<sup>42</sup> The interpretation that the treaty establishing the European Economic Community may be characterised as a deal between French agriculture and German industry (Camps 1964, p74-75) has secured "a prominent place in the foundational myths of the Community" (Knudsen 2009, p7).

recovering agricultural sector and to address 'the farm income gap' by placing on a statutory basis provision for income-parity with other occupational groups. The six future member states of the EEC shared common farming issues, as the Spaak report of April 1956 (quoted in Knudsen 2009, p59) recounted:

there is no doubt that special problems prevail resulting from the social structure of agriculture based fundamentally on family farming, the essential necessity of stability of supplies, the instability of markets that are influenced by external conditions and the inelasticity of the demand for certain products. It is this particular nature of agriculture that explains the existence in many countries of extensive intervention in this area.

As Knudsen (2009, p44) concludes "the taking off point for the 'Europeanization'<sup>43</sup> of agricultural politics was, on the one hand, the broad political acceptance and legitimacy of these ideas of agricultural exceptionalism and welfare and, on the other, the ideas and political will to create the European Community".

Knudsen (2009, p59) argues that agreement on a common agricultural policy was able to be reached in 1957 because firstly, it was part of a wider legal commitment in the form of the EEC Treaty and therefore agriculture, like other economic sectors, was placed in the context of securing a common market; and secondly, unlike previous attempts at securing supranational cooperation, the negotiations were largely conducted by politicians and officials who were "less sensitive to specific agricultural politics"<sup>44</sup>. The Treaty therefore contains only broad objectives for agriculture with the specific detail about their implementation being left to subsequent negotiation. Specifically, the Treaty aimed to develop "a common market for agricultural products ... accompanied by a common agricultural policy" (EEC (1957): Article 38.4). Article 39 sets out

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<sup>43</sup> Knudsen (2009) shares with Cowles et al (2001, p2-3) a definition of Europeanization as "the emergence and development at the European level of distinct structures of governance"; Chapter 6 on the other hand explores Europeanization as a process of constructing, diffusing and institutionalising formal and informal rules, policy paradigms, shared beliefs and norms which were "first defined and consolidated in the EU policy process and then incorporated in the logic of domestic ... discourse, political structures and public policies" (Bulmer and Radaelli 2004, p4).

<sup>44</sup> The draft Treaty was prepared by Paul-Henri Spaak, the Belgian Foreign Minister, with a team of generalists rather than policy experts drawn largely from foreign ministries.

the five objectives of the CAP<sup>45</sup> but did not prioritise them, creating significant scope for subsequent political debate about its implementation, especially the design of its policy instruments.

The design and development of the CAP institutions began in 1958 with a conference of agriculture ministers with the European Commission at Stresa (Italy) to take forward the Treaty's obligation "to submit proposals for working out and implementing the CAP" within two years (EEC 1957: Article 43.2). The conference gave the Commission a broad mandate and free rein to engage agricultural and other interests in drawing up proposals. The Commission actively encouraged the involvement of professional agricultural organisations<sup>46</sup> - a move which largely replicated a pattern of active engagement with farmers' representatives which had become established in most Western European states (including the UK) after the war. The Commission's proposals embodied three founding principles which guided implementation of the CAP objectives:

1. 'Common pricing' to guide the internal market for agricultural products;
2. 'Community preference' to ensure external competition was minimised by erecting a tariff on imports from third countries;
3. 'Common financing'<sup>47</sup>, to provide a Community agriculture fund supported by member state contributions and import levies and from which support was paid to farmers when prices fell below their target level and to exporters when the world price was below that level.

These principles were structured in a way which favoured price and market support instruments to the exclusion of almost all others. Despite the

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<sup>45</sup> Article 39.1 sets out five objectives:

- a. To Increase agricultural productivity through technical progress, the rational development of agriculture and the optimum utilisation of factors of production;
- b. To ensure a fair standard of living to the agricultural population by increasing the individual earnings of persons engaged in agriculture;
- c. To stabilise markets;
- d. To assure the availability of supplies;
- e. To ensure reasonable consumer prices.

<sup>46</sup> In particular, but not exclusively, the Commission held regular consultations with COPA (Comité des Organisations Professionnelles Agricoles) a European level farm group largely comprising an elite of agricultural leaders.

<sup>47</sup> As price support to farmers was administered by national governments, Hill (1984) argues that there was no economic reason why the CAP could not be financed directly from national budgets, but the creation of the common fund was an important symbol of European integration and a supranational policy.

commitment that the CAP should consist of two pillars<sup>48</sup> – the Guarantee Fund to underpin price guarantees and market support and the Guidance Fund to provide structural measures – the potential of a structural approach to farm modernization “did not receive much attention during the making of the CAP” (Knudsen 2009, p283). Moreover, although it was originally agreed that the structural measures should account for one third of total expenditure, “this balance never materialised” (Knudsen 2009, p282-3).

Following the acceptance of the three policy principles, the process of designing a framework of policy instruments based upon price and market support mechanisms began in June 1960. The Commission played the dominant role in its technical development (in consultation with COPA) but the final proposals were subject to negotiation within the Council of Ministers. Garzon (2006, p25) suggests that “the choice of the original instruments had major economic and institutional consequences”, and their technical complexity effectively ensured they could not easily be revised<sup>49</sup>. Common pricing was agreed for each of the 19 commodities within the scope of the CAP, with the process only being completed at the end of the 1960s.

### *Ideas underpinning the Construction and Development of the CAP*

Coleman et al (1996) were the first to explore the potential of Hall’s (1993) analysis of policy dynamics in explaining trends in post-war agricultural policy. They argue that most developed countries adopted a “common and distinctive paradigm” (Coleman et al 1996, p275) based upon the involvement of the state in supporting agriculture. This notion of a ‘state-assisted’ or ‘developmental’ paradigm has become widely employed by scholars (Coleman 1998; Skogstad 1998; Daugbjerg 1999; Coleman et al 2004; Garzon 2006) as a benchmark against which rival claims of a subsequent paradigm shift in the CAP may be evaluated. There is general agreement among these scholars that state support

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<sup>48</sup> A European Agricultural Guarantee and Guidance Fund (EAGGF) was created in 1962 to support the implementation of the CAP. It comprised two pillars – the Guarantee Fund provided finance to support intervention and price support for agricultural products representing 90% of EEC farm production; the Guidance Fund supported structural measures to assist farm modernisation, especially the amalgamation of the smallest holdings, early retirement and retraining schemes.

<sup>49</sup> According to Grant (2010, p23) the CAP “has involved highly technical instruments that are understood by only a very few people and perhaps not even by those who claim to understand them”.

for agriculture in the immediate post-war period was justified by reference to national security and meeting basic food needs, and to maintaining social and political stability in the countryside, especially through income parity with other sectors.

The emphasis in many of these studies has been on agriculture as an economic sector. Coleman (1998, p637), for example, argues that within the developmental paradigm the priority of state intervention was on “shaping agricultural structures ... to achieve the basic value of a productive and efficient agricultural sector”. He adds that “the emphasis was on the backwardness of agriculture in relation to other sectors ... [as] the state sought to force convergence on efficient, productive family farm structures” (Coleman 1998, p643)<sup>50</sup>. The cognitive ideas of this paradigm, according to Coleman (1998), therefore reflect the argument that stable market conditions, underwritten by state intervention, would encourage improvements in farm productivity through modernisation and hence improve relative income levels.

However, the dominance of economic ideas in the conceptualisation of this ‘developmental’ paradigm has recently been challenged. Knudsen (2009, p3) argues that the design of the CAP reflects a broader range of social and cultural as well as economic ideas, and that it may be more appropriate to regard it as “a redistributive policy with an objective not all that different from the social transfer policies of welfare states”. This alternative welfarist perspective suggests that the justification for the policy principles and the price and market support instruments needs to be interpreted in a broader political context. It is argued that policy came to be constructed within a normative framework, which reflected both post-war experience in the six member states and a range of European and national social and cultural values and beliefs, which have tended to be overlooked or underplayed in other studies of the CAP.

Many scholars have sought to capture the original CAP paradigm within a variety of labels – “a developmental or state assisted paradigm” (Coleman and

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<sup>50</sup> Similarly, Coleman et al (2004, p99-100) suggest that the ideas about the nature of the agricultural problem reflected in this paradigm relate to the sector’s lack of competitiveness in factor markets which meant that it was unable to provide a return on capital that would attract funds in competition with other sectors, resulting in an inability to pay comparable wages and prevent workers leaving the land.

Grant 1998); “state assistance paradigm” (Skogstad 1998, p464); a “dependent agriculture paradigm” (Moyer and Josling 2003, p35) – but without fully specifying the underlying ideas which framed the policy objectives and instruments. Many of these studies provide an incomplete articulation of the CAP paradigm. It is therefore argued that to understand the subsequent processes of reform in which the initial paradigm and the institutions of the CAP became subject to challenge and reform, it is necessary to examine more fully the multi-dimensional characteristics of the initial set of ideas underpinning the CAP. The following paragraphs explore separately the economic, social and cultural dimensions of the paradigm, while emphasising the mutually reinforcing effect of each set of ideas.

### 1. Agricultural exceptionalism

The Spaak report captures the very essence of agricultural exceptionalism as a guiding principle for state intervention in agriculture. The concept embodies a set of cognitive and normative ideas which justifies the special treatment of agriculture as an economic sector which has to be protected from the full force of market conditions. Agriculture came to be regarded as exceptional because, firstly, farming is a hazardous enterprise, subject to unique and uncontrollable factors resulting from the vagaries of the weather and markets, and secondly, it contributes to essential national goals of securing food supply. As agricultural markets are less efficient and attract greater risk, “the price mechanism is a sub-optimal means of achieving an efficient and productive sector” (Coleman et al, 1996, p275). State intervention therefore became necessary to control markets and support prices in order to provide farmers with adequate and stable incomes, while providing incentives for investment to increase productivity and efficiency and hence modernise the sector.

The Spaak report provided the framework for the drafting of the EEC Treaty and its analysis of agricultural exceptionalism underpinned the goal of creating “a common market for agricultural products ... accompanied by a common agricultural policy” (Article 38.4). The objectives of the CAP, set out in Article 39, reflected both the experiences and rationales for intervention by national

governments and the state of the sector in the immediate post-war period. It was readily acknowledged that security of food supplies could only be delivered by addressing the problems of low incomes and the sector's lack of competitiveness. The prevailing image was of a sector which lagged behind the rest of the economy, especially in its failure to modernise its structures. Therefore, the CAP incorporates an objective "to increase agricultural productivity by promoting technical progress" (Article 39.1a).

## 2. Social welfare

An inevitable consequence of agricultural exceptionalism and the politicisation of agricultural markets was the virtual elimination of the economic relationship between market prices and incomes, with the result that the significance of farm incomes as a political issue increased with the level of price and market support. In the aftermath of the war, governments in Western Europe reinterpreted the farm income problem by recognising as a political priority the need to address the disparity in incomes between farmers and other comparable occupations. Post-war agricultural policy paradigms among most Western European states were thus broadened to embrace social welfare and redistributive aims.

Knudsen (2009, p12) links the emergence of welfarist agricultural policies to the post-war development of welfare states in Western Europe and the common objective of providing income security. Consequently, she concludes that "when designing the CAP, policy-makers prioritized the welfare path ... by integrating key elements from the welfare models of member states" (Knudsen 2009, p13). The acceptance of agricultural exceptionalism as a guiding principle of the CAP equally ensured the incorporation of the income-parity objective in the CAP. The emphasis on social welfare as a key component of the CAP paradigm has increasingly been recognised by scholars. Rieger (2005, p166-8) stresses the policy's political rather than economic rationale and argues that "the CAP was not designed to increase food production, but used production-based support to increase the incomes of farmers". He therefore concludes that the key to

understanding this policy domain is “to view the CAP as an integral part of the European welfare state and its ‘moral’ economy” (Rieger 2005, p166).

### 3. Images of Rural Life

The third dimension of the CAP paradigm relates to socio-cultural narratives of rural life. Images of rural life as some idealised construct of a traditional, anti-modern way of life and closely-knit rural communities were widely invoked by politicians in many Western European states to justify farm legislation, and in particular, measures to support farm incomes and to maintain the family farm as a key rural trait. The countryside and rural life carry a vital symbolism in the narratives of nationhood, as French historian, Fernand Braudel, concludes: farming should not be seen as an economic activity but as “a way of life and a form of civilisation” (quoted in Knudsen 2005, p50).

Such images of rural life were an essential component of the discourses which steered the establishment of the CAP. The final resolution of the very first meeting of agriculture ministers with the European Commission at Stresa in 1958 recognised the central role of the family farm in the future of European agriculture:

given the importance of family structures in European agriculture and the unanimous agreement to safeguard this family character, it follows that all means should be taken in order to strengthen the economic and competitive capacity of the family enterprise (Commission européenne 1958, p224).

Community legislation supporting the CAP is replete with references to the family farm and to agricultural and rural communities as symbols of the intention to protect a traditional rural way of life. When these socio-cultural images were contested by proposals of the Agricultural Commissioner, Sicco Mansholt in both 1959 and 1968, to improve the economic competitiveness of the family farm, such was the hostility that they were rapidly withdrawn (Siedel 2010).

The images of rural life, symbolised in the CAP by the family farm and the agricultural/rural community, were essentially a political construction, legitimating the level of subsidy required to subsidise farm incomes. Knudsen

(2005, p51) argues that such images are “romanticised ... and have never been authentic representations of the socio-economic conditions of farm life.”

Nonetheless, they became established as an integral dimension of the CAP paradigm and they strongly influenced the policy discourse, the choice of policy instruments and the response to crises.

The CAP paradigm therefore embodied values and beliefs inherited from the agricultural policies of the original six member states. Through negotiation, they were merged with a core set of Community ideals relating to common markets and European integration in the process of designing the CAP institutions, including policy instruments. The commitment to the family farm and rural communities resonated with the longstanding normative values of the member states and therefore provided legitimacy to the belief that farming activity is integral to the well being of the countryside. Cognitively, the Community supported the view that agriculture could not be left to the vagaries of the market and that support for farm incomes was therefore the most effective means of delivering both the security of food supply, the socio-cultural wellbeing of rural areas and the political and cultural stability of the countryside.

The CAP cannot therefore be regarded simply as an economic policy for a single sector, but rather as an agricultural policy whose normative function was to protect the social and cultural values of the countryside. Moreover, as “the major political priority for the CAP related to the farm-income problem ... the political objective of providing income guarantees for the farm sector made the CAP resemble social welfare legislation” (Knudsen 2009, p10). By viewing the CAP in this broader perspective, it may be argued that the CAP also provided a framework for a supranational rural policy. However, rural policy outcomes were contingent on the success of the drive for increased agricultural production and policymakers’ interpretation of the economic and social interests of farmers.

By incorporating the key principles of national agricultural policies in the CAP, member states were relieved of the burden of maintaining a complex and differentiated policy. There was a clear commitment to a supranational policy, embracing detailed instruments and commodity specific policy measures. However, as Bache and George (2007, p399) argue because implementation and administration of the policy remained at national level "the CAP may always have been more accurately analysed as a system of multi-level governance rather than an example of supranational governance."

Rieger (2005, p188) concludes that "the common interest in protecting the rural sectors from the competitive forces of a capitalist market economy proved strong enough to build a centralised institutional apparatus." Yet, the outcome was not the creation of a supranational institution which controlled and managed the CAP. The power to set the target prices was retained by the national governments working in concert in the Council of Agriculture Ministers (CoAM). The European Commission's role is seen by Rieger (2005, p172) to have been heavily circumscribed and reduced to initiating proposals, but considered by Peterson and Bomberg (1999, p140) as "the crucial player in the day-to-day management of the CAP" as, for the most part, its proposals, often drawn up in consultation with COPA, were fully accepted.

Moreover, both national and Europe-wide farm groups played important roles in shaping the decisions and highlighting the social and economic consequences of proposals, which led to accusations of "intimate, even incestuous, relationships between national agriculture ministries and farmers' groups" (Rieger 2005, p139). This complex and disaggregated decision-making process effectively constrained the whole policy process by 'locking-in' the mechanisms which supported its implementation, thus securing its path-dependency (Kay 2006, Ch. 7). As the European Parliament had a very limited role in the CAP, there tended to be a lack of scrutiny and public justification for decisions. There was therefore an "illusion that all problems can be resolved on the basis of technological considerations, assuming the policy goals are settled" (Rieger 2005, p173). The institutions of the CAP therefore became so focused on the

detailed framework of price support mechanisms and the settings of individual policy instruments that tabling alternative policy goals became virtually impossible.

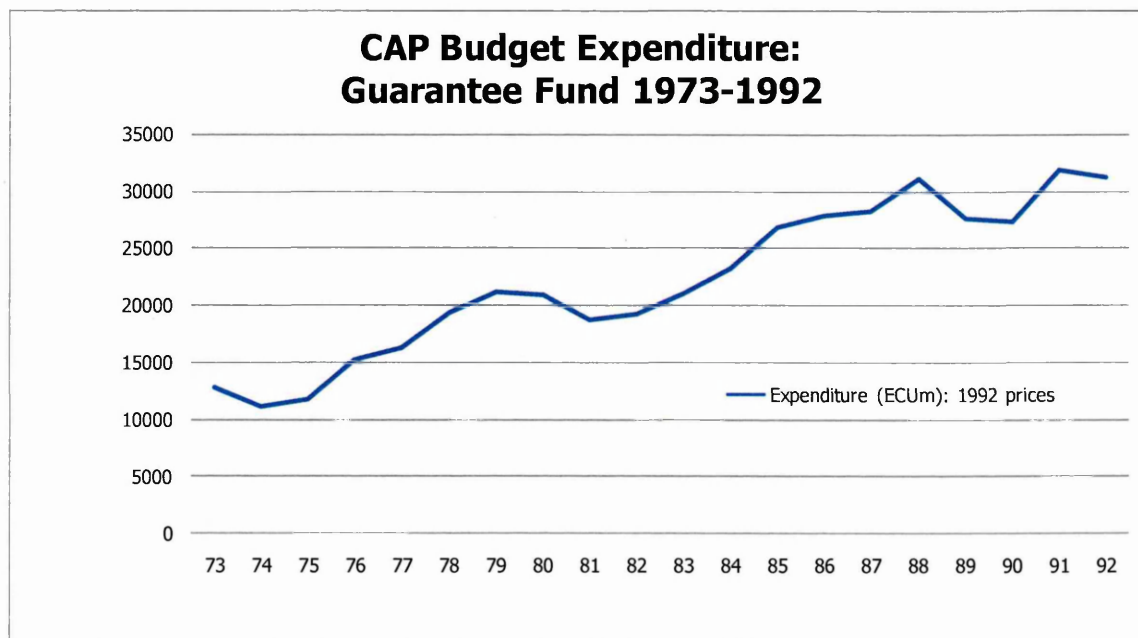
### **3. Constructing Proposals for CAP Reform**

A major crisis for the CAP arose in the late 1970s as production of many commodities exceeded demand resulting in falling market prices and an increased requirement for subsidy payments. The strain on the Community's budget became excessive and threatened to undermine not only the CAP but the Community itself. As Blyth (2002) and Hay (2002; 2006) have stressed crises play a critical role in creating uncertainty for policy institutions and provide a catalyst for debate on alternative policy ideas. Through a second narrative, this section explores this crisis for the CAP and the construction of proposals for reform.

#### *A Growing Crisis for the CAP*

The institutions of the CAP, formulated in the 1960s, increasingly generated unintended consequences, most of which were addressed on an *ad hoc* basis. However, by the late 1970s, farm output, stimulated by guaranteed prices and markets, began to far exceed demand within the Community. The costs of the CAP increased dramatically as the Community was obliged to intervene in the markets for produce. Specifically, the budget had to meet the costs of storing surpluses and provide subsidies to the expanding number of exporters, making up the difference between the world market price and the target (subsidised) price within the Community. As Kay (2006, p84) concludes "price support drove up production, which drove up surpluses, which drove up the budget costs". As figure 5.1 illustrates, the cost of the CAP rose rapidly, by 23% between 1974 and 1979, and by a similar amount between 1981 and 1985; as a result, in 1984 it consumed 69.8% of the Community's entire budget (Winter 1996, p130).

Fig. 5.1: The growing cost of the CAP: Expenditure of the Guarantee Fund 1973-92



Source: Winter (1996, p132)

Furthermore, the price and market support instruments generated additional unintended consequences. Winter (1996, p133), drawing on contemporary evidence, shows that in the late 1970s and early 1980s "much of the support for farmers was either siphoned off into inflated land values and rents or into the supply sector." Similarly, Grant (2010, p23) concludes that "the CAP privileged the input industries such as machinery and agro-chemicals, traders in food and large scale farmers." Therefore, despite the high and increasing levels of financial support, there was clear evidence that farm incomes were declining, especially on small farms.<sup>51</sup>

Other consequences of the rapid expansion of production included firstly, the deterioration in environmental conditions in the countryside, resulting from much higher usage of pesticides, fertilisers, animal hormones and the removal of field boundaries and other features limiting productive potential. Secondly, the increase in exports and the dumping of surplus produce had a depressing

<sup>51</sup> Real incomes between 1984 and 1986 fell by 26.8% on small farms and by 14.5% on large farms. However, whereas incomes in the following three years (1986-89) grew by 22.3% on large farms, they continued to fall on small farms by 8.9% (Commission for European Communities 1993). Large farms, often created through the amalgamation of holdings, were able to generate cost-efficiencies and consequently higher profits.

effect on world markets, such that “the reaction of other exporters became more strident and co-ordinated” (Moyer and Josling 1990, p26). Before 1980, the impact of the CAP was visible only to farmers and producers - in terms of the prices and incomes they received. However, the CAP’s visibility rose with the growing surpluses<sup>52</sup> (as illustrated in the Dutch cartoon below) and with increasing criticism from environmentalists which began to undermine the public’s support for farming (Franklin 1990, p12).

*"The difficult ascent of the Euro-obstacle" by Fritz Behrendt (1986).*



It is widely argued that the institutions of the CAP – the price and market support instruments; the governance structures; the pattern of budgetary transfers which those member states benefiting most sought to defend<sup>53</sup> - induced a path-dependency which severely constrained options for reform (Kay 2006, Ch7). The growing crisis was debated at the 1984 European Council

<sup>52</sup> The media drew attention to surpluses in somewhat emotive terms, e.g. butter mountains and wine lakes.

<sup>53</sup> Ackrill and Kay (2005) developed a simple analysis of the distribution of support from the CAP across member states. They found that France, Ireland and other states benefiting most from the CAP, i.e., with consistently higher shares than their population levels would suggest, protected their allocations, while states seeking reform faced either declining shares and/or are significant net contributors.

Summit at Fontainebleu, where three additional budgetary measures were adopted. The first was simply to increase the size of the budget by increasing the VAT 'call-up' rate from 1% to 1.4%, thereby underpinning a further expansion of the price and market support system. The second was to resolve a long running dispute over the scale of net contributions paid by the UK – the Thatcher government feared that with the further expansion of resources for the CAP its contribution to the Community would grow even larger. The third measure was to introduce guidelines for 'budgetary discipline', among which was a requirement that the growth of the CAP would not exceed the growth rate of the EC's own resources. Reconciling the often widely differing negotiating positions may thus have taken exhaustive diplomatic skills but the outcome was an ever more tortuous regulatory framework to enable the Community to continue to meet its objectives within the prevailing policy paradigm.

#### *Responding to the pressures of the crisis*

The budget crisis together with wider recognition of the unintended consequences increased pressure for reform, especially from member states benefiting least from the CAP and from interest groups. A number of authors analysing the CAP from an historical institutionalist perspective have argued that the potential avenues for reform were constrained by the path-dependent CAP institutions. Kay (2006), Garzon (2006), Daugbjerg (1999), Peterson and Bomberg (1999) and Armstrong and Bulmer (1998) all agree that the initial policy framework constrained its subsequent evolution, helping to maintain its development path. Further, Grant (2010, p36) argues that the very complexity of the CAP "created entry barriers to the political debate". Thus, Armstrong and Bulmer (1998, p55) conclude that

an interpretation of the CAP's character would be that those engaged in agricultural policy making were able to isolate themselves from broader issues of public policy – including the financial aspects – and thus exploit supranational policy-making to enhance their own power resources.

It is argued however that a series of events in 1984-85 created a more receptive political environment for the construction of an alternative discourse for CAP reform.

Firstly, internal changes within the Commission and support for greater European integration introduced a more proactive approach to European affairs. The outcome of the 1984 reforms had in many ways been a rejection of the Commission's proposals to secure a longer term and more stable budgetary framework for agriculture. Ross (1995, p27-8) concludes that

nothing worked particularly well in or for the Commission in the early 1980s. ... Because there was no overarching and focused Commission strategy, the administrative services, perhaps the Commission's most important internal resource, were demoralised.

However, both the resolution of the UK rebate problem and the appointment of a new set of Commissioners in 1985 provided the catalyst for what Ross (1995, p26) describes as "something extraordinary ... the willingness of member states to contemplate European solutions to their problems". The new set of Commissioners was led by Jacques Delors, a former finance minister in the French government of Francois Mitterand. Ross (1995, p33) argues that during Delors' first year in office "the Commission had moved from being a prisoner of governments determined to limit its autonomy to the position of entrepreneur". This shift in political credibility freed the Commission to re-interpret the anomalies of the CAP and to put forward new ideas and solutions to what had become an intractable problem - reforming the CAP.

The 1984 European Summit was also significant for committing the Community to the completion of the internal market. Moyer and Josling (1990, p86) argue, "Delors had made the Single European Market something of a personal crusade and could not easily see his goal frustrated by agricultural stalemate".

Armstrong and Bulmer (1998, p2) argue that the programme to complete the Single European Market (SEM) "provided a platform for a major revival of European integration". The moves towards completing the internal market and hence the commitment to greater integration created a new policy environment within which to review the role of the CAP.

Secondly, external events also increased pressure on the Community to address the agricultural and budgetary crisis. Europe had become mired in an economic crisis, with high level of jobs losses and plant closures in many traditional industries. Moreover, the adoption of monetarist economic policies in the UK

and France<sup>54</sup> which promoted supply-side industrial policies and the retreat of the state created a new economic discourse which inevitably spilled over to debates about the future of Europe. The high level of state and Community support for an agricultural sector which was likely to play only a limited role in the future European economy now had to be justified in a significantly changed economic context.

Moreover, the economic rationale of price and market support policies were increasingly questioned by agricultural economists<sup>55</sup>; the 'Memorandum of Sienna', published in 1984 by 13 leading European academics, set out the main deficiencies of the CAP and proposed significant reductions in prices. An investigation of the economic impact of the CAP was initiated by trade ministers of OECD countries and in 1982 they mandated its General Secretariat to provide an improved understanding of the distorting effect of agricultural policies on international trade. The outcome was an economic model which measured the level of support provided to farmers through domestic policies<sup>56</sup>. The model provided ammunition for those critics of the CAP – especially the United States – who from the early 1980s had begun to question the efficacy and legitimacy of the CAP.

### *Designing the process for reviewing the CAP*

Within days of taking office in January 1985, the new President of the Commission signalled his intentions to seek a more broadly based response to the problems of the CAP by initiating a wide ranging policy debate within the Commission. He issued an invitation to all the relevant Directorates General (DGs) of the Commission to provide perspectives on the role of the CAP in the future of Europe. By soliciting the range of opinion from all parts of the Commission, Delors at once broke the stranglehold which the Agriculture

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<sup>54</sup> Jacques Delors had been "policy mediator for the pro-European discourse coalition" in the French Socialist Party (Schmidt 2002, p274) and had actively supported Mitterand's 1983 U-turn in French economic policy towards neo-liberalism.

<sup>55</sup> Articles by Mahé and Rouet, published in France in 1980/1, were influential in providing analyses of the impact of price and market support compared with direct compensatory payments (Garzon 2006, p34).

<sup>56</sup> 'The Model of the Trade Mandate' provided some specific evaluation tools, of which the Producer/Consumer Support Equivalents (PSE and CSE) were the most widely used. The PSE for the European Community over the 1956-94 period is illustrated in fig 5.2 in Appendix 1.

Council had on the terms of the debate. This consultation was the first but probably most significant step towards the construction of an alternative policy discourse. As Schmidt and Radaelli (2004, p184) emphasise, discourse should not simply be defined in terms of its content – the set of policy ideas and values – but regard should also be paid to its value “as a process of interaction focused on policy formulation and communication”. This section therefore explores how a process for reviewing the CAP was designed.

In order to drive CAP reform forward, an ‘inner circle’ of Commissioners was established consisting of Delors and the Agriculture and Budget Commissioners (Moyer and Josling 1990, p86). Moyer and Josling (1990, p87) suggest that other DGs were excluded so that “agreement among the ‘inner circle’ would both speed the Commission process and minimize the need to make expensive ‘side-payments’ to win the support of other Commissioners”. It has also been suggested that the ‘inner circle’ was created to weaken the powerful agricultural policy community – of COPA and the agricultural ministries – which had monopolised the previous CAP reform debates (Bache and George, 2007, p392). However, it is argued here that such conclusions fail to take account of the process of interaction among the DGs which was initiated by the ‘inner circle’ as a means of ensuring the reform debate was broadly based and conducted at a strategic rather than sector level.

Given the urgency of the budgetary situation, the new Commission, only a few days after taking office in January 1985, launched a debate among the DGs on the future role of the CAP in the Community. In July 1985, based on the responses to this consultation, the Commission published an analysis of the crisis, including a range of potential options, as a ‘Green Paper’ (European Commission 1985a). According to an official of the Commission’s DG VI (Agriculture) who was heavily involved in the preparation of the Green Paper (Interviewee #1), Delors personally took control of its preparation. Further, he stated that Delors assembled a multi-disciplinary team of officials from all relevant DGs (and Eurostat<sup>57</sup>) to consider the policy crisis and to generate new ideas and options for the future of the CAP. This multi-disciplinary approach

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<sup>57</sup> Eurostat: European Community’s statistical office.

ensured that deliberations would not be confined to technical matters about the future development of agriculture, but would be conducted, as demanded by Delors, within the context of the contribution the CAP could make to the future of Europe. Representatives from DG XI (Environment) and DG XVI (Regional Policy) appear to have been particularly influential in the construction of a new policy discourse.<sup>58</sup>

In his foreword to the Green Europe Newsflash on the Green Paper (European Commission 1985b, Foreword)<sup>59</sup>, the Agricultural Commissioner (Frans Andriesson), by writing that “soon after the new Commission took office in January 1985, it decided to create the framework for dialogue ... in order to define the future prospects for European agriculture” was signalling the need for a perspective beyond the immediate crisis. Moreover, he sought to reassure farmers that the Commission was striving to safeguard their interests by stressing that “the agricultural population ... need a better view of the medium and long term prospects for themselves and for the next generation” (European Commission 1985b, Foreword). The aim of the Green Paper was therefore to re-define the policy problems and to identify the scope for long term solutions. However, while the Commission’s own analysis was critical to the construction of an alternative policy discourse, the range of options for CAP reform were strongly influenced by the changing policy context in which developments in the Community’s policy competences and the wider economic environment were particularly significant.

### *Delegitimizing the original CAP paradigm*

As Blyth (2002, p39) emphasises, “in order to replace the existing institutions, agents must delegitimize such institutions by contesting the ideas that underlie them.” The Green Paper challenged both the cognitive framework of the CAP paradigm and its impact on rural values. The Commission’s diagnosis of the crisis emphasised that the policy’s cognitive framework no longer resonated

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<sup>58</sup> There is no indication in the statements published by the European Commission of the DGs which were engaged in these deliberations. Moreover, given the decision of the Uruguay Round of the General Agreement on Tariffs and Trade in 1986 to include agriculture in the trade talks, it is perhaps surprising that there is no mention of the potential implications of these talks for the future shape of the CAP.

<sup>59</sup> The Newsflash was published as a ‘popular’ version of the Green Paper and was aimed at communicating with a wider audience.

with the political and economic environment of the Europe of the mid 1980s. It stressed that the imbalance of supply and demand for some agricultural products was resulting in a “waste of resources which is difficult to justify, particularly in the present economic situation and at a time when the Community should be concentrating its efforts on a strategy for the future” (European Commission 1985c, p3).

The cause of the crisis was considered to be the open-ended guarantees which “have isolated farmers from market forces” (European Commission 1985c, p3). In other words, the Commission was seeking to demonstrate that existing policy ideas and instruments were no longer capable of providing solutions to the farm income problems. In a reflection on previous attempts to reform the CAP and reduce reliance on price support instruments, the Commission recalled the difficulties which the 1968 Mansholt Plan<sup>60</sup> had encountered and concluded that

it is not easy to remedy the situation without at the same time creating income problems which are socially and therefore politically unacceptable for the very large number of farmers who are marginal in terms of production but whose function is essential for preserving social balance, for land use planning and for the preservation of the environment. (European Commission 1985c, p4).

The Green Paper reflected that the overwhelming emphasis on price and market support instruments had resulted in a significant reduction in the level of funds available for structural measures<sup>61</sup> such that the “imbalance between price support and other measures was not what the original designers of the CAP intended” (European Commission 1985a, pV). It concluded that the CAP

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<sup>60</sup> The Agricultural Commissioner, Sicco Mansholt, had launched in December 1968 a “Memorandum on the reform of agriculture in the European Economic Community” to the Council of Ministers. It identified “the main obstacle to improving the situation of farming was seen in structural imperfections such as the small average farm size in the member states and the rising average age of the farming population, leaving old farmers running small farms which barely earned them a living. The overall rationale of the reform the Memorandum proposed was to cut prices and to proceed to a radical change of agricultural structure” (Seidel 2010, p1). However, Seidel (2010, p17) concludes that “in the following months the Council hardly considered the long-term perspective of agriculture but focused instead on prices. Hence, there was a profound conflict between the Council and the Commission concerning the long-term effects of price policy, and the medium- and long-term prospects for the CAP. For the member states, consolidating the old CAP system had priority.”

<sup>61</sup> The Guidance Section of the CAP had become seriously under-funded throughout the 1980s, and its modest share of CAP resources, originally expected to be about one-third of the total, declined further from 4.3% in 1983 to 3.5% in 1987.

had been left with one principal instrument for delivering diverse objectives and that the limits of the price support approach had been reached. Hence, the Commission's discourse sought to delegitimize the system of price and market support by discrediting its record in supporting farm incomes and securing rural stability. It therefore identified as a major priority "deal[ing] more effectively and systematically with the income problems of small family farms" (European Commission 1985c, p5). Through this discourse, the 'inner circle' of Commissioners portrayed themselves as guardians of fiscal soundness (since the Community was technically heading towards insolvency (European Commission 1987a, p1)<sup>62</sup>) in order to convince member states and farmers that simply adjusting the price support mechanisms, as the CoAM favoured, was no longer a viable option.

From a strategic perspective, the Commission's analysis highlighted how the CAP had initially allowed an orderly exodus of rural population as the modernisation of agriculture released labour for the expanding urban economies. It feared however that the prevailing economic climate with high levels of unemployment "has created conditions in which an acceleration of the rural exodus would be intolerable" (European Commission 1985c, pII). The 1985 Green Paper therefore sought to shift the emphasis of debate away from agriculture towards the future of *rural* Europe in an attempt to reassure both farmers and the wider rural population. It states unequivocally:

The need to maintain the social tissue in the rural regions, to conserve the natural environment, and to safeguard the landscape created by two millennia of farming, are reasons which determine the choice of society in favour of a 'Green Europe' which at the same time protects employment possibilities for those in agriculture and serves the long-term interest of all Europe's citizens (European Commission 1985a, pII).

The aim was therefore to locate the CAP as a component of a European rural policy, which respected the core values of the CAP – agricultural exceptionalism, social welfare and images of the rural. Further, the Commission

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<sup>62</sup> The Commission was so concerned about the state of the Community finances that it stated publicly that "the Community is at present faced with a budgetary situation which can only be characterised as being on the brink of bankruptcy", (European Commission 1987b,p1).

sought to reinterpret these values in a Community context to secure a closer integration with the other areas of Community policy.

In preparation for the European Council of Ministers meeting in Brussels in February 1988, the Commission drew together a Review in which it presented its final proposals for CAP reform (European Commission 1987a). The Review was largely constructed around a critique of the effectiveness of the price and market support mechanism as “an active incomes policy, founded on relatively high farm prices ... [and as] the key instrument with which to safeguard the economic and social fabric of rural areas” (European Commission 1990, p57). The tactic was clearly to confront the very rationale which member states had long used to justify support for family farms and political stability in the countryside.

### *Constructing an alternative discourse for the CAP*

A key role of the Green Paper was to undermine the logic of necessity which linked incomes to increasing levels of production regardless of market conditions. In so doing, the Commission challenged the ‘incestuous’ relationship between agricultural ministries and farming unions/associations. Perhaps of greater significance politically, the Commission portrayed the CAP as a barrier to European integration rather than the first step towards it. However, while the Green Paper sought to discredit the prevailing CAP paradigm, the construction of an alternative policy discourse was equally shaped by the developing policy environment in the Community. The commitment to deeper integration, through securing the Single European Market, was facilitated by the passing of the Single European Act (SEA) in 1986.<sup>63</sup> The SEA provided for “an expansion in EU competences and revised decision-making procedures, most notably to eliminate the national veto in a number of areas to facilitate faster integration” (Bache 2008, p.2). Two aspects of the SEA were of particular relevance to the debate on the future of the CAP: the commitment to a European cohesion policy and a legal basis for a Community environmental policy.

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<sup>63</sup> The Single European Act was signed in February 1986, and came into force on 1 July 1987.

The completion of the single market and the enlargement of the Community through the accession of Spain and Portugal “provided the impetus for the strengthening of cohesion” (Bache 2008, p41). The need for a policy supporting Community cohesion was justified by Delors in these terms:

it is self-evident that a large market without internal frontiers could not be completed or operate properly unless the Community had instruments enabling it to avoid imbalances interfering with competitiveness and inhibiting the growth of the Community as a whole (European Commission 1987b, p7)<sup>64</sup>.

The framework for the implementation of cohesion policy was confirmed by the reform of the structural funds at the Brussels summit in 1988. The reform brought together three separate funds – the European Regional Development Fund (ERDF), the European Social Fund (ESF) and the Guidance section of the EAGGF – “in order to coordinate their activities more effectively with each other” (Bache 2008b, p41). Thus, the Commission re-interpreted the farm income problem within the context of regional development and recognised rural stability - politically, culturally and socially - as an integral component of cohesion policy.

The SEA also established “the goals and principles of EC environmental policy” (Knill and Liefferink 2007, p14). The Act had particular significance for the CAP and the agricultural sector through its objectives for:

- Preserving, protecting and improving the environment;
- Protecting human health;
- Prudent and rational utilization of natural resources.

The reform discourse appears to have been heavily influenced by a contribution from the Environment Directorate (DG XI) which sought to ensure the Green Paper, firstly, took “account of environmental policy, both as regards the control of harmful practices and the promotion of practices friendly to the environment”; and secondly, to recognise the positive contribution which farming makes to safeguarding the environment by promoting “a common framework for encouraging the conservation of the rural environment and the

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<sup>64</sup> European Commission (1987b, p7).

protection of specific sites” (European Commission 1985a, p21). The rapid introduction of instruments to protect the most sensitive environmental assets of the Community<sup>65</sup> demonstrated the growing influence of DG XI in the reform of the CAP. More significantly however the articulation of ideas relating to the protection of the rural environment and the conservation of rural landscapes effectively re-interpreted one of the core values of the CAP. Moreover, by interpreting the cultural assets of the countryside as ‘public goods’, the discourse opened up the potential for farmers to play a broader role in managing the rural environment, thereby providing an alternative source of income.

The construction of the reform discourse was also strongly influenced by events in the external policy environment. Delors was familiar, from his role in the Mitterrand government, with the growing political commitment towards a monetarist or neo-liberal approach to economic policy. The Commission was acutely aware of the pressures, particularly from the UK and Dutch governments, for a greater role for the market in agricultural policy. However, the Green Paper rejected any shift to a market-led food production system as wholly incompatible with European values, stating that “an agriculture based on the model of the USA, with vast spaces of land and few farmers is neither possible nor desirable in European conditions, in which the basic concept remains the family farm” (European Commission 1985a, pII). Moreover, the Commission was aware of the potential political and electoral backlash which moves to a more market oriented agriculture could bring. It therefore sought to allay any such fears by stressing the negative consequences of further reductions in incomes on family farms: firstly, increasing abandonment and the inevitable desertification of the countryside, especially in Mediterranean areas, and secondly, a shift of production to more productive climates and terrains. The outcome, it was feared, would be a re-nationalisation of agricultural policy “with the protection of national markets, which could set in train an irreversible

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<sup>65</sup> The first step in the development of this framework was taken early in the process of reform: Article 19 of Council Regulation 797/85 authorised member states to introduce “special schemes in environmentally sensitive areas”.

process of disintegration of the common market” (European Commission 1985a, p8).

The Commission sought to construct an alternative policy discourse which would ensure greater adherence to the CAP’s core values and beliefs, while “respect[ing] the basic principles of the CAP and the objectives of the Treaty” (European Commission 1985a, p8). The discourse sought to promote recognition of the wider roles of agriculture in Europe, suggesting that “agriculture in its diverse forms is at the heart of the European model of society” (European Commission 1985a, p49) and that the sector has a role “beyond its economic function” (European Commission 1985c, p3). The Commission was therefore seeking to move the focus of the debate towards agriculture’s contribution to European society as a central theme of its reform proposals. Hence, the role of agriculture was reinterpreted within a multi-sectoral regional and rural development policy in which firstly, a more diversified rural economy would provide alternative sources of income to secure the wellbeing of family farmers, and secondly, the cultural and environmental benefits of conserving the countryside and rural landscapes would be recognised.<sup>66</sup>

The Commission’s proposals for reform of the CAP were presented to the European Council of Ministers at the Brussels summit in February 1988 as part of a package of measures to support the implementation of the single market, including the reform of the Community budget and the introduction of a multi-annual framework, structural funds and the CAP. This Delors I package opened up the opportunity to integrate the CAP’s farm incomes policy with regional and rural development policy – a step which had been previously denied by the

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<sup>66</sup> According to the former official of the Commission’s DG VI (Agriculture), this discourse drew heavily on the experience of the Community’s policy for the ‘less favoured areas’. Structural measures had been introduced in 1975 to support directly the incomes of those farmers in upland and mountain areas where the climate, soils and terrain militate against productive agriculture. This Directive was the first to introduce income support instruments not dependent on agricultural production, and provided a precedent for similar structural measures targeted at the diversification of rural economies. Specifically, the introduction of Integrated Development Programmes (IDP) in 1981 and of Integrated Mediterranean Programmes (IMP) in 1985 gave recognition in policy terms to the growing belief that agriculture could no longer be the sole motor of rural development in many parts of the Community. The Green Paper seized on the Integrated Programmes as a justification for its proposal for “well coordinated multi-sectoral approaches ... [in which] it is not so much a question of agriculture, but rather of developing the regional economy as a whole” (European Commission 1985a, p54).

increasing diversion of Community resources to underpin the CAP's price support instruments. It is argued that the Commission was seeking through this "interlocking of sectors ... [and] close connection between ... economic and structural policy" (European Commission 1985a, p77) to position its proposals in a broader strategic context in which the role of rural society and its contribution to European integration and cohesion became the focus of a rural rather than simply an agricultural policy agenda.

However, the Commission's reform discourse was effectively countered by the determination of member states and national farmers' associations to retain price and market support as the main instrument for supporting farm incomes. Fouilleux (2004, p238) suggests that "since the 1980s, a permanent confrontation has taken place ... between the Commission, progressive in its intent to reform the CAP and the [Agriculture] Council, conservative in its intent to keep the CAP unchanged." This was a reflection of the conflicting domestic political pressures on member states; on the one hand, because of the increasing cost of the CAP, there was a demand for reform; on the other hand, political commitments to farmers, especially to support greater equality of income, were in many states significant electoral issues. Moreover, member states, especially those receiving higher shares of funds<sup>67</sup>, sought to defend the allocation of CAP Guarantee funding in order to limit their net level of budget contributions to the Community. Hence, as Kay (2006, p102) concludes the stability of the allocation of CAP spending "imposed a quite specific and durable constraint upon the parameters within which reform can take place."

Delors' tactic of switching the reform debate from a technical review to a strategic reassessment may therefore be construed as a challenge to the Agriculture Council's stranglehold on reform. To secure its ideas and proposals, the Commission sought to shift some of the power and responsibility for implementing the CAP budgetary mechanisms from the Agriculture Council to the Commission itself. By separating the decisions on the Guarantee funding (concerned with price and market support) from the Guidance funding (supporting structural measures) the Commission sought to limit opportunities

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<sup>67</sup> For example, France and Ireland.

for the diversion of structural funds to market and price support instruments, and more significantly, to dilute the power of the Agriculture Council. As Hooghe (1996a, p100) argues that the Commission, "through its monopoly of initiative on the institutional design" of cohesion policy reform, was able to promote a supranational regional policy (including the rural component). However, the Commission had no such monopoly in the implementation of the CAP Guarantee funds and its institutions remained essentially intergovernmental.

### *The outcomes of the 1988 CAP reform*

The process of institutionalising the Commission's reform proposals was to a significant extent "a compromise between different interests" (Moyer and Josling 1990, p97). Even in such a difficult budgetary climate, there was "considerable debate ... over whether budgetary considerations or socio-structural ones should get priority", with the Belgian foreign minister arguing that "budgetary stability should not be achieved at the cost of social stability" (Moyer and Josling 1990, p91). While the proposals for addressing the farm income problem through cohesion policy were accepted, member states did not regard these as any substitute for the 'certainty' of price and market support instruments. Hence the responsibility for these instruments was retained by member states and, as Moyer and Josling (1990, p97-8) conclude, at the summit "agricultural values were strongly protected by the concentration of decision-making authority in the Council of Agriculture Ministers."

Nonetheless, the Commission was successful in gaining support for a range of new policy instruments aimed at limiting production and controlling the farm budget, including: set-aside<sup>68</sup>; establishing budget stabilisers for all commodities<sup>69</sup>; "direct income payments unrelated to production levels" (Moyer and Josling 1990, p97)<sup>70</sup>; support for organic farming. Avery (Great Britain

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<sup>68</sup> Under the set-aside scheme, farmers received compensation for retiring at least 20% of their arable land from production for a minimum of five years (initially this was a voluntary scheme but became compulsory in the 1992 reform).

<sup>69</sup> The budget stabilisers provided for an automatic cut in support prices if production exceeded a target level of output in each commodity.

<sup>70</sup> These were described by Graham Avery (the Head of Rural Development at DG VI) as "a sophisticated, means tested, social welfare system" (Great Britain 1990, para 614).

1990, para 617) concluded that as “agricultural situations are so diverse ... we have preferred to create a menu of different schemes, most of them ... are optional”. Complementing this menu of policy instruments, structural measures introduced as part of the new cohesion policy were focused on five Policy Objectives, among which Objective 5 was targeted at agricultural regions and included the ‘adjustment of agricultural structures’ (Objective 5a) and the rural development of disadvantaged rural areas (Objective 5b); Objective 1 was targeted at the economic and social conversion of lagging regions, many of which were overly dependent on agriculture. In addition, a Community Initiative (LEADER<sup>71</sup>) was developed to encourage innovative rural development action at the local level<sup>72</sup>. However, the multi-level governance of the structural funds contrasted starkly with the inter-governmentalist approach in the Agriculture Council.

In interpreting why the outcome was the creation of two distinct decision-making structures, one possible explanation is offered by the theories of institutional change, particularly, Streeck and Thelen’s (2005, p22-4) recognition of the role of ‘layering’ in initiating institutional reform. The authors argue that the older the political system the more costly (both politically and financially) it is to dismantle it. It may be argued from a rationalist perspective that the Commission, as the principal reformer or policy entrepreneur, had to accept that there would be considerable resistance to any proposals for reform of the price support mechanisms and especially any re-allocation of member states’ share of the Guarantee Fund. Equally, however, for the Commission, the need to respond to the growing pressures for institutional change had become imperative. Streeck and Thelen (2005, p23) suggest that in such circumstances, reformers may “learn to work around those elements of an institution that have become unchangeable” and introduce new layers of arrangements which develop a parallel path which in time may challenge the established institutions.

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<sup>71</sup> LEADER – Liaison entre actions de développement de l’économie rurale.

<sup>72</sup> The operation of the Structural Funds, based on the model of the Integrated Programmes, was guided by the same three principles – multi-annual programming; the involvement of subnational authorities in partnerships; the concentration of funds in areas of greatest need; a fourth principle sought to ensure that the funds were additional to existing national budgets. A further important feature of the IMPs was that they “advocated continuing involvement of the Commission in all aspects of programming and aimed to mobilize ‘non-central’ actors” (Hooghe 1996b, p11).

By adopting such an approach, reformers avoid provoking defenders of the status quo into mobilising counter arguments.

#### **4. A Paradigm Shift in the CAP?**

The narrative of CAP reform presented above would lead to a conclusion that over the 1985-88 period significant steps were taken towards a restructuring of the policy's goals and instruments. Policy change during this period has been debated extensively among scholars since the mid-1990s without any agreement on whether it should be regarded as a paradigm shift. This section reviews these different academic perspectives and, in an attempt to resolve at least some of the differences of view, conducts a systematic assessment of CAP change based upon Hall's (1993) model of policy dynamics, including the criteria for identifying a paradigm shift. Applying these to the CAP review process leads to the conclusion that the values and beliefs which guided the original formulation of the CAP were re-interpreted in the changed policy environment of the 1980s, while the cognitive framework was contested. The process of ideational shift is then explored within the context of Blyth's (2002) model of institutional change.

A number of scholars have considered the question of a paradigm shift in the CAP, but without any consensus of view emerging. On the one side, Coleman (1998) and Coleman et al (2004) argue that there has been a change in the policy's core ideas, which they capture as a shift from a 'state-assisted' or 'dependent' policy model to one in which the farmer plays a more multifunctional role, being both a food producer *and* a conserver and protector of rural landscapes. On the other side, some scholars, in particular, Skogstad (1998) and Daugbjerg (1999; 2003), argue that reform of the CAP in the period to 1988 and even in 1992<sup>73</sup> was quite modest as the 'state-assisted' paradigm was not questioned. Daugbjerg (1999, p409) suggests "the reform [in 1992] can hardly be called radical because it did not question the use of considerable subsidies in agriculture, but rather altered the way in which subsidies were paid

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<sup>73</sup> The CAP reform in 1992 has been regarded by some authors as "radical" (Patterson 1997, p137) and "chang[ing] for the first time the CAP's policy instruments, implying a real rupture with the historic model of the CAP" (Cunha and Swinbank 2009, p244).

to farmers.” In other words, he accepts that there were changes in policy instruments but that the underlying idea of state assistance remained intact. Similarly, Fennel (1996, p9) argues that the 1988 and 1992 CAP reforms should be regarded as “changes within the framework provided by the policy rather than in the context of its abolition”. Skogstad (1998, 471) further argues that the introduction of rural structural support instruments and “a new objective of environmental sustainability” as part of the 1988 reforms, described above, “are best regarded as continuity within the state assistance model.” It would appear that for Skogstad (1998) a change in the CAP policy paradigm would mean

a jettisoning of the state assistance model ... indicated by deregulation of agricultural markets, the termination or substantial restraint of government expenditures for agriculture, and a discourse antithetical to government intervention (Skogstad 1998, p471).

In other words, Skogstad suggests a paradigm change in the CAP would only be signalled by a shift from a state assisted to a neo-liberal paradigm.

More recently, some scholars have begun to focus on the process as well as the characteristics of change. Garzon (2006, p179) argues that a paradigm shift has occurred through a succession of reform episodes (in 1992, 1999 and 2003) during which “cumulative change did modify the overall policy objectives through feedback loops ... [through which] the strength of apparently minor changes ... put pressure on policy mechanisms and produced further change”. As a result, she concludes that “the founders of the CAP in 1958 ... would [today] not recognise this policy, its objectives and its instruments” (Garzon 2006, p10). Yet, unlike other parts of the Treaty of Rome, the formal goals of the CAP set out in Article 39 have not been changed or modified. Indeed, Grant (2010, p22) suggests that “changes in policy instruments have reoriented the policy without any change in formal Treaty goals.”

Kay and Ackrill (2010, p4; *italics in original*) argue that change in the CAP has been characterised by incremental but cumulative change such “that small adjustments in the same direction can profoundly shift policy over time in the *absence* of large exogenous shocks” which Hall (1993) associates with paradigm shifts. They suggest that, while the overall goal of supporting

farmers' incomes has remained unchanged, reform of the CAP has supported two types of incremental policy change:

- 1) "instrument adaptation, where prevailing instruments ... are adjusted in response to pressures;
- 2) instrument innovation, where new means of supporting farm incomes are introduced or layered-in", (Kay and Ackrill 2010, p22).

The lack of consensus about the nature of policy change stems in part from differences in the analytical frameworks employed by scholars and in the objectives of their analysis. Moreover, scholars have tended not to evaluate change against any objective set of criteria. By adopting criteria from Hall's (1993) original analysis of policy dynamics and applying Blyth's (2002) model of institutional change, an attempt has been made to assess whether the review of the CAP signalled a paradigm shift and hence a change in the underlying framework of ideas. The process of paradigm change would, according to Hall (1993, p291), be initiated "by events that proved anomalous within the terms of the prevailing paradigm, ... give rise to policy failures that discredited the old paradigm and lead to a wide ranging search for alternatives." The unintended consequences of the CAP which became evident in the 1980s provide clear evidence of such 'anomalies' and 'policy failures'. The strategic review initiated by Delors sought to place the CAP within the wider context of the Community's vision and future priorities and hence to generate a range of alternative solutions to the problems of the CAP.

Hall's analysis of the stimulus for change is echoed by Blyth's sequential model of change, which, as a first step, highlights that in a context of disequilibrium, "ideas allow agents to reduce uncertainty by interpreting the nature of the crisis" (Blyth 2002, p35). Generally, a policy crisis stimulates alternative ideas to enable interpretation of its causes and, significantly, to provide a critique of the workings of the policy. It may be argued that the main purposes of the Green Paper were to explain why the budget was coming under such severe pressure and why the CAP was no longer serving the interests of farmers and rural areas. It also presented ideas which could potentially redefine "the goals

towards which actors should strive; and provide actors with a way of [re-] conceptualising the ends of political activity” (Berman 1998, p29), and which could “contest and replace existing institutions” (Blyth 2002, p39).

However, Hall (1993, p279) emphasises that a paradigm shift and “wholesale changes in policy occur relatively rarely” and would be evidenced by “radical changes in the overarching terms of the policy discourse”, a change in “its account of how the world facing policymakers operates” and be “preceded by significant shifts in the locus of authority over policy” (Hall 1993, p279; p280). Part of the reason for the continuing lack of consensus on the nature of change in the CAP may relate to different interpretations of what constitutes ‘paradigm change’. Hall’s model of policy dynamics would appear to leave a significant policy space between first-order (the settings of policy instruments) and second-order (the set of policy instruments) change, both of which result from internal adjustments, *and* third-order paradigmatic change, resulting from shocks exogenous to the policy system. Hence, Kay (2010, p2) argues that the model is therefore “less able to account for episodes of substantial policy change that are significant beyond the ‘normal’ cycle of policy-making but fall short of paradigm change.” In the absence of a suitable term for changes of this type, some analysts may have exaggerated the scale of change by stretching the definition of a paradigm shift.

Some attempts have been made to fill this space, in particular by Howlett and Cashore (2007), who, in a bid to overcome the effective dualism of ‘incremental v. paradigmatic change’, extend Hall’s model by separating policy ends from policy means and hence create a six-fold taxonomy against which to assess policy change<sup>74</sup>. Kay and Ackrill (2010, p4) claim this revised model provides greater insights into the frequently encountered incremental but cumulative change which profoundly shifts policy – a mode of change, which Grant (2010) and Garzon (2006) suggest best describes the long term trend in the CAP. Kay and Ackrill (2010, p4) argue that this expanded taxonomy enables “potential

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<sup>74</sup> The constituent components of policy are differentiated into: policy ends – the third-order goals of the composite policy; the second-order programme level; and the first order settings of policy instruments; and policy means: the third order instrument logic (regulatory preferences or strategies); the second-order policy mechanisms or instruments; the first-order calibration of instruments. Adapted from Howlett and Cashore (2007, p39) and Kay and Ackrill (2010).

and actual patterns of policy change obscured in Hall's framework" to be revealed, and hence provides an extended framework within which to assess whether the CAP reform initiated by the budget crisis of the 1980s constitutes a paradigm shift.

It is generally argued that under conditions of 'normal' policymaking, different levels of policy continually interact in a process of incremental modification. Change may arise however at any level as ongoing mechanisms of policy adjustment are disrupted. As a result, Kay and Ackrill (2010, p8) suggest that "we may observe a policy simultaneously exhibiting elements of both continuity and change." Change to the CAP had by the 1980s become almost wholly focused on the CoAM's technical management of commodity price levels. However, under the increasing budgetary pressures, the Agriculture Council re-designed a number of policy instruments in attempt to restrict the growth of surpluses<sup>75</sup>. Kay and Ackrill's (2010) conclusion that change occurred through a cumulative process derives from their analysis of adjustments of price support mechanisms. Many of these were introduced to stabilise spending, and, after 1992, to reduce trade distorting subsidies, in line with the final agreements of the Uruguay Round of GATT.<sup>76</sup> However, without reference to the changing ideas underpinning the CAP, their analysis fails to account for the rationale for specific adjustments, instrument adaptations and innovations. As Lascoumes and Le Galès (2007, p9) argue, "instrumentation is really a political issue, as the choice of instrument ... will partly structure the process and its results". It is argued that the choice of new or reconstructed instruments has to be explained in terms of the ideational context in which it is made.

The policy review initiated by Delors in 1985 adopted an approach very different from the technical appraisals conducted by the Agriculture Council. The Commission focused on the CAP as a composite policy, and from such a

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<sup>75</sup> In 1977, Co-Responsibility Levies (CRLs) were introduced in the dairy sector to force milk producers to share some of the costs of dealing with surpluses. In 1982, the Council introduced a new policy instrument – Guarantee Thresholds – which was intended to trigger negotiations on price cuts should production levels of any commodity exceed an agreed target. In both cases, annual price increases subsequently nullified the impact of these instruments. In 1984, production quotas were introduced in the dairy sector and for the first time CAP support for any commodity ceased to be 'open-ended'.

<sup>76</sup> The General Agreement on Tariffs and Trade (GATT) ruled that price support for many commodities and for export subsidies, especially in the cereals sector, were distorting trade.

strategic perspective sought to examine its role and contribution to the future direction of the Community. The review therefore considered the implications for the CAP of developments in related policy areas, in particular the Single Market, the expansion of the Community through the accession of Spain and Portugal, the emergence of cohesion policy and the growing significance of the Community's environmental framework. By adopting this macro-perspective, it is argued that the Commission radically changed "the overarching terms of the policy discourse", and through the establishment of a multi-disciplinary team under the 'inner circle' of Commissioners, "the locus of authority over policy" shifted from the Agriculture Council to the Commission as policy entrepreneurs and to the Council of Ministers as principal decision-makers.

One of the first tasks for the review was to examine the potential implications for European agriculture of the growing trend towards monetarism evident in some member states. In rejecting any move to neo-liberalism, agricultural exceptionalism, social welfare and rural images were upheld as the principal ideas which would continue to frame the goals of the CAP. Moreover, the rejection of any notion of fully exposing agriculture to market forces only reinforced the symbolism of the CAP as a major force for European integration, thereby strengthening commitment to these values and beliefs. However, as Schneider and Ingram (1997, p53) emphasise, in the policy design or re-design process, goals need to relate to the *current* perception of policy problems which, for the CAP, was radically different from the time of its original formulation. Through its reappraisal of the policy problems and assessment of the continued compatibility of the cognitive framework and the normative values and beliefs, the Commission's review process inevitably lead to a re-evaluation of the policy goals.

The original problems of food security and farm modernisation, equalising farming incomes with other occupations and conserving rural cultural heritage had given way in the 1980s to problems of surplus production, social instability and rural environmental degradation. In this context, firstly, agricultural exceptionalism could no longer be justified in terms of protecting an un-modernised farming sector, but was viewed as essential to the political stability

of the countryside and crucial to maintaining European integration by preventing any retreat towards a re-nationalisation of agricultural policy. Secondly, falling farm incomes ensured that social welfarist values were reinforced in order to address the growing rural social instability and increasing exodus from the countryside. Thirdly, the failure to protect traditional images of the countryside together with growing environmental concerns pointed to increasing incompatibility between the CAP's productivist imperative and the Community's environmental objectives. The value of conserving rural cultural traditions became enmeshed with emerging environmental values to engender a belief that farmers had a lead responsibility in conserving rural landscapes and biodiversity and in reducing the environmental impact of agriculture.

Hence, the policy discourse updated perceptions of the policy problems and introduced a revised normative framework within which the policy goals could be re-formulated. While the original goals/objectives of the CAP, as set out in Article 39 of the Treaty, had remained unchanged, they had never formally been prioritised<sup>77</sup>. As a result, the policy ends were not regarded as static and unchanging. The new perspective on policy problems ensured that the objective of improving farm productivity and increasing production was relegated in significance, while supporting farm incomes and conserving the rural environment assumed greater importance. As a result, policymakers came to view the rural world from a radically different perspective, which provided a very different "account of how the world facing policymakers operates" (Hall 1993, p279). The cognitive underpinnings of policy shifted *from* supporting increased production as a means of facilitating modernisation, raising incomes to comparable levels and retaining the traditional images of the countryside *to* curbing the level of farm output in order to bring production more in line with demand, identifying additional sources of income for farmers and recognising the synergy between agricultural practice and environmental well-being.

The Commission's ideas could therefore be regarded as a basis for a paradigm shift in the CAP, and hence for resolving the crisis and renewing commitment

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<sup>77</sup> In some cases, the goals were not specified in a way that could be readily operationalised (Grant 2010, p24).

among member states to a *common* agricultural policy. However, the Brussels summit in February 1988 was only partially successful in institutionalising the revised normative and cognitive frameworks. While the introduction of new structural measures to support disadvantaged agricultural regions was agreed unanimously, much greater difficulty was encountered in agreeing a new 'instrument logic' for directly supporting farmers' incomes. The menu of optional new instruments agreed by member states reflected a failure to agree on a common approach. At the same time, the powers and responsibilities of the Agriculture Council remained unaffected by the decisions of the summit, ensuring that price and market support prevailed as the main instrument providing income support.

Despite agreement on the Delors I Package and a five year budgetary framework at the Brussels summit, the CAP budget (and the level of subsidy - PSE) continued to rise after 1988 (as illustrated in Appendix 1) as production levels increased, resulting in continued surpluses<sup>78</sup>. The Agriculture Council amended the Budget Stabilisers effectively nullifying their impact on CAP expenditure, while the voluntary measures to encourage extensification had limited effect. The CAP institutions had again proved resilient to attempts to rein in costs. Moreover, in seeking to protect their shares of the CAP budget, many member states, especially France and Ireland, were unwilling to exchange the certainties of the present rules for the uncertainty of budget and structural reform. The strength of feeling among farmers, especially in France, was evident in frequent demonstrations. In the context of the increasingly uncertain economic climate, some member states were therefore unwilling to antagonise an often crucial component of their electorates.

For Delors and the Commission, reducing the share of the Community budget allocated to the CAP was a prerequisite for expanding the range of Community competences and for his "strategy's sequential unfolding from market to state building" (Ross 1995, p232) as the Delors I package was to be succeeded by

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<sup>78</sup> In 1991, butter stocks amounted to 500,000 tonnes and cereals more than 15 million tonnes.

Delors II, after 1992<sup>79</sup>. Greater urgency for CAP reform was provided by the Uruguay Round of the GATT which had begun in 1986, but which had stalled at the end of 1990 over the question of agriculture<sup>80</sup>. Fouilleux (2004, p241) argues that the Community's inability to reach agreement lay with firstly, the problems which inter-governmental decision-making presented for reaching compromises in international affairs, and secondly, the lack of analytical and forward-looking capacities in DG VI.

Delors had recognised the lack of strategic expertise in DG VI during the preparation of the 1988 reforms and consequently, recruited a number of specialists from French governmental organisations<sup>81</sup>. During the year following the 1988 reform, Delors and Demarty (Cabinet Advisor on agriculture) initiated preparation for a further reform of the CAP with "the first full brainstorming in June 1990" (Ross 1995, p110). For Demarty, there were two key issues which needed to be addressed in any future reform; firstly, he argued that the dispute which had led to the collapse of the GATT talks could not be resolved within the "the existing CAP's essential provisions"<sup>82</sup> (quoted in Ross 1995, p111); and secondly, he pointed out that because the CAP subsidises farmers in proportion to their output, 20% of farmers produced 80% of farm output and received 80% of the support. The conclusion was that "the old CAP had reached a point of no return" (Ross 1995, p111).

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<sup>79</sup> Delors, in a speech to the European Parliament in January 1989, stressed the need for the Community to be reconstructed to enable it to undertake additional roles, especially in foreign policy and relations with Eastern Europe (European Community Bulletin, 1989) .... Supplement I.

<sup>80</sup> The United States and the Cairns Group (Australia and New Zealand) had for some time railed against the subsidised exports being 'dumped' on world markets and put pressure on the EC to reduce its border protection and open up European markets. "They denounced the CAP as heavily trade-distorting and consequently as GATT-incompatible" (Fouilleux, 2004 p240).

<sup>81</sup> These included Jean-Luc Demarty who was formerly a member of the agricultural forecasting unit at the French Ministry of Finance and was recruited as the cabinet specialist for agriculture; and, Guy Legras, recruited as the Director General for Agriculture, was another whom Delors had known in his time as French Minister of Finance.

<sup>82</sup> The GATT talks had stalled in December 1990 over the trade in oilseeds which had become a substitute for grain as an animal feed. The US was a major producer and exports to the European Community had grown during the 1980s as oilseeds were not subject to tariffs. However, oilseed production did attract price support which increased as the imports expanded and the price within the Community fell, leading to a substantial expansion of production and dumping on world markets which lowered the price received by American farmers. Demarty is quoted (Ross 1995, p111) as arguing that "the Community has lived under the illusion that it could end these problems by conserving the existing CAP's essential provisions ... All that was needed was to negotiate protection on grain substitutes from the Uruguay Round " in exchange for some reduction in EC subsidies. Demarty added that "this would not work – the Community was asking its trading partners to solve the CAP's problems rather than changing the CAP" (Ross 1995, p111).

The Commission's new reform proposals therefore sought to address the trade-distorting effect of the price and market support mechanisms and to 'modulate' the scale of farm support in inverse ratio with the size of farms<sup>83</sup>. It was intended to introduce a system of 'deficiency payments'<sup>84</sup> which would provide income support as direct public subsidies thus allowing farm output to be traded at real market prices, and hence reducing the trade distorting effects of the current system. It was argued that deficiency payments could be adjusted to encourage different types of farming – extensive or intensive – and could be tied to a system of land set-aside (Ross 1995, p111).

In the autumn of 1990, the Commission began the process of persuading member states and crucially farmers of the need for further reform. As a Commission official concluded "in December 1990, it was a rather strange situation. [At the GATT talks] the Commission was defending for the European Community a policy which she had decided to dismantle" (quoted in Fouilleux 2004, p242). The communicative discourse employed by Delors and Demarty was firmly embedded in the analysis set out in the Green Paper and appealed to "two discussions ... on rural life and the future of European agriculture" (Delors' speech to French farmers, November 1990, quoted in Ross 1995, p111). In this speech, Delors went on to warn of the dangers of continuing with the present CAP, arguing that the "struggle against scarcity now has to be ended, since its policies had come to threaten the very existence of Europe's countryside" and he concluded "the future of the CAP is inseparable from the 'collective good' dimension of the rural world" (Ross 1995, p111; p112). He was equally aware of the need to respect the history of the CAP and its three principles and argued "the equilibrium of the basic triangle had to be maintained, but not as it is. Community preference cannot be permanently ensured at the level it is now" (Delors speech to the Assis du Monde Rural, Brussels 1990, quoted in Ross 1995, p112). Finally, there was a scarcely veiled threat in his conclusion that "the continuation of existing policies even for five more years will lead to results you will regret" (quoted in Ross 1995, p112).

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<sup>83</sup> The proposal was for the scale of support to be reduced on a sliding scale for all farms over 30 hectares in an attempt to redress the growing income differentials between small and large farms.

<sup>84</sup> Deficiency payments had underpinned the system of agricultural support in the UK until its accession to the EC, and were also used in the US.

According to Delors, the Community now had to recognise international interdependence and that “solidarity and rural development were key dimensions of the CAP” (Ross 1995, p112).

Hence, consistent with Blyth’s (2002, p38) model of institutional change, the updated discourse allowed the Commission to re-define the very problems the Community was facing and to re-specify solutions to them. Thus, the Commission, in its agenda-setting role, was able to define the terms of the reform debate. By evoking rural values, the Commission was not simply responding to environmental concerns, but reflecting a more fundamental belief that “the renaissance of the rural world is an issue of civilisation [as rurality is] a basic dimension of the European model of society” (Delors 1991, speech to the ‘National Convention on the Future of France’s Rural Space’ in March 1991, quoted in Ross 1995, p107)<sup>85</sup>. The ideas expressed within this discourse are, as Blyth (2002, p39) maintains, available to be used as weapons “with which agents contest and replace existing institutions”. The threat of a worse outcome for farmers and the perceived risk to European civilisation, together with recognition of “some danger of member states opposed to reform beginning to ‘renationalise’ agricultural policies” (Ross 1995, p111) were all weapons aimed at delegitimising the existing institutions and the ideas that underpinned them. As in Blyth’s (2002, p40) model, the same ideas became the blueprint for institutional re-design, with the new institutions being shaped by the Commission’s analysis of the causes of the crisis and the policy’s ongoing problems. Thus, new institutions were constructed to resolve the trade distortions and provide a basis for a resolution of the GATT talks, to resolve the continual budget overruns, to provide more security for farmers’ incomes and to restore rural Europe through farmers’ adopting “dual roles, as producers and agents for rural development” (Delors 1991, quoted in Ross 1995, p108).

The new CAP institutions were agreed in May 1992, in time to provide a revised basis for negotiation with the United States and its allies on the conclusion of the Uruguay Round. The reform significantly reduced the scope of price and

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<sup>85</sup> The influence of so many French among the key actors in the reform process is perhaps evident in this appeal to cultural norms largely transferred from a society for whom the ‘rural’ has a special place.

market support mechanisms, especially for the most trade distorting commodities. The wheat price was reduced by 29% and was accompanied by compulsory set-aside of 15% of the productive acreage, with farmers being compensated by direct payments<sup>86</sup>. Similarly, the beef price was reduced by 15%, with direct payments as compensation. However, measures to modulate payments according to farm size proved unacceptable to the Agricultural Council, "because it weighted on one member state [the UK]" (interview with DG VI official, quoted in Fouilleux 2004, p244). Compulsory agri-environment measures were also agreed as part of a programme of extensification in which farmers were paid for the 'public good' of maintaining and conserving the rural landscape. As Blyth (2002, p40) concludes, "it is only by reference to the ideas held by the institution builders ... that the constructions attempted make any sense."

The narratives presented above provide substantial evidence supporting the conclusion that, on the basis of Hall's criteria, there was a paradigm shift in the CAP which began with appointment in 1985 of a new Commission under Jacques Delors, was partially implemented in the 1988 reform and was substantially extended in the 1992 reform. Over that period, the original framework of ideas which underpinned the identification of policy goals and the choice of instruments and which structured the interpretation of policy problems was contested and replaced. The role of key actors, under the leadership of Delors, as President of the Commission, was vital for securing the paradigm shift. Their commitment and drive to securing the Single Market and European Union provided both the stimulus and context for reforming the CAP. The new paradigm was shaped both by the wider political context supporting moves towards greater European integration, and by the preferences and experiences of the key political decision makers.

As a result, the cognitive belief that expanding agricultural production (productivism) alone could support comparative incomes and maintain traditional rural life was successfully contested and replaced by recognition that

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<sup>86</sup> The original idea of deficiency payments proved to be administratively too complex and was replaced by direct payments to farmers, administered by national governments. The effect was similar, but provided less scope for varying payments according to type of farming activity.

rural norms could only be upheld within a multidimensional policy framework. In practice, the paradigm shift became evident in the changing role of farmers, the restructuring of farm income support and the greater recognition of the cultural and environmental value of the countryside and rural areas. Farmers exchanged the imperative of intensive production for a multifunctional role. This multifunctional role became a key characterising feature, distinguishing the new paradigm from the old.

## **5. The Transformation of European Rural Policy**

The “radical change in the overarching terms of the policy discourse” (Hall 1993, p279) was largely achieved by extending the boundaries of the CAP debate beyond concerns about agricultural prices and markets to embrace the growing threats to the future of rural Europe. As a result, the paradigm shift came to embody far more than a change in the role of farmers, it signalled a transformation of European rural policy. This section, firstly, explores the parameters which influenced the choice of reform discourse and its focus on rural Europe and secondly, considers how rural policy options shaped CAP reform.

The experience of the failed attempts by Sicco Mansholt, Agricultural Commissioner 1958-72, to introduce structural reforms in 1968 (European Commission 1968) provided Delors and his ‘inner circle’ with the only previous example in which political and technical arguments for substantial reform of the CAP had been assembled. In 1985, the Commission was acutely aware not only of the research and technical arguments deployed in the Mansholt Plan but of the reasons for its failure. Mansholt had initiated his reform by commissioning an in-depth analysis of the impact of the CAP on the future of European agriculture. The research demonstrated that the Community of six member states was by the end of the 1960s already self-sufficient in most foodstuffs, and was producing increasingly high levels of surpluses which were expected to continue expanding over time. Moreover, as the cost of the CAP was much greater than originally envisaged, surpluses would only add further to the demands the CAP was placing on the Community’s budget.

Mansholt's judgement was strongly influenced by this research and the conclusions of a number of independent agricultural economists. Structural measures were proposed as a means of rationalising production and reducing costs, including a substantial elimination of the smallest family farms<sup>87</sup>. The amalgamation of farm holdings would be encouraged (through financial measures) resulting in a significant reduction in the total agricultural population, projected as a loss of up to five million farmers and workers by 1980. Moreover, the Plan concluded that in light of the strong growth of agricultural productivity up to five million hectares of arable land would need to be taken out of production in order to secure an efficient European agriculture (European Commission 1968, para 105). However, Mansholt's analysis was rejected because as Seidel (2010, p18-9) concludes "for the member states, consolidating the old CAP system had priority" and that

The Memorandum [the Mansholt Plan] was doomed to fail as it declared obsolete the founding ideas of the CAP, namely the protection of the European agricultural sector in the post-war economy through price guarantees and Community preference. It was doomed to fail as it projected a modern image of agriculture that went beyond anything that was envisaged in terms of structural policy at the national level at the time, as it envisaged a transfer of additional powers to the European level and finally as the programme would have cost the member states a fortune.

In light of this experience, Delors was determined that constructing reform proposals should not be driven simply by economic analyses<sup>88</sup>. Above all, he rejected Mansholt's thesis that reform of farm structures and the creation of "production units" or "modern agricultural enterprises" (European Commission 1968, para 90-91) should be the key objective of CAP reform. Instead, he sought to align the reform discourse with those values which member states had individually and collectively introduced to the CAP. Cognitively, by accepting the incompatibility between market liberalisation of agriculture and these

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<sup>87</sup> Small farms were generally considered to be too small to generate a satisfactory income and made a limited contribution to total Community production (European Commission 1968, para 36). According to Seidel (2010, p12) "The report also projected the development of the agricultural sector until 1975, concluding that the agricultural population would shrink further and estimating that 514,779 people would need jobs in different sectors and 1,596,052 would retire."

<sup>88</sup> Although a number of influential analyses by agricultural economists, especially in the Memorandum of Sienna, were already widely circulating within the Community, their conclusions are not referenced by the Commission.

values, the Commission's discourse emphasised the need to promote alternative sources of income and employment for farmers and the rural population generally in order to counter the impact of falling incomes, contracting agricultural job levels and a better alignment of production levels with market needs. As Avery informed the House of Lords Select Committee, in principle, the Commission wanted "to give farmers and their family members a chance to stay where they are, but to derive an increasing share of their income from off the farm" (Great Britain 1990, para 177)<sup>89</sup>.

Aware of the failure of the Mansholt Plan, Delors constructed a communicative discourse through speeches and publications which sought to address the potential fears of both member states and farmers and to promote a more secure future for rural Europe. Therefore, Delors broadened the reform debate by re-drawing the link between "rural life and ... the future of European agriculture" and by stressing that "rural incomes should henceforth be based on production and rural development" (November 1990 speech, quoted in Ross 1995, p111-12). Firstly, his speeches, adopting somewhat overly exaggerated phrases, pronounced "the renaissance of the rural world [as] an issue of civilisation"; extolled the virtues of rural traditions as "a basic dimension of the European model of society"; and lauded farmers as "creators of civilisation and gardeners of nature" (Delors speeches, quoted in Ross 1995, p111-12). The intention was clearly to distance the Commission's reforms from the Mansholt Plan and its sole emphasis on the market liberalisation of agriculture, thereby continuing support for the values of the original CAP. Secondly, in order to reinforce commitment to rural development, the Commission published a Green Paper *The future of rural society* (European Commission 1988) in July 1988 to complement the Commission's review of the CAP and the decisions of the February summit in Brussels. According to the former official of the Commission's DG VI (Agriculture), preparation of the 1988 Green Paper was

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<sup>89</sup> Evidence presented to the House of Lords Select Committee by the Arkleton Trust (Aberdeen University) showed that with falling incomes on small farms a range of survival strategies had been adopted: from "desertification or abandonment of farms on the one hand [to] extensive pluriactivity on the other hand" (Great Britain 1990, Volume III, Written Evidence, p336).

undertaken alongside the review process<sup>90</sup>. As Avery stated in his evidence, the Green Paper sought to convince member states and the rural population of the need to “move from a sectoral concept of agriculture to a wider concept of support ... [and to] integrate farming more and more into the general economic picture” and thereby support a shift “from a dominance of agricultural policy towards the creation of a rural development policy” (Great Britain 1990, paras 602; 616; 165 respectively).

The framework for rural development set out in the 1988 Green Paper (European Commission 1988, p5) was guided by three principles:

1. economic and social cohesion;
2. the unavoidable adjustment of farming ... to market conditions, and the implications ... for not only farmer and farmworkers but also for the rural economy in general;
3. the protection of the environment and the conservation of the Community’s natural assets.

The Green Paper which was supported in both the European Council and European Parliament established a new rural policy goal complementing the objectives of the CAP. Accepting that agriculture alone could no longer safeguard the values of rural Europe, the Green Paper, in a clear reflection of cohesion policy, proclaims that:

The promotion of rural development of a kind which maintains – or indeed, in some cases actually restores – the equilibrium without which the Community cannot prosper ... [and] which safeguards ... the essential balance of rural society has become a crucial goal of the Community. (European Commission 1988, p5 & p15)

In contrast to the old paradigm of an agriculturally driven rural policy, the Green Paper recognised the range of different functions which the countryside plays – recreational, ecological, tourism, economic – including manufacturing and service activities, dormitory (European Commission 1988 p5-6) and the diversity of rural settings in which they were performed. The Commission’s strategy was therefore based on encouraging member states to undertake an

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<sup>90</sup> The former Commission official revealed that the Green Paper went through seven drafts, as negotiations the review continued to change and take shape.

integrated, multi-dimensional approach to rural development and tailoring schemes and programmes to local circumstances through local institutions.<sup>91</sup> It also proposed a significant role for integrated regional land use planning, especially in areas, such as rural England, where there was a high level of competition for rural land.

## **6. Conclusions**

Economic studies of the CAP have stressed the significance of the interests of farmers in corporatist institutions (Winter 1996), path dependence (Kay 2006) and the rationalism of member states in protecting their share of the Guarantee Fund (Ackrill and Kay 2005). This Chapter has adopted an alternative approach which places the emphasis on the politics of change and specifically on how the Commission and member states came to reach agreement on the need for a common policy and its subsequent reform, complemented by the design of its 'instrument logic' and policy programmes. The politics of CAP change are revealed through narratives of the original design of the CAP and the pressure for change, and in the discourses which were used "to overcome the entrenched interests, institutional obstacles, or cultural blinkers to change" (Schmidt (2002a, p209). The analysis has revealed the significance of policy ideas in shaping the process and outcome of CAP change, in particular the constraining influence of normative values embodied in the original design of the CAP and the opportunities for change offered by challenges to its cognitive framework.

Contrary to the conclusions of other studies of the CAP, it is argued that the stimulus for a common policy cannot simply be ascribed to economic logic. The

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<sup>91</sup> The Green Paper identifies "three standard problems" associated with different types of rural area and requiring different types of response (European Commission 1988, p6-8). The early drafts of the Green Paper prepared by the former official of DG VI contained as many as seven different standard problems, which were however considered too prescriptive for member states to accept. The emphasis on local rural development was described in the Green Paper as "making the most of all the advantages that the particular rural area has: space and landscape beauty, high quality agricultural and forestry products specific to the area, artistic heritage, innovative ideas, availability of labour, industries and services already existing, all to be exploited with regional capital and human resources" (European Commission 1988, p48). The Community Initiative for rural areas, LEADER, was designed to support local programmes in the most disadvantaged rural areas, but in an attempt to stimulate local rural development, required the establishment of Local Action Groups composed of "leading figures in the local economy and society" (European Commission, Council Regulation 2081/92; 14 July 1992).

discourse which generated the ideas for a common agricultural policy also served to legitimise the normative values which shaped the original policy design and the response to subsequent reforms (successful and unsuccessful). Critically, it emphasised rural rather than economic values. Hence, the crisis generated by budget overruns and surplus production in the 1980s needs to be interpreted as a threat to rural values rather than a failure of market intervention.

It was the Spaak report which articulated the essential rural ideas of the original six member states and provided the normative context for the Commission to generate solutions to policy problems. Consequently, as Schmidt (2002a, p216) identifies, the discourse justifying a policy programme has to demonstrate the relevance, applicability and coherence of its cognitive dimensions. The CAP reform discourse therefore had to show firstly, its relevance by accurately identifying the problems to be solved; secondly, its applicability by identifying how problems were to be solved; and finally, its coherence by making the concepts, norms, methods and instruments appear consistent and not incompatible with other policy problems. The cognitive framework of the original CAP defined rural problems as a consequence of a lagging agricultural sector, with their solution founded upon modernisation and increased production. Reform became necessary because the cognitive framework no longer resonated with the budgetary problems and surpluses. Delors' discourse of reform redefined the policy problem as the incompatibility of productivism and rural values, which could only be solved by diversifying the sources of income available to farmers. The increasing inconsistency of the CAP with other Community policy areas was resolved by broadening the scope of the policy and re-interpreting rural values in light of developments in other policy areas, especially environment and the Single Market.

Although the beginnings of the paradigm shift in the CAP may be related directly to the appointment of a new Commission under Jacques Delors, the emergence, acceptance and development of the new ideas took place over several years. As Hay argues in the context of the development of Thatcherism, although it represented a strategic moment in the evolution of social and

political systems “this is not to suggest that the structures and institutional configurations of the new (state) regime emerge instantaneously” (Hay 1996, p146). The institutions supporting the reformed CAP emerged slowly: initially those measures which supplemented existing programmes, such as the Emergency Programme adopted in 1985 and Structural Fund Programme in 1988, were largely uncontested. Other changes, especially to price and market support mechanisms, were resisted and only gained support in a series of piecemeal reforms from 1988 to 2003. The paradigm shift set in motion a debate among members states of the role, purpose and direction of the CAP, which continued for over a decade and many would suggest remains ongoing (Greer 2005).

## **Chapter 6**

### **The Post-war Development of UK Rural Policy**

#### **1. Introduction**

This Chapter explores the post-war development of rural policy in the UK, firstly by comparing its policy path with the process leading to the formulation of the CAP, and secondly, by assessing the extent to which the CAP induced policy convergence in the period to 1992 thus limiting opportunity for the UK to retain a distinctive national rural policy. The previous Chapter highlighted the significance of cultural assumptions in Europe which have bound the development of agricultural policy to a defence of rural civilisation. Likewise, this Chapter explores the influence of the interaction between policy legacies, economic forces and socio-cultural values on the rural and agricultural policy processes in the UK.

The dominant analytical framework of studies of UK agricultural policy centres on the ideas of corporatism and policy networks, and in particular on the stable relationship between the agriculture department concerned with the well-being of this single economic sector and the formal association representing farmers' interests. Marsh and Smith (2000, p6) argue that "networks involve the institutionalisation of beliefs, values, cultures and particular forms of behaviour ... and simplify the policy process by limiting actions, problems and solutions." Hence, it is contended that the network membership came to hold shared views while other interests were excluded. Smith (1993, p101) maintains that "agricultural policy is seen as the paradigm case of a closed policy community" which is characterised by a restricted membership and the positive exclusion of other groups and interests; a consensus and shared values on policy preferences and ideology; frequent interaction; specialist knowledge; resource dependency; (Smith 1990, p7; Rhodes 2006, p427).

It has been suggested that such closed policy communities are associated with incremental adaptation as community learning reinforces the institutionalisation of the network (Marsh 1998, p197). Hence, the agricultural policy community is said to have induced a path dependent process reinforcing a belief in

agricultural expansion. Moreover, Smith (1993, p102; 103) suggests that as the policy community held “a common view of the goals of agricultural policy” and by excluding other interests it effectively depoliticised the policy, thus “preventing the questioning of agricultural policy for most of the post-war period” (Smith 1990, p220). However, in the long running debate about the explanatory capacity of the policy network concept, “the agricultural sector has provided the empirical battlefield for much of this debate” (Greer 2005, p25). Dowding (2001, p90) has suggested that the concept is able to provide a good descriptive history of the formulation and implementation of agricultural policy, but “it cannot show which causal factors are most important.” Moreover, it has been suggested that there is a lack of “explicit linkage between network models and models of the policy process” (Peters 1998, p25). Specifically, the Chapter explores the role of the policy community in both policy formulation and implementation stages, but in so doing places the analysis within the context of the emergence of the rural policy institutions in the post-war period.

It is a conclusion of many political studies of European agriculture that the CAP has undermined “the capacity of states to construct their own national policies” (Greer 2005, p1). For example, Richards and Smith (2002, p150) conclude that “in a range of areas, especially agricultural policy and trade policy, domestic policy has effectively disappeared with decisions being made in the Commission and Council of Ministers.” More specifically, Marsh et al (2001, p217) argue that there is “no national agricultural policy” in the UK. Therefore, the implication is that state capacity and national policy competences have been hollowed out (Greer 2005, p1). The Chapter examines their contentions in light of the institutional change of the 1980s and explores the degree to which the interaction between UK and Community level policy institutions has eroded the distinctiveness of the national rural policy framework. The Chapter examines the outcomes of this interaction through conceptualisations of the Europeanization process.

The Chapter begins by outlining the impact of the crisis of the Second World War on the construction of post-war rural policy institutions. The following section presents an account of rural policy development in the immediate post-

war period and contests the significance of the closed agricultural policy community in explaining the commitment to agricultural expansion. The Chapter then provides an analysis of the impact of the EC and the CAP on UK rural policy and agricultural development. Finally, the Chapter explores the impact of the change in state regime under the Thatcher government and the conflict between neo-liberal and neo-conservative ideas.

## **2. Initial Construction of Post-war Rural Policy Institutions in the UK**

It is widely accepted that the crisis created by the Second World War was a catalyst for a transformation of the state regime and, as in much of Western Europe, a reassessment of the role of agriculture in the post-war reconstruction. Policy making and institutional design of a single sector does not take place in isolation but “in a context of the constraints of economic, social, geographical, historical and cultural limits”, within a domain “framed by existing and earlier policies, decisions, implementation, evaluation and analysis” (Parsons 1995, p207; 82). It is argued that, compared with states in Western Europe, rural policy development in the UK in the immediate aftermath of the war proceeded along a very different path, reflecting historical and cultural differences in the value placed on agricultural development and rural life, and hence led to distinctively different interpretations of rural issues. Moreover, rural policy making, and in particular the contribution of agriculture to the national economy, was undertaken in the emerging context of the post-war settlement and the immediate crises created by food shortages and the shortage of foreign currency.

### *The post-war settlement*

Many political scientists have argued that the war created a new agenda “forged around a bipartisan consensus” on the need for full employment, welfare reforms and interventionist fiscal and industrial policies (Kerr 1999, p68). The emergence of a distinctive state regime at this time has been widely captured under the terms ‘Keynesian welfare state’ or ‘welfare capitalism’ (Hay 1996, p49). Kavanagh and Morris (1989, p3-4) argue that the consensus developed around the essential institutions of welfare capitalism in two particular senses. Firstly, there was a common style of government which

emphasised consultative arrangements between the government and major economic interests; and, secondly, there was an adherence to a broad set of policy themes, including full employment, a mixed economy with state ownership of key industries, a broadened role for the state in economic management, the involvement of trade unions in policy-making, a welfare state based on the Beveridge principles of a national safety net, maintenance of an Atlantic alliance in foreign policy. In summary, the consensus comprised "a set of parameters which bounded the set of policy options" (Kavanagh and Morris 1989, p13) and put particular emphasis on "social democratic ideas in helping politicians of both parties ... to come to embrace a coherent policy paradigm" (Kerr 1999, p75). However, other authors have contested "the unity and coherence of the ideational paradigm ... the actual impact which statist ideas made upon the implementation of policy, and the extent to which the dominant ideas of the period differed from pre-war and post-Keynesian beliefs" (Kerr 1999, p75). This section explores how and to what extent welfare capitalist ideas came to influence the shape and development of rural institutions, to provide a framework for the implementation of rural policy and to generate political consensus around a new rural paradigm.

The development of 'welfare capitalism' has been associated with the emergence of "a modernist ideology – a belief in a better future" (Richards and Smith 2002, p72) which was given specific expression by government in its decision in 1940 to initiate a formal process to generate "systematic thought about the shape of society after war" (Hancock and Gowing 1949, p534). Richards and Smith (2002, p68) argue there was a "tacit contract" to mobilise the population for war in return for the promise of a New Jerusalem - a kind of "justice deferred" (Goodin and Dryzek 1995, p49). Out of this process in which civil servants, academics and leading experts participated emerged the Beveridge Report on the future welfare state, together with a series of other reports on post-war policy and its implementation which had particular significance for rural policy.

The future of rural Britain was considered firstly as part of a reassessment of the future role of farming and secondly in the context of ideas about post-war reconstruction and the planning of urban areas. Wartime conditions exposed the lack of an effective agricultural policy and the inability of the nation to feed itself - at the outbreak of War, Britain's farmers supplied less than 50% of the country's food requirements. The pre-war liberal regime had maintained a longstanding commitment to free trade policy (including a Commonwealth preference), a key assumption of which was the exchange of manufactured goods for food imports. Hence, free trade exposed Britain's farmers to cheap imported cereals and animal feedstuffs and was largely responsible for a prolonged agricultural depression<sup>92</sup> and low levels of investment and productivity. The consequent reductions in rents and income from farming, together with the introduction of death duties, resulted in the break-up of many of the centuries-old large estates<sup>93</sup> and the reversion of large tracts of farmland to pasture.<sup>94</sup> The inter-war years saw the emergence of an owner-occupied commercial farming sector<sup>95</sup> which underpinned a significant expansion of the National Farmers' Union (NFU) and its role as the main representative of the agricultural industry in the policy process (Winter 1996, p99). However, under the pre-war liberal regime the scope of agricultural policy was heavily constrained until the early 1930's when concern for ensuring home production in case of war stimulated a range of schemes to improve marketing<sup>96</sup> and to subsidise a range of products<sup>97</sup> (Smith 1990, p74).

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<sup>92</sup> Some authors (e.g, Winter 1996, p78) argue that the depression began in the 1870s and with the exception of the period of the First World war continued almost unabated to the outbreak of the Second World War.

<sup>93</sup> "In the years immediately before and after the First World War, some 6-8 million acres, one quarter of the land of England, was sold by gentry or grandes" (Cannandine 1990, p111).

<sup>94</sup> The area of cultivated farmland in England declined from 3.4m hectares(ha) in 1900 to a low point of 2.7m ha in 1930, compared to the post-war revival to 3.9m ha in 1950 (Defra 2010).

<sup>95</sup> The proportion of owner-occupied farm holdings increased from 14% in 1922 to 40% in 1950 (MAFF 1968).

<sup>96</sup> Provision was made in the Agricultural Marketing Acts of 1931 and 1933 for the establishment of marketing boards – the Potato Marketing Board, Pigs Marketing Board and most successfully the Milk Marketing Board.

<sup>97</sup> The Wheat Act 1932 introduced the concept of a deficiency payment which covered the difference between the actual price of wheat and a guaranteed price as a safeguard for home producers.

Drawing on the lessons of this pre-war legislation and the experience of implementing support schemes in partnership with the NFU and other farming unions, the War Cabinet from the outbreak of war introduced a system of fixed prices and assured markets for all farm produce. Hence, as Winter (1996, p100) concludes “the seeds for an interventionist agriculture with the NFU as a major partner had been sown and taken root”. A discourse about the long-term merits of agricultural exceptionalism as the means of securing food supplies began to circulate within government and among farming and rural interest groups. In November 1940, the government declared “the importance of maintaining ... a healthy and well-balanced agriculture as an essential and permanent feature of national policy” (Hancock and Gowing 1949, p540)<sup>98</sup>. The NFU and other groups issued a declaration in 1944 on the preferred structure of post-war agricultural policy institutions, including price support, grant-aided land improvement and credit facilities. Shortly after the 1945 general election, Tom Williams, Minister of Agriculture in Attlee’s Labour government, recognised agricultural exceptionalism as the cornerstone of British rural policy by committing the government “to establish as an essential and permanent feature of [our] policy for food and agriculture, a system of assured markets and guaranteed prices for the principal agricultural products’ (Williams, quoted in Grant 2005, p13).

Agricultural exceptionalism was formally institutionalised in the Agriculture Act 1947, the key objectives of which were:

Promoting and maintaining, by the provision of guaranteed prices and assured markets ... a stable and efficient agricultural industry, capable of producing such part of the nation’s food and other agricultural produce as it is desirable to produce in the United Kingdom, and of producing it at minimum prices consistently with proper remuneration and living conditions for farmers and workers in agriculture and an adequate return on capital invested in the industry. (Great Britain 1947, section 1).

Thus, the Act also recognised the political implication of price support for income levels<sup>99</sup> and was the first in Western Europe to introduce such a welfare

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<sup>98</sup> In 1944, the War Cabinet made a further commitment by agreeing that this wartime system should be maintained until after the end of the 1947 harvest.

<sup>99</sup> The provision in Section 1 of the 1947 Agriculture Act for the ‘proper remuneration’ of farmers was imported directly from the 1933 Agricultural Adjustment Act in the United States which obliged Congress to establish an equal relationship between prices and for agricultural products and the purchasing power of farmers (Knudsen 2009, p44).

provision, comparable to the legislation in West Germany. While 'proper remuneration' was not defined in terms of other occupations the parliamentary debate argued for 'fairness' and 'an appropriate standard of living' for farmers (Milward 2002, p174). The Act also specified the governance arrangements for the implementation of post-war agricultural policy by committing government to an Annual Review of the economic conditions of the sector and of prices for individual commodities. By requiring consultation with "the interests of producers in the agricultural industry" (Great Britain 1947, section 2), the Act institutionalised the role of farmers in agricultural policy. In practice, farmers' interests were represented by the NFU<sup>100</sup> which as a result came to occupy a privileged position alongside the Ministry of Agriculture within the policy apparatus of the state. This "unusual provision" (Grant 2005, p9) has been widely recognised as "the paradigm case of a closed policy community" (Smith 1993, p101).

Complementing the development of post-war agricultural policy, a parallel process was established to consider the implications of an expansion of agricultural production for rural land use and rural society. The terms of this review and the political context in which it was conducted had a strong and lasting influence on rural policy in Britain. In 1940, the Barlow Commission (Great Britain, Ministry of Works 1940) recommended an improved (and compulsory) planning system to ensure greater control over strategic and local development together with the effective nationalisation of development rights. In order to explore the potential conflict between Barlow's proposals for re-balancing regional development (including urban renewal) and agricultural expansion, a Committee under the chairmanship of Lord Justice Scott was appointed in 1941 "to consider the conditions which should govern building in country areas consistent with the maintenance of agriculture having regard to the well-being of rural communities and the preservation of rural amenities" (Great Britain, Ministry of Works 1942, para 2).

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<sup>100</sup>The NFU was responsible for drawing together opinions and views from the full range of different commodity producers and representing them to the Minister. This process was supported by County Committees which included representatives of the County Landowners Association (CLA) and the National Union of Agricultural Workers (NUAW).

Scott's report argued that the future well-being of rural communities would be intrinsically linked to the performance of the agricultural industry and therefore the commitment to agricultural expansion offered a major opportunity for a revival of rural prosperity even to the levels enjoyed in urban areas. It therefore recommended that the planning system should protect farmland from urban encroachment and from all non-agricultural development, as "every agricultural acre counts" (Great Britain, Ministry of Works 1942)<sup>101</sup>. Moreover, the Committee proposed that agriculture should be exempt from planning controls. However, in a dissenting, minority report, Dennison (1942) challenged the economic rationale of these assumptions, arguing that the rural community was no longer an agricultural community. Anticipating that the prosperity of farming would depend on increased efficiency and consequently fewer farm workers, he contended that industry in the countryside should be encouraged to offset the declining agricultural workforce and that farmers should be paid to preserve rural amenities.<sup>102</sup>

Further, the Scott Committee saw no contradiction between increased agricultural production, including the improvement of un- or under-used land, and the preservation of the rural landscape. The Report argues that "farmers and foresters are unconsciously the nation's landscape gardeners; there is no antagonism between use and beauty" (Great Britain, Ministry of Works 1942), thereby suggesting that it was possible to have "the best of all worlds – traditional mixed farming, rural living standards raised to urban levels and the traditional landscape" (MacEwan and MacEwan 1982, p10). The Report also reflected the rapid growth of interest in the pre-war era in the conservation of the countryside and the emergence and expansion of rural interest groups,

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<sup>101</sup> L Dudley Stamp (Vice- Chairman of the Committee and principal author of the Scott Report) argued that "industry should be encouraged first to make use of vacant or derelict sites in urban areas and that where industries are brought into country areas they should be located in existing or new small towns and not in villages or the open country" (Stamp 1943, p18).

<sup>102</sup> Dennison was the only economist on the Committee and his minority report generated a war of words with other members of the Committee. Stamp dismissed his minority report, saying that "the only dissentient note came from a professor of economics trained in the laissez-faire school" (Stamp 1943, p16). The *Economist* (1942) in a leader article described the Scott Report's assumptions and recommendations as an "unusually fine specimen of vague, romantic flubdub; the kind of muddle-headedness that is the curse of well-meaning planners and a vice of vested interests".

including the Campaign for the Preservation of Rural England (CPRE)<sup>103</sup>, the National Trust and Wildlife Trusts<sup>104</sup>. Moreover, the Report recognised the increasing demands for improved access to the countryside for recreation<sup>105</sup>.

The Scott Report was modernist in the sense of developing a romanticised vision of rural Britain, reflecting traditional values expressed by Stamp (1943, p18) as “the innate love of our native land” and “the heritage of the whole nation,” while calling for controlled access to the countryside through the designation of footpaths, national parks and nature reserves together with the provision of camp sites and tourist accommodation. The Report therefore expressed in some detail a set of rural norms and beliefs which recognised the interrelatedness of the economic, social and cultural dimensions in rural life. Its influence has been long lasting: as Curry (2008, p1) argues, “the dominant culture in countryside planning [was] born of the exceptional and abnormal historical conditions of a wartime economy.”

The strong commitment to agricultural exceptionalism ensured that that the principal recommendations of the Scott Report were formally institutionalised within the legislative framework summarised in fig. 6.1. The 1947 Town and Country Planning Act provided for the exemption of agriculture from land-use planning control, the protection of farmland from urban encroachment and the requirement for the Ministry of Agriculture’s approval for any development on the best farmland. The 1949 National Parks and Access to the Countryside Act established agencies for designating and managing national parks and areas of outstanding natural beauty (the National Parks Commission), for the establishment and maintenance of nature reserves (the Nature Conservancy Council) and for public access to the countryside (largely the responsibility of local planning authorities).

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<sup>103</sup> The CPRE was founded in 1926 by Sir Patrick Abercrombie to campaign against urban sprawl and ribbon development.

<sup>104</sup> Clare Griffiths (2008, p14) concludes that in the inter-war period “issues of preservation increasingly brought the subject of the countryside within the scope of government action ... Ruralism was entering the sphere of public policy.”

<sup>105</sup> The mass trespass of Kinder Scout in the Peak District in 1932 was perhaps the most well documented protest by ramblers, denied access to the countryside. For the Labour Party, it verified its narrative of the dispossession of the countryside from the people of Britain (Griffiths 2007, p29) with the result that ‘access to the countryside’ became an important rural policy issue, especially for the Left.

Fig. 6.1: Post-war rural policy legislation

Agricultural Legislation	Rural & Countryside Legislation
<i>Hill Farming Act 1946</i>	<i>Forestry Act, 1945</i>
<i>Agriculture Act, 1947</i>	<i>Town and Country Planning Act, 1947</i>
<i>Agricultural Wages (Regulation) Act 1947</i>	<i>National Parks and Access to the Countryside Act, 1949</i>
<i>Agricultural Marketing Act, 1949</i>	
<i>Livestock Rearing Act, 1951</i>	

This complex web of legislation formally institutionalised a rural policy paradigm which had emerged as a response to wartime food shortages. Its emphasis was almost wholly on maximising domestic agricultural production by providing farmers with the confidence of guaranteed prices and state managed markets, and with substantial increases in incomes.<sup>106</sup> The Scott Report provided the paradigm with the logic that agricultural expansion would be the essential catalyst for rural regeneration and was wholly compatible with protecting the countryside.

### *The post-war rural policy settlement*

This section firstly outlines the development and consolidation of the post-war rural policy settlement over the period to the UK's first application to become a member of the European Community in 1961. It also considers Smith's (1990) thesis that the closed agricultural policy community by excluding other interests created inertia, not only allowing the NFU to maintain its privileged position in the policy process, but preventing alternative policies from being considered (Smith 1990, p217). Finally, it presents an alternative explanation of the path dependency of post-war rural policy by examining the ideas which framed the

<sup>106</sup> Bowers (1985, p75) notes that "the three-fold rise [in farm incomes] of the wartime was sustained and consolidated" in the immediate post-war period.

strategic context in which actors responded to changes in the policy environment.

The close relationship between the Ministry of Agriculture and the NFU and the ideas underpinning the post-war rural policy were already well developed before the 1945 election. As Hay (1996, p39) concludes, in general "it was the war Coalition not the Attlee Government that was the crucible in which Britain's post-war settlement was forged". The task of the Labour government was therefore to assess how and to what extent these new tools could be used in peacetime to meet the nation's food needs. It had been the Labour Party's intention to return to the traditional policy of importing food from the cheapest sources overseas (Marsh and Smith 2000, p14).<sup>107</sup> However, the policy environment in 1946/7 presented major political challenges to the incoming government. Firstly, agriculture, especially in Europe, was relatively slow in rebuilding productive capacity with resultant worldwide food shortages. Secondly, a shortage of foreign currency in the UK limited its ability to import food supplies, especially from the United States.

The government was therefore forced to appeal to farmers to support a further substantial expansion of production in order to reduce the need for food imports. Smith (1993, p108) maintains that "the programme [of expansion] was initiated by the Treasury and not the Ministry of Agriculture"<sup>108</sup> as increased domestic production would alleviate pressure on the balance of payments and help to maintain the fixed exchange rate.<sup>109</sup> Maintaining the international role of sterling was regarded as vital by an influential political lobby whose principal belief was that "Britain's international position and responsibilities constituted the primary policy objectives" (Blank: quoted in Grant 1987, p81). Indeed, all post-war governments until the 1980s gave high priority to managing the

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<sup>107</sup> Marsh and Smith (2000, ff31) base their assertion on memoranda and correspondence in the Ministry of Agriculture from 1946.

<sup>108</sup> Smith (1993, p109) quotes from a memorandum from a Treasury official to a Ministry of Agriculture official "we are now in the position where agriculture will be under fire for not expanding enough ... in these circumstances the time may come when certain advances which have hitherto been regarded as visionary may become practical politics".

<sup>109</sup> Ingersent and Rayner (1999, p133) argue that it was easier and more certain to improve the balance of payments by reducing imports than relying on exporters to adapt to the new requirements of new overseas markets.

sterling exchange rate and Kerr (1999, p78) maintains that “the consensus on domestic policy was, in many ways, overshadowed by the persistent hegemony of the sterling lobby.”

It was in this context that the Treasury requested the Ministry of Agriculture to organise the expansion of production, as the memorandum from a Treasury official to a Ministry of Agriculture official exhorts:

we are now in the position where agriculture will be under fire for not expanding enough ... in these circumstances the time may come when certain advances which have hitherto been regarded as visionary may become practical politics (quoted in Smith 1993, p109).

For Tom Williams, Minister of Agriculture, “the essential first need was to maintain the momentum of food production achieved during the war” (quoted from his memoirs by Grant 2005, p9). However, meeting the further objective of supporting the balance of payments by facilitating import substitution put added pressure on the policy community to maximise domestic production. Farm prices were initially fixed at a high level, not only to provide farmers with the incentive to raise output but to encourage them to invest, i.e., “price guarantees included an allowance for capital injection” (Ingersent and Rayner 1999, p130-1). At this time, “the output objective comprised the ... expansion of agricultural production virtually regardless of either the commodity composition of the extra output, or the costs and efficiency of expansion” (Ingersent and Rayner 1999, p130).

By 1954, output of some commodities exceeded market demand while overseas supplies improved to the extent that food rationing was ended. In this changed policy environment, “there was soon a marked shift in the objectives of British agricultural policy away from the unselective expansion of output which had characterised the immediate post-war period” (Ingersent and Rayner 1999, p132). More selective expansion of those commodities<sup>110</sup> with an import-saving potential was promoted. The Conservative government introduced a new Agriculture Act in 1957 to improve the effectiveness of agricultural policy, to better reflect market conditions by improving farmers’ marketing efficiency and

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<sup>110</sup> The substitution of imported animal feedstuffs received considerable emphasis.

to curb public expenditure on agricultural support. It made provision for the annual price review to consider decreases as well as increases in support prices and embodied the growing practice of replacing fixed guaranteed prices with minimum guaranteed prices backed by deficiency payments. Moreover, the Conservative government sought to shift the emphasis of support from guaranteeing prices to supporting improvements in productivity.

The policy shift was therefore characterised by a move away from “general expansion regardless of efficiency to expansion combined with improved efficiency” (Ingersent and Rayner 1999, p131). The Treasury encouraged a range of measures to support efficiency including subsidies for inputs, e.g. fertilisers, higher grants and subsidies for plant and machinery and for the restructuring of farm holdings, through amalgamations and the realignment (and removal) of field boundaries. Supporting the introduction of the Agriculture Bill in 1957, the Minister of Agriculture, Fisheries and Food<sup>111</sup> stated that “the object of the Bill is to promote the long-term efficiency and competitiveness of the industry. It is not a measure to enable less-successful farmers to stay in business” (HC Deb 1956-7, c807). Much of the Debate on the Second Reading of the Bill dwelt on the efficiency measures, e.g. the Minister emphasised that “agricultural development must concentrate on ever-improved efficiency and reducing the unit costs of production” (HC Deb 1956-7, c817). The shift to a more market oriented or liberal policy<sup>112</sup> marked a significant divergence from the social welfarist approach adopted by the original six member states of the EC, further entrenched by the Minister’s withdrawal of support for “the less successful farmers” – largely those on the small, family farms to which so much emphasis was directed in the CAP.

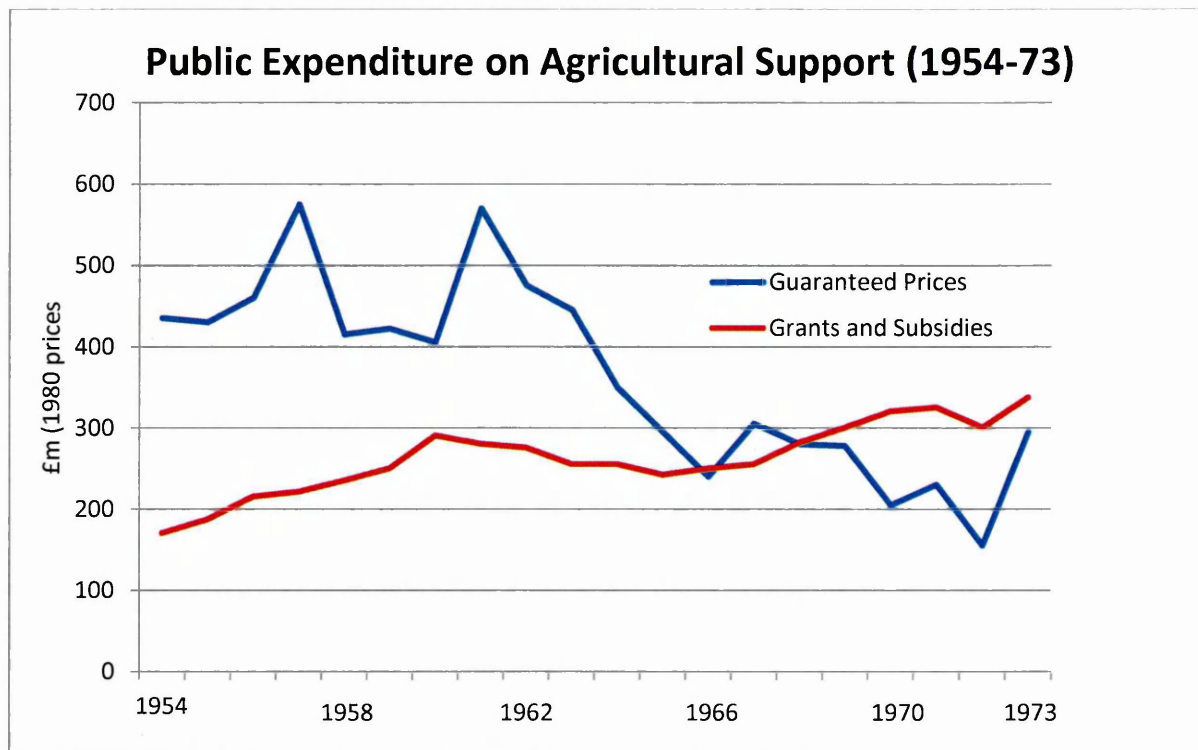
The change of emphasis in agricultural support policy from guaranteed prices to grants and subsidies is illustrated in fig. 6.2.

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<sup>111</sup> The Ministry of Agriculture became the Ministry of Agriculture, Fisheries and Food (hereafter, MAFF) in 1954 as rationing was abolished and state trading of farm, output through the Ministry of Food came to an end.

<sup>112</sup> The Labour MP for Northampton, R. Paget, in the Debate on the Second Reading of the 1957 Agriculture Bill berated the Conservative government for “pursuing a liberal policy and a liberal Bill” (HC Deb 1956-57, c842).

Fig. 6.2 Public Expenditure on Agricultural Support 1954-73



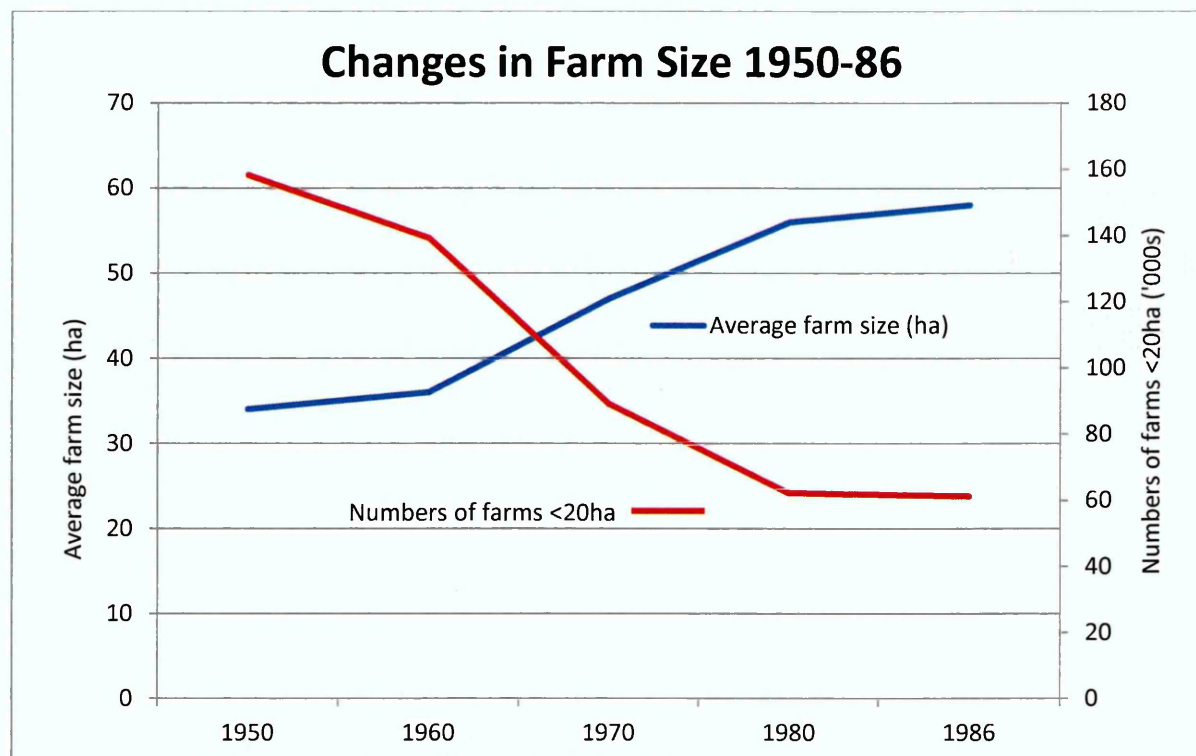
Source: Bowers (1985, p68)

The Agriculture Act 1957 made specific provision for supporting greater efficiency through increased mechanisation, modernisation of farm buildings and perhaps most significantly the amalgamation of farm holdings with a view to "securing the formation of economic units"<sup>113</sup> (Great Britain 1957, s16(1)). The emphasis on economies of scale resulted in "an inexorable rise in farm size" (Winter 1996, p115). The average size of farm holdings which had been relatively stable during the 1950s increased by more than 30% from 36ha in 1960 to 47ha in 1970 as fig 6.3 illustrates.<sup>114</sup>

<sup>113</sup> An economic unit was defined in the Act as "a unit capable of yielding a sufficient livelihood to an occupier reasonably skilled in husbandry" (Great Britain 1957, s16(5))

<sup>114</sup> The trend towards larger farms resulted on the one hand in a reduction in small farms (<20ha) as a proportion of the total - from 53% in 1950 to 43% in 1970 - and on the other an increase in the proportion of large farms (>100ha) - from 6% in 1950 to 11% in 1970.

Fig. 6.3: Changes in Farm Size in the UK, 1950-86



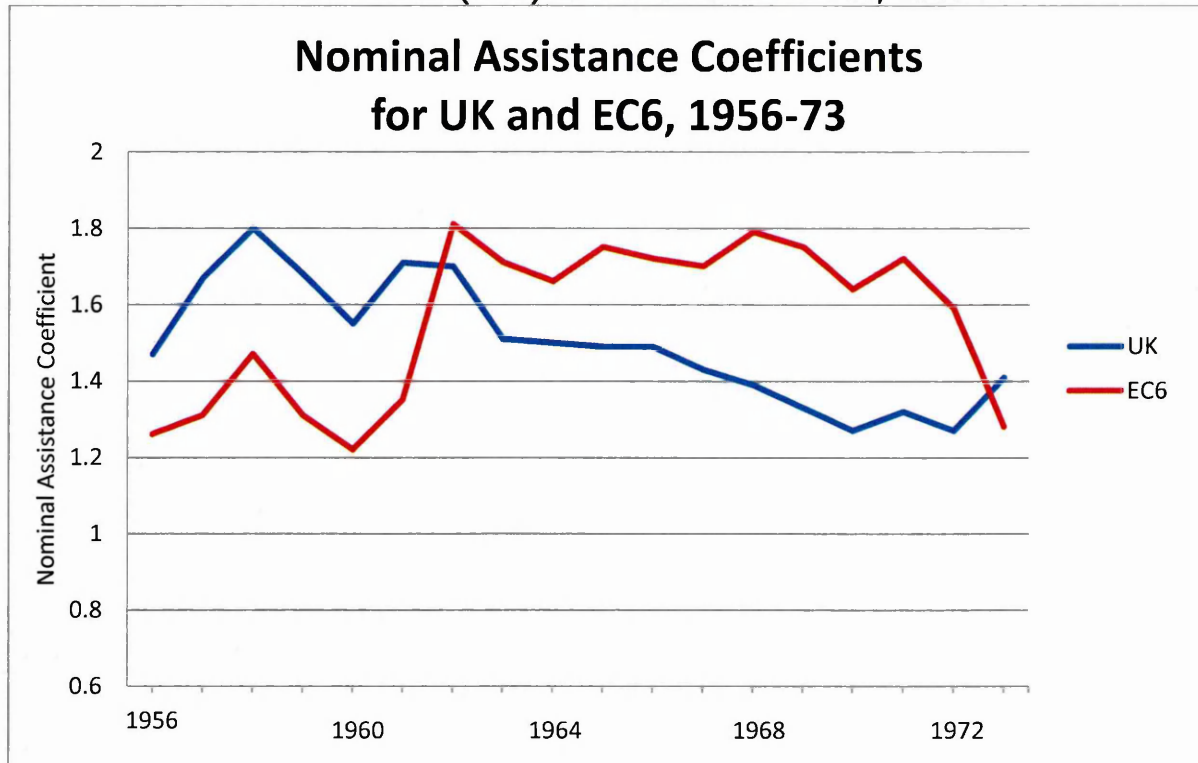
Source: Britton (1985, p20)

An important objective of the emphasis on greater economic efficiency was to secure a reduction in public expenditure on agricultural support. From 1956, the level of financial assistance to the agricultural sector (measured in terms of the total value of transfers to agricultural producers) declined each year until the UK joined the European Community in 1973, as fig.6.4 illustrates. Moreover, it also shows that immediately prior to the establishment of the CAP the level of subsidies and transfers to UK producers was not only significantly above the average levels in the EC<sup>115</sup> but was equivalent to more than half the value of farm output at world prices.

<sup>115</sup> In the UK the value of transfers to producers was higher than in each of the six original member states in every year between 1956 and 1961.

Fig. 6.4:

Nominal Assistance Coefficients (NAC) for the UK and the EC6, 1956-73



Source: Spoerer (2010, p161-2): definitions are set out in Appendix 1.

However, despite the shift in policy, increasing pressure on public expenditure arose from a range of external problems. A fall in world prices resulted in increases in deficiency payments being paid to British farmers. By 1958, MAFF decided that "on present prospects no further expansion on gross output was required" (MAFF, quoted in Bowers 1985, p70) and guaranteed prices were cut for a number of commodities to the consternation of the NFU. The problem was resolved by introducing import controls for some commodities which improved market conditions for farmers but also effectively shifted the burden of support from the taxpayer to the consumer.

#### *The role of the policy community in explaining agricultural policy outcomes*

Smith's seminal work on the development of the agricultural policy community (Smith 1990) has had a major impact on the interpretation of post-war agricultural policy and has also contributed significantly to the literature on policy networks (e.g. Smith 1993; Marsh 1998; Marsh and Smith 2000). Marsh and Smith's (2000) development of a dialectical model of the role of policy

networks in explaining policy outcomes has not only reinforced the central role of the closed policy community in narratives of agricultural policy, but has tended to exclude the possibility of other explanations of the development of post-war agricultural policy.

Marsh and Smith (2000, p12) argue that it was the demands of war which created the network as the need for increased food production could only be achieved with the support of farmers. Therefore, the NFU, representing farmers from across different parts of the country and from different commodity groups, was well placed to engage in the policy process alongside the Ministry of Agriculture. The wartime practices became institutionalised so that debate on the post-war structure of agricultural support and the decision to provide a long-term commitment to price guarantees was "the consequence of actions within the network" (Marsh and Smith 2000, p14). Hence, "the network shaped choices and choices reinforced and institutionalised the network" (Marsh and Smith 2000, p14). Farmers' role in the network and in the development of agricultural policy was formalised in the Agriculture Act 1947. Moreover, when the balance of payments crisis reiterated the need for agricultural expansion, the sanction of the Treasury for the policy enabled actors in the network to further their interests, especially the NFU. Marsh and Smith (2000, p15) therefore argue that from that moment the expansionist policy could not be challenged and the network institutionalised beliefs about expansion which then shaped the future direction of policy.

Marsh and Smith's (2000) dialectical perspective on the structure of the network and the agents operating within it, and the relationships between the network and the context has strong similarities with constructive institutionalist analysis. They argue that the interests of government, the Ministry of Agriculture and farmers were constituted through the development of the policy community and its relationship to the external context (Marsh and Smith 2000, p15). Therefore, because of the complex interaction between the interests of these actors, they contend that there was no single causal relationship leading to agricultural policy, but rather the policy community provided "the institutional means through which to deliver the policy, reinforcing the belief that there was

no alternative to agricultural expansion [and] no need to include other actors ... even the Treasury" (Marsh and Smith 2000, p16). Once institutionalised, perceptions of agricultural policy were unchallenged, as belief in expansion "reinforced a closed policy community which was then unable to consider alternatives" (Marsh and Smith 2000, p16).

### *A critique of the policy network approach*

It is argued that the policy network approach does not appear to have sufficient explanatory capacity to account for the persistence of a high level of agricultural subsidies in the immediate post-war period – the aim of Smith's work (1990, p213); or, to account for the long-term commitment to agricultural expansion as the main policy goal; or, to justify the Marsh and Smith's (2000, p19) conclusion that the Treasury's decision to initiate the programme of expansion "effectively passed policy making to the agricultural policy community ending any discussion of alternative policies." Specifically, the approach would appear to have some difficulty in accounting for the shifts in policy during the 1950s. In particular, it is difficult to reconcile the values of the policy community with the thrust of the Agriculture Act 1957, which promoted the removal of small, uneconomic farms, many no doubt occupied by NFU members and cuts in the budget for agriculture. Further, the approach does not appear to provide an adequate basis for explaining the almost total subjugation of rural policy to the needs of agriculture.

The conclusions flowing from the policy network approach appear to rest on two main premises: firstly, that the Treasury's role was largely passive and hence was "prepared to provide the funds necessary for expansion and accepted the NFU/Ministry view of the goals of agricultural policy" (Smith 1993, p108); secondly, that there was no alternative to agricultural expansion and consequently, agricultural policy was "depoliticised" (Smith 1993, p103; p105). Both of these premises appear to lack credibility and are not supported empirically by the events which led to policy change during the 1950s. Marsh and Smith (2000, p8) recognise that the context in which policy networks operate comprise other networks and interaction between networks may have

“a clear impact on the operation of the network.” However, interaction between the policy community and other networks receives less than full analysis.

By introducing an institutionalist framework, the focus of analysis shifts from the policy community as the structure to the ideas underpinning agricultural policy. The policy of agricultural expansion during and immediately after the war reflected the national imperative for greater food security, with responsibility for delivery being organised by the Ministry of Agriculture supported by the network of farming associations including the NFU. It is argued that the sterling crisis in the late 1940s brought together food security and exchange rate policies bound by a single policy paradigm shaped by the cognitive argument that agricultural expansion would improve food supplies *and* support import substitution<sup>116</sup> thereby contributing to a more stable balance of payments. Both policies were perceived to be in the national interest - the normative assumption of the policy paradigm. It is argued the paradigm provided the strategic context for the interaction between the policy institutions and therefore shaped the scope and direction of the two previously distinct policies. As Pierson (2004, p162) suggests “complementarities among distinct institutions – i.e. two or more institutional arrangements are mutually reinforcing ... would carry a number of significant implications for institutional development.”

It is argued that agricultural policy development after 1949<sup>117</sup> was shaped by the policy paradigm and the complementarity of the two policy institutions. For example, the marked shift in policy objectives towards the selective expansion of those commodities with greatest import saving potential in the early 1950s was a response to the pressure on the exchange rate and the balance of

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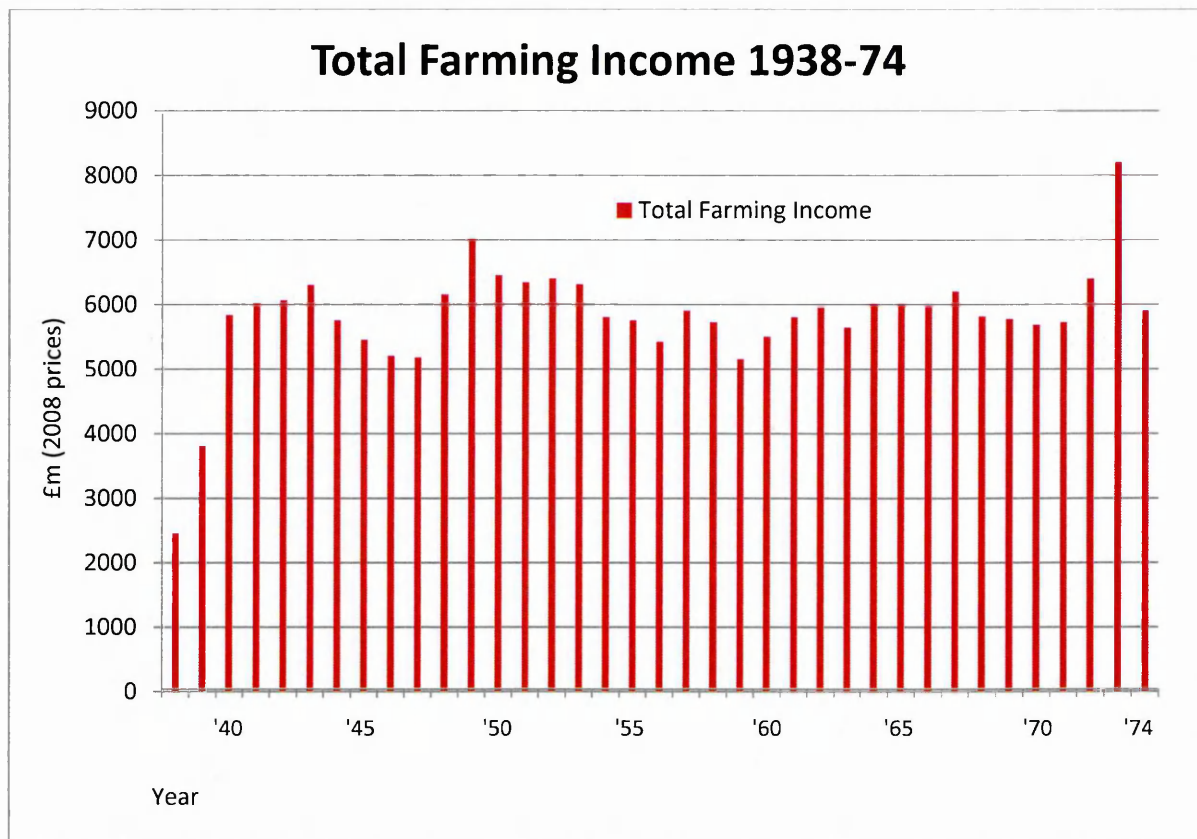
<sup>116</sup> Smith (1990, p125-6) argues that “there are reasons to believe that in reality expanding agricultural production did not help with Britain’s balance of payments problems ... In fact, it was a strange argument that a highly industrialised nation should have to rely on agriculture for its economic survival.” He therefore suggests that the argument was a “policy myth” (Smith 1990, p125). However, two contemporary analyses (Moore and Peters 1965 – referenced in Ingersent and Rayner 1999, p133 – and a House of Commons Select Committee on Agriculture) conclude that “in the 1950s and 1960s, British agricultural expansion was making some positive net contribution to the balance of payments.” However, it is not whether the contribution was real and positive but that it was believed to be the case by the Treasury and government.

<sup>117</sup> The £ sterling was devalued in September 1949 following a period of economic pressure on the exchange rate.

payments. It reflected the interactive decision-making process between the Treasury and the policy community – the Treasury demanding a more efficient approach to import substitution, while the policy community set limits on what was achievable. Once the priority for food security had diminished with increases of food supplies from both domestic and world markets, there was a range of alternative policy options which could have been adopted – including reverting to some extent to reliance on food imports. It is argued that expansion could only continue to be justified in terms of the national economic interest. As a result, the strategic direction of agricultural policy was determined by the degree to which import substitution was perceived to be required to support the exchange rate. The emphasis of policy delivery began to shift towards greater efficiency: firstly, financial efficiency was stressed in terms of the level of additional output per unit of financial support through guarantees, grants and subsidies; secondly, economic efficiency through reducing the unit cost of production; and finally, technological efficiency through increased output per unit of input, for example, through improved plant and animal breeding to increase yields. The emphasis on increasing efficiencies was the outcome of strategic learning in both policy institutions and became the dominant force in steering the rate of agricultural expansion – made clearly evident in the commitments of Agriculture Act 1957.

The conclusion that the policy community was solely responsible for agricultural policy making while the Treasury was an acquiescent bystander cannot be sustained. It is more likely that the policy community was subject to demands from the Treasury for continued import substitution and increased efficiency. Therefore, its role was to secure effective policy implementation through winning the support of farmers, increasing research activity, improving training and education, increasing the uptake of farming technologies and perhaps most significantly of all providing long-term security of funding. As fig. 6.5 demonstrates, it would appear that farmers were driven to expand less by the prospect of increased incomes and more by the need to maintain the standard of living secured in the wartime.

Fig. 6.5: Total farm income 1938-2008



Source: House of Commons Library (2009, p11).

Further, the significance of the interaction between the two institutions raises questions about the degree of closure in the policy community. Marsh and Rhodes (1992, p251) argue that membership of a policy community is highly restrictive and some groups may be deliberately excluded, which is exemplified by Marsh and Smith's (2000, p17) characterisation of the policy community as being where "actors and groups who held alternative views were excluded". However, if the policy community was largely focused on implementation, closure may be reinterpreted as reflecting the fact that inclusion of other interests, such as consumers or environmentalists, was not relevant to the efficient delivery of agricultural expansion.

It is concluded that the paradigm of agricultural expansion was shaped by the complementarity of the two policy institutions. The cognitive assumption that expansion would support import substitution as a means of contributing to stabilising the balance of payments ensured that agricultural policy would be shaped by economic objectives largely to the exclusion of social, cultural and

environmental concerns. This outcome was given authority by the Scott Report's assumption that increased production and the preservation of the rural landscape were not incompatible and was supported by the Town and Country Planning Act 1947. The paradigm was backed by the normative belief that "a stable and efficient agriculture is in the national interest" (Harold Macmillan, Chancellor of the Exchequer, in a memorandum quoted by Smith 1990, p122).

### *Contrasts in the development of rural policy between the UK and the European Community*

The post-war period witnessed a fundamental re-structuring of the UK agriculture, transforming a depressed sector into a highly efficient industry. Rural policy became almost wholly dedicated to supporting this transformation with the goal of economic efficiency overriding social, cultural, environmental and for the most part other rural economic issues. Planning legislation equally supported the expansion of production by exempting farmers from any controls over the building, siting and redevelopment of farm buildings and structures and by not restricting land improvement even in national parks and other landscape conservation areas. Local government regulations exempted farmers from local rates reducing the burden of taxation on the industry. Therefore, the UK entered into negotiations for entry to the EC with rural policy institutions almost wholly shaped by a policy paradigm which embodied norms, values and a cognitive framework focused on the economic efficiency of agriculture.

The contrast with the policy paradigm which had been negotiated by the member states in support of the CAP could not have been more stark. While in Western Europe the "national agricultural policy paradigms prior to the CAP centred on social and redistributive aims" (Knudsen 2009, p11), the farm-income gap in the UK was addressed through much higher levels of financial transfers to farmers as fig. 6.4 reveals and through encouraging a more market-oriented policy environment so that the incomes of farmers were increasingly dependent on their own skills and marketing efficiencies.<sup>118</sup> This

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<sup>118</sup> Bowers (1985, p75) suggests that in the first 25 years after the war "the rise in real average pre-tax farm incomes has been greater than the real growth of many other groups of workers", however, he adds that "this is not true of agricultural workers who have maintained their position at about 75% of the wage of manual workers".

increasingly market-driven policy paradigm contrasted markedly with the Community's social welfare paradigm, in which discourse about farmers' entitlement to welfare and the role of the family farm as "the central sociocultural institution in Europe's countryside" (Knudsen 2009, p307) was representative of a very different set of ideals. As fig. 6.5 illustrates, the goal of providing 'proper remuneration' to farmers as part of the 1947 Agriculture Act was largely achieved over the period to 1973.<sup>119</sup> Indeed, the small, least efficient farms – comparable to the family farms in Western Europe – were 'encouraged' to amalgamate or leave the sector. By contrast, guaranteed prices provided through the CAP were set at levels to sustain the traditional structure of farming, particularly the family farm.

Consequently, the proportion of very small farm holdings (<5 hectares) in Western Europe was considerably higher than in the UK, where the measures to support farm amalgamation contributed to the much higher proportion of large farms (>50 hectares), as table 6.1 indicates.

Table 6.1: The size structure of agricultural holdings in selected EC countries in 1975 (% of all holdings)

	<5 ha	>50 ha
<b>UK</b>	15%	30%
<b>France</b>	28%	11%
<b>Germany</b>	35%	3%
<b>Italy</b>	76%	1%
<b>Netherlands</b>	34%	2%

Source: Based on data in Winter (1996, p137)

<sup>119</sup> Based upon historical data of the numbers of farm holdings (Marks and Britton 1989, Table 16) the average farm income in the UK is estimated at £16200 in 1950, £15300 in 1960 and £20500 in 1970 (at 2008 prices).

There was also a contrast in the structure of financial support, with the CAP focusing almost wholly on price guarantees and market support measures, while the expansion of grants and subsidies in the UK reached a peak in 1972 at twice the level of price supports as shown in fig. 6.2. By contrast, the failure of the 1968 Mansholt Plan to introduce similar structural reforms for European agriculture only served to reinforce the role of price guarantees in the CAP.

### **3. The Europeanization of UK Rural Policy**

The path towards UK membership of the European Economic Community, beginning in 1961 and finally agreed in the 1975 referendum, was not only a tortuous one but strongly influenced by agricultural issues. Britain's unsuccessful negotiations for entry to the EC during 1961-3 foundered to a significant extent on issues relating to agriculture, and specifically on attempts to secure access for Commonwealth countries<sup>120</sup> to Community markets on the same terms as traditionally enjoyed in their trade with the UK. The EC's commitment to the principle of Community Preference, agreed only a few years before, proved to be immovable. A second application for entry in 1967 was vetoed by the French President, Charles de Gaulle. By the time of the third and successful negotiation stretching over the 1970-2 period, many of the obstacles to entry created by UK agricultural trade had been successfully overcome. However, a commitment by the new Labour government in its 1974 manifesto to re-negotiate the terms of the Treaty of Accession largely arose from disquiet at the costs of the CAP and the UK's proportionate share of the Community budget.

Following the failure of the first application, the UK government undertook a review of policies and practices to bring them more in line with the emerging Community programmes. Despite the contrasting rural policy paradigms, positive steps were taken to adapt UK agricultural policies to the CAP. This section examines the process of the Europeanization of UK rural policy; firstly, it reviews recent academic conceptualisations of the process, highlighting the significance of mediating factors in adapting to Community policy; secondly, it

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<sup>120</sup> Australia and Canada as major cereal producers had sought access to the Community markets without tariffs being imposed.

examines the steps taken to adapt to the CAP prior to entry; thirdly, it analyses how, during the first decade of membership, the UK responded to the pressures to adapt to the CAP and the costs of membership, particularly increased expenditure on price and market support.

### *Conceptualizing the Europeanization process*

The process of Europeanization has generated an expanding literature as a result of “a growing awareness among scholars of the EU’s growing importance in the politics of member states [that] European integration theories were simply not up to the job of explaining the domestic effects” (Bache and Jordan 2008, p18). Much of the Europeanization literature has focused on the top-down flow of pressures from the EC/EU to the domestic level, but increasingly studies emphasise the importance of an interactive two-way process between the European and national levels. As Börzel (2002, p194) stresses, member state governments “both shape European policy outcomes and adapt to them.”

Focusing on an understanding of Europeanization as the transfer of policy, institutional arrangements, rules, beliefs or norms from Europe to other jurisdictions, Bulmer (2007, p47-8) defines the core theoretical question as how to explain the change brought about by ‘Europe’. Many scholars (Bache and Marshall 2004; Börzel and Risse 2003; Bulmer 2007) have sought to conceptualise ‘Europeanization’ as a process of institutional change and to theorise its characteristics through the variants of new institutionalism. The causal mechanisms which generate institutional change are widely associated with adaptational pressure between the EC/EU and the member states, without which “Europeanization cannot logically occur” (Bache and Jordan 2008, p23). Thus, the key task in conceptualising Europeanization has been to “elucidate how the EU adjustment pressures from its decision rules interact with the mediating factors to produce different outcomes in different policy sectors” (Schmidt 2002b, p895). A schematic representation of the Europeanization process is included as Appendix 2.

Sir Con O'Neill (2000, Ch. 36, para 1) one of the UK team negotiating entry to the European Economic Community, contends that the UK

had to accept the Community as we found it, as it happened to be. None of its policies was essential to us; many of them were objectionable. But in order to get in we had either to accept them, or to secure agreed adaptations of them.<sup>121</sup>

This was especially true of the CAP since, unlike many other parts of Europe, the agricultural sector in the UK was small and contributed less than 3% to the national economy. Politicians had serious misgivings about the cost of the CAP, however the re-negotiation of the Treaty of Accession yielded few concessions. The price of entry was acceptance of the CAP as constructed by the six original member states and as O'Neill concludes "we had to accept some unwelcome arrangements in relation to agricultural transition" (O'Neill 2000, Ch 36 para 10). Thus, the regulations and directives relating to the CAP were downloaded to the UK without amendment. Having recently rejected the 1968 Mansholt Plan, the institutions of the CAP were almost wholly concerned with the process of setting guaranteed price levels, the scale of import levies and the level of export subsidies.

Negotiations on the UK's first application revealed a significant mismatch of policy objectives as the CAP's principle of Community Preference imposed levies on all imports of agricultural products and on entry would include those from traditional Commonwealth sources. After the failure to negotiate any special arrangements for these longstanding suppliers, the UK was faced with a political dilemma. The decision in 1964 to introduce import controls on cereals effectively committed the UK to gaining entry to the EC and therefore to reducing the strength of Commonwealth agricultural trade ties. This protectionist measure reinforced and extended the post-war rural policy paradigm as contributing not only to economic policy objectives – pressure on the exchange rate had become intense following the 1964 election – but

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<sup>121</sup> O'Neill notes that "what mattered was to get into the Community, and thereby restore our position at the centre of European affairs which, since 1958, we had lost. The negotiations were concerned only with the means of achieving this objective at an acceptable price" (O'Neill 2000, Ch36, para1).

supporting entry to the EC. Import controls gave a market advantage to UK farmers enabling them to expand output and enabling the UK to move further towards self-sufficiency in food. Most significantly, the measure replicated the CAP's emphasis on delivering Community Preference through import levies, thereby reducing the potential impact of adjustment to European rules. As receipts from import levies were regarded as the Community's own resources, moves towards greater self-sufficiency would reduce the potential costs of UK membership. As with earlier policy measures, the policy paradigm continued to guide decisions, with agricultural expansion upholding the national interest not only through import substitution but now to facilitate entry to the EC.

By the time of the negotiations in 1970-72, the scope of the policy mismatches had become more closely defined. Anticipating that the UK would have to adopt the CAP template without amendment, preparations were made to begin the process of moving from deficiency payments to guaranteed prices by increasing minimum import prices. This switch of agricultural policy instruments brought the UK support system closer to the CAP, enabling negotiators "to overcome what had been intractable difficulties in the first round of negotiations with relative ease" (Grant 2007, p14). The protracted negotiations for entry over the decade from 1961 increasingly revealed to UK negotiators the high cost of supporting the CAP's principal objective of agricultural welfare and therefore the high level of contributions which would be demanded of the UK. The high cost of UK entry became the dominant issue during the 1970-2 negotiations and continued to influence relationships with the Community over the following decade.

It is argued that while the policy community contributed to the interpretation of the potential consequences of policy mismatches for the future development of UK agriculture, the government's strategic response to the demands of the CAP was determined in the wider context of firstly, the policy paradigm which had steered agricultural policy since 1947 and secondly, the need to achieve a successful outcome of the negotiations. The government therefore interpreted the CAP as providing a framework of instruments which would continue to enable UK agriculture to expand and contribute to national economic policy.

The major concern was to reduce the impact of the CAP and accession generally on public expenditure, particularly by avoiding the penalties imposed by import levies. While the policy paradigms of the Community and the UK were constructed around contrasting cognitive frameworks, the incompatibilities which the UK had to address were largely confined to the policy instruments, which were readily addressed. Hence, the CAP did not prevent the UK from pursuing its policy preferences, specifically increasing the efficiency of agriculture and the UK's self-sufficiency as part of macro-economic policy. Hence, as Börzel and Risse's (2007, p495) conclude "the EU's impact on domestic policy change has been far greater than its influence on domestic politics and institutions."

The net costs of entry to the EC related on the one hand to financial contributions comprising 1% of VAT receipts, the value of all levies and duties paid on imports of industrial goods and the variable levies applied to food imports, and on the other the receipts from the Community budget of which some 65-75% was directed towards the CAP during the 1970s. Inevitably, the particularly narrow structure of revenues and expenditures "gave rise to widely different impacts on member states ... those member states with small agricultural sectors and net imports of agricultural products falling under the CAP regime have tended to be net contributors to the Community budget" (Denton, 1984, p120). While the UK was able to negotiate a five-year transition (later extended by a further two years) until it became liable for full contributions, the terms of the Treaty of Accession made it inevitable that net contributions would be large and potentially excessive. The UK government therefore recognised a pressing need "to reduce the costs of membership via expansion of agriculture ... [and therefore] by 1970 a new argument was introduced for a programme of maximum output: the reduction of the bill for the CAP in the event of entry to the EC." (Bowers 1985, p73).

This was a bipartisan approach, and soon after the re-election of the Labour government in 1974, a White Paper, *Food from Our Own Resources* (Great Britain, MAFF 1975), committed Britain to a five year programme of maximising agricultural expansion. However, the oil crisis of the mid-1970s and resultant

inflationary problems necessitated public expenditure cuts, including the MAFF budget, thus constraining the delivery of this programme. Moreover, the cost of the CAP and hence the level of contributions grew rapidly as production surpluses and the associated cost of storage expanded from 1972,<sup>122</sup> and as subsidies to exporters increased with the fall in world prices.<sup>123</sup> At the end of the transition period, the level of UK net contributions was much higher than originally estimated and in 1979 was second only to Germany.<sup>124</sup> The political response was on the one hand to demand a reduction in the “excessive net contributions” (Denton 1984, p117) and on the other to reinstate a programme of agricultural expansion, set out in a new White Paper *Farming and the Nation* (Great Britain, MAFF 1979).

*Farming and the Nation* was a statement of UK agricultural policy some five years after entry to the EC, and as such embodies the contemporary policy discourse used to justify the UK’s policy preferences and to respond to the emerging difficulties confronting the CAP. The White Paper, reinforcing the ideas underpinning the policy paradigm, argues that “a sustained increase in agricultural net product is in the national interest” (Great Britain, MAFF 1979, para 24) including its “general benefit to the balance of payments” (Great Britain, MAFF 1979, para 6). The policy of “greater self-sufficiency” was justified on the somewhat tenuous basis, given the high and expanding level of surpluses in the Community and the common market for agricultural products, of “the need for insurance against unexpected scarcity” and the long-term prospects for import prices to rise “with the expected continuing rise in the world’s population” (Great Britain, MAFF 1979, paras 8; 9). Perhaps more revealing of the motives for further agricultural expansion, the White Paper sets out the government’s arguments for the reform of CAP. They included the following objectives:

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<sup>122</sup> Expenditure on storage increased from 1181m ECUs in 1973 to 4426m ECUs in 1978 (Winter 1996, p132).

<sup>123</sup> Exporters were refunded the difference between the guaranteed prices and the world price. The level of expenditure on export refunds rose from 1739m ECUs in 1974 to 10094m ECUs in 1980 (Winter 1996, p132).

<sup>124</sup> Net contributions from the UK (before refunds) were higher than other member states despite having a weaker economy, e.g. the UK contributed 849m ECUs compared with France (-78m ECUs) and the Netherlands (net receipts of 288m ECUs), while GDP per head (compared with an EC average of 100) was 80 in the UK, 118 in France and 123 in the Netherlands (Denton 1985, p118).

to encourage low-cost and discourage high-cost production ... [by] restraining common price levels ... [which] would benefit consumers; reduce the burden which the disposal of surpluses places on Community taxpayers; ... and reduce the substantial net resource cost which the CAP imposes on our economy (Great Britain, MAFF, 1979, para 10).

Thus, the White Paper was as much a statement of political values as a policy framework for further agricultural expansion<sup>125</sup>. Normatively, expansion served the national interest by stabilising the balance of payments and reducing the costs of EC membership, and by providing an exemplar of an efficient agricultural industry. The bipartisanship continued after 1979 election of the Conservative government, with the new Minister of Agriculture, Fisheries and Food continuing to look favourably upon the White Paper's expansionist policy (Winter 1996, p141).

### *Negotiating a UK Rebate*

In 1975, the UK government negotiated the terms for refunding a proportion of the UK's gross contributions. However, the conditions associated with the Community's Financial Mechanism were so strict that the UK never benefited from it.<sup>126</sup> The Labour government began a second round of negotiations in autumn 1978, but this time based on its net contribution which had become much more onerous and was projected to increase further (Denton 1984, p121). In this context, it is unclear whether the White Paper – *Farming and the Nation* - was also a political device to be used during negotiations with the Community. In June 1979, the new Prime Minister, Margaret Thatcher, took up this cause with some alacrity, as she comments "from the first my policy was to seek to limit the damage and distortions caused by the CAP and to bring financial realities to bear on Community spending" (Thatcher 1993, p63).

While the Council of European Ministers had agreed rebates for the years from 1980-3, these were temporary pending reforms of the CAP Budget. It was not

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<sup>125</sup> The White Paper set out policy measures for "the expansion of efficient home production" through encouraging the growth of productivity (Great Britain, MAFF, 1979, para 6). It details a range of new and revised policy instruments covering education and training, credit facilities, fiscal measures, research development and advice, and marketing and processing.

<sup>126</sup> Margaret Thatcher comments that the Financial Mechanism "had never been triggered and never would be, unless the originally agreed conditions were changed" (Thatcher 1993, p62).

until the Fontainebleau Summit in June 1984 that a more permanent arrangement was agreed. However, its terms meant that the scale of the rebate was lower than in the earlier temporary agreements, as it did not take into account the payment of duties and levies on imports to the UK. Moreover, as part of the bargaining within the Council, the UK had to accept an increase in the percentage contribution from VAT from 1% to 1.4% to meet shortfalls in CAP funding. However, for the UK whose agricultural sector was relatively small, there was a much greater prize to emerge from the Summit, as Thatcher declares “the resolution of this dispute meant that the Community could now press ahead both with the enlargement<sup>127</sup> and with the Single Market measures which I wanted to see” (Thatcher 1993, p545).

The first decade of EC membership for UK rural policy was dominated by the issue of ‘excessive contributions’. Both Labour and then Conservative governments became embroiled in arguments with the EC about the appropriate level of UK contribution, including an attempt to define what a ‘fair share’ of the Community budget would be. Rural policy was inevitably drawn into this political debate and diplomatic ‘spat’, with two White Papers on UK agriculture exhorting maximum production as a means of reducing import levies and increasing the UK share of the CAP budget. Roy Jenkins (President of the European Commission, 1977-81) contends that this issue helped to promote a negative attitude to the Community and “our apparent desire to confront other members instead of working with them ... has militated against attempts to reform agricultural spending” (Jenkins 1983, p151-2). The rebate issue owed its origin to the differences in policy legacies and the different conceptions of the role of agriculture in national life, which were reflected in the contrasting policy paradigms.

However, despite differences in their underlying values, agricultural policy in the UK adjusted to the institutions of the CAP without undue problem. The agricultural sector’s ready acceptance of further re-design of the policy instruments can be related firstly to the sector’s greater efficiency and larger size structure which improved its resilience to change, and secondly, to the fact

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<sup>127</sup> Through the accession of Spain and Portugal.

that it did not disrupt the expansionary policy path. That it was possible to pursue contrasting policy objectives within the same policy framework gave the UK government enough confidence in the efficacy of its own policy to promote low-cost, efficient production as the solution to the CAP's growing crisis.

#### **4. The Interpretation of the CAP crisis in the UK**

This confidence was however relatively short-lived as the rising level of surplus production in the EC created the budgetary crisis for the CAP and the Community and also began to undermine the ideas upon which the UK rural policy paradigm had been constructed. The tenuous justification for continuing to expand UK production set out in the 1979 White Paper did not obscure the fact that the UK policy was simply adding to the already excess of supply over demand in the Community and therefore to increases in the CAP budget. It is probable that the increased cost of grants and subsidies provided to support further expansion together with the higher level of UK contributions more than outweighed any reduction in the levies imposed on imports. It is argued therefore that as the Conservative Party entered office in 1979 they were confronted with two policy crises – a European one and a domestic one. This section explores the interrelationships between these crises and examines how they were interpreted by the Conservative government, the policy community and other interest groups, how responses to both were constructed and how the policy paradigm was challenged and replaced.

The election of the Conservative government resulted in "a profound social, political, economic, and indeed cultural break with the discourses and practices of the post-war settlement" (Hay 1996, p127) and therefore introduced a significant change in the policy environment within which government began to interpret these crises. Hay (1996, p132) argues that the ideology of the Thatcherite new right was "comprised of a flexible blend of neo-liberalism and neo-conservatism." The incorporation of neo-liberal thought in the state regime was evident in the rejection of the assumptions of social democratic statism and the acceptance of the principles of the free market, supported by a monetarist economic policy and the 'rolling back' of the institutions of the state. At the same time, the principles of neo-conservatism upheld an adherence to social

hierarchy and tradition, allied to an interventionist and authoritarian state. Hence, the period of the Thatcher government was characterised by “constant struggles between neo-liberal and neo-conservative tendencies” (Hay 1996, p135), which had to be resolved within the context of individual policy processes. It is argued that rural policy was one such arena in which tensions between a strongly neo-liberal discourse in European forums and a neo-conservative discourse in domestic forums generated conditions in which the post-war policy paradigm could be challenged and replaced.

### *The neo-liberal interpretation of the CAP crisis*

Grant (2005, p20) argues that

the significant aspect of 1979-90 Thatcher governments vis-à-vis farming is the lack of impact which they had in terms of advancing a neo-liberal agenda. Whilst Britain was within the CAP, farmers received the subsidies and protection it provided.

While Grant rightly points to the continuity of price and market support throughout the Thatcher period of office, it is argued that the move to a neo-liberal economic policy fundamentally altered the national agricultural policy preferences which had shaped the post-war policy processes. The adoption of the monetarist approach to economic policy in 1979 changed not only the levers of economic policy but undermined the post-war logic that supporting agricultural expansion was in the national economic interest. All governments had given a high priority to defending the exchange rate, and even “in the 1970s, the Labour government was still committed to maintaining the value of sterling” (Gamble and Kelly 2001, p52). By contrast, in monetary policy, interest rates were used to control the money supply while the exchange rate was allowed to float.<sup>128</sup> After more than 30 years, the cognitive argument which had sustained the expansion of agricultural production lost its legitimacy. However, the policy of expansion was not replaced immediately, but became an instrument in the negotiations for a budget rebate and CAP reform.

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<sup>128</sup> Indeed over the four year period to 1982, a 20% appreciation of sterling against the Deutsch Mark “was fuelled by an increase in interest rates precipitated by the abolition of exchange controls in October 1979” (Johnson 1994, p85).

The UK government depicted the CAP as being economically unsound and the crisis as the outcome of administrative and political ineptitude. Thatcher (1993, p23; p62) refers to the "plain absurdities" of the CAP and the "wasteful manner" in which it operated; further, she confronted its proponents with the argument that "the dumping of surpluses outside the EC distorts the world market in foodstuffs and threatens the survival of free trade between the major economies." In addition, the excessive budget contributions and the imbalance of the Community budget provided her with evidence of the need "to get Europe to take financial discipline more seriously" (Thatcher 1993, p536). This confrontational strategy allied to the continued promotion of a market liberal 'low-cost' alternative became a frequently employed negotiating stance from which the UK sought to convince the Community of the need to correct the imbalance of the budget and to shift the focus of European policy away from agriculture.

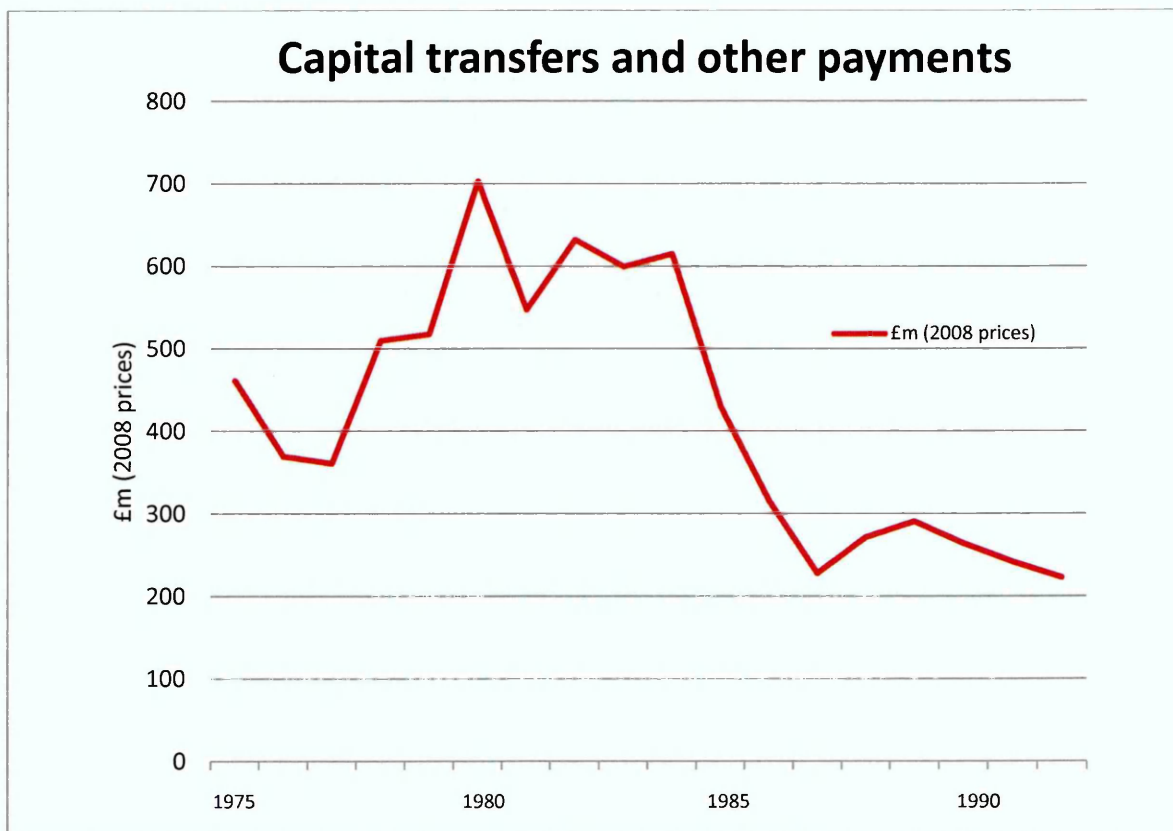
Member states both through the Agriculture Council and in the Council of Ministers made the Prime Minister aware that the Community would be unwilling to adopt a reform of the CAP based upon a low-cost: high-production strategy because of its detrimental social impact and its inconsistency with the original values of the CAP. The German Chancellor, Helmut Schmidt, pointed out to her in 1982 "the CAP was a price which had to be paid, however high, to persuade members like France and Italy to come into the Community from the beginning" (Thatcher 1993, p257). Nevertheless, the rhetoric of a market liberal CAP reform continued to be employed to secure concessions on the UK budget contribution.<sup>129</sup> It would appear that the government was reluctant to amend its expansionist policy while negotiations on a budget rebate remained unresolved and while it continued to offset import levies to some extent. However, in spring 1984, the UK became convinced that the Community was making a more serious commitment to limiting the level of farm output when it agreed to the

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<sup>129</sup> The lack of progress in providing a long-term settlement of the UK rebate had made the Prime Minister increasingly intransigent. At the European Council in Athens in December 1983, discussions on the Community budget and how to deal with the increasing costs of the CAP "were widely considered to have reduced Community negotiations to farce" (Thatcher 1993, p537). Matters did not improve in March 1984, when at the Council meeting in Brussels payment of the UK's 1983 refund was blocked.

introduction of quotas on milk production.<sup>130</sup> Moreover, with the resolution of the UK rebate at Fontainebleu in June 1984, the government felt able to bring an end to domestic agricultural expansion and hence signal the final de-legitimation of the ideas underpinning post-war rural policy. Shortly after the agreement on the rebate, the government, unconstrained by the CAP institutions and the path dependent rural policy process, withdrew the high level of capital grants and other subsidies<sup>131</sup> which had been introduced in the 1979 White Paper, as fig. 6.7 illustrates.

Fig. 6.7: Capital transfers and other payments to farmers (excluding price and market support payments) in the UK, 1975-92 at constant prices.



Source: Defra (2009, table 11.1); constant prices based on GDP deflators.

<sup>130</sup> A few months before the Fontainebleu Summit, the Council of Agriculture Ministers agreed to introduce milk quotas as a way of limiting production and the rapidly expanding surpluses and stocks (the butter mountain). Kay and Ackrill (2010, p132) suggest that this imposed a limit on the level of production eligible for support, the first time CAP support for any commodity ceased to be open-ended." Winter (1996, p127) highlights the "high political drama" which accompanied the decision, and concludes that "not since the inception of the CAP had there been such a dramatic policy shift and the apparent lack of preparation by either the government or the industry's representatives gave [it] an added potency".

<sup>131</sup> For example, the cuts in the budget for agricultural research reflected the government's neo-liberal approach, with farmers being required to pay for research from the newly privatised research stations.

It is argued that the different policy preferences of the Conservative government not only determined it was no longer in the national economic interest to support expansion, but favoured a shift away from the high-cost of domestic agricultural intervention to a neo-liberal inspired low-cost policy in which the state significantly reduced its role. This shift cannot be characterised as a move to a market liberal agricultural policy paradigm since subsidies were still paid to farmers through the CAP, but was undoubtedly considered as a first exemplary step towards that outcome. As Thatcher remarks following the 1988 Brussels summit "one possibility which I never actually advanced ... but which from time to time I considered ... was to revert to a national system of subsidy for agriculture, thus bypassing the whole cumbersome Community apparatus altogether" (Thatcher 1993, p732).

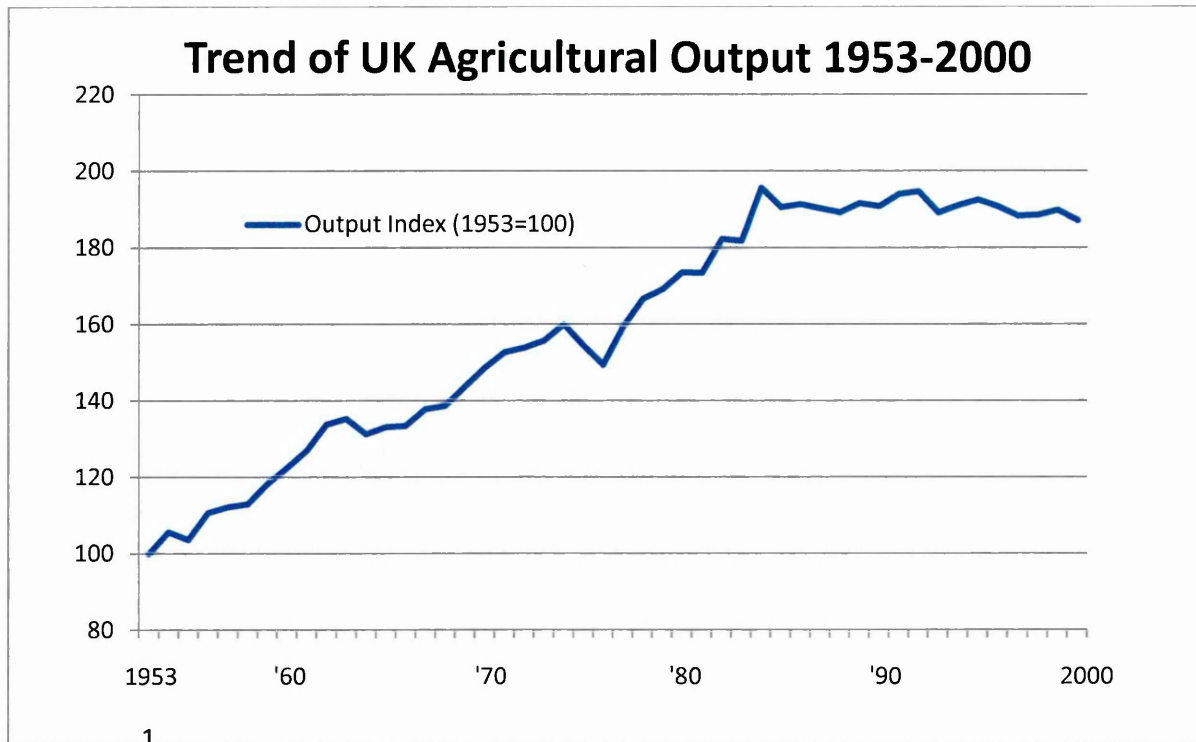
Support for a neo-liberal agricultural policy had been circulating among economists for some time (Nash 1965; McCrone 1962), but were refreshed in the early 1980s by the Adam Smith Institute (1983) and Richard Body, an influential right-wing Conservative MP<sup>132</sup>, whose reports (Body 1982; 1984) attacked the agricultural support system and their destructive pressures on the physical and social environment of rural areas. These opinions appear to have had a strong influence on the decision to reduce support for capital investment, research and other measures. An NFU official (quoted in Smith 1990, p185) confirmed the change of policy direction, by suggesting that "the object of the government's agricultural policy is 'to reduce expenditure, its effects are rather secondary ... the government's approach to agriculture is consistent with its general economic philosophy'."

The withdrawal of grants and subsidies together with increasingly stringent measures to curb farm output in the Community ensured that 1984 was the peak of agricultural expansion in the UK, as fig. 6.8 illustrates.

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<sup>132</sup> Richard Body was the Conservative MP for the largely agricultural constituency of Holland-with-Boston in Lincolnshire.

Fig. 6.8: Agricultural output in the UK, 1953-2000



Source: Thirtle and Holding (2003, Paper 7/8 p17)

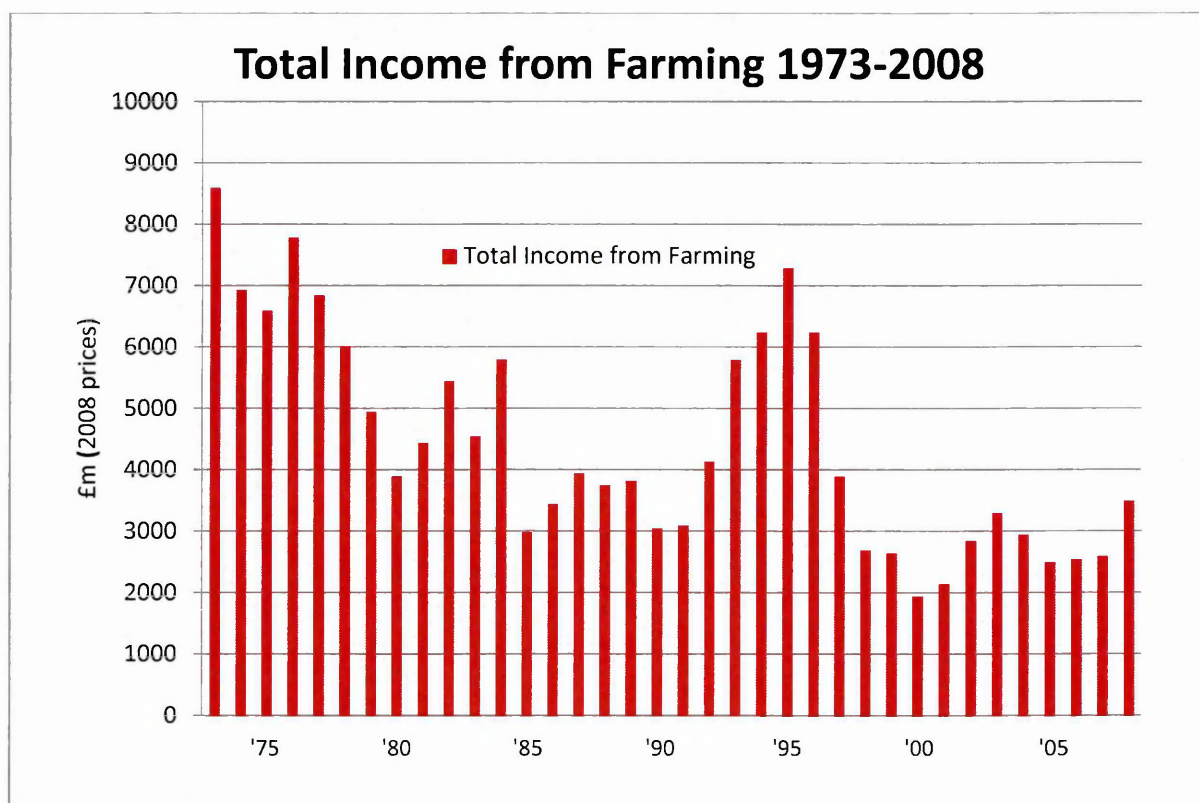
MAFF, as the department of state responsible for the sector and for negotiations in the Agriculture Council, was intimately involved in the government's interpretation of the problems of CAP, the causes of the present crisis and assessment of the impact of reducing national support. In both Parliament and the Agriculture Council, MAFF therefore embraced the new agenda and, for example, "called for a price freeze or even price cuts for products in surplus" (Smith 1993, p113) while the Minister<sup>133</sup> argued that "the discipline of price is the right way deal with surpluses" (HC Deb 1983-84, c1046). Inevitably, relationships within the policy community became strained, and Winter (1996, p139) notes that MAFF "adopted a low profile which caused irritation ... in the farming lobby." As a result, the CLA and NFU "anxiously sought fresh ways of safeguarding the interests of their membership" (Winter 1996, p139).

The NFU accepted that "the pressure to control spending calls for a reappraisal of the expansionist approach" (NFU policy document from 1984, quoted in

<sup>133</sup> Michael Jopling, a farmer, had become Minister of Agriculture, Fisheries and Food in June 1983.

Smith 1990, p192) and supported the cuts in prices and production, but only “in a way that is least harmful to the farmers” (Smith 1993, p113). However, the NFU came under mounting pressure from its own members as farm incomes had been falling significantly since UK farming was incorporated into the CAP, as fig. 6.9 illustrates. Despite the increases in productivity and output on UK farms, incomes declined in line with the overall fall in prices. Hence, farmers became “concerned that prices are not cut too much so that farm incomes are protected” (Smith 1990, p193). However, the response of many households on small farms was to seek additional income from sources other than farming. Thus, it is argued that for the NFU and farmers the crisis was largely defined in terms of its impact on incomes, as it was in other parts of the Community.

Fig. 6.9: Total Income from Farming in the UK, 1973-2008



Source: House of Commons Library (2009, p11)

The NFU retained its role in supporting MAFF in the Agriculture Council but the perspectives of the government and the Union began to diverge with the end of the long period of agricultural expansion. Farmers were no longer important to economic policy and consequently had less influence on the agenda (Smith

1990, p191). Dissent among farmers and splits within the Union reduced its ability to create a consensus on CAP reform or on how to respond to the emergence of other interests both within the farming community and beyond, especially the conservation lobby.

### *Neo-Conservative interpretation of the crisis*

Hay (1996, p134) argues that "if neo-liberalism had a much greater hold over the formulation of government policy, then neo-conservatism continues to exercise a corresponding hold over the 'hearts and minds' of many Tory MPs." It is argued that for many Tory MPs in the shires, defence of the traditional rural way of life and values were embodied in a strong agricultural sector and a central role for farmers not only in rural life but in rural governance (Woods 2005, p78). Further, local government in rural England was largely Conservative controlled; its policies and values sought to protect rural traditions (especially through planning controls) and in the early 1980s were relatively untouched by neo-liberal political thought. However, the conflict between maintaining farmers' incomes and limiting the impact of the post-war efficiency programmes on the rural environment came to challenge neo-conservative values in rural Britain.

The White Paper, *Farming and the Nation*, was the first policy statement by MAFF to give recognition to the growing "dissent at some of the changes implicit in recent farming developments" (Great Britain 1979, para 13). A number of reports were published in the late 1970s by government agencies, the NFU jointly with the CLA and other interest groups on the environmental impact of farming. They were the first salvo in a political battle between the farming lobby and conservation interests which came to add a new dimension to the crisis discourse. The Countryside Commission and the Nature Conservancy Council (NCC) provided scientific evidence of the transformation of the landscape and the increasing loss of habitats.<sup>134</sup> The NFU and CLA

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<sup>134</sup> The Countryside Commission's report on the *New Agricultural Landscapes* demonstrated that changes in agriculture could comprehensively alter the landscape rather than just individual features of it (Countryside Commission 1974, Summary). The Nature Conservancy Council declared that "all changes due to [agricultural] modernisation are harmful to wildlife except for a few species that are able to adapt to the new simplified habitats" (Nature Conservancy Council 1977, quoted in Lowe et al 1998, p2). A survey by the Nature Conservancy Council in 1984 details the extent of habitat losses: 95% of lowland

representing the farming and landowning lobby defended their members by representing them as stewards of the countryside.<sup>135</sup> The political debate became focused on whether controls on farming activity should be introduced, as conservationists proposed or whether voluntary agreements promoted by the NFU and CLA should be relied upon.

The Wildlife and Countryside Bill 1981 provided perhaps the first opportunity for an open political debate on the conflict between agriculture and conservation and brought to a head the argument of 'controls v. voluntary cooperation'. The two main political parties were divided on this issue which led to heated debates during the Bill's protracted passage through Parliament. The Conservative government supported the farming lobby, with Michael Heseltine, Secretary of State for the Environment, arguing that "the cause of conservation is done no good by using compulsion as the primary means of making landowners and farmers manage their land for the general benefit of our heritage" (HC Deb 1980-1, c531). Labour spokesman, Gerald Kaufman, responded that "one of the major reasons for conserving the countryside is that it is the people from the towns to whom the countryside belongs, just as much as it belongs to those who live in the country" (HC Deb 1980-1, c536).

The Wildlife and Countryside Act 1981 made provision for regulating farming practices in the most environmentally sensitive areas, but ensured that where "in the national interest, farming improvements should be given up in the interests of conservation, the farmer should not be placed at a disadvantage by compliance" (Michael Heseltine, HC Deb 1980-1, c528). The government, in this case through the Department of the Environment, supported the views of the NFU and CLA both as natural allies of the Conservative Party and in the strong belief that a greater emphasis on conservation would limit the scope for expanding agricultural production and reduce incomes further. The 1981 Act allowed conservation agencies an opportunity to object to any plans, e.g.

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herb-rich grasslands; 80% of limestone and chalk grasslands; 60% of lowland heaths; 45% of limestone pavements; 50% of lowland fells and marshes (quoted in Lowe et al 1998, p2).

<sup>135</sup> The NFU claimed in its 1971 report *Wildlife Conservation and the Farmer* that "intensive agriculture and wildlife conservation are not incompatible" (quoted in Lowe et al 1986, p102). A joint NFU/CLA leaflet *Caring for the Countryside* was produced in 1977 to provide their members with advice on conservation matters and at the same time roundly rejected the increasing demand for imposition of controls on farming (quoted in Lowe et al 1986, p104).

reclamation of moorland or wetlands, which might damage sensitive sites. It also required the NCC to serve notice on owners/occupiers of existing and proposed Sites of Special Scientific Interest (SSSI's) informing farmers of their conservation responsibilities. However, the Act required agencies to compensate farmers from their own budgets for any income foregone, including the value of any capital grant for which the farmer was eligible.<sup>136</sup>

The conservation interest groups which during the parliamentary scrutiny of the Bill had sought a more regulatory approach, now viewed its implementation with increasing consternation and disbelief as expressed by the Director of the CPRE in a letter to *The Times* in 1982:

It [the Act] gives legal expression to the surprising notion that a farmer has a right to grant aid from the taxpayer: if he is denied it in the wider public interest, he *must* be compensated for the resulting, entirely hypothetical losses (quoted in Marsden et al 1993, p95).

Conservation groups, lead by the CPRE, intensified their campaign to amend the Act and to secure greater protection for the countryside. The campaign, which was supported by *The Observer* and *Sunday Times* throughout 1984, revealed to a much wider audience not only the damage to heritage, traditional landscapes, wildlife habitats and the rural environment, but the high cost of individual management agreements which "served to dramatise the excesses and iniquities of open-ended agricultural subsidies as much as revelations about butter mountains and wine lakes" (Lowe et al 1986, p174).

This debate helped to expose further the contradictions in government policy for agriculture and rural areas. The public became animated by the scale of public expenditure in support of food production for which there was no market, by the apparent lack of respect for the countryside and national heritage among farmers and by the flawed provisions of the Act. Thus, the idea

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<sup>136</sup> The Nature Conservancy Council (NCC) was the principal agency tasked with implementing the Act. In practice, the NCC was given three months to object to farmers' plans which if unacceptable required the NCC to devise a management agreement or ultimately to purchase the site. This became administratively and financially burdensome, particularly since costs had to be met not from the agricultural budget but from the conservation agencies. Notification of SSSI's also allowed for a three month period before designation was confirmed. This "invited pre-emptive destructive action on the part of farmers or landowners determined to frustrate the designation of their land" (Lowe et al 1986, p165). For example, in the financial year, 1983-4, the NCC reported damage to 156 SSSI's (3.7% of the total).

of expanding agriculture in the national interest no longer resonated with large sections of the public<sup>137</sup> or increasingly within Parliament. In the spring of 1984, a House of Lords European Communities Committee charged with considering the EC's Third Action Programme on the Environment provided a further arena for debate. The Programme specifically called for "greater awareness of the environmental dimension, notably in the field of agriculture ... [and recommended that the Community] enhance the positive and reduce the negative effects on the environment of agriculture" (quoted in Lowe et al 1986, p180). In a show of unanimity, conservation groups<sup>138</sup> collectively argued the case for "drastic changes in agricultural support away from maximising production and towards the integration of food production with wildlife and landscape conservation" (Lowe et al 1986, p180).

The strength of the evidence which conservation groups were able to assemble, the Community's environmental policy framework, greater public awareness and the inadequate response of government all combined to ensure that the UK's interpretation of the crisis could no longer be confined to the economics of agriculture. It is argued therefore that the CAP crisis provided the opportunity for other interests to intervene in the rural policy process and for the emergence of an additional dimension to the "ideational contestation" (Hay 2006, p67) unleashed by the crisis. The NFU equally recognised that the imposition of milk quotas heralded the end of the post-war period of agricultural expansion and began to suggest ways in which farmers, through subsidised conservation practices, might regain some of the income which they were likely to lose (Lowe et al 1986, p173; Smith 1993, p113).

While O'Riordan (1992, p299) claims that for most of the Thatcher era "environmental considerations simply were not on the Downing Street agenda", a combination of events during 1984 transformed government beliefs about the environment. Firstly, a Royal Commission on Environmental Pollution accused the government of complacency (Great Britain, Royal Commission on

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<sup>137</sup> In the survey of British Social Attitudes in 1985 (quoted in Hodge 1990, p41) 47% of respondents agreed that "government should withhold some subsidies from farmers and use them to protect the countryside even if this means higher prices; the proportion rose to 51% in 1987.

<sup>138</sup> The conservation groups lead by the CPRE included the Countryside Commission, NCC, RSPB, and the Council for National Parks.

Environmental Pollution 1984, para 6); secondly, the Green Party achieved significant electoral success in many states in Western Europe; thirdly, the NCC in its Conservation Strategy, published on 26 June 1984, provided evidence of “the overwhelmingly adverse impact of modern agriculture on wildlife and habitat in Britain” (Nature Conservancy Council 1984, para 10); fourthly, Conservative backbench opposition was directed at proposals for a relaxation of planning controls (e.g. in Green Belts) and at the loss of countryside landscape, wildlife and heritage.<sup>139</sup> The Prime Minister and relevant Ministers held a series of meetings beginning in early June to consider how to respond to the mounting environmental issues, reflecting “her increasing concern for ‘Green’ issues and their potential for winning votes” (Lean 1984a). The views of different government departments as reported by the press revealed the government’s perception of vulnerability to criticism on an issue of growing public concern; the Treasury questioned the high level of compensation paid to farmers not to damage key wildlife sites, while MAFF saw a need to review the provision of grants which would have a detrimental impact on the countryside (Lean 1984a).

Further, and probably decisively, at the end of July 1984, a House of Lords Committee report (Great Britain, House of Lords, European Communities Committee on Agriculture and the Environment 1984) recommended that “as an element of the improvement of farming, care of the environment should have comparable status with the production of food” (HL Deb 1983-84, c84). The report dismissed the view of MAFF that “environmental benefits must always be incidental to the central purpose of agricultural aid – namely, farming efficiency” (quoted in Lowe et al 1986, p180). A legal opinion obtained by the CPRE that environmental considerations *could* be taken into account in the payment of agricultural support under the Treaty of Rome convinced both the Committee and MAFF that government should “discuss with the Commission how best to give effect to this idea which would herald a totally new policy for balancing agricultural and conservation objectives” (HL Deb 1983-84, c91).

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<sup>139</sup> In July 1984, 166 MPs, largely Conservatives, signed an early day motion expressing a need to “ensure that agricultural policy and the structure of public funding is widened to take full account of the need to protect and enhance the environment” (quoted in Lowe et al 1986, p176).

Further political momentum was added by a debate at the Conservative Party conference in October 1984 which argued for amendment of the Wildlife and Countryside Act 1981 and “the abandonment the policy of concentrating on expanding food production” (Lean 1984b).

### *Institutional Change*

The sequence of these key events in 1984, taken together with the decisions of the Community in the same year to restrict output and accede to demands for a UK rebate, traces the process of institutional challenge and change, which brought to an end an almost 40 year period of ideational path dependence. As Blyth (2002, p35) asserts, “institutional change is a dynamic process that occurs over time” and the events of 1984 could be interpreted as the concluding moments of the first stage in the process of change which began with the emergence of the budget crisis for the CAP and the Community and gathered momentum in the UK with the election of the Conservative government in 1979. The idea of expanding agriculture was challenged by factors beyond the influence of the policy community, notably the diminishing market demand for extra production, the shift to monetarism and the unintended consequences for the rural environment, while change emerged from the interaction of the Commission’s ideas for CAP reform and the conflict between neo-liberal and neo-conservative interpretations of rural policy.

The UK government in its interactions with the Community focused largely on an economic analysis of the crisis, in particular promoting the need to bring supply and demand back into balance and proposing action to limit production, while for the most part ignoring the social consequences of change which preoccupied other member states. In the context of increasing surpluses and the falling value of farm output<sup>140</sup> (Winter 1996, p135), it is perhaps unsurprising that the UKs rural policy paradigm, wholly constructed around the idea of agricultural expansion, became the subject of internal challenge at a very early stage in the CAP crisis. In this domestic policy environment, neo-

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<sup>140</sup> Winter (1996, p133-5) comments that after 1976, “the [increasing] volume of gross output in UK agriculture has not been matched by a sustained increase in the value of that output”. Comparing the post-war period to 1973 with the 1980s, he shows that farming income as a percentage of gross output dropped from 20-25% to 10-15% (Winter 1996, fig.6.4, p135).

liberal ideas of reducing state intervention and increasing reliance on the market challenged the need for continued agricultural grants and subsidies. However, the neo-liberal interpretation of the crisis was tempered by Parliamentary and public clamour for neo-conservative traditional values in support of conserving the countryside and rural ways of life. Hence, national agricultural policy became imbued with the idea that farmers should be recompensed for safeguarding sensitive environmental assets. Although initially limited in scope, this new principle introduced a broad challenge to the dominant idea of the continual pursuit of financial, economic and technical efficiency. The principle embodied two complementary ideas: the need for greater balance between farming and conservation, and the idea of making a commodity out of environmental conservation, as O’Riordan (1992, p302) argues “the task of environmental conservation has been transferred from an act of voluntary conscience to a salvaging operation of mercenary commodification.”

The monopoly which farming had enjoyed in the rural policy paradigm since the war was therefore contested by the events leading to 1984. Analysis of the rural crisis focused on two specific and related issues around which ideas for constructing an institutional resolution to the crisis began to be formed. Firstly, the environmental lobby had won such significant support from within parliament and among the public for its arguments that any resolution needed to address the despoliation of the landscape, destruction of wildlife habitats and the growing demand for countryside recreation. Secondly, the fall in the value of agricultural production focused attention on the decline in farmers’ incomes. The final negotiation of the UK rebate could be interpreted as acceptance that, in the prevailing political climate in Europe and for the foreseeable future, a shift to a neo-liberal agricultural policy would be unachievable. Therefore, the range of options for change was effectively narrowed but the tension between neo-liberal and neo-conservative ideas ensured that rural institutional design was “piecemeal and evolutionary” (Richards and Smith 2002, p101) and owed much to political pragmatism.

Debate on the Wildlife and Countryside Bill was largely directed towards how rather than whether compensation should be paid to farmers. While responsibility for compensation lay with the conservation agencies, the policy community was somewhat scornful of the conservation interests.<sup>141</sup> Indeed, it was the coincidence of the House of Lords Committee's critical report (Great Britain, House of Lords, European Communities Committee on Agriculture and the Environment 1984) condemning MAFF for its "lukewarm commitment to conservation policies" (Winter 1996, p226) and government's abandonment of its commitment to agricultural expansion, which came to shape the response to the conservation issue. However, contrary to Smith's (1993, p113) conclusion that the policy community took "the initiative to a certain degree in the environmental and price areas" and has "not opened itself to environmental ... interests," decisions on how to respond to this issue were largely taken in the Prime Ministerial meetings in June 1984 (Lean 1984a). Moreover, the policy debate focused on the wider political benefits of introducing greater protection for the countryside, envisioning that it would:

- Assuage opinion among the conservation groups;
- Demonstrate the government's 'green' credentials in an era of growing public awareness of 'green' issues;
- Satisfy neo-conservative demands, especially in the 'Tory shires';
- Provide an alternative source of income for farmers at a time of falling prices;
- Demonstrate the government's commitment to CAP reform.

Therefore, responding to the debate on the House of Lords Committee's report on 23 July 1984, the Minister of State at MAFF agreed to seek a new EC regulation to permit the encouragement of "farming practices consonant with conservation" (HL Deb 1983-84, c91). This was secured in EC Regulation 797/85 which provided for the designation of Environmentally Sensitive Areas

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<sup>141</sup> Lowe et al (1986, p172-3) notes how the NFU became exasperated by the mounting criticism of farmers and their 'disregard' for the rural environment, and in March 1984, the NFU President "denounced what he termed as "mindless and naive" criticism of farmers by 'braying do-gooders'." Further, in evidence to the House of Lords Committee (Great Britain, House of Lords, European Communities Committee on Agriculture and the Environment 1984, Oral Evidence) a MAFF civil servant argued that unless government programmes for agriculture and environmental improvement are kept separate "you are in danger of having confused objectives and ... expensive administration."

(ESAs).<sup>142</sup> This new policy instrument was supported enthusiastically by the NFU as an alternative source of income and because to oppose it would have threatened its relationship with government. This cannot be interpreted as a damascene conversion on the part of the policy community, but a reflection of the facilitating role it had always played in the implementation of the centrally constructed rural policy framework.

Significantly, this measure was confined to the relationship between farming practices and conservation. There was no attempt to link it to a wider framework of conservation policies and instruments, and hence little danger of controls over agriculture being ceded to the Department of the Environment as Winter (1996, p227) suggests. It could therefore be regarded as simply a pragmatic response to significant political issues consistent with the values of agricultural exceptionalism, which as in Europe continued to underpin rural institutions. The Agriculture Act 1986 incorporated the new measure within a statutory framework which imposed "on agriculture ministers a duty to seek to achieve a reasonable balance between the interests of agriculture, conservation, recreation and the social and economic needs of rural areas." (HC Deb 1985-86, c624). While the Act acknowledged "the vital role that farmers play in preserving the social fabric of ... our countryside" (HC Deb 1985-86, c624), interpretation of 'a reasonable balance' was left to the Minister.

An intense debate on alternative uses for the potential surplus of agricultural land resulting from reductions in production provides a further example of the piecemeal and opportunistic approach to rural reform under the Thatcher government. While the Community introduced regulations in 1987 enabling farmers to be compensated for allowing their land to be 'set-aside'<sup>143</sup>, the debate in the UK was broadened to consider relaxation of the planning controls which had protected agricultural land from development since the war. Again, this generated conflict between neo-liberal ideas of giving greater locational freedom to business and neo-conservative fears of a proliferation of

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<sup>142</sup> EC Regulation 797/85 enables agriculture departments to designate environmentally sensitive areas where "the maintenance or adoption of particular agricultural methods is likely to facilitate the conservation, amenity or archaeological and historic interest of an area."

<sup>143</sup> Over 100,000ha of arable land was set-aside in the UK over the 1988-92 period.

development in the countryside. On one side, poor quality agricultural land with little landscape value was to be identified as not worthy of protection and therefore available for other uses including development. On the other side, conservationists sought to “protect the countryside for its own sake” (Marsden et al 1993, p115).

As with the introduction of the measure to balance farming and conservation, resolution of the conflict reflected the cognitive belief that any measures should support alternative sources of income for farmers. A revision of planning policy was set out in a Planning Policy Guidance note on ‘Rural Development and Enterprise’ (Great Britain, Department of the Environment 1988) which gave encouragement to farm diversification, barn conversions and other forms of housing and light industrial development. Supporting this change of policy, MAFF introduced grant aided schemes for small woodlands and farm diversification through the Farm Land and Rural Development Act, 1988. The Minister of State at MAFF introduced the Bill by promoting a “new balance of policies ... with less support for expanding production; more encouragement for alternative uses of land; more responsive to the claims of the environment; and more diversity on farms and in the rural economy” (HL Deb 1986-87, c1086). Farm diversification was justified as a means of encouraging “farmers to find alternative sources of income,” by establishing “new businesses [which] will add to the vitality and diversity of the rural economy” (HL Deb 1986-87, c1088).

As with the introduction of ESAs, the cognitive framework underpinning these measures reflected the Scott report’s belief that farmers would be the main agent of rural regeneration and countryside protection. The idea of agricultural exceptionalism was stretched to embrace the belief that government assistance was required not only to protect farmers from the vagaries of the market but to support the creation of a policy and regulatory environment which increased the potential opportunities for alternative sources of income. The post-war policy paradigm which supported the expansion of production through financial, economic and technological efficiency was therefore superseded by a commitment to support the continued presence of farmers as the principal agent for regenerating the rural economy, preserving the social fabric and

protecting the countryside and to maintain farmland as an environmental asset which through its commodification could generate an alternative source of income.

By focusing almost wholly on farmers both as agents and the target of government funding, this re-design of rural institutions was in many ways incomplete and lacked a broader rural policy framework. While the Conservative government continued to privilege the position of agriculture and farmers in the development of rural institutions, other contributors to the rural political debate began to advocate a more integrated approach to rural issues. For contemporary commentators, "the greatest obstacle to the integration of rural policies is the monolithic structure of MAFF" (Lowe et al 1986, p351). The failure of Countryside Review Committee<sup>144</sup> in the late 1970s to agree on the key priorities for rural action lead to a proposal from the CLA for the creation of a Ministry of Rural Affairs to coordinate government policy. In 1984, the House of Lords Committee report emphasised the need for "more systematic coordination and co-operation between the agriculture departments<sup>145</sup> and the Department of the Environment" (HL Deb, 1983-84, c86), which again generated among MPs (and the Labour Party<sup>146</sup>) calls for a more wide ranging rural department of state. Again, in 1988, two Conservative MPs proposed "a department of rural affairs or countryside development" (HC Deb 1987-88, c1268; c1279-80) to coordinate the range of government measures and agencies in rural areas. In response, the Minister for Housing and Planning in DoE argued that following the creation of such a department "one might find that the rural clout had diminished rather than increased, because it would be a rather small animal in the Whitehall jungle" (HC Deb 1987-88, c1319).

## **5. Conclusions**

Analysis of the development of post-war rural policy to the early 1990s has largely been dominated by either a focus on the productivist agricultural policy

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<sup>144</sup> The Countryside Review Committee was established in 1974 to examine the range of policies affecting rural areas and comprised officials from the Department of the Environment, MAFF, the Welsh Office, NCC, Countryside Commission, Forestry Commission, Sports Council and Rural Development Commission.

<sup>145</sup> Scotland, Wales and Northern Ireland had separate agricultural departments. The Committee ceased to meet after 1980.

<sup>146</sup> The creation of a Ministry of Rural Affairs became Labour Party policy after 1984.

or the monopoly power of the closed policy community. This Chapter has contested the explanatory capacity of the policy network approach by presenting an alternative account of rural policy development and change focusing on the role which ideas have played in rural institutional design. The key aspects of rural policy development which demand explanation include the long-term commitment to agricultural expansion, the periodic variation in the policy objectives and instruments, the impact of entry to the EC especially the crisis for the CAP and the shift in the national policy paradigm following the election of the Thatcher government. A number of themes emerge to explain the changing post-war rural policy process - the changing relationship between rural and agricultural policy; the significance of different state regimes for shaping rural policy ideas and goals; the changing mode of rural governance; the impact of the Europeanization process; the role of the conservationist discourse in the emergence of a 'multi-functional' agriculture and demands for greater policy integration.

The dominance of the closed policy community in explanations of the path dependence of post-war agricultural policy has tended to exaggerate the role of the community as the structure within which policy goals and actors' interests were shaped, while underestimating the influence of traditional hierarchical governance. Marsh and Smith (2000, p17) argue that "the context within which decisions were made remained the policy community" while Smith (1993, p109) concludes "parliament had almost no input into the agricultural price procedure," leading to the effective "depoliticisation of agricultural policy" (Smith 1993, p105). It is argued that their analysis takes a very limited view of agricultural policy-making, focusing largely on the Annual Review mechanism which determined the level of price guarantees and market support. However, this mechanism was largely concerned with policy implementation and not policy-making. Hence, as Richardson (2000, p1022) concludes the idea of stable and consensual policy communities seems "more relevant in describing how change is implemented" rather than explaining the changes themselves. The policy network approach may account for incremental change but is unable to explain changes in policy during the 1950s, especially the shift from price

guarantees to grants and subsidies, and contributes little to the explanation of the abandonment of agricultural expansion.

Despite the contrast between the UK and the CAP paradigms, the adjustment process for UK agriculture was at one level relatively untroubled. The change in policy instruments introduced in the UK during the 1960s not only smoothed the transition but was a major contributor to the success of negotiations for entry to the EC. However, as the problems of the rebate mounted, the contrast in policy institutions came to expose major differences of approach to dealing with the CAP crisis and probably contributed much to the confrontations on reform. Nevertheless, as the European Commission began the process of diagnosing the crisis for the CAP and shaping responses, the UK was drawn into the discourse much more deeply as evidenced by the uploading of the proposal for ESAs and embracing set-aside. The UK shared the concerns of other member states about farmers' incomes and supported the introduction of set-aside as a means of not only reducing output but of maintaining the integrity of farm holdings. Hence, despite the underlying difference in beliefs about the future of agriculture, UK agricultural institutions became increasingly Europeanized.

Constructivist institutionalism focuses explanation on the persistence of ideas which reformulated agricultural policy as an instrument of economic policy. The analysis of policy ideas reveals the dominance of economic goals and objectives which steered agricultural development in the UK towards greater intensification and ever rising output levels through improvements in efficiency, and subjugated rural policy almost wholly to agricultural productivism. It also reveals the marked contrast with the social welfarist ideas in the EC which came to exert such a strong influence on UK responses to the CAP and to the Community itself.

The analysis also exposes the limitations of the policy network approach and how interpretation of agricultural policy development based on the closed agricultural community underestimates the significance of interactions between rural policy institutions and other institutions in shaping policy development. Further, the emphasis on network closure not only internalises decision making

processes but minimises the significance of the external policy environment on policy shifts, and consequently fails to account firstly, for the influence of the negotiations for entry to the EC on the choice of agricultural policy instruments and secondly, for the paradigm shift in national agricultural policy in the early 1980s. Moreover, contrary to Grant's (2005) conclusion relating to the relative insignificance of neo-liberalism for farming, evidence would suggest that, under the Thatcher government, neo-liberal ideas introduced the role of markets in agricultural advisory and research services and significantly reduced the scale of support in other areas. Only recently has the outcome of this shift of ideas been more accurately quantified; Thirtle and Holding (2003, Executive Summary p2) conclude that the introduction of privatised services reduced their accessibility to farmers and was largely responsible for the reduction in agricultural productivity from 1.68% pa over the 1953-84 period to 0.26% pa from 1984 to 2000<sup>147</sup>.

Finally, Marsh and Smith's (2000) emphasis on the role of the agricultural policy network and its strong degree of closure infers a shift to a network form of governance. However, it is argued that traditional hierarchical governance largely prevailed during the period of social democratic statism with the result that the state effectively set the goals within a centrally constructed policy framework, while responsibility for delivering agricultural expansion was delegated to the policy community. Perhaps surprisingly, under the Thatcher government, the state was forced to engage with other interests as conservationists successfully campaigned for major shifts in rural policy. Moreover, in the period to 1992, it is concluded that the steps towards multi-level rural governance with the Community at one level and interest groups, agencies and sub-national government authorities at the other began to take shape and become more influential.

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<sup>147</sup> Thirtle and Holding (2003, p3) conclude that "the analysis of aggregate level TFP [Total Factor Productivity] showed that public expenditure on R&D is the strongest factor in explaining TFP growth. The slowdown in 1984 occurs more or less when funding of public research into agriculture in the UK was cut and the Extension service was privatised and became less accessible to farmers."

## Chapter 7

### Neo-liberal Rural Policy

#### 1. Introduction

From 1984, the neo-liberal paradigm continued over the following 13 years to provide the context for policy decisions on the level of support to the UK agricultural sector and on the scope and structure of rural policy. Its contrast with the values and cognitive assumptions underpinning the CAP reforms ensured that the UK continued to be detached from the European debate. The chapter begins by examining the response of the government to these reforms before turning to an analysis of the response to the proposals set out in the European Commission's Green Paper the *Future of rural society*. The emphasis on a multi-sectoral, territorial policy backed by local initiative was debated in a Parliamentary Committee which provides an insight on the divergence of views between the government and the House of Lords on rural matters.

The Chapter moves on to consider the government's rationale for publishing a rural policy statement in the form of a White Paper in 1995. The White Paper was not linked to or even mentioned the European proposals despite the fact that the Agriculture Commissioner, Franz Fischler, was at that time opening a debate on how to further the Commission's proposals. Rather, the White Paper was constructed in the context of the government's interpretation of sustainable development. Finally, the Chapter considers the government's commitment in the White Paper to increasing self-help within rural communities. This objective has been the focus of academic discussion for a number of years, e.g. Murdoch 1997b, Woods 2008. The final section explores an alternative interpretation based upon recent work by Davies (2011).

#### 2. The Response to CAP Reform in the UK

The Conservative government's rejection in 1984 of the post-war paradigm of agricultural expansion principally reflected ideological, diplomatic and financial calculations rather than some re-interpretation of the nature of the rural crisis. However, in order to cement this new paradigm, the government had to engage with the European Community and the process of CAP reform. While in

the late 1960s and early 1970s the UK had no choice but to download the instrument logic of the CAP, its early response to the CAP crisis ensured it had greater scope for adapting to change and greater opportunity to upload its own ideas. The paradigm shift had the effect of sustaining the separate development of agricultural policy and of shaping a distinctive UK interpretation and design of rural policy.

This section therefore explores the interaction between the debate on rural policy reform in the European Community and the emerging policy institutions in the UK following the paradigm shift in 1984. Firstly, it explores the interaction between the developing neo-liberal agricultural policy institutions in the UK and the process of CAP reform in the European Community. Secondly, it examines the tensions within the Conservative Party regarding the role of the state and of the Community in enabling rural areas to adjust to the changes in the role of agriculture in the rural economy and to the increasing commodification of the countryside.

### *Responses to agricultural policy reform*

The European Commission's construction of CAP reform proposals as a means of securing the rural norms which had played such a major role in the formation of the CAP largely met with an adverse response from the UK government, committed to a neo-liberal European agricultural policy. For example, the nature of the discourse used by the UK government in the 1988 negotiations illustrates the contrasting policy preferences and the inevitable conflicts they generated. Its objections focused on budgetary rather than agricultural considerations; Moyer and Josling (1990, p94) confirm that during the negotiations at the Brussels Summit in February 1988 "the UK played a significant role in ... debates by insisting on fiscal responsibility as a precondition for the necessary increased funding." The goal of reform for the UK was to reduce the significance of the CAP in the Community's competences and to secure initial steps towards a more market-oriented agricultural policy.

Similarly, in the negotiations leading to the 1992 CAP reform, the UK negotiating stance reflected its goal of a neo-liberal low-cost: high production

European farm policy. The 1992 CAP reform, strongly associated with Ray McSharry, the Agricultural Commissioner, was both a response to continuing budgetary pressures and to concerns about securing an international trade deal in the Uruguay Round of GATT. In order to reduce the CAP's trade distorting impact, it introduced a new instrument logic based upon reducing the dominance of price guarantees in favour of 'de-coupled' support for farmers through direct payments, increased set-aside, and environmental and rural measures.<sup>148</sup> Initially, the UK was opposed to compensating for price cuts by introducing direct payments; such proposals were greeted with a strong reaction from John Gummer, Minister of Agriculture, Fisheries and Food (MAFF) "we start by saying that we oppose Mr McSharry's proposals. We hate them. We condemn them." (HC Deb 1991, c1021). An equally strong response was given to the Commission's proposal that there should be a modulation of subsidies according to socio-economic criteria relating to the size of farm and the capping of individual direct payments to large farms. The government believed that this would have a greater impact on UK farms and be a step away rather than towards the UK's ultimate ambitions for the CAP. While UK objections to modulation were accepted, the government agreed to direct payments as a necessary condition for securing a trade agreement in which securing the liberalisation of trade in non-agricultural products was the much greater prize.

The re-shaping of agricultural policy in the UK after 1984 had come to be regarded by the government as a significant political success since it provided farmers with a potential alternative source of income in place of subsidies, was widely accepted as supporting the provision of public goods and helped to satisfy the concerns of environmentalists. The government used the opportunity of CAP reform to promote this approach within the Community. Reporting on progress in the negotiations on CAP reform, the Minister of State at MAFF stated "we are seeking to maintain and develop the environmental and

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<sup>148</sup> Including early retirement schemes, extra resources for farmers in mountain and less-favoured areas and provision for rural development financed through the Structural Funds' Objective 1, especially in the Mediterranean areas, and Objective 5b targeted at smaller pockets of rural employment decline; in addition, the Community's own LEADER Programme was targeted at stimulating local initiative in disadvantaged rural areas.

conservation policies which will ensure that environmental benefit will flow from any restructuring that may result from the new competitive position" (HL Deb 1990-91, c461). The final terms of the 1992 reform reflected the government's success in securing a compulsory agri-environment scheme. Indeed, Greer (2005, p117) argues "the UK can be regarded as an agenda setter in agri-environment policy; indeed it was a key shaper of early EU programmes to facilitate environmentally sensitive agriculture." The scheme had the particular benefit of not being regarded as trade distorting by the GATT.<sup>149</sup>

The Major government was much more committed to the environmental agenda than its predecessor with the Prime Minister himself attending the Rio 'Earth Summit' in 1992. In the 1990 White Paper – *This Common Inheritance* (Great Britain, Department of the Environment 1990) – the government exemplified its commitment to sustainable development by highlighting that "it is now government policy to integrate environmental objectives fully into agricultural support measures" (Minister of State at MAFF, HL Deb 1990-91, c462). In fact, agri-environment schemes were initially targeted at upland areas, largely coinciding with the protected landscapes of National Parks and Areas of Outstanding Natural Beauty (AONBs), and their take-up grew slowly throughout the 1990s, as fig. 7.1 illustrates. However, the government was reluctant to 'match fund' the schemes ensuring that less than 4% of the farmed area was covered by this provision. Therefore, for the vast majority of farmers the government provided very limited support to adjust to the new market conditions with programmes to promote farm diversification ceasing in the recession of the early 1990s. Instead, consistent with its neo-liberal ideology, the government favoured exposing farmers to market conditions, thereby facilitating the growth of agro-industrial agriculture.

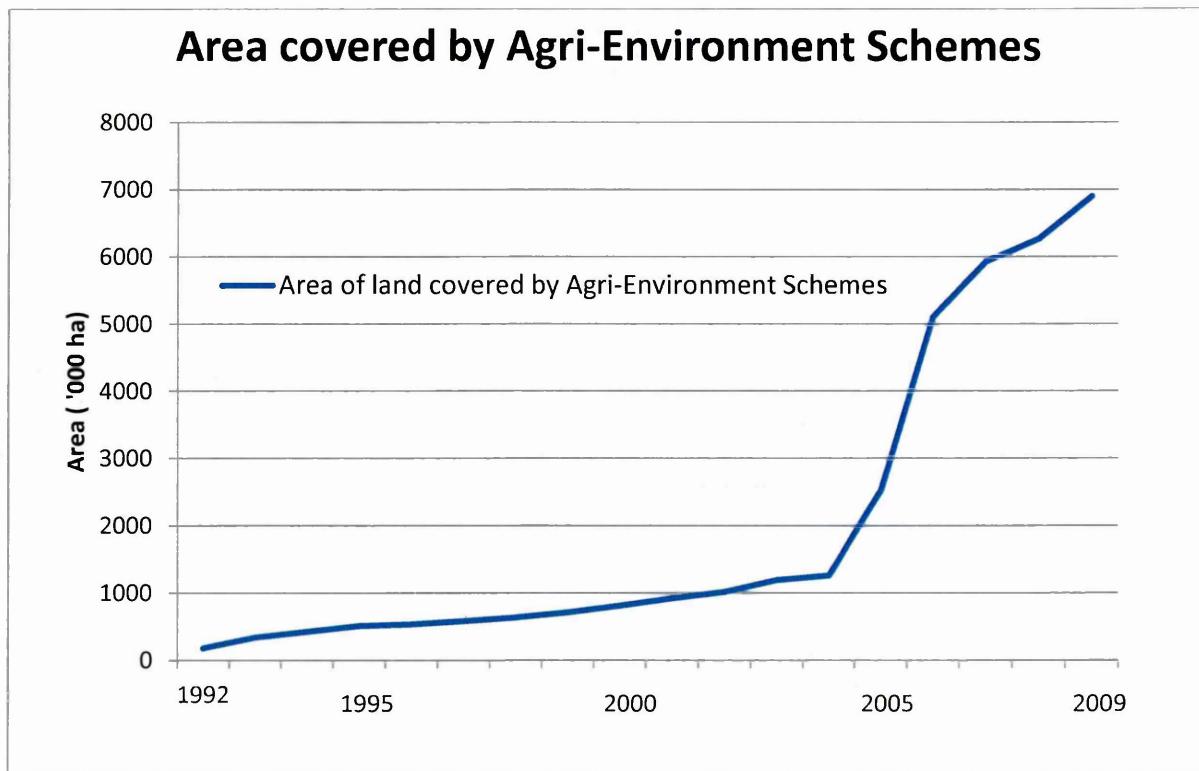
Greer (2005, p115) suggests that "the intrusion of 'non-agricultural' issues into the policy domain [following the 1992 CAP reform] is directly connected to the weakening of traditionally dominant agricultural policy communities." While this

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<sup>149</sup> The World Trade Organisation distinguished between trade-distorting support and non-trading distorting support exempting the latter from any reduction in commitments through the so-called 'green box', while support which is basically trade-distorting but linked to production-limiting mechanisms is also exempt, being placed in the so-called 'blue box' (Garzon 2006, ff19).

may have been the case across much of the European Community, it is argued that debate on the broadening of the agricultural agenda had already taken place in the UK in 1984. Consequently, the negotiating stance of the UK government was focused on ensuring that CAP reform did not contradict its new policy preferences and on shaping CAP reform by uploading its ideas and experience of linking agriculture and environmental conservation. CAP reform has therefore been forced to recognise variations in domestic agricultural conditions and the different policy legacies and preferences among member states, "by allowing greater scope for national flexibility and variability in the operation of the CAP" (Lowe, Feindt and Vihenen 2010, p291). Some measures, introduced at the request of individual member states, were not made compulsory allowing the emergence of what Greer (2005, p208) describes as a "cafeteria CAP".

Fig 7.1 The Take-up of Agri-Environment Schemes in England 1992-2009



Source: Great Britain, Defra (2010, table 11.7).

The 1992 CAP reform created the potential for a shift from “a dominance of agricultural policy towards the creation of a rural development policy” (Great Britain, Parliament, House of Lords Select Committee on European Communities 1990, para 165). As the analysis in Chapter 5 reveals, the reform of the CAP over the period from 1985 to 1992 was characterised by the journey from the vertical and sectoral policy arrangements which underpinned agriculture towards a territorial and horizontal conception of multi-dimensional rural policy in which agriculture adopted a more multifunctional role.<sup>150</sup> The discourse emphasised ‘the diversification of rural economies’; ‘integrated rural development’; supported by institutional arrangements which prioritised ‘partnerships’; ‘action which is based and devised on local circumstances’ and ‘indigenous development’. These phrases taken from the Commission’s Green Paper on the *Future of rural society* (European Commission 1988, Summary Chapter) capture the kernel of the Commission’s rural policy discourse as a complement to the reform of price and market support. This rural policy framework shaped the context in which agri-environment measures, Objectives 5a and 5b of the Structural Funds and in particular, the Community Initiative for local rural development – LEADER – could emerge. However, it was inherent in this framework that rural development would be shaped by local, regional and national rural issues and policy preferences; hence its impact on individual member states may only be explained by exploring the politics of domestic adjustment.

In the UK, the 1986 Agriculture Act effectively shifted the policy discourse away from agricultural productivism towards the sector’s role in managing the rural environment and the implications of reduced production for rural economies and communities. Moreover, the increasing inclusion of non-agricultural issues especially increasing concerns about the effects of the rural population growth ensured the rural policy debate would move beyond agriculture, for the first time since the war. The scope of this debate is explored by examining two

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<sup>150</sup> The term ‘multifunctional’ was used in connection with the changing role of agriculture for the first time in 1993 by the European Council for Agricultural Law in an effort to provide the general notion of “sustainable agriculture” with a legal definition (Losch 2004, P340).

Parliamentary discussions: the first, a debate on rural development and the second, the Select Committee inquiry into the Commission's Green Paper.

In February 1988, an early day motion put down by a Conservative rural MP<sup>151</sup> provided a contemporary expression of those rural issues of most concern to the neo-Conservative tendency in the Tory Party. These included: how to accommodate an expanding rural population; agricultural diversification and the promotion of rural enterprise; improvement of rural services, infrastructure, housing and employment. The list reflected concerns about social and economic aspects of rural life which had been suppressed for so long by the expansionist hegemony. Significantly, the motion called for government "policies and procedures ... to coordinate the work of various agencies and departments which have a direct interest in rural affairs and rural land use" and pointedly rejected a neo-liberal approach by stressing the need for "an ordered phasing of development in rural areas" (HC Deb 1987-88, c1261). This neo-Conservative motion reflected an antipathy towards the neo-liberal emphasis on the market and its reluctance to intervene to ensure that "proper attention was paid to the interests and customs of society" (Gamble 1994, p149).

The publication, later in 1988, of the Commission's Green Paper on the *Future of rural society* (European Commission 1988) was significant not only for articulating a European perspective on the need for an integrated rural development but equally for providing a more comprehensive analytical framework for debate within the UK. In 1990, a House of Lords Select Committee conducted an inquiry into the issues raised by the Green Paper by inviting responses to a series of questions<sup>152</sup> raised by the Commission's report in the context of rural development in the UK. The Committee's questions themselves reveal much about the state of the rural policy debate in the UK at this time including: whether comparisons with rural Europe were helpful; whether the present limited approach to rural economic regeneration was appropriate; whether the policy-making and delivery institutions were

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<sup>151</sup> Malcolm Moss, MP for North-East Cambridgeshire – a rural constituency covering large areas of fenland and productive agricultural land.

<sup>152</sup> The range of questions posed by the House of Lords Committee is included as Appendix 3.

appropriately designed and co-ordinated; whether support for farmers could deliver wider economic, social and environmental objectives.

A key tenet of the Commission's Green Paper was a proposal for "a move away from a sectoral concept of agriculture to a wider concept of support" (European Commission 1988, p602). Moreover, the Agricultural Commissioner, Ray McSharry, stressed in a speech in February 1990<sup>153</sup> "measures should be implemented as far as possible through the agency of local communities themselves in order to avoid a fragmented sectoral approach" (quoted in Great Britain, Parliament, House of Lords Select Committee on the European Communities (1990, p40). The principles were endorsed by many of the witnesses to the Select Committee, who reported in detail on the lack of integration and coordination of current programmes and the limited degree to which implementation was delegated to the local community.

The Select Committee accepted this widespread critique, concluding that "in the absence of broad strategic guidance from the Government rural policies will continue to suffer from lack of integration, lack of targeting and an imbalance in resource allocation" and therefore suggested that "the ideas put forward in *the Future of rural society ...* form a suitable basis for future policy development" (Great Britain, Parliament, House of Lords Select Committee on the European Communities 1990, p54; p45). The Select Committee challenged the government to provide an integrated national policy framework so that "each of the many different bodies involved in rural policymaking can develop coherent and mutually consistent approaches ... [which] recognised the diversity of rural areas (Great Britain, Parliament, House of Lords Select Committee on the European Communities 1990, p46). It even sought to generate a debate on an integrated rural policy by recommending a set of five objectives to guide rural policy development.<sup>154</sup>

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<sup>153</sup> A speech by Commissioner McSharry at the University of Ulster, 26 February 1990.

<sup>154</sup> The Select Committee (Great Britain, Parliament, House of Lords Select Committee on the European Communities 1990, p46) recommended the adoption of five potential objectives of rural policies:

1. Maintaining the potential of the countryside to produce resources needed by people – food, timber and water;
2. Promoting economic performance;

The government's response<sup>155</sup> to the Select Committee's report was quite dismissive, and largely reiterated commitment to its present neo-liberal policy in which "the overall aim is to maintain a thriving countryside ... [secured through] the twin objectives of a healthy rural economy and an attractive environment" and to institutional arrangements which privileged "the central role of government departments in addressing changes in rural areas" (HL Deb 1990-91, c460). Moreover, the government still regarded the policy community as the main implementation agent, especially in delivering the major rural policy commitment "to integrate environmental objectives fully into agricultural support measures" (HL Deb 1990-91, c462). The government's commitment to a neo-liberal perspective on rural policy was emphasised by its statement that "we must be cautious about the Select Committee's conclusion that agricultural policies alone can no longer be assumed to provide widespread benefits to the rural economy and society" (HL Deb 1990, c462). By not referring at all to the issues of integration and coordination, the government sought to distance itself from the Commission's proposals for multi-sectoral rural development policy and the Select Committee's framework of rural policy objectives.

The government's decision not to embrace the Commission's idea of 'rural development' reflected the contrasting rural values, beliefs and cognitive assumptions and ideological context in which UK rural policy had been constructed. The UK government's approach to CAP reform reflected a continuing commitment to a neo-liberal agricultural policy in which production-related support would be abandoned and import controls abolished. Even if this was not achievable in the short-term, the government could not support measures which might delay its implementation. Therefore, the adoption of a broadly based rural policy framework was seen as continuing to underpin the Community's social welfare paradigm by seeking to address directly the socio-cultural and economic consequences of reductions in farm output. As the Minister in her response to the Select Committee report emphasised "what is

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3. Pursuing social objectives – maintaining social balance and promoting social cohesion and community initiatives;
  4. Maintaining cultural and recreational benefits;
  5. Protecting the natural environment.

<sup>155</sup> The response was made by Baroness Blotch, Minister of State at the DoE, during a debate in the House of Lords in November 1990.

not desirable is to introduce into the CAP, in the name of rural development, measures which are primarily social in character" (HL Deb 1990, c462).

The government retained the cognitive belief that, as expressed in the Agriculture Act 1986, farmers were well placed to safeguard economic and social interests in rural areas. Such an assumption may have been influenced by the fact that large farms were demonstrating considerable resilience to the fall in demand and against the general trend their incomes were continuing to rise. Moreover, Shucksmith and Winter (1990, p431) suggest that "a large-farm bias reflects the balance of political power in the farming industry"<sup>156</sup>. Indeed, the emergence at this time of a highly capitalised agro-industrial sub-sector with significant productive capacities probably underpinned the government's belief that farming would continue to be the most important contributor to the long-term economic health of rural areas.

For the Conservative government, rural development was not a priority. The abandonment of the Keynesian commitment to full employment signalled a shift away from the very policies of state support for economic and social wellbeing which characterised the Commission's Green Paper. In particular, the Conservative government significantly reduced the scope of regional policy<sup>157</sup>, perhaps suggesting that its market-oriented regime was not compatible with a strong regional policy. However, Halkier (2006, p46) argues that the downgrading of regional measures was evident before 1979 and therefore "factors other than rampant liberalism must have been at work." While the scaling back of public sector programmes was undoubtedly a significant factor, Halkier (2006, p46) argues that the policy priority shifted from top-down regional intervention to improving the competitiveness of UK manufacturing and addressing the problems of unemployment, deprivation and social unrest in the inner cities of large conurbations. Spatial targeting therefore switched from

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<sup>156</sup> Evidence of the "large-farm bias" was provided by the implementation of the diversification programme, which favoured large farms with greater access to capital resources and therefore greater opportunity to diversify into on-farm activities such as tourism accommodation which require significant investment.

<sup>157</sup> The proportion of the working population within the Assisted Areas was reduced from 40% to 25% by 1982.

regional to urban policy, effectively marginalising rural development as a national priority.

Rural economic and social policy beyond agriculture was effectively confined the programmes of advanced factory building and enterprise support managed by the Rural Development Commission (RDC) and local social action through the Rural Community Councils (RCCs) in each county of England. The combined budget for these programmes during the 1980s and early 1990s was however only a small proportion of the payments to farmers<sup>158</sup> and their contribution to offsetting the loss of 108,000 jobs lost from the agricultural sector over the 1979-1992 period could be regarded as no more than a political gesture.

The thrust of the government's response was firmly against establishing a structure of programmes and delivery arrangements to promote rural development, largely preferring to leave economic and social development to market forces. For example, the Minister, responding to the problem which rising house prices were creating for lower income households in rural areas,<sup>159</sup> argued that "we cannot simply resist these market pressures; after all they represent genuine demands from many people who wish to live in attractive rural surroundings." (HL Deb 1990-91, c463-4). While the Select Committee had endorsed the need for "local solutions to local problems" and therefore "for greater institutional coordination at the local level" (Great Britain, Parliament, House of Lords Select Committee on the European Communities 1990, p46; p57) the state regime was characterised by a "radical centralization of government power and a concerted erosion of the autonomy of local authorities" (Hay 1996, p152). In the period to 1992 the UK government's attitude to CAP reform contrasted sharply with the Community's social welfare

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<sup>158</sup> The RDC budget in 1992 was £32.9m compared with £147m paid to farmers in capital subsidies and other payments; it was dwarfed by the £835m paid as production subsidies to farmers.

<sup>159</sup> In his evidence to the Select Committee, Professor Howard Newby captured the consequences of change in rural housing markets by arguing "in many of our rural communities, unfortunately we have arrived at a situation ... where we have two nations in one village" (Great Britain, Parliament, House of Lords Select Committee on the European Communities 1990, p14).

paradigm and rural policy in the UK had little in common with the strong cultural norms and rural fundamentalist perspectives in the rest of Europe.<sup>160</sup>

Nevertheless, it would be wrong to suggest that self-help and local action did not play a significant role in rural areas. The RCCs had since the 1920s “developed an approach to social and community development in rural areas which linked village communities, voluntary organisations and government activity” (Rogers 1988, p356). Increasingly, they had supported and encouraged “local communities to play an active role in crystallising opinion and in galvanising people to take appropriate action themselves” (Moseley et al 1996, p310). Therefore, it is apparent that self-help and voluntarism thrived in rural areas in an era of neo-liberalism and the privatisation of public services – a phenomenon which many associate with “the English village as the archetypal ‘caring community’ ” (Rogers 1988, p356).

### **3. The Impact of the 1992 CAP Reform**

The implementation of the 1992 CAP reform was secured by, on the one hand, stricter regulations on price and market support and the introduction of compulsory agri-environment schemes and on the other, by the framework of rural development initiatives including the Structural Funds. This common framework was, as Greer (2005, p212 *emphasis* in original) argues, “an *addition* to, not a subtraction from, the powers of the national political systems.” This section therefore explores the extent to which measures introduced in the 1992 CAP reform influenced the shape of rural policy in England. However, it is argued that the initial stimulus for the debate on a multi-sectoral rural policy framework came from the 1992 Rio Earth Summit and its requirement for national action plans for sustainable development.

#### *Farming and the Environment*

In June 1992, the European Union (EU) committed member states to prepare

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<sup>160</sup> There are strong nationalist and populist dimensions to rural fundamentalism as reflected by Pétain’s statement that “a field that goes out of production is a bit of France that dies. A field restored to cultivation is a bit of France reborn” (quoted in Wright 1964, p76). As Greer concludes, “elements of this agrarian myth still inform agriculture and rural policy development” (Greer 2005, p91).

national action plans to implement the Rio Earth Summit's Agenda 21.<sup>161</sup>

Accordingly, in 1994 the UK government published its action plan as *Sustainable Development: the UK Strategy* (Great Britain, Department of the Environment 1994a). However, critics argued that "vagueness seemed to permeate the government's overall understanding of sustainable development and the *UK Strategy* provided ... no clear vision" (Carter and Lowe 2000, p173).

The *UK Strategy* put particular emphasis on what the government regarded as a significant success in linking agriculture and environmental conservation. Ministers considered that the policy ably demonstrated the government's commitment to rural sustainability through conservation of the countryside and biodiversity. However, sustainability implies that agriculture should be treated not simply as a productive industry operating within environmental objectives, but equally as environmental management in its own right (Lowe and Ward 1994, p87). However, environmental problems arising from agricultural practices were seen to require environmental rather than agricultural solutions. Tilzey (1994, p24) therefore argues that rather than seek the full integration of production and environmental objectives, the *UK Strategy* treats them as separate spheres whose conflicting demands need to be balanced. Further, Tilzey (1994, p24; p28) adds that rural environmental policy was largely targeted at 'special areas', including Environment Sensitive Areas, National Parks and AONBs, leaving other areas to "unconstrained orthodox farming practices."<sup>162</sup> Hence, he concludes that the government's aim to work for the full integration of environmental considerations into CAP "is heavily comprised by [this] dichotomous view of the countryside and a concomitant plethora of 'dis-integrated' environmental incentives schemes." Moreover, the limited scale of resources the government was prepared to commit to environmental

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<sup>161</sup> "Government should ... adopt a national strategy for sustainable development ... [to secure] the implementation of decisions taken at the conference, particularly in respect of Agenda 21. [Its] goals should be socially responsible economic development while protecting the resource base and the environment for future generations" (The Earth Summit 1993, para 8.7).

<sup>162</sup> The scale of resources devoted to agri-environment schemes by the UK government was quite limited, amounting to less than 3% of total expenditure on agriculture throughout the period to 1997, with much of it associated with the compulsory schemes announced in the 1992 reform. Hence, the total proportion of the farmland covered by these schemes was equally small, rising to just 3.3% in 1997.

measures would indicate a significant gap between the rhetoric and the willingness to intervene. Lowe and Carter (2000, p174) conclude that while the requirement for a sustainable development strategy had been met “it remained an open question to what extent ... [it] heralded any real change of policies or the processes of government decision-making.”

### *Rural Development*

Within the context of the *UK Strategy*, the government undertook “to explore the practical implications of sustainable development” by “look[ing] at the future of our countryside” in a White Paper on *Rural England* (Great Britain, Department of the Environment (DoE) and Ministry of Agriculture, Fisheries and Food (MAFF) 1995, Foreword by the Prime Minister). The aim of the White Paper was “to set out for the first time a framework of policies relevant to rural areas” (Great Britain, Parliament, House of Commons Environment Committee 1996, p94). Its preparation began with an invitation to the public to identify what issues it should address. “There was widespread recognition that we should design policies to meet our wider objectives for the countryside in an integrated way” (Great Britain, DoE and MAFF 1995, p7) strongly reflecting the European rural development discourse.<sup>163</sup>

However, as in the *UK Strategy* for sustainable development, the government’s interpretation of rural sustainability suffered from a conceptual vagueness. The failure to fully explore sustainable relationships between agriculture and the environment, the rural economy and a wider vision for the future of the countryside reflect the limitations of the Rural White Paper (RWP). It simply reiterates the view that “the goal of safeguarding and enhancing the rural

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<sup>163</sup> The main issues identified by the consultation related to:

- 1) Economic development, especially the importance of continuing diversification;
- 2) Planning: its role in supporting development in ways which facilitate the economic vitality of the countryside while preserving its environmental quality;
- 3) Rural services, especially issues relating to access to public transport and services, and to affordable housing;
- 4) Local government: in particular, the potential for more local involvement in decision making;
- 5) Conservation: support for a greater emphasis on conservation and the extension of environmental management schemes beyond the designated areas. (DoE and MAFF 1995, p7-8).

environment should be at the heart of a reformed CAP" without identifying the means to support its implementation (Great Britain, DoE and MAFF 1995, p53).

This limited interpretation of rural sustainability is repeated throughout the RWP, as Hodge (1996, p336) argues

there is no exploration of possible specific linkages between communities and land uses in a post-productivist countryside", and adds that "we may feel that there is a chapter missing at the end ... [which] draws out the inter-relationships between the areas of rural policy and between rural conditions and wider socio-economic and environmental change.

Despite the call of respondents to the pre-RWP consultation to design policy 'in an integrated way', the lack of evidence and analysis of the processes which lead to rural problems ensures that the RWP is largely a compilation of existing policies, measures and commitments.

Above all, as Hodge (1996, p336) argues the RWP does not "identify the mechanisms to stimulate integration." Many of the rural programmes had developed as somewhat piecemeal responses to particular rural problems and depended on a dedicated stream of funding. As a result, rural policy programmes and initiatives tended to overlap, to be underpinned by contrasting criteria and where spatial targeting was an integral component they tended to pursue distinctly different objectives.<sup>164</sup> Hodge (1996, p336) therefore concludes "it is the underlying analysis between the substantive issues and the initiatives that is not made explicit."

Moreover, the House of Commons Environment Committee on examining the White Paper concluded that

if the government had published *Rural England* as a Green Paper, or discussion document, rather than as a White Paper which may be expected to contain clearly defined policy commitments, those responding would not have had reason to look for concrete proposals within it (Great Britain, Parliament, House of Commons, Environment Committee 1996, para 8).

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<sup>164</sup> For example, the European Community's Less Favoured Areas, areas designated under Objective 5b and the Rural Development Commission's Rural Development Areas did not coincide and targeted different issues associated with the upland and more remote parts of rural England.

Many of the Environment Committee's recommendations were therefore directed at the rural policy process. Its call for the government to recognise the wide variation in the character of the countryside, to integrate social and community objectives into rural economic and environmental programmes and to give greater attention to the development of European rural policy (Great Britain, Parliament, House of Commons, Environment Committee 1996, para 16; paras 28-29; para 43) reflects a strong underlying critique of the neo-liberal rural policy paradigm. Specifically, without greater commitment of resources to agri-environmental schemes, the RWP cannot be said, as Marsden and Sonnino (2008, p425) have suggested, to have advanced the role of agriculture to "contribute to regional development ... by promoting territorial development through the provision of rural infrastructure and public goods." In contrast, it is argued that the policy community, especially the influential group of farmers on large holdings, were concerned to ensure that the productivist neo-liberal paradigm was not threatened by additional regulation, e.g. greater demands for environmental conservation.

The Environment Committee welcomed the RWP's vision in which "active communities [are encouraged to] take the initiative to solve their problems themselves [since] self-help and independence are traditional strengths of rural communities" (Great Britain, DoE and MAFF 1995, p9-10; p16). In particular, the RWP explores "how we can encourage local initiative and voluntary action", and introduces a more active role for parish councils, with new powers and responsibilities; a strengthening of volunteering in rural areas; a requirement for local government to be more sensitive to rural areas; a commitment for the newly created Government Regional Offices (GOs) "to meet regularly with representatives of rural communities" (DoE and MAFF 1995, p16; p21-3; p19-20; p24-26; p29).

The question arises whether this promotion of 'active communities' reflects a shift in rural policy and its implementation towards the European model of indigenous and locally-led rural development. Murdoch (1997b, p115) argues that the RWP could be interpreted as heralding "a general shift in the scope of rural governance" with its claim that the government "aim[s] to work in

partnership with local people rather than impose top-down solutions" (DoE and MAFF 1995, p16). Moreover, Murdoch (1997, p115) notes that "the focus of local decision-making is not local government; rather it is the plethora of small, tightly-knit and self-reliant communities that the Rural White Paper would make us believe make up rural society."

However, it is argued that the RWP's interpretation of the future of rural society in England owes more to an exogenous rather than an endogenous conceptualisation of rural development. The classic exogenous model of rural development (Lowe et al 1999, p6-8) emerged from theories of urbanisation in which the concentration of capital and labour in cities support agglomeration economies. The role of rural areas, largely stripped of non-agriculturally related economic activity, then becomes focused on the production of food for the cities. As a result, "rural areas become dominated by technically progressive market-oriented agriculture" (Lowe et al 1999, p6), an outcome which Conservative neo-liberal agricultural policy was tending to support. Development problems arising in rural areas under this exogenous conceptualisation are associated with marginality, typically related to peripherality or remoteness. Such locations were the main beneficiaries of European assistance under Objective 5b and LEADER programmes and from the Rural Development Commission's designation of Rural Development Areas in 1993.

The neo-liberal rural policy paradigm clearly had much more in common with the exogenous model and consequently, as Lowe (1996, p194) concludes "it is difficult to find a clear justification for endogenous development models grounded in an analysis of the changing context for rural development, and certainly there is none in the Rural White Paper." Yet, the government's emphasis on "active communities" (DoE and MAFF 1995, p9-10) appears to have more in common with an endogenous model of rural development. It is important to reconcile this apparent paradox in order to assess the impact of CAP reform on the structure and form of rural governance.

It is argued that the introduction of the notion of 'active communities' is entirely consistent with the increasing prominence of an active citizenship policy during the years of the Major government. Davies (2011, p4) contends that this policy emerged during the period of the Thatcher government as integral to the struggle for neo-liberal hegemony. Quoting Retort (2004, p19), Davies (2011, p6) articulates the proposition that, through an overriding commitment to the market, "de-traditionalization and the increasing anomie arising from individualization has undermined the social cohesion that enhances competitiveness." Consequently, Davies (2011, p6) suggests that once serious union resistance was subdued "the Tories turned their attention to building a new consensus and the challenge of citizen acculturation." The idea of 'active citizenship' gathered momentum toward the end of the Thatcher era, with Douglas Hurd (the then Home Secretary) seeing "active citizenship as a way of overcoming the lack of community, lawlessness and overdependence on the state" (quoted in Oliver 1991, p157). The idea was applied more widely by the Major government as evident in the 'Citizen's Charter' and 'local partnerships'. Its inclusion as 'active rural communities' in the RWP may therefore be seen an example of its transfer to individual areas of government policy.

The promotion of 'active communities' in rural areas may be interpreted as a contribution to the challenge of revitalizing citizenship within neo-liberal governance (Davies 2011, p20). Its inclusion in the RWP must be regarded as an essential contribution to neo-liberal rural policy rather than as an English interpretation of endogenous rural development. Rural economic and social change which had accelerated with the decline in the agricultural labour force and the counter-urbanization of population created significant problems of adjustment. The substantial flows of population from cities to the countryside which allowed many to combine rural living with urban employment (Murdoch 2006, p177) became the dominant social trend<sup>165</sup> in rural England which had diminished social cohesion.

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<sup>165</sup> Murdoch (xxx, p178) argues that "middle-class residence in the countryside is part of a search for new forms of belonging. In particular, middle-class residential preferences are strongly linked to the

The RWP does not regard rural economic and social dislocation, such as lack of affordable housing, poor job prospects and low wages and the decline in local services which accompanied these socio-demographic changes as matters for state intervention. Indeed, the Environment Committee berates the government for failing to assess their impact on rural poverty (Great Britain, Parliament, House of Commons, Environment Committee 1996, p41). Rather, the government passes the responsibility for building "stability, coherence, embeddedness and belonging" in communities (Wittel 2001, p51) to 'active communities'. While Murdoch (1997, p116) portrays such community action as "the government creeping away from its responsibilities under the cloak of local empowerment", it was entirely consistent with the Conservative government's neo-liberal rural policy and the history and culture of rural voluntarism.

While the emergence of a broadly defined rural policy agenda introduced more actors into rural policy institutions and new ways of thinking about agriculture and its relationship with the rural economy and environment, Grant (2005, p17) argues

it must be emphasised that the agricultural policy community has shown considerable resilience in the face of these new challenges. It has resisted some of them and adapted others for its own purposes and as such it is possible to observe an interesting interaction between new ideas and established policy interests.

The policy community continued to be the main forum within which the UK stance on negotiations in the Agriculture Council was determined. As a former Countryside Commission executive (Interviewee #2) commented "the MAFF view of life was all about animal health, welfare, the subsidy system and the form of the CAP."

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aspiration for a 'country' identity. Counter-urbanization can be seen as an attempt to 'escape' the [urban] social through immersion in country life. Once established, counter-urbanizers will seek to consolidate those aspects of the rural that most closely accord with their preconceptions of this spatial area." Rural population expanded rapidly during the 1980s and 1990s e.g. between 1981 and 1991 the population of rural Britain grew by 7% compared with an increase of 0.4% in metropolitan areas (Murdoch 2006, p177).

#### **4. Conclusions**

It is concluded that under the Major government the neo-liberal rural policy regime matured and moved closer to an exogenous model of rural development than the European framework. Its discourse on 'active rural communities' resonated with the maturing neo-liberal regime rather than any concession to the European rural policy framework. It may therefore be argued that the UK government had successfully negotiated an outcome within the CAP reform which enabled the UK to continue along its own neo-liberal policy path. Perhaps of greater significance to the English public, the government constructed a communicative discourse which justified its distinctive, but still agriculturally focused, rural policy by commandeering the rhetoric of sustainable development and promoting the heavily constrained agri-environmental policy as an exemplar.

## **Chapter 8**

### **The Disintegration of Rural Policy in England**

#### **1. Introduction**

The election of the New Labour government in May 1997 was accomplished at least in part by the evocation to a 'Third Way' in politics between the market individualism of neo-liberalism and the state centred approach of Old Labour. This Chapter explores how the change of government, introducing new ideas and discourses, impacted on the rural policy path, rural institutions and the design of rural governance. White (2001, p3; p14) argues that unlike neo-liberalism, the Third Way "is not really a concept or an ideology" and contends that the breadth of its definition means that "it cannot serve as a public philosophy, simply because it skirts over hard choices across value and policy orientations."

The Chapter begins by exploring the characteristics of the Third Way and in particular its modernising strategy. It raises the apparent paradox of modernisation in seeking to secure greater central control while devolving delivery and explores the concept of meta-governance as a framework for understanding rural institutional change. The Chapter moves on to examine how New Labour in its first term responded to unexpected electoral success and rural crises and to assess the extent to which a coherent rural policy was beginning to emerge. The depth of the rural and agricultural crises following the outbreak of foot and mouth disease led to a reappraisal of rural institutions and rural governance which is explored in the following sections. The coherence of the government's response and the implications for the coordination and integration of rural policy are key themes of the analysis.

#### **2. New Labour and the Modernisation of the Public Sector**

Lukes (2001, p3-4) argues that the Third Way is "a rhetorically defined space", embodying 'moderateness' between the extremes of neo-liberalism and socialism. It therefore combines recognition of the significance of the global economy with the desire for social cohesion by invoking a set of moral and cultural values (Newman 2001, p2). This framework of values embraces

commitment to “real opportunity”, “civic responsibility” and “community” (White 2001, 4-5) which Davies (2011, p2-3) argues has much in common with the Thatcherite vision of ‘active citizenship’. Hence, the Third Way can be seen as part of the transformation of the relationship between the state and society which began with the Thatcher government. The distinctive feature of the Third Way was the “will and determination to modernise” (Blair 2010, p95) this relationship. As Bevir and Rhodes (2003, p128) argue “New Labour unpacks the Third Way as a vision of public sector reform”.

The public sector had already undergone considerable reform under the Conservative government, with particular emphasis on introducing increased market mechanisms through New Public Management (NPM) and accompanied by greater participation by social actors (especially through networks) in both making and implementing policy. It is widely accepted that NPM and the styles of reform have involved changes in the pattern of governing characterised by deconcentration, decentralisation and delegation. For New Labour as for other governments, this shift from hierarchical to market and network oriented patterns generated problems of “incoherence and poor coordination in the public sector” as government capacity to set and control the direction of policy was reduced (Peters 2008, p1; p3). The response of New Labour to these problems and the introduction of alternative values and priorities provided a new environment within which policy makers interpreted and responded to rural problems and issues and within which rural institutions were re-shaped. This section begins by exploring the main characteristics of the New Labour reform programme, before considering its response to unexpected rural crises and opportunities created by further CAP reform in the following section.

### *New Labour’s reform programme*

“Active government” is a key component of the Third Way; but, active government was conceived not as “the old centralised command and control systems” but as incorporating “a new pragmatism ... in the relations between public and private sectors” combined with an emphasis on “more democratic self-governance” (Blair 1998, p15-17). In practice, however, Richards and Smith (2005, p14) suggest that “Labour’s reform programme has produced a

paradox." On the one hand, Labour's diagnosis of the failings of the Conservative government was that it had "lost the ability to operate in a simple, unified, coordinated manner across the whole policy spectrum" (Richards and Smith 2005, p12). The previous government's commitment to NPM encouraged it to be focused and organised around targets and governed by market forces. This resulted in a fragmentation of issues and responses which were "particularly ill-suited to more complex problems" (Mulgan 2005, p4). Policy had increasingly been developed in a segmented manner, often leading to unintended outcomes. Therefore, "joined-up government [became] the fashionable solution to some of the problems of coordination and control in government" (Richards 1999, p61). Richards and Smith (2005, p13) argue however that "the response of Labour since 1997 has been to implement a series of reforms that aim to increase the power that the centre wields – a state-centric response."

This strong central control has, on the other hand, been accompanied by the detachment of delivery agencies from government and increasing the local autonomy of service deliverers in line with the concept of 'modern governance'. For Richards and Smith (2005, p14) this raises "the key issue of whether or not increasing central control while at the same time attempting to enhance local autonomy creates diametrically opposed goals which are difficult to achieve." This paradox underlies the problems of modernising public policy under the New Labour administration. It is argued that the way in which the paradox resolves itself is contingent on the policy arena and on the way in which events conspire to affect the balance between central control and devolved delivery.

Theoretical developments in governance have attempted to reconcile this paradox through the concept of meta-governance – "the governance of governance" (Bell and Park 2003, p63) reflecting the re-introduction of active state control and politics; Peters (2008, p10) adds "it must also be understood as creating the conditions under which governance models can perform effectively." Meta-governance provides a useful framework for examining the variable relationship between central control and autonomy through networks. It is argued that the state has evolved a range of new instruments to "shape

the behaviour of organisations that have some political legitimacy of their own” (Peters 2008, p11), these include:

- a) Soft law: use of benchmarks, and frameworks to establish ranges rather than specific points of compliance;
- b) Performance management: use of centrally determined targets;
- c) Priority setting: establishing political priorities through enhanced capacity of the core executive, regarded as “perhaps the fundamental strategy for meta-governance” (Peters 2008, p11).

Fawcett (2010, p4) contends that such arguments must also be “applicable in the context of the relationship between government departments and the centre of government.” It is argued that the Treasury was particularly influential in the development of rural policy following the strengthening of its coordinating role “through a set of reforms which broadly map onto each of the instruments of meta-governance ... [such that] it increasingly casts a shadow of hierarchy over the self-coordinating activities of government departments” (Fawcett 2010, p4). These reforms comprised:

- a) The public expenditure control and planning processes – these reforms set departmental budget totals, but within a framework set by the Treasury in Comprehensive Spending Reviews which determined expenditure priorities;
- b) Public Service Agreements (PSAs): this new approach to performance management put increasing emphasis on strategic and outcome targets supported by plans and evidence, with the effect that the Treasury became responsible for not only negotiating policy objectives but for making decisions on what was worthy and what was not (Talbot, quoted in Matthews 2008, p43);
- c) Policy reviews: two types of review enabled the Treasury to influence strategic policy - internal reviews focusing on cross-cutting issues and independent reviews conducted by outside experts. Fawcett (2010, p14) quotes a Treasury official as describing such reviews as “disempower[ing] departments and ... it has damaged the long-term capability of departments to think for themselves.”

### **3. Rural Policy in the Labour Government’s First Term**

New Labour was elected on a manifesto which contained only two, yet highly significant, commitments for rural areas; the first was a free vote on hunting and the other was to introduce legislation “to give greater freedom for people

to explore the countryside" (Labour Party 1997). In order to secure a working majority, New Labour had to win seats in rural areas, especially in England. As Rentoul (2001, p422) remarks "Blair had tried to pitch his tent wide enough to take in most of the countryside." New Labour secured 31% of rural constituencies in the 1997 election compared with just 10% in 1992 (Woods 2005, p193). The unexpected number of rural MPs therefore ensured increased attention would be paid to the rural issues which New Labour inherited.

### *Rural Crises*

New Labour entered office as a number of rural crises gathered momentum. Increasing concerns over the safety of British beef following the prolonged BSE (bovine spongiform encephalopathy) outbreak had precipitated a European ban on exports, which was countered by John Major's withdrawal of collaboration on the disease with other member states. A new pressure group, the Countryside Alliance, which had been formed to defend the traditional way of life of rural communities, was gathering support from a wide cross-section of the rural population. Finally, with the ban on beef exports but more significantly the rise in the value of sterling, farm incomes were falling rapidly.

Farming in the early 1990s had become enmeshed in a major crisis for livestock farmers as cattle contracted BSE. The Phillips inquiry into BSE identified "intensive farming practices and industrial models of production as the causes of BSE" (BSE Inquiry 2000, pxvii). Jones (2004, p179) suggests that the BSE story may be viewed as a contestation over methods of agricultural production and "the anger that erupted in response to BSE marks out a battle of consent over the increasing intensification of farming." Therefore, considerable doubts were raised about the efficacy of the neo-liberal agricultural policy pursued by the Conservative governments. The farming crisis became a deep political crisis in 1996 with the ban on UK beef exports. Beef farmers sought to recast the problems resulting from the export ban and the fall in consumer confidence as a crisis for the countryside which could threaten the rural environment, rural economy, especially tourism and the public's perceptions of the countryside traditionally based on the "association of rurality and purity" (Woods 2005, p142).

The Countryside Alliance owes its origin to the increasing threats from the Labour Party to ban hunting. However, its campaign strategy was to represent hunting as simply one concern among many about an 'endangered countryside.' Therefore, in order to increase media attention and hence to derail any parliamentary attempts to ban hunting, the campaign discourse focused on combating 'ignorance and misunderstanding' about the countryside<sup>166</sup>. As a result, it generated wide appeal, with more than 120,000 people attending the first Countryside Rally on 27 July 1997, less than three months after the election of the New Labour government. Woods (2005, p110-1) categorises the wide spectrum of countryside protestors into three broad types – the "traditional rural population ... [defending] historic, natural and agrarian-centred rural ways of life"; those opposed to modern farming practices and other activities which conflict with a self-sufficient rural society; those recent in-migrants defending their "fiscal and emotional investment in rural localities." The common thread binding these groups together was, as Woods (2005, p113) contends, a defensive rural vision "under threat from urban interference that resonated strongly with the traditional conservative discourse of rurality"; he concludes that the hunting debate was constructed as part of a wider rural-urban political struggle, which created a commonality between hunting and rural problems.<sup>167</sup> Perhaps more importantly, for many supporters the rural-urban division was not simply geographical but cultural and moral, a perspective which cast the Labour Party as 'urban government' with no understanding of rural issues (Woods 2005, p114).

Coinciding with the BSE crisis and the emergence of the Countryside Alliance, the agricultural sector went into a deep recession after 1995, with aggregate farm incomes falling from £7273m to £1933m (2008 prices) over the 1995-2000 period, as illustrated in fig. 6.9. The recession was caused by the loss of consumer confidence and the export ban resulting from BSE and the strong value of sterling which resulted in a flood of cheap imports. The problems of

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<sup>166</sup> A leaflet quoted by Woods (2005, p102) argues "there is a profound misunderstanding of rural life amongst the majority of the population, particularly the young. And there are those who take advantage of this to attack country life, especially livestock farming and country sports."

<sup>167</sup> E.g. the problems of rural poverty and unemployment could be represented as having more in common with the threat to hunting than with the same problems in urban areas.

agriculture however became conflated with the portrayal of a rather different 'rural crisis' promulgated by the Countryside Alliance.

### *The response of the New Labour government*

The government was repeatedly taunted that it did not care about rural areas (Lowe and Ward 2001, p386) perhaps, as a result of its decision to "challenge and contest the claims being made by the farming unions rather than act upon them" (Woods 2005, p144). Indeed, it decided to consult widely in order to improve its understanding of rural issues and problems. However, the government's response to the real and sometimes imagined crises appeared tardy and in the case of agricultural incomes somewhat confrontational.

As a result of the Conservative government's neo-liberal approach to rural affairs, the rural policy infrastructure in 1997 was under-developed and under-funded. Funding levels for the three main rural agencies – Countryside Commission, English Nature and the Rural Development Commission – were relatively small compared with the funding for agriculture. Financial and other support for farmers was managed centrally by MAFF and delivered through its own regional offices, unconnected to the GOs. Above all, analysis of rural issues was somewhat rudimentary, the result of the poorly developed rural evidence base.<sup>168</sup> Consequently, the New Labour government encountered limited experience and knowledge among civil servants of the needs and problems of rural England, which engendered a cautious response to the rural crises which it inherited.

At the same time however, the government made important decisions in two other policy areas which would significantly alter the context in which the problems it was still seeking to comprehend would be resolved. Further CAP reform and New Labour's commitment to devolution had significant implications for the development of rural policy and rural governance.

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<sup>168</sup> Rural evidence was biased towards the analysis of nationally available data sets, especially the Census. Data on rural living conditions and the economic health of the countryside was collected only infrequently. In particular, there was no agreed geographical definition of rural areas which often meant that it was difficult analytically to separate rural from urban. Hence, anecdotal information and traditional views of rural society tended to be relied upon to extents beyond their capacity to inform.

### a) CAP Reform

In 1997, the European Commission began the process of securing the EU's enlargement to the east, with the proposed accession of the former communist countries of Central and Eastern Europe. Its approach to enlargement, set out in *Agenda 2000*, included a substantial reform of the EU budget and other institutions, including the CAP. An overriding objective was to maintain the CAP budget within the spending limits agreed after the 1992 reform. On taking office in 1995, the EU Agriculture Commissioner, Franz Fischler, recognising the potentially significant political implications of enlargement initiated an internal debate on the principles which might guide CAP reform. The Agriculture Directorate (DG VI) developed proposals based around the notion of the further decoupling of compensation payments together with their long-term reduction – termed 'degressivity' - and a switch of CAP resources to environmental management and socio-economic development of rural areas, thereby supporting the implementation of the Commission's 1988 Green Paper on *The future of rural society*.

In November 1996, Fischler convened a conference in Cork to garner support for rural development reforms from a wide range of rural and environmental agencies. The resulting 'Cork Declaration' emphasised the need for greater public support of agricultural policy and identified as its "main objective sustainable development in all its social, economic and ecological dimensions ... and called for an integrated, multi-disciplinary and multi-sectoral approach" (Garzon 2006, p129).<sup>169</sup> Its promotion of the multi-level governance of CAP recognised that whilst, for example, agri-environment schemes "might be defined at European level and implemented at national and regional level, ...

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<sup>169</sup> The Cork Declaration includes the following statement "Support for the diversification of economic and social activity must focus on self-sustaining private and community-based initiatives ... [including] strengthening of the role of small towns as integral parts of rural areas and key development factors, promoting the development of viable rural communities and renewal of villages. Policies should promote rural development which sustains the quality and amenity of Europe's rural landscape (natural resources, biodiversity and cultural identity). ... Given the diversity of the Union's rural areas, rural development policy must follow the principle of subsidiarity. It must be decentralised as possible and based on partnership and cooperation between all levels concerned (local, regional, national and European). The emphasis must be on participation and a 'bottom-up' approach which harnesses the creativity and solidarity of rural communities. Rural development must be local and community-driven within a coherent European framework."

[they] are essentially locally constructed mechanisms" (Buller 2000, p240). However, there was little support from agricultural ministries and farming unions for further CAP reform.<sup>170</sup> Not deterred, Fischler's input to the *Agenda 2000* proposals detached a revised set of rural policy measures which he argued should run in parallel with CAP but funded through the Guarantee section of the EAGGF. This second pillar "set out the basic parameters that could guide the transition from the CAP to an Integrated Rural Policy" (Lowe et al 2002, p3).

The New Labour government adopted a negotiating stance which moderated the previous government's opposition to CAP by seeking progressive reform in which reductions in production subsidies would be balanced by growth of intervention to assist countryside management and rural development.<sup>171</sup> It was therefore supportive (along with the French government<sup>172</sup>) of the proposals for the 'second pillar' (Garzon 2006, p87). The UK had supported degressivity before the 1992 CAP reform as part of its strategic policy for greater liberalisation of agricultural trade, and Pillar II provided an opportunity to secure the first steps towards that goal.

The CAP reforms embodied in *Agenda 2000* were also constructed in the context of the World Trade negotiations beginning in November 1999. The Commission sought to claim a distinctive identity for European agriculture, in which EU farmers were recompensed for services overseas competitors would not be expected to provide. It defined a 'European Model of Agriculture', in which "agriculture produces benefits and services other than food commodities" (Lowe et al 2002, p1) and farmers were therefore regarded as having a multifunctional role. This 're-construction' of the European farmer was finalised

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<sup>170</sup> The Cork Declaration was not endorsed by the Agriculture Council at its meeting in December 1996 and was sidelined at the EU summit in Dublin later that month.

<sup>171</sup> The UK negotiating stance contained five key points: 1) a European agriculture that is sustainable, competitive and dynamic; 2) reform must safeguard the environment while continuing measures to support the rural economy and rural development; 3) reform must pave the way for early and successful enlargement; 4) reform must be affordable and ... bring real benefits to consumers and ... lead to significant reduction in the taxpayers burden; 5) reform is fair, genuinely simplifies a highly complex policy and introduces a real degree of subsidiarity (House of Commons Library 1999, p16-7).

<sup>172</sup> As Lowe et al (2002, p6) concede, "Britain and France constitute an unlikely vanguard ... in leading the implementation of the second pillar" given their contrasting attitudes to CAP reform. The two countries agreed that the present system of farm subsidies was unsustainable both financially and politically.

at the March 1999 Agriculture Council which extended the rural norms agreed in the original formulation of the CAP in the revised policy framework, which stated that European

agriculture is multifunctional, sustainable, competitive and spread throughout Europe, including regions with specific problems, that it is capable of maintaining the countryside, conserving nature and making a key contribution to the vitality of rural life, and that it responds to consumer concerns and demands as regards food quality and safety, environmental protection and the safeguarding of animal welfare. (Council of the European Union, 1999).

The CAP reform set out in *Agenda 2000* elevated European rural development policy to a significantly higher level and, it is argued, created “a new rural policy [the key elements of which include] the integrated and territorial approach, devolved decision making ... more flexible systems to meet diverse needs and circumstances” (Bryden 2000, p16).

#### *b) The impact of devolution on rural governance*

Devolution to Scotland and Wales with some limited development of regional governance in England was a significant priority in the 1997 Labour manifesto. However, as Holliday (quoted in Richards and Smith 2002, p255) observes “the UK is an instance of asymmetric devolution ... in the sense that distinct regions are being given different sets of powers at variable times and speeds.” For the English regions, a functional approach to regionalism emerged initially through the creation in 1994 of the GOs, whose role was to coordinate the regional policies of four departments<sup>173</sup> and to develop regional networks and partnerships to support a more holistic or joined-up approach to governance at regional level. The 1997 manifesto supported the creation of regional chambers (of indirectly elected and appointed members<sup>174</sup>) to undertake a coordinating role and of Regional Development Agencies (RDAs) to drive forward regional economic development. The RDAs “represented the centrepiece of Labour’s policies for the English regions in its first term” (Tomaney 2002, p724) and

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<sup>173</sup> Initially, the GOs coordinated the regional policies and programmes of four government departments, Employment, Environment, Industry and Transport

<sup>174</sup> 70% of members were appointed from each region’s local authorities and the remaining 30% from business, trade unions, agencies, pressure groups including environmentalists and the voluntary sector.

were seen as strengthening the capacity of government to tackle regional economic problems.

Although English regional governance was relatively limited (there was no effective devolution of policy making responsibilities or transfer of the control of resources) regionalism in England began to re-shape the way in which rural issues and solutions were considered. Regionalism had a positive impact on partnership working between those agencies and regional bodies whose functions supported the delivery of rural action.<sup>175</sup> Individually, these bodies began to prepare regional strategies to guide the implementation of national policy frameworks within regions. However, there was no single body or partnership charged with bringing together the rural dimension of regional policy and delivery.

The creation of the RDAs through the Regional Development Agencies Act 1998 had a significant impact on rural governance. Firstly, the RDAs took over that element of the work of the Rural Development Commission (RDC) relating to economic development.<sup>176</sup> Secondly, the remaining responsibilities of the RDC were merged with the Countryside Commission to form the Countryside Agency (CA). The responsibilities of the CA were to:

1. Undertake research and development activities to inform policy making;
2. Pilot innovative schemes;
3. Publish an annual State of the Countryside Report;
4. Undertake 'rural proofing' – to evaluate the impact of government policy on rural areas.

In addition, the CA had policy responsibilities for countryside recreation<sup>177</sup> and rural community development, supporting the role of the RCCs. Thirdly, the

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<sup>175</sup> Including rural economic development (including skills development) and rural enterprise, rural planning, countryside recreation and conservation (including biodiversity and nature conservation), community development (especially in villages) and rural transport. MAFF had a regional presence largely focused on supporting farmers; it was not until 2000 that the department was more closely engaged in the wider regional agenda.

<sup>176</sup> The passage of the RDA Bill through the House of Lords was dominated by concerns about the abolition of the RDC. Consequently, a number of concessions were secured including acceptance that the RDAs' purposes apply as much to rural areas of each region as to non-rural parts (RDA Act 1998, s4.2).

<sup>177</sup> The CA supported the passage of the Countryside and Rights of Way Act which implemented New Labour's manifesto commitment to extend the right to roam; the CA was later responsible for the implementation of the Act.

Countryside Agency, English Nature and the Environment Agency enhanced their regional presence and together formed a close working regional partnership<sup>178</sup> which focused on sustainable development, especially in rural areas.

### *Improving government understanding of rural issues and problems*

The challenge to the newly elected government presented by the Countryside Alliance's national rally on 27 July 1997 was met by the announcement just three days before of the Treasury's intention to carry out a cross-departmental review of countryside and rural policy which would address issues that stretch across departmental boundaries (Great Britain, H M Treasury 1997). While rural issues had not been a priority before the election, the announcement signalled intent to assemble its own evidence to challenge the Countryside Alliance's claims, and to demonstrate its commitment to its new rural supporters. As the 1995 Rural White Paper had demonstrated, government lacked understanding of rural issues.

A further Countryside Alliance Rally in March 1998 appears to have spurred New Labour to take a more earnest approach to rural policy. Firstly, the outcome of the cross-department review of rural policy was announced as part of the Comprehensive Spending Review in July 1998 and committed the government to "improved coordination and financial planning of Department of the Environment, Transport and the Regions (DETR) and MAFF countryside and rural development programmes" (Great Britain, H M Treasury 1998, para 8.12). Secondly, the Labour Party itself produced an analysis of rural conditions as a precursor to defining Party policy for rural Britain. The Parliamentary Labour Party claimed as many as 180 MPs with constituencies at least part of which was rural. In 1999, it published a *Rural Audit* which informed its *Manifesto for Rural Britain* in April 2000. Launching the *Manifesto*, the Chair of the Rural Group declared "The countryside is not in crisis. There are problems and frustrations, but having said that, rural communities have been neglected for a

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<sup>178</sup> The Countryside Agency and English Nature formally establishment a regional infrastructure and organised the implementation of policy within a regional framework. The Environment Agency similarly had a regional presence, but its boundaries coincided with river catchment areas rather than Government Office boundaries.

generation.” (Gray 2000). Thirdly, in November 1998, the government announced its intention to prepare a Rural White Paper (alongside an Urban White Paper) and to begin preliminary work by requiring the Cabinet Office’s new Performance and Innovation Unit (PIU)<sup>179</sup> to remedy the “lack of attention paid either to defining the government’s overall objectives for rural economies or to reviewing the underlying rationale for government intervention in rural economies” (Great Britain, Cabinet Office, PIU 1999, para 2.4).

Neil Ward<sup>180</sup> (2008, p32) who was himself seconded to the PIU team in 1998 reveals that the Report’s analysis “was inspired by the academic studies of rural change and policy during the 1990’s”, especially Marsden et al (1993) and Cloke et al (1994). However, their analyses of rural change were strongly influenced by regulation theory. Hence, the PIU Report largely represents the emergence of rural issues and problems as a consequence of the shift from the post-war productivist regime to a still developing post-productivist countryside. The key policy challenge was therefore interpreted as the need to address the view that “much of the [policy] framework developed immediately after the Second World War was still intact”; in short, “the policy framework is in need of modernisation” (Great Britain, Cabinet Office, PIU, para 1.6; para 1.9). The Report however overlooks the paradigm shift in 1984 and the emergence of the neo-liberal rural policy framework which was reflected in the Agriculture Act 1986 and in the substantial reduction of government support to agriculture. Surprisingly, however, the Report makes no reference to the EUs integrated rural policy framework (updated as part of *Agenda 2000*) or to the Cork Declaration.

The PIU Report recognises that the government’s commitment to a much broader rural agenda incorporating wider economic and social issues would have a significant impact on the ‘machinery of government’, especially the problems of “coordinating policies” and “providing a holistic overview of rural issues [and] improving cross-departmental communication of rural issues”. It

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<sup>179</sup> The PIU provided additional research capacity for the Prime Minister’s Policy Unit and reported directly to the Prime Minister.

<sup>180</sup> Neil Ward was at this time a senior lecturer at the Centre for Rural Economy, University of Newcastle and a prominent contributor to debates on rural development.

points to the potential of regional level coordination while emphasising the need for a lead Minister to champion rural issues and for a central rural unit<sup>181</sup> (Great Britain, Cabinet Office, PIU, para 10.761; Box 10G). However, in contrast to the Conservative government's active communities approach, the Report proposes a more active role for the state, especially the local state, in supporting rural communities recognising that "strengthening all communities and tackling the problems of social exclusion cannot be left to the market" (Great Britain, Cabinet Office, PIU, para 10.3).

While it was the view of a Treasury official that "there was no meeting of minds between the DETR and MAFF" at this time (Interviewee #3), the PIU Report does not clearly identify the consequences of the silo management of the rural agenda. Moreover, it has some difficulty in identifying the extent to which non-agricultural issues identified in the Report for example, the low level of skills, the quality of business advice, or the shortage of rural housing, had a rural cause or were a reflection of a wider national problem or simply a consequence of the allocation of public resources which tended to prioritise urban areas. Hence, the Report tends to identify rural issues and problems through the lens of national policy priorities.

### *The Implementation of the Second Pillar in England*

The arrangements for implementing Rural Development Regulation (RDR) which provided the legal basis for taking forward the second pillar (Pillar II) of the CAP were modelled on the operation of Structural Fund programmes, and required the preparation of a seven-year Rural Development Programme (RDP) 2000-2006. The RDPs had to justify the selection of specific measures from a menu of agricultural and rural development schemes in light of national or regional circumstances and demonstrate how they would be delivered in an integrated way. It has been argued that the RDR introduced into the core of the CAP a set of alternative management principles (Lowe et al 2002, p4), however, as Bryden (2000, p17) contends, many of the measures included in the RDR

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<sup>181</sup> Modelled on the Social Exclusion Unit.

had been part of the CAP for some time.<sup>182</sup> Moreover, as the RDR incorporated Objective 5b, it effectively shifted rural policy instruments (outside Objective 1 areas) from the framework supporting economic and social cohesion<sup>183</sup> and combined them with measures directed at farmers rather than the rural population (Bryden 2000, p16).

The second pillar of CAP attracted some 10.5% of the total budget, but this was allocated largely on the basis of historic spending on agri-environment, structural adjustment on farms and farm enterprise support. Because of the Conservative government's antipathy towards the CAP and its unwillingness to provide match funding, spending levels in England were especially low. Consequently, England received only 3.5% of the RDR budget compared with 17.6% in France. However, the RDR also permitted the 'modulation' of Pillar I compensation payments to fund RDR measures. Modulation was embraced by the government as a means of improving the low budget provision and securing the existing agri-environment schemes. It was a demonstration of its commitment to degressivity and the active promotion of countryside management and rural development. The RDR also gave discretion for RDPs to be prepared "at the geographic level deemed most appropriate" (Article 41 (1), RDR). England's Rural Development Plan (ERDP) included nine regional chapters reflecting the varying needs and circumstances in each region.

MAFF was responsible for the preparation of the ERDP with the support of a National Planning Group (NPG) comprising the relevant government departments<sup>184</sup> and the main rural agencies and regional bodies.<sup>185</sup> The RDR required the RDPs to set their Programmes within the context of national rural policy and to demonstrate the contribution which Pillar II funding would make

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<sup>182</sup> The Less Favoured Areas were first designated in 1973 while other structural measures, including early retirement and agri-environment schemes were introduced as part of the 1988 reform.

<sup>183</sup> The Treaty of Union (Article 130a) provides that rural areas should be supported under the provisions for economic and social cohesion rather than the CAP and states that: "In order to promote its overall harmonious development, the Community shall develop and pursue its actions leading to the strengthening of its economic and social cohesion. In particular, the Community shall aim at reducing disparities between the levels of development of the various regions and the backwardness of the least-favoured regions, including rural areas."

<sup>184</sup> DETR, Department for Education and Employment, Department of Culture, Media and Sport and Department of Trade and Industry, together with the Forestry Commission.

<sup>185</sup> Countryside Agency, English Nature, Environment Agency and English Heritage, together with the GOs and RDAs.

to the overall rural goals. The national aim of rural policy incorporated in the ERDP was:

To sustain and enhance the distinctive environment, economy and social fabric of the English countryside for the benefit of all.

This was supported by five national rural policy objectives<sup>186</sup> which differed markedly from the objectives proposed in the PIU Report (Great Britain, Cabinet Office, PIU 1999, p8), In their central focus on rural communities, they appeared to reflect the influence of the Countryside Agency. The allocation of funding between the different RDR measures was heavily biased towards support for land-based activities and hence farmers themselves, as table 8.1 illustrates. It is estimated that only 4.3% of funding was targeted at off-farm rural development.

Table 8.1: Allocation of Pillar II funding to RDR measures in the ERDP, 2000-2006 (Great Britain, MAFF 1999, p59).

<b>RDR Measure</b>	<b>% of total funding</b>
Investment in agricultural holdings	0.9
Training	1.3
Less Favoured Areas	15.2
Agri-environment	57.4
Improving processing and marketing of agricultural products	2.6
Forestry measures	14.2
Rural Enterprise Scheme (Article 33)	8.4

The process of preparing the regional chapters involved the establishment of a Regional Planning Group, chaired by the GO and largely composed of the same

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<sup>186</sup> 1. To facilitate the development of dynamic, competitive and sustainable economies in the countryside, tackling poverty in rural areas;  
2. To maintain and stimulate communities and secure access to services which is equitable in all circumstances;  
3. To conserve and enhance rural landscapes and the diversity and abundance of wildlife;  
4. To increase opportunities for people to enjoy the countryside;  
5. To promote government responsiveness to rural communities through better working together between central government departments, local government and government agencies and better coordination with non-government bodies.

rural agencies as in the NPG. The regional chapters were required to adopt the structure outlined in the RDR and therefore proposals for Pillar II spending were set in the context of regional objectives which addressed each region's rural needs and circumstances. The RDR thus sought to secure an integrated territorial approach to rural policy across the EU, including in England and its regions. There has been some debate about the extent to which the RDR and specifically the ERDP was transformative.

The establishment of a second pillar of CAP could be interpreted as the logical outcome of the paradigm shift which was initiated by the European Commission from 1985. By identifying a separate funding stream for the production of public goods, Pillar II supported an alternative source of income for farmers, but perhaps more significantly it provided transparency for the GATT talks of the greening of the CAP and of the multifunctional characteristics of European farming. Lowe et al (2002, p12) suggest that "this transition from a sectoral to a territorial orientation within the CAP coincides with a thrust towards devolution within the UK which has triggered debates about the role and future of agriculture and the countryside in regional economies, identities and governance structures." They therefore question whether this would mean the erosion of agriculture as a national economic sector with policy debate becoming focused on the contribution of agriculture to regional objectives (Lowe et al 2002, p12). However, Marsden and Sonnino (2008, p426) argue that the ERDP has a "ruralist focus" which ensures that the "ERDP makes little or no effort to redefine the role of agriculture in a multifunctional sense" since the UK approach has tended "to prioritise a focus on the search for new opportunities to add income or employment to the agricultural sector" rather than identifying the contribution of agriculture to regional rural development.

Across the EU, it became clear that most of the RDR funding was absorbed by existing measures and "the enthusiasm for [the new] Article 33 measures going beyond the farming clients is limited" (Bryden 2000, p10). As in the rest of Europe, the ERDP allocates more than 90% of the 'rural development' budget directly to farmers. Therefore, in practice, was the paradigm shift from a sectoral to territorial approach merely rhetorical, and did it mark a major shift in

the values and beliefs underpinning rural policy in England? Further, did the preparation of the ERDP and the regional chapters support a transformation of rural governance? Because of the emphasis in the literature on agricultural policy, these questions have not effectively been addressed. The developments in rural policy over the decade since the ERDP which are explored in the following sections need to be considered in the context of these issues.

### *The Rural White Paper 2000*

The Rural White Paper for England<sup>187</sup> (Great Britain, Department of the Environment, Transport and the Regions (DETR) and the Ministry of Agriculture, Fisheries and Food (MAFF), 2000) was published in November 2000 “after a long drawn out exercise [which] gave the impression the government simply did not know what to do with the thorny issue of the countryside” (Lowe and Ward 2001, p386). In addition to the PIU Report and the ERDP, the preparation process included a public consultation launched in February 1999 and which according to Lowe and Ward (2001, p386) “yielded a bran tub of measures and initiatives”. More significantly, in March 2000, a leaked memo from DETR to the Treasury revealed in the Local Government Chronicle (2000), suggested that the Secretary of State, John Prescott, was bidding for substantial additional resources to address “the increasing disparity between the economic performance of the most disadvantaged rural areas and elsewhere”. The prospect of substantially increased public expenditure in the Autumn 2000 Comprehensive Spending Review ensured that the Rural White Paper came to be seen as a bidding document rather than a strategic vision for rural England.

As in 1995, the lead department for the 2000 Rural White Paper was the DETR<sup>188</sup>, “although MAFF’s name appeared, MAFF was there to protect the interest of MAFF and the farmer rather than MAFF being there as part of seeing themselves as part of the rural scene” (Interviewee #4, senior executive, Countryside Agency, a member of the White Paper preparation team). The Countryside Agency was included on the team “because there wasn’t a

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<sup>187</sup> Separate Rural White Papers were prepared for Wales and Scotland.

<sup>188</sup> The DETR replaced the Department of the Environment in 1997.

department for rural. It filled the void and did very well opportunistically in getting money for rural communities" (Interviewee #3).

The 2000 Rural White Paper was, as a consequence, a very wide-ranging statement of rural ambitions. The White Paper reproduced the ERDP's rural policy aim "to sustain and enhance the distinctive environment, economy and social fabric of the countryside" (Great Britain, DETR and MAFF 2000, p6). Thus, it reflected the normative values expressed by the Countryside Alliance and the NPG about the distinctiveness of the countryside, especially its different cultural norms, and was underpinned by a cognitive belief that rural areas displayed such unique characteristics that they demanded separate policies and public service standards. Indeed, the PIU Report had concluded that "the role of agriculture and the rural landscapes and habitats are sufficient to require a distinctive rural policy" (Great Britain, Cabinet Office, PIU 1999, para 1.2). The White Paper's main theme of a "living, working and protected countryside" (Great Britain, DETR and MAFF 2000, p6) provides the context for initiatives to support economic diversification, social inclusion and environmental conservation and improved access to the countryside. It was accompanied by a detailed catalogue of supporting instruments financed by a £1bn annual budget.<sup>189</sup> The Local Government Chronicle (2001) considered that "this culture of initiatives and plethora of players is bewildering." In this way, the White Paper perhaps reveals a desire to be seen to doing something for the rural areas, in response to the Countryside Alliance and to reveal New Labour as a Party of rural as well as urban areas.

The 2000 Rural White Paper accepts the conclusions of the cross-departmental review of rural policy and the PIU report (Great Britain, PIU 2000) – *Reaching Out* – that there was a lack of coordination between government departments and that no part of government was responsible for coordinating action in the regions. To counteract these deficiencies of governance, it established new participatory arrangements at national and regional levels. Firstly, to address the Countryside Alliance's concerns about "listening to the rural voice" the

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<sup>189</sup> The Comprehensive Spending Review settlement was £1bn pa for the 2001-4 period; this was a £450m pa increase on the existing £540m budget ; in addition, the Pillar II provided £1.6bn over the 2000-6 period.

White Paper created the new role of rural advocate<sup>190</sup> “to argue the case on countryside issues”, established Regional Rural Sounding Boards<sup>191</sup> and committed the CA to prepare annual ‘State of the Countryside Reports’ (Great Britain, DETR and MAFF 2000, p162-3). Secondly, it introduced the concept of ‘rural proofing’ policy which required government departments to assess the impact of policy proposals and their implementation on rural areas. Thirdly, the White Paper strengthened the presence of key government departments in the regions by requiring MAFF to devolve staff to the GOs and thereby to recreate the RPG to integrate the delivery of policies and programmes.

Critically, the 2000 Rural White Paper did not build on the integrated territorial approach demanded of the ERDP but rather relied on a national “joint countryside planning process” (Great Britain, DETR and MAFF 2000, p160) between MAFF, DETR and the key rural agencies and the coordinating role of the GOs. Rural policy making was carried out by an ad hoc policy network in which individual actors could commit to joint working and budgeting but without any formal requirement to do so. Moreover, this left unanswered the question whether the cognitive framework supporting rural policy should reflect a countryside perspective, based on the distinctiveness of rural areas; a regional perspective in which rural issues are addressed in the context of regional priorities; or, a national perspective in which rural needs are considered as part of national policy frameworks. The White Paper therefore lacked a clear policy framework to engender policy integration at regional and local levels in pursuit of the goal of sustainable rural development. While it reflected a major shift from the Conservative neo-liberal policy, it failed to provide an effective framework of rural governance.

### *Outbreak of Foot and Mouth Disease*

The outbreak of foot and mouth disease (FMD) in February 2001 came only a few weeks after the Rural White Paper was published, and only a few weeks before the local government elections in May - also the likely date of the

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<sup>190</sup> The position of Rural Advocate was given to the Chair of the Countryside Agency; he/she was given direct access to the Prime Minister, a seat on the Cabinet Committee on Rural Affairs and became a member of the newly created National Rural Sounding Board.

<sup>191</sup> These Boards became known as the Regional Rural Affairs Forums.

general election. This created another crisis for an increasingly beleaguered industry; the Guardian headline of 22 February summed up the public weariness with the sector: "Farms: yet another crisis" (Guardian 2001). However, this crisis was different in that it had a greater impact on the rural than the agricultural economy and was a catalyst for further reviews of agricultural and rural policies.

It was the speed of the spread of FMD in early spring 2001 which marked this outbreak out as exceptional. It first occurred in cattle and sheep in Northumberland and was detected in Wales and the South West 12 days later – the result of a national network of animal movements.<sup>192</sup> The scale of the outbreak which lasted until the autumn is evidenced by the 6 million animals which were slaughtered on 2,000 infected farms with pre-emptive culling on 8,000 other farm holdings. Footpaths were closed not only within exclusion areas but across wide areas including many disease-free areas. The closure of the countryside therefore had significant consequences for the rural economy, especially tourism and recreation-based industries. Indeed, "their financial losses proved far greater than those incurred by the farming sector. What had started as an animal disease problem was fast becoming a rural economy crisis" (Ward et al 2002, p17). Such was the scale of the crisis that the Prime Minister himself took charge of the disease control campaign. The response to FMD was wholly focused on disease eradication. "In effect rural economy issues ... were 'parked' for the duration. What was lacking was any overall means of integrating the conduct of the rural economy crisis and the farm crisis" (Ward et al 2002, p19). The general and local government elections were postponed from May to mid-June.

### *New Labour's First Term Rural Policy*

New Labour's first term was marked by unanticipated rural crises and unexpected electoral representation of the countryside. A good deal of discussion, debate and research on the future of rural England took place during the four years of its first term, but as Lowe and Ward (2001, p386)

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<sup>192</sup> MAFF estimated that two million sheep about the country in the three weeks before the outbreak was discovered (Ward et al 2002, p25).

observe the 2000 Rural White Paper "is best seen as a work in progress, with quite a lot of loose ends dangling." Recognition of the distinctiveness of rural areas was matched by a dialogue about the interdependence of town and country. Just how distinctive the countryside was considered to be was perhaps the most critical 'loose end'. The White Paper's 'culture of initiatives' was constructed as rural solutions to rural problems, yet contrasted sharply with the Prime Minister's observations in 1998 "what's striking is how similar the priorities are of those in the countryside and those living in the towns" (Tony Blair, quoted in Woods 2008, p17), and with the two Ministers, John Prescott and Nick Brown, who, in their Foreword to the White Paper reflected that urban and rural areas are "inextricably intertwined and interdependent" (DETR and MAFF 2000, Foreword).

New Labour's rural policy discourse lacked clarity. It is argued that to a significant extent this reflected a continued interpretation of sustainable development which was concerned with 'trade-offs' and 'balancing economic, environmental and social objectives'. The government's Sustainable Development Strategy – *A better quality of life* (Great Britain, Department of the Environment, Transport and the Regions (DETR) 1999) – extended the 1994 Strategy to embrace issues of climate change and globalisation. However, its guidance on operationalising the Strategy focused on creating "appraisal systems ... for integrating the environment into each department's policies and operations" and to assess the impact of policies on the different social groups (Great Britain, DETR 1999, para 5.5). Hence, it argues "we cannot protect every bit of the environment for ever: in some cases, individual development decisions will require trade-offs between economic, social and environmental objectives" (Great Britain, DETR 1999, para 5.5). Where responsibility lay for making trade-offs and balancing objectives was not made apparent in the 2000 Rural White Paper, especially as MAFF continued to promote agriculture and agri-environment schemes and DETR sought to protect and enhance the rural environment and improve access to the countryside.

Responsibility for delivering rural initiatives and programmes was largely devolved to individual agencies, resulting in a silo approach which effectively

prevented emerging regional 'governments' and local partnerships from achieving greater synergy between the funding streams and from adapting programmes to the wide diversity of rural conditions. In this context, rural governance – especially, the relationship between policy makers, programme designers and implementation agencies – restricted coordination and, as Mulgan (2005, p1) generalised about policy making at this time - generated competing cultures which prevented cross-boundary issues from being addressed.

New Labour retained the previous Conservative government's commitment to CAP reform and the reduction of production subsidies matched by greater support for environmental conservation. In this policy context, MAFF was revealed as wholly dedicated to supporting the agricultural sector and farmers with over 90% of Pillar II funding being channelled through farmers. The FMD crisis "brought MAFF under unprecedented and continuous scrutiny" (Winter 2008, p90). The centralised disease control policy failed to recognise the wider impact on the rural economy and provided no scope for regional or local flexibility. Thus, MAFF was seen as "institutionally divorced from significant sectors clearly affected by its actions" (Winter 2008, p90). Its failure during the FMD crisis to recognise the need for a more integrated perspective led almost inevitably to the New Labour election manifesto declaring "we are committed to create a new department to lead renewal in rural areas – a Department of Rural Affairs" (Labour Party 2001, p15).

#### **4. The Re-design of Rural Policy**

The 2001 Labour Party manifesto committed the government to a review of the farming and food industries and to consider the lessons to be learned from the FMD crisis. Three separate inquiries were announced in August 2001 to examine issues arising from the FMD crisis: the lessons to be learned from the handling of the outbreak; scientific questions on disease prevention and control; the future of farming and food. These inquiries were essentially a response to the failure of New Labour and the Rural White Paper to provide a clear lead on rural issues. Moreover, despite the publication of the Rural White

Paper less than 12 months earlier, the FMD crisis also provided the catalyst for a wide ranging review of rural policy and its delivery.

The section therefore explores the process of institutional change beginning with the establishment of the new Department of the Environment, Food and Rural Affairs (Defra), before considering how the new department was influenced by each of the inquiries and examining the role of the Treasury as a meta-governor.

### *A Department of Rural Affairs*

It is widely acknowledged that the inclusion of the environment policy remit in the new department was demanded by Margaret Beckett as a condition of accepting the position as Secretary of State at the new Department of the Environment, Food and Rural Affairs (Interviewee #3). The aims and objectives of the new department (as set out Appendix 4) were deliberately framed to emphasise its role in supporting sustainable development and rural communities and to play down its responsibilities for agriculture. Indeed, adopting the language of the European rural policy framework, the government stated that the new department was intended to mark “a new era in our approach to rural policy. It reflects the Government’s recognition that not just farming and food, but a range of economic, social and environmental issues affecting rural England, need to be addressed in an *integrated way*” (Great Britain, Defra 2001, p7, *emphasis added*).

The omission of ‘agriculture’ from the title of the new department was symbolic of the desire to distance the department from the culture of MAFF “we are not the ministry for farmers, we are the ministry for rural affairs and the environment” (Lord Whitty’s evidence to the Select Committee - Great Britain, Parliament, House of Commons Environment, Food and Rural Affairs (EFRA) Committee 2002a, para 202). However, the Select Committee roundly criticised this line of thinking, arguing that “it is important that Defra makes clear the central role played by agriculture in delivering its objectives ... relating to rural communities, the countryside and sustainable development” (Great Britain, Parliament, House of Commons EFRA Committee 2002a, para 18). The

difficulties which the new department found in securing its place within the machinery of government were made clear during the Select Committee inquiry. Defra's remit for rural affairs took it into areas of policy and expenditure for which it had no direct responsibility, as Lord Whitty stated "the rural affairs dimension lacks direct budget and direct levers" (Great Britain, Parliament, House of Commons EFRA Committee 2002a, para 13).

The Select Committee identified a lack of clear policy direction. Defra found itself unable to define "the rural narrative which would give it a clear sense of priorities" (Interviewee #3). Moreover, as a Countryside Agency executive commented "it was never actually created as a 'rural department of state' because it had environment chucked into it which immediately changed the dynamics" (Interviewee #5). The process of building an identity for the new department became enmeshed with a process of re-evaluating agricultural policy after FMD and defining the direction for rural policy. The three inquiries therefore became important initial 'signposts' to future policy direction.

### *The Lessons Learned Inquiries*

The inquiry into the conduct of the crisis, chaired by Iain Anderson<sup>193</sup>, revealed a "sense of dislocation between the centre and other government organisations in England" (Ward et al 2002, p30). Therefore, it recommended that Defra should be guided by closer contact with its key customer group, but to recognise that this customer group was the "total rural economy not just the farming industry" (quoted in Ward et al 2002, p30). Two of the Defra Ministers, Alun Michael and Michael Meacher, giving evidence to the inquiry advocated "there should be a move away from confrontation and antagonism to recognising the dynamic and integrated nature of the countryside" (Lessons Learned Inquiry May 2002, quoted in Ward et al 2002, p30). Perhaps the most significant outcome of the crisis has been a widespread recognition in government and among the wider public of the diversity of the rural economy and of farming's changed role within it.

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<sup>193</sup> Dr Iain Anderson was former senior executive of Unilever and advisor to the prime Minister.

The second, scientific inquiry recommended a national strategy for animal health and disease control, which was rapidly implemented by Defra, with the strategy focusing largely on disease control and prevention at a cost of £309m in 2002-3. The third component of the Lessons Learned Inquiry focused on the future of farming and food. Don Curry<sup>194</sup> was appointed to lead the Policy Commission on the Future of Farming and Food with the remit “to advise government on how we can create a sustainable, competitive and diverse farming and food sector” (Policy Commission on the Future of Farming and Food 2002, p1). Its report (the Curry Report) adopted an orthodox interpretation of sustainability, highlighting the synergy between the economic, social and environmental aspects of farming and food. It emphasises the importance of considering the whole food chain with the different links in the chain being mutually interdependent. His interpretation of sustainability contrasts with the PIU Report and reflected the need, for example, to respect and operate within biological limits and to enable viable livelihoods to be made from sustainable land management. Most of its recommendations were accepted by the government in *The Strategy for Sustainable Food and Farming* (Defra 2002). Defra’s *Strategy* (2002, p15) upheld the neo-liberal value that farming should not be subsidised but reflected that there was a need for “a new relationship - a new settlement ... in which in the long-term farming and food may be unsubsidised but not unsupported.”

The Defra *Strategy* effectively extended the cognitive framework of the 1986 Agriculture Act by “implicitly [developing]... three models for the future of farming and the rural economy” (Winter 2006, p744): farmers as producers of food commodities in a global free market; farmers as multifunctional producers of public goods; farmers as land-based entrepreneurs within a diversified rural economy. These models are associated with a series of support mechanisms: including continued government support for CAP reform which would open up markets, liberalise trade and reduce subsidies for production; expanding agri-environment schemes; and, enabling the contribution of agriculture and related industries to future economic and social wellbeing of rural communities. The

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<sup>194</sup> Don Curry was at this time a livestock farmer, with agribusiness interests and the Chief Executive of NFU Mutual Insurance Ltd.

Curry Commission's proposals and the Defra *Strategy* owe much to the European Model of Agriculture embedded in *Agenda 2000*,<sup>195</sup> including the view that "the strategy will only be effective if it makes a real difference at the regional and local level." Therefore a key provision of the Defra *Strategy* was a commitment for the preparation of Regional Delivery Plans (Defra 2002, p46). Winter (2006, p747) describes the collaborative nature of the preparation process of the Regional Delivery Plan (RDP) for the South West and highlights "the focus within the strategy [is] on developing new or alternative local/regional markets for food, agricultural diversification and the agriculturally produced natural environment as an economic driver." However, the Defra *Strategy* largely targeted the vertical synergies of farming along the food chain without effectively linking farming to the wider concept of rural development.

### *Modernising Rural Policy*

While the FMD crisis had exposed the absence of clear responsibility for coordinating rural issues, the creation of Defra did not immediately resolve this problem. Questions soon began to be asked about its role, the definition of rural policy and mechanisms for its delivery. In February 2002, a House of Commons Select Committee, reviewing the role of the Countryside Agency, recommended that "in order to forestall conflicts between the Agency and the Department ... its future role and position vis-à-vis the Department ... should as a matter of urgency be clarified" (Great Britain, Parliament, House of Commons, EFRA Committee 2002b, para 11). It became clear that as a former senior executive of the CA commented "once you had Defra and you had a rural affairs minister, the Countryside Agency got in the way" (Interviewee #4). Moreover, the Treasury made clear its unease with the Rural White Paper, which it considered as "a fairly awful document; it provided no clear policy direction"; "there was no coherent analysis of what the problem was [and] a tendency to listen rather more to the traditional rural voice" (Interviewee #3).

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<sup>195</sup> Agenda 2000 sought to ensure that agriculture is multifunctional, sustainable, competitive, capable of maintaining the countryside, conserving nature and making a key contribution to the vitality of rural life, respond to customer concerns and demands as regards quality and safety, environmental protection and animal welfare (Committee of Agricultural Organisations in the European Union 1999, p3)

It had become apparent that the creation of Defra could not be regarded as closure of the 'rural management problem' but the beginning of a process of designing new rural institutions. The new department had absorbed MAFF in its entirety including its "out-of-date culture" (Elliot Morley 2009, pers. comm.). There was therefore a need "to turn that department round from being a basket case into something that had high levels of motivation and dynamism" (Interviewee #3). The process of culture change in Defra began in 2002, with firstly, a review of the Rural White Paper led by the Treasury, and secondly, an appraisal of the management of rural affairs through a review of rural delivery, closely steered by the Prime Minister's Strategy Unit and the Treasury. Their recommendations were brought together in the *Rural Strategy* (Great Britain, Defra 2004a). This section examines the process of modernising rural institutions, especially the cognitive assumptions and the impact of public sector reform in "getting rid of old-fashioned ideas and practices of the past" (Newman 2002, p48) such as those bequeathed by MAFF.

#### *a) Review of the Rural White Paper*

The Treasury undertook the *Review of the Rural White Paper* (Great Britain, Defra 2004b) to enable "Defra to take a radical modernising approach to rural policy, challenging old assumptions and approaches within Government and focusing on delivering against a clear set of priorities" (Great Britain, Defra 2004b, p3). The Treasury expressed its concerns in forthright terms: "we don't buy the White Paper, it's all over the place; we want something more coherent and we want a better narrative" (Interviewee #3). Crucially, the Treasury reviewed the Rural White Paper not from the perspective of how to more effectively achieve its aim of sustaining and enhancing "the *distinctive* environment, economy and social fabric of the countryside", but within the context of the Treasury's economic policy and the government's social objectives. This decision at once steered Defra and rural policy away from any perception of a distinctive rural England which demanded its own spatial policy.

The *Review* was therefore informed by the Treasury programme of economic reform "to secure macro-economic stability, ensure employment opportunity for all and narrow the productivity gap" (Great Britain, H M Treasury 2001,

Foreword) and by its adherence to a new regional policy in which “virtually every malady is reduced to the problem of productivity” (Pike and Tomaney (2008, p4). The Treasury believed that the new regional economic policy “must focus on increasing and realising the potential of all localities – towns, cities and rural areas” (Great Britain, H M Treasury 2001, Foreword). Consequently, it applied the same logic to rural England, explaining disparities in rural economic performance in terms of differences in productivity and shortcomings in the supply-side of local markets and the business climate. Hence, it fashioned its initial response to rural economic problems through the 2002 Comprehensive Spending Review in which a Public Service Agreement (PSA) was concluded with Defra to “reduce the gap in productivity between the least well performing quartile of rural areas and the English median by 2008 ... and improve the accessibility of services for rural people” (Great Britain, Defra 2002, p33).

The *Review*, in denying the distinctiveness of the countryside, criticised the Rural White Paper by explaining that “a focus on economic activity that was special or different in rural areas was unwarranted but which may have overlooked how much rural and urban areas each have in common” and for not recognising that “not all, or even most, of the factors that determine the success of rural businesses are necessarily concerned with their rurality” (Defra 2004b, p14; p49). Instead, it recommended that rural policy should “link economic activity in rural areas into the wider policy context ... [having greater regard for] macro-economic issues;” (Defra 2004b, p49). Moreover, it advised that Defra should analyse “how best to apply mainstream levers in rural areas” (Defra 2004b, p63), highlighting the significance of the interaction between urban and rural areas and pointing to the role urban areas could play in providing both employment opportunities and services for rural communities (Great Britain, Defra 2004b, p43). Moreover, the Treasury’s approach to the *Review* was to ensure that rural policy would not be constructed as a redistributive form of spatial policy but within the framework of the new regional policy which focuses “on giving regions and localities the responsibility to generate their own growth” (Pike and Tomaney 2008, p4).

The Treasury therefore used its role as meta-governor, actively sponsoring policy ideas, advising the nascent department on which priorities to pursue, helping to structure Defra's relationships with other departments thereby casting "a shadow of hierarchy" (Fawcett 2010, p10). The *Review* sought to provide a template for the modernisation of rural policy to ensure that culture change in Defra was accompanied by a more professional approach to policy making, highlighting the need to establish broad policy outcomes; a joined up approach since "the rural affairs agenda must not sit in isolation"; the need to address "an insufficient rural evidence base"<sup>196</sup> and "developing an effective evaluation framework" (Great Britain, Defra 2004b, p19; p17). Through its *Review*, the Treasury secured institutional change: firstly, by gaining support for an alternative cognitive framework which denied the distinctiveness of rural economic and social issues and the need for rural-specific solutions; and secondly, by providing Defra with a new framework for taking forward its responsibilities for rural affairs.

#### *b) Review of Rural Delivery*

The second and independent review was conducted by Lord Haskins who, as the former Chairman of Northern Foods, introduced private sector thinking into the process of public sector reform and specifically into how best to improve the effectiveness of rural delivery arrangements. The terms of reference of the Haskins review (Haskins 2003, p7) bear the hallmark of the Treasury's broadened role in meta-governance, seeking to secure improvements in the performance management of rural delivery, with a view to:

- a) Simplifying or rationalising existing delivery mechanisms and establishing clear roles and responsibilities and effective coordination;
- b) Achieving efficiency savings and maximising value for money;
- c) Providing better more streamlined services with a more unified, transparent and convenient interface with end customers;
- d) Identifying arrangements that can help to deliver Defra's rural priorities and Public Service Agreement Targets.

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<sup>196</sup> As the Treasury official concluded, the lack of an analytical base and the poor quality of rural evidence underpinning the Rural White Paper made "statements [in the White Paper] such as 'deprivation's hidden in rural areas' deeply unhelpful" (Interviewee #3).

The terms of reference make it clear that the focus of the review was on improving efficiency within Defra and therefore was a contribution to building an effective department of state. It was not an appraisal of all aspects of rural policy implementation and excluded consideration of rural policy instruments, e.g. the planning system which were the responsibility of other departments.

The *Rural Delivery Review* (Haskins 2003), published in October 2003, reflected the many of the principles of the modernising agenda. Haskins was particularly scathing about the management of rural delivery, highlighting "poor accountability; failure to satisfy regional and local priorities; too many players; lack of co-ordination; and, confused customers" (Haskins 2003, p9-10). He highlighted the complexity of rural funding streams, with more than 100 individual schemes, and therefore recommended their replacement by "a simplified funding framework ... based around three main funding programmes corresponding to the Public Service Agreements" (Haskins 2004, para 12). According to a member of Haskins team (Interviewee #6), his mantra was "make it simpler and easier." His recommendations were built around two related principles:

- a) policy should be separated from delivery, ensuring that Defra's role was more clearly focused on policy making;
- b) delivery should be decentralised.

These principles reflected the Ibbs Report which had argued for an increased role for agencies (Great Britain, Cabinet Office, Prime Minister's Efficiency Unit 1988). As Bochel and Duncan (2007, p5) conclude, "in many respects the use of agencies was intended to acknowledge the distinct and important role of delivery in achieving policy intent, but could also be seen as a shift towards separating policy from delivery." In particular, Haskins used the concept of the policy-delivery chain to illustrate his commitment to a more rationally organised and better coordinated structure of delivery and to meeting customer needs more effectively. (Interviewee #6)

Haskins recommended a re-design of rural governance; he proposed firstly, the creation of "an integrated agency" to "promote sustainable use of land and the natural environment" and to support the objectives of the *Strategy for Farming*

*and Food* (Great Britain, Defra 2002). The role of the integrated agency would be to address the problems resulting from the fragmented delivery of support for the natural environment through a “more integrated approach to the development of more sustainable policies for the land and the wider environment” (Haskins 2003, p62). The integrated agency would be created by combining the land management responsibilities of the Rural Development Service<sup>197</sup>, English Nature and those parts of the Countryside Agency dealing with countryside recreation and the historic landscape. By accepting this recommendation and creating Natural England as the integrated agency, the government abolished the CA only four years after it was established.<sup>198</sup>

Secondly, he recommended the regional coordination of rural delivery through the GOs. It was proposed that a “comprehensive strategic framework for delivery of rural policy” should be prepared to identify regional priorities and achieve better coordination of delivery (Haskins 2003, p74). Regionalisation of rural delivery would be achieved by the establishment of a Regional Priority Board in each region, supported by the GO as convenor, the RDA, local authorities and the key rural agencies.

It has been argued that “the Haskins proposals undoubtedly simplified some of the complex structures of rural governance, but they were premised on an understanding of rural policy viewed from an agricultural or land management perspective” (Woods 2008, p22). Similarly, Ward (2008, p37-8) argues that this “farm-centred view of the rural world put the clock back to the time before the Rural White Paper.” These criticisms perhaps reflect the authors’ presumption of rural policy as spatially focused and “more rounded”, “a counterpart of urban policy” (Ward 2008, p38). However, they overlook the significance of the political construction of the scope and structure of rural policy imposed by the Treasury.

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<sup>197</sup> Formerly a delivery arm of MAFF.

<sup>198</sup> A member of Haskins team reported that “Haskins wanted clarity of roles and responsibilities and the Countryside Agency created policy, provided an independent critique of the role of Ministers [in the Rural White Paper, the CA had been given the role of rural watchdog and its Chair became ‘Rural Advocate’ (Great Britain, DETR and MAFF 2000, para 13.4.1) and was considered far too big, complex, and not always playing to the government’s tune”(Interviewee #6). The CA appeared to have little support in Defra, according to a former CA executive “Alun Michael [Minister of Rural Affairs] found it very frustrating that he had no money, the only money Defra has to do anything on the socio-economic side was the annual budget it gave to the Countryside Agency” (Interviewee #4).

It is argued that the two reviews of rural policy and its delivery allowed government time to reflect on the values and cognitive assumptions underpinning the ERDP and Rural White Paper. By denying the cultural distinctiveness of the countryside, the *Review of the Rural White Paper* not only rejected the aim of rural policy adopted in the ERDP and the White Paper, but effectively undermined any notion of a valued rural way of life which had underpinned the CAP, its reform in the 1980s and the establishment of the second Pillar. In contrast, it was able to separate the environment and landscape of the countryside from the rural economic and social fabric, partly because its interpretation of sustainability allowed government to focus on the striking of balances or trade-offs rather than synergy. As Gallent et al (2008, p139) maintain, in England "sustainability remains a highly politicised and nebulous concept." By contrast, Bryden (2000, p16) stresses that in implementing the European rural policy framework "a key policy issue is how to get greater positive inter-relationships (synergy) between sectoral policies in the economic, social and environmental spheres."

It is argued that the two reviews developed an alternative rural discourse which sought to satisfy the interests of farmers, environmentalists and the Treasury and the core executive by promoting frames of reference within which new institutions could be designed. The reviews appealed firstly to traditional Labour Party values supporting the 'repossession' of the countryside and generating a vision of "a protected countryside ... which all can enjoy" (Great Britain, Defra 2004b, p6). This discourse also embraced the cognitive assumption that farmers should take the lead role in maintaining and enhancing these 'public goods' through the expansion of agri-environment schemes, as fig. 7.1 illustrates. Equally, the reviews recognised the significance of the growing functional linkages between rural and urban areas for eroding a separate rural identity. Counter-urbanisation trends continued throughout the 1990s increasing the economic, social and cultural interdependence of urban and rural areas, enabling the Prime Minister to recognise the similarities between the priorities in towns and those in the countryside. The Third Way's focus on opportunity for all and social justice was regarded as incompatible with the Countryside Alliance's, and indeed the European Union's, perception of a

discrete and distinctive rural way of life. Consequently, the approach to tackling rural economic and social issues eschewed a separate rural policy and rested on cognitive assumptions about fostering interaction between urban and rural areas within a regional framework and about equitable access to public services supported by rural proofing of mainstream policies across Whitehall.

## **5. The Design of Rural Policy Institutions**

The conclusions of the three year period of review, evidence gathering and the lessons learned from the FMD outbreak were brought together in the *Rural Strategy*, published in July 2004 (Defra 2004a). However, it is argued that the design of rural institutions did not reflect a distinctive political programme or policy direction, but supported the aims of the modernisation strategy focused on improving performance in the public sector and delivering outcomes.

### *Aims and objectives of the Rural Strategy*

The *Rural Strategy* declared that its primary aim was the “sustainable development of rural England” and that the “vision of sustainable rural communities ... remains at the heart of rural policy” (Great Britain, Defra 2004a, Foreword; p5). However, despite Defra’s remit for sustainable development across government, its interpretation remained distinctly nebulous and committed to “integrating and balancing environmental, social and economic considerations at every stage” (Defra 2004a, p6). As Batchelor and Patterson (2007, p201-2) argue,

the UK’s unwillingness to put environmental concerns at the heart of policy is based on the belief that [such] concerns are inextricably linked to a green ideology that is viewed as anti-capitalist, and therefore, as New Labour does not share this view, the concept of sustainable development has not been embraced.

Interpreting sustainability as balancing and securing trade-offs had a significant impact on the scope and meaning of rural policy. It ensured that the *Rural Strategy* was not concerned to develop synergies between the different aspects of the countryside and rural life. Research on rural futures carried out for Defra

in 2005<sup>199</sup> concluded that the *Rural Strategy's* "key objectives are conceived as outcomes and not seen as directly created by policy action"; therefore, it advised that "the major overriding rural policy issue is ... to define below the level of generality in the strategy, what the range of balance between the objectives should be" (Future Foundation 2005, p19; p34). For example, the *Rural Strategy* is able to commit to both "thriving economies and communities in rural areas *and* a countryside for all to enjoy" (Great Britain, Defra 2004a, p6, *emphasis added*) but unable to provide a framework for resolving conflicts between these objectives.

The *Rural Strategy* identifies three objectives framed to deliver *national* outcomes. It was concerned to ensure that the majority of rural areas "make their full contribution to national growth", while "improv[ing] the economic and social cohesion of lagging rural areas" (Great Britain, Defra 2004a, p11; p16). The objective "to ensure social justice in rural England" is closely linked with the previous one since as Bevir (2005, p64) argues, "New Labour emphasises ... the overriding importance of securing an efficient and competitive economy as the context within which moves towards social justice might be made." This social objective reflects New Labour values of fairness and equity in accessing key services and opportunities, clearly expressed in the *Rural Strategy* as ensuring that "no one is seriously disadvantaged by living in a rural area" (Great Britain, Defra 2004a, p24).

The third objective emphasises the need to protect the rural environment "for the benefit of society in general ... [and] the economic and social well being of the nation" (Great Britain, Defra 2004a, p34). By emphasising these beneficial national outcomes, the *Rural Strategy* reinforces the symbolism of the 'countryside' as a powerful social construct to sit alongside the values of social justice and opportunity for all. It is argued that since the environment, climate change, conservation, rural affairs and agriculture are core competences of Defra, it was particularly anxious through the *Rural Strategy* to define the

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<sup>199</sup> The Rural Futures Project raised a number of questions about the meaning of the Rural Strategy which highlighted the limitations of the government's interpretation of sustainable development. It concluded that "key objectives are conceived of as outcomes and not seen as directly created by policy action" (Future Foundation 2005, p19).

significance of its policy making role and thereby establish its departmental credentials within Whitehall.

The three objectives reflect national aims and values rather than rural values; but, they overlook the implications of those characteristics which distinguish rural from urban England – low population density, competing pressures on rural land use from agriculture, environmental goods and development, different determinants of economic development success. Structuring the objectives in this way segmented rural institutions and re-created the sectoral divide which the creation of Defra had sought to avoid.

### *Establishing the Re-designed Rural Governance*

By disconnecting policies for agriculture and land management from those supporting rural socio-economic development resulted in the fragmentation of rural governance. By emphasising the strong interaction between urban and rural areas and denying the distinctiveness of rural life, the reviews rejected the territorial policy option and horizontal coordination across policy sectors and vertical integration through multi-level governance arrangements. The outcome in England was a complex re-design of rural governance, which from 2005 was characterised by five separate strands:

#### 1. Agricultural policy governance

The Curry Report and Defra's *Strategy for Sustainable Farming and Food* laid the foundations for the revival of agriculture following BSE and FMD and the substantial reduction in farm incomes. However, they also committed the UK to a continuation of the sectoral policy approach which demanded its own governance arrangements. Defra maintained the role which MAFF had played since the war in acting as the sponsor of this single sector, and continued to liaise with the NFU and other agricultural representatives in slightly broadened network arrangements to determine how best to move the sector forward. Thus, Defra retained strong central government direction of the development of agriculture, CAP negotiations and the administration of payments to farmers.<sup>200</sup>

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<sup>200</sup> In the 2003 Mid-Term Review of CAP, the UK government supported the switch away from production related payments to a Single Farm Payment. Administration of these Payments in England

The Regional Delivery Plans (RDPs) developed to support Defra's *Strategy for Sustainable Farming and Food* established networks of regional organisations and agencies to identify key themes and priorities for regional agro-food development. While this "agro-food governance" (Winter 2006, p748) brought Defra representatives in the region into close contact with relevant regional actors, the RDPs are focused on the delivery of Defra's *Strategy* and not on integrating the development of the farming and food chains with regional strategies. As Marsden and Sonnino (2008, p428) conclude, "so far, it seems, that there have been limits to the extent to which agricultural and food policy can be effectively decentralised in the English regions and this is likely to thwart both endogenous forms of rural development and agri-food innovation."

## 2. Rural land management

Natural England was established as the national land management agency, integrating the previously dispersed responsibilities for the protection and enhancement of rural landscapes and environment, biodiversity, countryside recreation and natural resources. Natural England interprets its role as providing "real environmental leadership" (Natural England 2008, p50) and fulfilling a national remit as guardians of England's environmental and natural assets. It is therefore responsible for providing and enhancing public goods in the countryside however, its priorities are determined centrally with limited interaction with the regions and local government. Natural England delivers its remit in partnership "with all those who directly manage land or indirectly influence its use and management" especially farmers (Natural England 2008, p13).

## 3. Regional Rural Delivery Frameworks

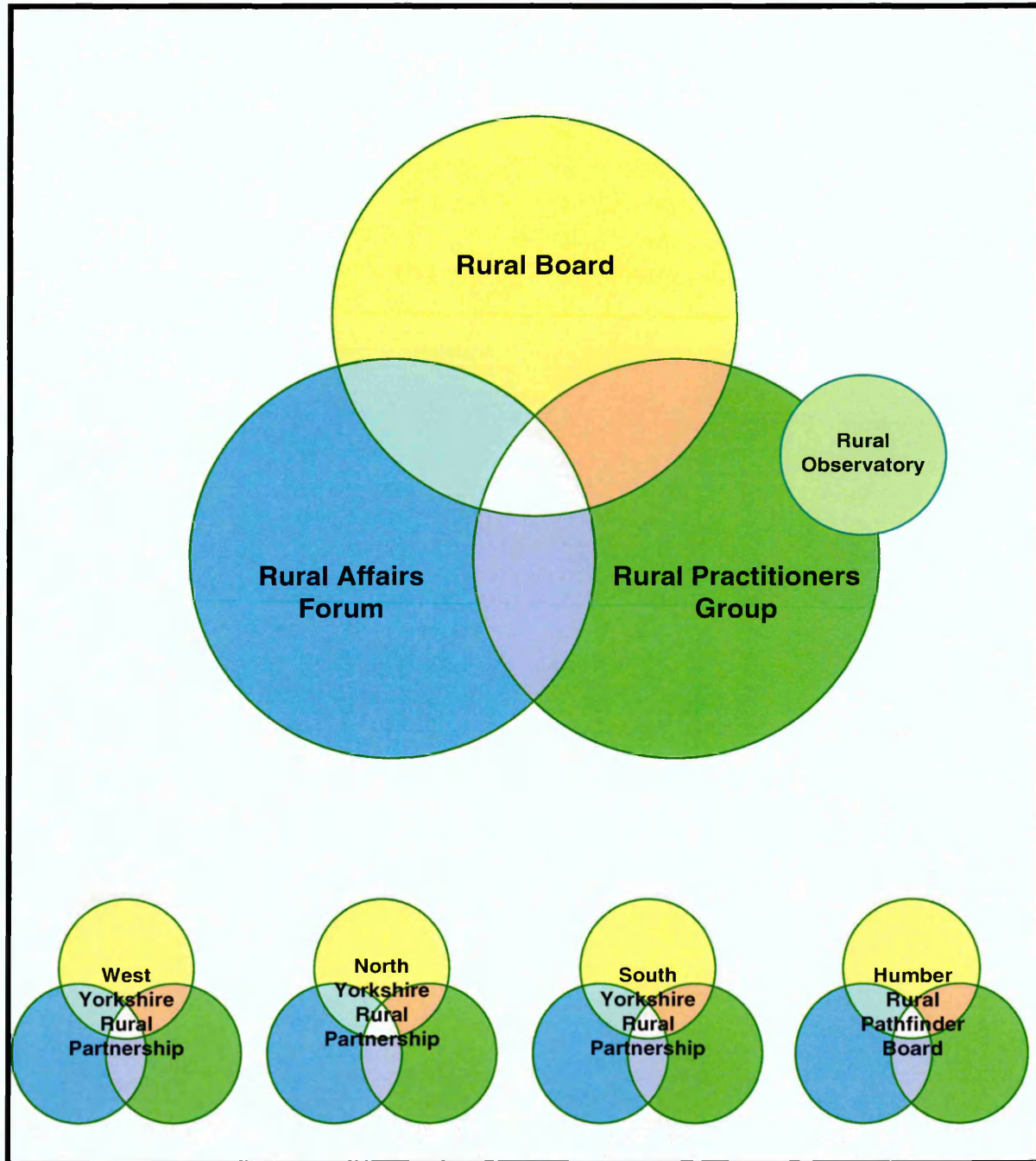
Haskins' *Review of Rural Delivery* concluded that at the regional level, the plethora of funding streams and organisations with overlapping agendas had "created a complex and confusing delivery landscape" (Haskins 2003, para 7.1). He therefore recommended firstly, improving coordination among regional and

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through a newly created Rural Payments Agency ran into considerable difficulty in 2005 as payments were delayed. The problems to some extent undermined farmers' confidence in Defra and relationships became somewhat strained.

local bodies by establishing Regional Rural Priority Boards chaired by the GOs, and secondly, requiring the lead agencies in each region to prepare joint regional delivery plans including joint targets and shared funding. Defra stressed the potential for improving the efficiency of rural delivery, especially through integrating funding streams and linking more effectively to other regional strategies.

Fig. 8.1 Governance of Rural Affairs in Yorkshire and the Humber Region (Government Office for Yorkshire and the Humber Region 2006, p13).



Each region was therefore required to prepare a Regional Rural Delivery Framework (RRDF) which would support the “greater devolution of prioritisation and decision making to regional and local level” (Defra 2004c, Appendix B, para 6)<sup>201</sup> and identify regional governance arrangements. The implementation of these proposals is appraised through examining the development of the RRDF in Yorkshire and the Humber (Y&H) region.

Preparation of the Y&H RRDF began in 2005, with the document finalised in spring 2006. As no additional resources were provided, the key role of the RRDF was to identify opportunities for the coordination of actions within existing funding streams. Despite Defra’s requirement for geographical targeting, responsibility for identifying local priorities was delegated to sub-regional rural partnerships.

The structure of regional rural governance is shown in fig.8.1. However, commitment to the regional rural delivery process began to wane after the rejection of proposals for a directly elected Regional Assembly in the referendum in the North East in November 2004. Initial interest from Ministers in the RRDFs was not followed up as the final drafts were submitted to Defra, as an official in the GO in Y&H region commented “we heard nothing at all, no recognition, nothing ... the high profile of the work when we started it and the Ministerial involvement and everything else just evaporated” (Interviewee #7). It is argued that the focus of rural delivery began to shift away from regions once it was clear there would be no effective devolution of responsibilities for regional economic and social programmes. Hence, the Minister for Rural Affairs (Jim Knight) was able to announce as early as November 2005 “my vision is to move this debate into the mainstream ... [and] since there is no single ‘rural’ identity different localities will require individually tailored solutions” (Knight 2005). Moreover, the increased volume of rural evidence began to reveal that

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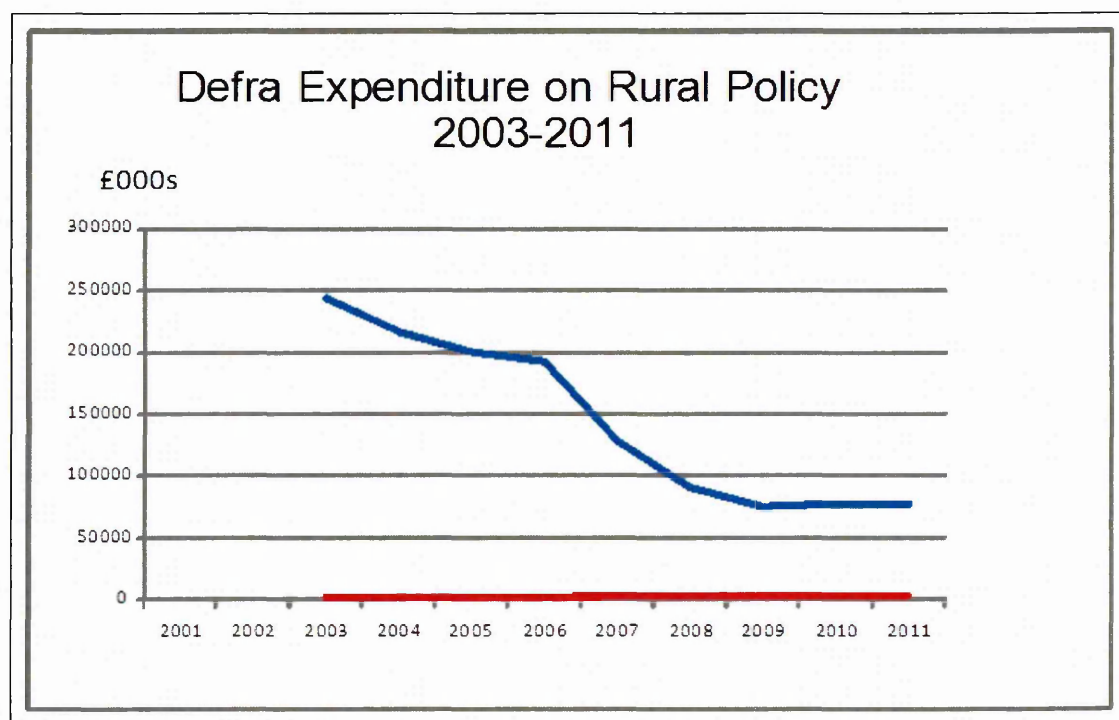
<sup>201</sup> Defra (Defra 2004c, Appendix B, para 6) specified that the key elements which were required from the RRDFs were:

1. Mechanisms and processes to be streamlined – including institutional and funding streams;
2. Activity, funding and delivery to be coordinated and prioritised to ensure it is best targeted where it is needed at local level across the region with sustainable development at the core;
3. Securing greater coherence between rural policy and other regional strategies and plans, with urban and rural strategies mutually consistent and strengthening;
4. The engagement of key delivery organisations.

“the quality of life in rural areas is often relatively high, not just in the material sense, but also in the context of community spirit and social capital” (Knight 2005).

Consequently Defra, whose budget had come under some severe strain following the threat of ‘bird flu’ began to shift resources away from rural economic and social programmes to its core competences with the result that expenditure on rural policy declined rapidly after 2006, as fig. 8.2 illustrates.

Fig. 8.2 Defra expenditure on rural policy 2003-2011 (inc. projected totals) (Great Britain, Defra 2008, p87).



Source: Great Britain, Defra (2008, table 2, p196)

#### 4. Mainstreaming

By June 2006, the tenor of Ministerial statements and speeches had shifted away from coordinating delivery programmes within a regional framework. The Under-Secretary of State at Defra <sup>202</sup>(Barry Gardiner) emphasised that “a real challenge for all of us is: what services for rural communities should a limited funding pot be supporting? ... Defra needs to be an active, influencing

<sup>202</sup> The position of Minister of Rural Affairs was not filled after the 2005 General Election, and the rural affairs portfolio was combined with other responsibilities within the scope of an Under-Secretary of State, confirming the diminishing significance of rural affairs within the department.

department ensuring that mainstream delivery meets rural needs – mainstreaming within government” (Gardiner 2006). From that time, the concept of ‘mainstreaming’ rural policy was developed as the government’s preferred approach to rural delivery. Its definition has however remained elusive while its implications for rural policy at national, regional and local levels are only just becoming clear (OECD 2011).

Mainstreaming recognises that an important component of the modernisation of public services is ensuring that the needs and interests of urban and rural communities alike are equitably addressed through all mainstream policies and programmes (principally universal services), though “equitable does not mean equal or uniform” (OECD 2011, p111). Mainstreaming requires that, at national level, Defra works closely with other departments to ensure that the needs of rural communities and areas are considered by policy makers. The Commission for Rural Communities<sup>203</sup> (CRC) was established in the *Rural Strategy* to provide Defra with annual independent assessments of the performance of departments through the ‘rural-proofing’ of policies.

## 5. Local and community governance

Local government together with local partnerships including the Rural Community Councils (RCCs) were regarded by Haskins (2003, p57) as key agents delivering directly to rural communities. In Y&H region, local authorities and the RCCs dominated the sub-regional partnerships and were prominent in supporting the coordinated delivery of a wide range of rural specific programmes. In addition, former Countryside Agency and Defra social and community programmes were brought together in the Rural Social and Community Programme (RSCP) to increase the capacity of the Voluntary and Community Sector, especially the RCCs “to address social issues and tackle the causes of rural social exclusion” (Great Britain, Defra 2007).

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<sup>203</sup> The Commission for Rural Communities was not proposed by the Haskins *Review of Rural Delivery* but after considerable lobbying by the outgoing Chairman of the Countryside Agency (CA) to retain some of the work of the CA, the *Rural Strategy* includes commitment for “a small and refocused organisation to provide strong and impartial advice to the government ... the watchdog and advocate for rural communities” (Great Britain, Defra 2004a, p22).

The withdrawal of commitment to regions as the coordinating framework for economic and social policy and delivery was filled by the development of the concept of 'place-shaping' as part of the inquiry into local government headed by Sir Michael Lyons (Lyons Inquiry into Local Government 2006). The concept provided the opportunity to embed rural considerations into the framework for place-based policy making and to encourage local authorities in their Community Strategies and Local Area Agreements to reflect the needs of rural communities.

These five strands which formed the structure of rural governance following the *Rural Strategy* reflect the outcome of a reform process which had been steered by the Treasury and its cognitive assumption, denying the distinctiveness of rural needs. The resulting complexity of the governance arrangements were not designed to coordinate rural delivery or create the opportunity for greater synergy. Consequently, it undermined the concept of rural policy as a coherent territorial or spatial focus for policy-making and delivery.

#### *The Structure of Rural Governance in 2008*

The *Rural Strategy's* re-design of rural governance was quickly challenged by changes in the political environment, the growing volume of rural evidence and internal contradictions. This section explores the impact of these challenges and the continuing retreat from a separate rural policy in England

Policies for agriculture and land management became more closely interrelated with the implementation of the RDPE (the successor to the ERDP) from 2007. The allocation of 80% of the available funds (including modulation of Pillar I) to agri-environment schemes and their extension to almost 40% of the farmed area in England ensured that the management of 'public goods' became the dominant priority of Defra's rural expenditure. With a further 10% of the funds being used to support the diversification of enterprises on farms, the RDPE became an instrument largely aimed at supporting farm incomes rather than the wider rural economy or the social fabric of rural areas. However, this same trend has become apparent across the EU, as Bryden (2008, p20) concludes "what the EU describes as its 'rural policy' is not a rural policy, but,

overwhelmingly since 2000 and for the period to 2013<sup>204</sup>, a series of measures directed at farmers and legitimised by the 'environmental' label." Any commitment to rural policy as a cohesion issue, as the Maastricht Treaty demands, appears to have been abandoned.

The increasing volume of rural evidence changed perceptions of policy issues and fuelled a review of spending priorities for rural action. Defra concluded in 2008 that "rural areas are performing well, in the vast majority of cases on a par with, or better than urban areas ... fewer rural people live in poverty ... fewer are victims of crime; proportionately more people in rural areas are employed than in urban areas" (Great Britain, Defra 2008, p102). Moreover, an ONS study of urban-rural comparisons of productivity (Chowdhury and Gibson, 2008, p42) revealed that output per job was actually higher in rural areas than urban areas outside London, with the exception of the most remote and sparsely populated rural areas. Consequently, the revised understanding of rural socio-economic conditions resulted in the abandonment of the 2002 PSA target for improving the productivity of the worst performing rural areas.

The 2007 Comprehensive Spending Review focused on a smaller number of the highest prioritised PSAs which would deliver cross-government objectives; Defra negotiated two PSAs – on global climate change and on "securing a healthy natural environment for everyone's well-being" (Great Britain, Defra 2008, p102). These were supplemented by 8 Departmental Strategic Objectives (DSOs) to support departmental goals. The only DSO supporting rural affairs focused on securing "Strong Rural Communities" by ensuring that "the evidenced needs of rural people and communities are addressed through mainstream public policy" and "economic growth is supported in rural areas with the lowest levels of performance" (Great Britain, Defra 2008, p102).

The EFRA Committee was concerned at what it perceived as a demotion of the significance of rural affairs across government especially as "the delivery of the DSO will depend heavily on other Departments" (Great Britain, EFRA Committee 2008, Summary, p3). The EFRA Committee concluded that:

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<sup>204</sup> The end-date for the current Pillar II.

the decision to have a rural affairs target that is a DSO rather than a cross-government PSA means that less attention will be focused on realising the potential of the rural economy ... there is a strong perception ... that rural affairs are being marginalised in Defra. (Great Britain, EFRA Committee 2008, para 18).

This perception was reinforced by Defra's decision to reduce its contribution to the RDAs and to close the RSCP. The RDAs concluded that Defra's decision has had the impact of "effectively reducing their explicit commitment to rural affairs within their agenda and reducing their rural team resources by half" (Great Britain, Parliament, EFRA Committee 2008, Ev. 66, para 3.3).

Fig. 8.3: Defra's relationships in support of DSO for Strong Rural Communities (OECD 2011, p122).

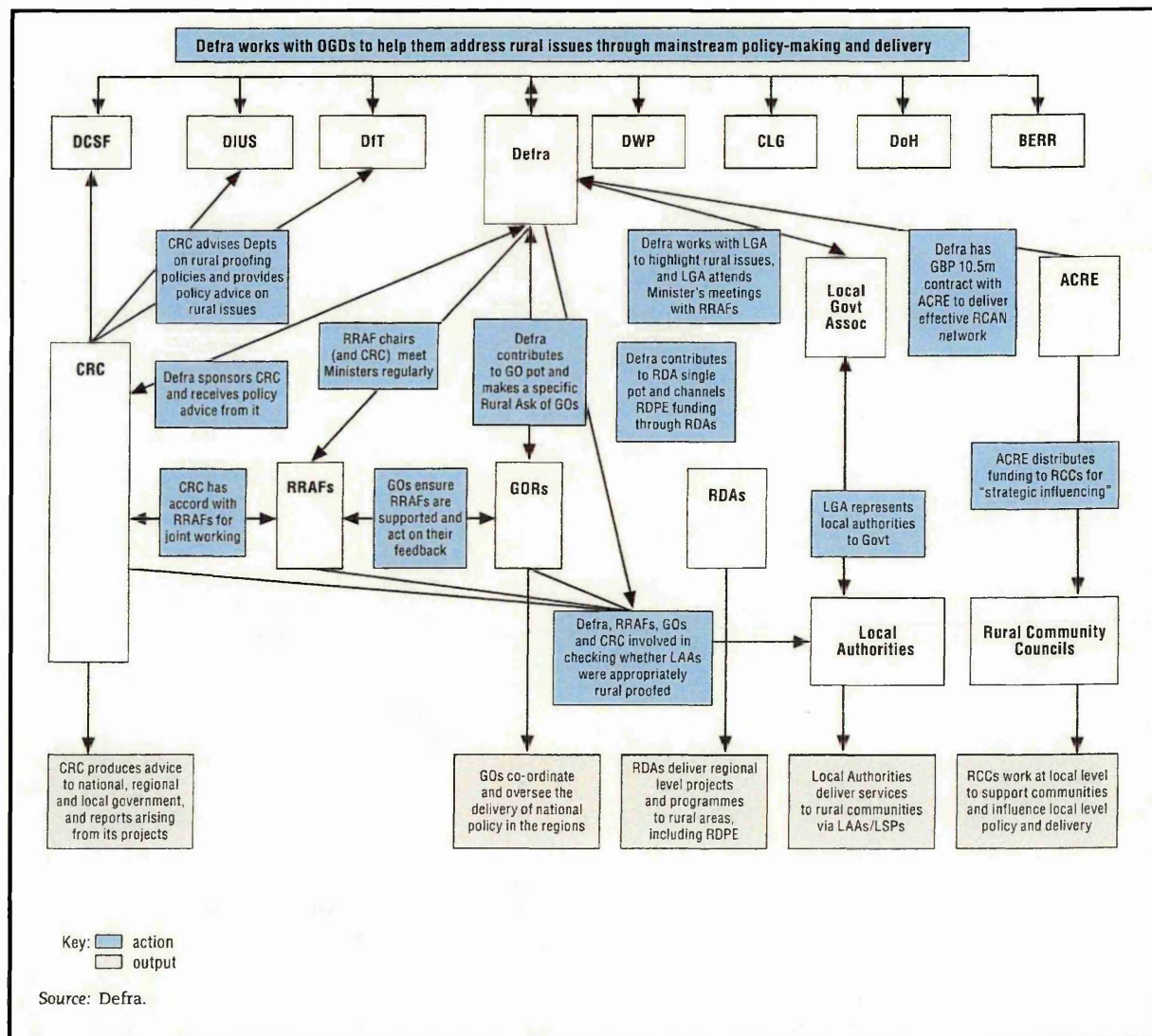


Fig. 8.3 illustrates Defra's relationships with other departments, local government, agencies and other rural bodies in support of its DSO for Strong

Rural Communities in 2008. It highlights that by 2008 Defra's expenditure on rural specific action for the economy and social fabric had shrunk considerably and was limited firstly, to its contribution to the RDAs Single Pot (£53m in 2008-9), secondly, the RDPE support for farm diversification, rural development and LEADER (an average of £92m pa over 2007-13) and finally, support for community development through ACRE and the RCCs (£10.5m). All other actions (shown in blue) supported the processes associated with mainstreaming, rural proofing, evidence gathering and improving understanding of rural England, supporting the conclusion that mainstreaming had become the dominant mechanism delivering opportunity for all and social justice in rural England.

## **6. Conclusions**

While Defra has focused increasingly on its remit for agriculture and land management, mainstreaming has come to dominate its approach to fulfilling its responsibilities for rural affairs. The OECD *Rural Policy Review of England* contends that "this policy approach to rurality is unique among OECD countries" (OECD 2011, p22). It is argued however that mainstreaming is a strategy for delivery. It cannot be considered a 'rural policy' since "mainstreaming is meant to ensure that people in *all* parts of England receive comparable policy treatment by government ... the challenge is to ensure that rural residents receive equitable access to a *common* set of policies and programmes" (OECD 2011, p22, *emphasis added*).

Mainstreaming of rural delivery has its origins in the Treasury's *Review of the Rural White Paper*. The Treasury's denial of a distinctive rural identity reflected New Labour beliefs in securing opportunity for all and social justice. Therefore, a key policy objective was the equitable treatment for rural areas in the delivery of mainstream services, reflecting "an implicit belief in the homogeneity of England" (OECD 2011, p167). Further, rural policy as a spatial policy became engulfed by the new regional policy which challenged regions and localities to generate their own growth.

The PSAs agreed by Defra in the 2007 Comprehensive Spending Review provide evidence of the shift in Defra's priorities to a greater focus on the environment and climate change and the marginalisation of rural affairs. By concentrating on the revitalisation of the agriculture sector and developing its role in conserving and enhancing the countryside, it may be argued that Defra has moved closer to a reinstatement of the old MAFF institutions. Consequently, it is contended that the marginalisation of rural affairs has created a policy void despite the fact that 'securing a healthy countryside' imposes constraints on rural economic and social development which are not present in urban areas. Moreover, as the *OECD Review* maintains "mainstreaming creates the expectation that vertical coordination between governments will work as well in rural areas as in urban areas ... this is not the case" because of the very characteristics of rural areas (OECD 2011, p171).

The Treasury appear to have acquired a special responsibility for Defra and felt the need to nurture the nascent department by imposing reviews. It is argued that the re-design of rural institutions and governance subsequently reflected the segmented structure of the different reviews. The consequence of the re-design of rural institutions has been the disintegration of rural policy.

### Conclusions

This Chapter reviews the arguments and conclusions of this study of rural institutional change and suggests how they contribute to an improved understanding of how rural policy became subject to major change at different stages over the last 60 years. It begins by examining the key findings and their significance firstly, for explaining the progress of rural institutional development and change and secondly, as a contribution to a more complete understanding of how rural policy in England came to be constructed. It then considers the strengths and limitations of discursive and constructivist institutionalism as an analytical framework. Finally, it sets out the study's contribution to knowledge and it considers possible areas for further research.

#### 1. Key findings

Rural geographers have tended to analyse change in rural policy institutions by contrasting the immediate post-war period dominated by productivist agriculture with an unclearly specified post-productivist period, with even the timing of the change remaining somewhat uncertain. This dualism provided an important departure point for this study since it would be necessary set the analysis of institutional change in the context of the emergence of what went before. As Hay (2006, p65) emphasises there is a need to consider "the processes of change over a significant period of time." This section discusses the key findings in terms of their significance for the development of present rural policy institutions and of their contribution to improving understanding of rural policy processes.

#### *Contrasting policy paradigms*

The study has revealed a significant contrast between the policy paradigms in UK/England and the European Community which has persisted for the whole of the 60 year period. The dominance of economic values in the framework of rural policy ideas differentiates institutional development in UK/England from the socio-cultural norms prevalent in the Community. Moreover, the imposition

of the common policy framework on the UK from 1973 has resulted in continual resistance to conform and a desire to follow its own national rural policy path.

The contrasting cultural history of rural England together with its highly urbanised nature has presented a very different strategic policy environment within which the post-war settlement was constructed. The different phases of rural institutional development have been strongly influenced by the Treasury and macro-economic policy - from agriculture's contribution to exchange rate policy to the neo-liberal rural policy under the Thatcher government to the denial of urban-rural differentiation more recently. Rural policy is a complex, composite policy comprising a number of different institutions which may to varying extents be nested within a hierarchy of rules and regimes (Goodin and Klingemann 1996, p18). As Hall (1993, p291) concludes "not all policy fields will possess policy paradigms as elaborate or forceful as the ones associated with macroeconomic policy-making." Its ability to override or constrain many of the constituent rural institutions has ultimately contributed to the undermining of the coherence of rural policy as a spatially distinctive policy.

### *Re-interpreting the productivist era*

Most studies of the productivist period inevitably focus on the development and revitalisation of the agricultural sector and perhaps under-estimate its interaction with other aspects of rural policy; most notably, the planning system sought to safeguard agricultural land to the extent that rural land came to be regarded almost solely as a productive asset. Consequently, the socio-economic and cultural development of rural England was subjugated to productivism such that agricultural policy and rural policy become indistinguishable in many analyses. Many studies have attributed the emergence of productivism in Western Europe to the shortages of food in the immediate post-war period. While this may have been a catalyst for agricultural expansion, the rate of growth and mechanisms of state intervention were essentially political decisions. The focus of rural geographers on a Marxist interpretation of productivism has tended to overshadow meso-level analysis and in particular, to obscure the divergence of approach to intervention in the UK and Western Europe. The relative lack of historical commitment to safeguarding the essential

features of rural life allowed the UK to pursue a rural policy almost entirely driven by the drive for increased economic and technological efficiency of agriculture. This contrasted markedly with the political commitment in Western Europe to the social welfare of family farmers and to the traditional rural way of life expressed succinctly by Romano Prodi<sup>205</sup> (2002, p3) as “an undeniable social, cultural, ecological and economic patrimony of European society as a whole.” Moreover, by not recognising the significance of this divergence, rural geographers and political scientists have largely overlooked the specific characteristics of the Europeanization of UK agricultural policy.

Interpretation of the productivist policy and its governance has been strongly influenced by Smith’s analysis of the formation and entrenchment of the closed policy community comprising MAFF and the NFU (Smith 1990; 1993).

Undoubtedly, the policy community played a vital role in securing the support and involvement of farmers in achieving the level and structure of expansion agreed with MAFF. However, the study recognises that the Treasury was not a passive partner, simply financing the investment required to secure increased production, but an active partner seeking to maximise the benefit for the balance of payments. It therefore contests Marsh and Smith’s (2000, p19) conclusion that the Treasury’s decision to initiate the programme of expansion “effectively passed policy making to the agricultural policy community ending any discussion of alternative policies” and reassesses the policy community’s role as focused on implementation. Thus, the study denies any shift in governance away the hierarchical framework of the Westminster Model.

As agricultural expansion in terms of its contribution to exchange rate policy was considered to be in the national interest, other rural interests were easily overridden. The degradation of the rural environment was perhaps the most significant causality and subsequently became a major issue which attracted strong enough support to challenge the neo-liberal conception of rural policy under the Thatcher regime. Further, unlike the rest of Western Europe, the drift of many thousands of agricultural workers from the land was never a major

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<sup>205</sup> President of the European Commission, 1999-2004.

issue, even for the Labour governments of 1964-70, and was not therefore an impediment to productivism.

### *Re-interpreting the Common Agricultural Policy*

The study argues that the recent work of Knudsen (2009) based on original sources has significantly altered understanding of the construction of the CAP and its subsequent reforms. The commitment among the original six member states to prioritising the social welfare path and safeguarding the family farm as an integral component of rural Europe generated a distinctly different paradigm compared with the UK's cognitive assumptions about economic and technological efficiency. The hard won agreement on the form of the CAP paradigm ensured that it would not easily be reformed, and certainly not for new states, such as the UK, acceding to the Community so soon after resisting the Mansholt Plan in 1968. This contrast in rural paradigms was so great that in the Europeanization of UK agricultural policy, adaptation was largely restricted to changes in policy instruments. As Börzel and Risse (2007, p495) conclude "the EU's impact on domestic policy change has been far greater than its influence on domestic politics and institutions." This is an important finding since it helps to explain the divergent paths of rural policy and the continuing demand of the UK government for the CAP to become more market-oriented and the Community's intractable commitment to a farmer oriented rural policy.

Further, only by redefining the CAP paradigm in this way can the subsequent reforms in 1988 and 1992 be effectively understood. The analysis of the reform process set out in Chapter has been published elsewhere (Elton 2010). The role of the European Commission in effecting the paradigm shift in the CAP provides a specific example of the process whereby ideas are created and the causal mechanisms by which they came to be adopted. Perhaps most crucial to the Commission's success was the strategic learning following Mansholt's failed attempts at reform based on technical appraisals by agricultural economists. This led the key actors to adopt an alternative discourse appealing to European values and beliefs. The maintenance of those values and beliefs, heavily populated by commitments to social welfare for farmers and perceptions of the significance of rural life provides an illustration of the constraints imposed by

ideational path dependence. Further, this analysis exemplifies the lengthy period over which a paradigm shift may occur and the multiple stages which may be involved, exemplifying Streeck and Thelen's (2005) concept of institutional layering.

### *Neo-liberal rural policy in England*

The study identifies a significant shift in UK agricultural policy in the early 1980s. Under the influence of neo-liberal policy regime, government support was withdrawn and farming was asked to become more market oriented. It is argued that because of the focus among rural geographers on the macro-level and exemplified in the move from Fordism to post-Fordism the significance of the policy shift to monetarism appears to have been overlooked. It is argued that the newly elected Conservative government's interpretation of the CAP was largely negative, identifying anomalies and failures in terms of the spiralling costs and the increasing surpluses. Further, the government sought through negotiations with the Community to put forward the neo-liberal alternative of increasing farmers' exposure to the market. Despite the failure to convince other member states the government pressed ahead with redefining the goals of UK agriculture policy from productivism heavily underpinned by government subsidies to a market driven policy which would promote the shift to agro-industrial farming. The change of policy was accompanied by a shift in the locus of authority (so far as was permissible) from the Community to the UK government, with the Prime Minister even contemplating the possibility of re-nationalising the sector. This "radical change in the overarching terms of the policy discourse" would therefore appear to meet Hall's criteria for a paradigm shift (1993, p279; p291). It further emphasises that the Community's influence on domestic politics and institutions has been relatively limited.

The pressure from environmental interests however ensured that under the increasing weight of public opinion the government was forced to acknowledge the case for constraining farming in the most environmentally sensitive areas. However, it is evident that the allocation of expenditure for implementing such schemes was relatively small. Neo-liberal ideas influenced UK agricultural and rural policy for 13 years until the election of New Labour in 1997 and in that

time, the resources allocated to rural development measures were particularly low. As Pillar II funding was allocated on an historical basis the UK's share both in support of the ERDP and RDPE was much smaller than comparable member states such as France. Thus, the legacy of the neo-liberal policy has constrained the scale and scope of rural development in England.

Further, the incompatibility between the Community's rural policy set out in the *Future of rural society* and the Conservative neo-liberal rural policy was reflected in the negative response of the government to the recommendations of the 1990 House of Lords Select Committee on European Communities. The consequences of the neo-liberal rural policy became evident in the low level of rural expertise within the civil service, the poorly developed statistical base on rural conditions and the limited extent of policy learning, all of which undermined the quality of analysis and policy development in the two Rural White Papers.

#### *Rural Issues and New Labour*

New Labour was unexpectedly thrust into rural crises on taking office, but its response was uncertain, contradictory and reactive. The Third Way failed to provide a coherent political programme or clear policy direction which could guide a New Labour rural policy and its looseness as a framework for developing institutions resulted in pragmatic policy responses. The contradictory evidence of rural problems and issues created a context of uncertainty resulting in repeated reviews and reappraisals of rural policy. The government's difficulty in defining the 'rural problem' led to a perception that in England economic and social conditions in rural and urban areas were quite similar and that the strength of the interaction between rural areas and towns and cities created opportunities for addressing rural issues.

The creation of Defra was a pragmatic and electoral response to the problems created by foot and mouth disease and MAFF's out-of-date culture. Its role as a department for coordinating rural affairs was poorly defined which left the new department struggling to justify its contribution within the Whitehall machine. It was therefore in no position to counter the Treasury's denial of rural

distinctiveness or prevent the first steps towards the disintegration of rural policy.

## **2. New Institutionalism: the limitations and validity of the analysis**

The findings and conclusions of this problem-oriented study are clearly shaped by the analytical perspectives of new institutionalism. This analysis of rural institutions and their long-term development demonstrates both the strengths and weaknesses of this analytical perspective and hence provides an empirical basis for supporting further theoretical developments. This section firstly explores the strengths and weaknesses of the new institutionalist perspective revealed by the research process; secondly, assesses the value of this analytical perspective for developing understanding of the redesign of rural institutions; and finally, considers the potential for further development of this theoretical approach.

### *Strengths and weaknesses*

This assessment considers the efficacy of the analytical framework in addressing the two research questions. As a problem-oriented study, it has used a mix of analytical approaches within the overall framework of new institutionalism. In particular, insights from historical institutionalism (HI) effectively highlight the significance of historical rules and paths for shaping the decisions of political actors, as exemplified by the commitment to agricultural exceptionalism and welfare payments in the CAP. However, as with other of the older variants of new institutionalism, HI is better at explaining continuity than change.

The introduction of constructivist and discursive institutionalist perspectives was therefore necessary to provide an analytical framework within which to explore and explain the dynamics of rural political change, other than through exogenous shocks. By endogenizing agency, the framework emphasises the role of ideas and discourse in shaping change. For example, the paradigm shift in the CAP in the 1980s/1990s may only be understood and explained by exploring the European Commission's reinterpretation of the normative and cognitive underpinnings of the CAP. However, rural institutions cannot be

regarded as closed systems, resistant to changes in the wider political environment. In the 1980s, both the European Commission and the UK government shaped their proposals for change with respect to changes in the context of wider political goals – for example, securing the Single Market and neo-liberal economic policy, respectively. This conclusion supports Schmidt's (2008, p17) view that "discursive [and constructivist] institutionalism does not purport to explain all change 'from the inside'."

The strength of constructivist and discursive institutionalisms (CI/DI) lies in explaining change, through concern for agents' ideas and discourse at critical junctures and for the choices, compromises and decisions made in response. However, in understanding and explaining change, analysis of the policy environment external to the institution and events in the material world is also essential, since CI/DI does not seek to explain how critical junctures arise or what causes exogenous shocks, although the perceptions (however incomplete) of such problems are endogenized within the institution.

Schmidt (2006, p115) notes that within a DI perspective "establishing causality can be a problem" since it is difficult to separate the significance of discourse from other variables, as the complexities of the political process are not fully captured within the analytical perspectives of new institutionalism. For example, the focus on the crisis narrative (e.g. in Blyth 2002a) constrains an understanding of causality to the moment of crisis itself resulting in a lack of clarity "about the origins of both interests and of systems of ideas" (Hay 2006, p59).

An important source of complexity arises from the fact that "institutions ... operate in an environment populated by other institutions organised according to different principles and logics" (March and Olsen 2005, p17). Inter-institutional relationships are a vital component of analysis but they add a layer of complexity which can be impenetrable, as there are potentially a vast range of institutional development processes occurring within the composite system of rural policy institutions. The validity of the interpretation would therefore seem to depend on identifying significant relationships, such as between exchange rate policy and agricultural policy.

Schmidt (2010, p21) accepts that “where DI can go wrong is when it considers ideas and discourse to the exclusion of issues of power and position.” The European Commission, for example, in its attempts to introduce new ideas was continually thwarted by the power of the Agricultural Council, and the shape of CAP reform reflected inevitable compromises. Similarly, the UK Treasury used its position (within government) to impose governance arrangements which resulted in the separation of rural policy institutions from agricultural policy institutions.

In the development of rural policy institutions in the UK after the war there is a lack of clarity about the relative role of different key actors. While Smith (1990) defines the closed policy community as the Ministry of Agriculture and the National Farmers Union, the study argues that the Treasury also played a major role. Where government departments are included in the institution, it becomes an empirical question of some significance whether an individual department is acting alone or whether other departments or the core executive exert significant influence or play such a major role that they should be included within the definition of the institution. More generally, the source of ideas and the origin of pressures and influences on actors within the institution have not adequately been captured with the analytical perspectives of CI/DI.

*Value of the new institutionalist framework for the study of rural institutions and rural governance*

The analytical perspectives of CI/DI have framed a meso-level of analysis of the political processes fostering rural institutional development and change which have largely been neglected in rural studies and rural geography in the UK. This neglect is all the more surprising given the longstanding commitment of substantial government support for the agricultural industry and more latterly the countryside environment. The omission of the nation state from analyses of rural development in favour of the grand narrative has, for example, distorted explanation of the shift away agricultural productivism, prevented assessment of the Europeanization of UK rural policy and failed to account for the recent redesign of rural governance.

CI/DI perspectives focus attention on political struggles, and on the emergence and contestation of normative and cognitive ideas underpinning policy development. In this way, it has enabled some of the long held assumptions and conclusions in the existing literature to be challenged. For example, it is argued that Smith (1990) and Marsh and Smith (2000) while emphasising the dominant role of the closed policy community underestimate the role of the Treasury in providing economic justification for the high production: high support strategy. Similarly, the accepted view that the reform of the CAP in 1992 was the result of pressure to limit trade-distorting policies (e.g. Kay and Ackrill 2010, p134) fails to take account of the long process of ideational change which began in 1985 resulting in the paradigm shift which reshaped the rural policy institutions in Europe following the 1992 reform. Consequently, the analytical perspectives of CI/DI have supported analysis of the political process and filled gaps in understanding of the processes of rural change, the timing of change, the extent and significance of change and the relative contributions of different agents.

#### *Further development of the theoretical approach*

The analytical perspectives of CI/DI have been successful in introducing a dynamic framework within which to explore political processes, in particular they have been able to capture a structure-agency relationship which has largely eluded the older variants of new institutionalism. Thus, institutions become simultaneously constraining structures and enabling constructs of meaning internal to sentient agents who create and maintain institutions (Schmidt 2010, p4). However, the study has raised a number of questions about both the internal and external relationships of such institutions which perhaps point the need further theoretical development.

Change is conceptualised as responses to crises or other events when the structure of ideas and meaning no longer resonate. Such crises can take many different forms the significance of which depends on the resilience of the institution. There would appear to be a need to capture within the analytical framework how the constructs of meaning are reviewed in light of crises and events originating from different sources. Hay (2011, p179-80) highlights

Rhodes' conclusion that institutions of governance are prone to failure and therefore generate the need for a response. In this way, Hay helpfully separates the ideational context from the institutional context to capture this source of a crisis. This example could be taken further to embrace situations in which governance structures change not in response to failure but in response to the imposition of a new framework of public administration by a meta-governor.

As has been revealed by the study, the definition of agency within policy institutions has been found empirically to be complex. For example, the role of the UK Treasury in rural policy institutions has been particularly significant yet somewhat detached as a meta-governor or guardian of the public purse. There would appear to be a need to extend the concept of agency to embrace such a relationship which is likely to be a significant source of both ideas and constraints.

### **3. The study's contribution to knowledge**

Assessment of the study's contribution to knowledge must be conducted in the context of the existing literature explored in Chapter 2. That literature's substantial adherence to neo-Marxist analytical perspectives, especially regulation theory's concern with the regularisation or normalisation processes required to stabilise an accumulation regime, has diverted attention away from the political processes which have shaped and steered rural policy and governance over the past 60 years.

Therefore, by adopting a meso-level approach, the study has filled a significant gap in the rural literature. By examining the development of rural policy over the past 60 years, the study has demonstrated how political processes have steered and shaped rural development by generating and promoting changes in rural policy institutions and governance. As a result, the study provides a new context for further research.

#### **4. Further areas for research**

The study's innovative approach to the analysis of rural policy and rural governance generates a number of areas for further research. These fall into types:

1. More in-depth investigation of the research findings;
2. Research on issues generated by the study.

Because of the limited research capacity, primary data sources, especially relating to the period before 1980, were not consulted. But as they are produced as part of the event under study they could contribute to a deeper understanding of some significant policy developments. Research areas which would benefit include:

- a) An assessment of the role of the UK Treasury in steering rural and agriculture policy developments, and in particular, the relationship between the Treasury and the policy community;
- b) The influence of proposals to enter the Common Market on UK agriculture policy;
- c) Why the Conservative government changed policy course in 1984 to incorporate countryside conservation into agriculture policy.
- d) Although primary data sources are limited after 1981, further analysis of interview data together with additional documentary sources would permit a more in-depth appraisal of the role of the Treasury in redesigning rural governance in 2005/6 and in supporting the dis-integration of rural policy.

In addition, the study identifies a number of significant research issues, including:

- e) The Europeanization of UK/England rural and agricultural policies: despite receiving the largest allocation of funding, the impact of the CAP on national policy has not been fully examined in the emerging literature on Europeanization;

- f) The impact of Coalition policies, especially with respect to Europe and spending allocation, on rural policy development and governance.

## APPENDIX 1

Both Labour and Conservative governments sustained a high level of financial support aimed at stimulating modernisation and productivity growth. A comprehensive range of instruments was supported through subsidies and grants<sup>206</sup>. The total value of financial transfers to agricultural producers in most advanced economies has been calculated from 1956 onwards by the OECD using the concepts of producer subsidy equivalent (PSE) and nominal assistance coefficient (NAC). The PSE seeks to calculate the value of transfers to agricultural producers arising from policies which support agriculture, while the NAC is the ratio of gross farm receipts (including transfers) to the (hypothetical) value of production at world prices – hence if  $NAC = 1$  then no subsidies or transfers have been provided.

Fig. 6.2 illustrates the trend in the NAC for the UK compared with the original six members of the European Community (EC6) and reveals that between 1956 and 1961 a much higher level of support in the UK than in the EC6. As the CAP was implemented from 1962, the NAC for the EC6 rose significantly as export subsidies were introduced and import levies reduced competition resulting in increases in the cost of price support. In the UK, the Conservative government in the 1957 Agriculture Act introduced mechanisms to limit expenditure on agricultural support (Winter 1996, p112)<sup>207</sup> which cumulatively reduced the NAC for the UK until it joined EC in 1973.

The figure below shows the trend level of support (PSE) compared with the trend in the EC budget over the period to 1994.

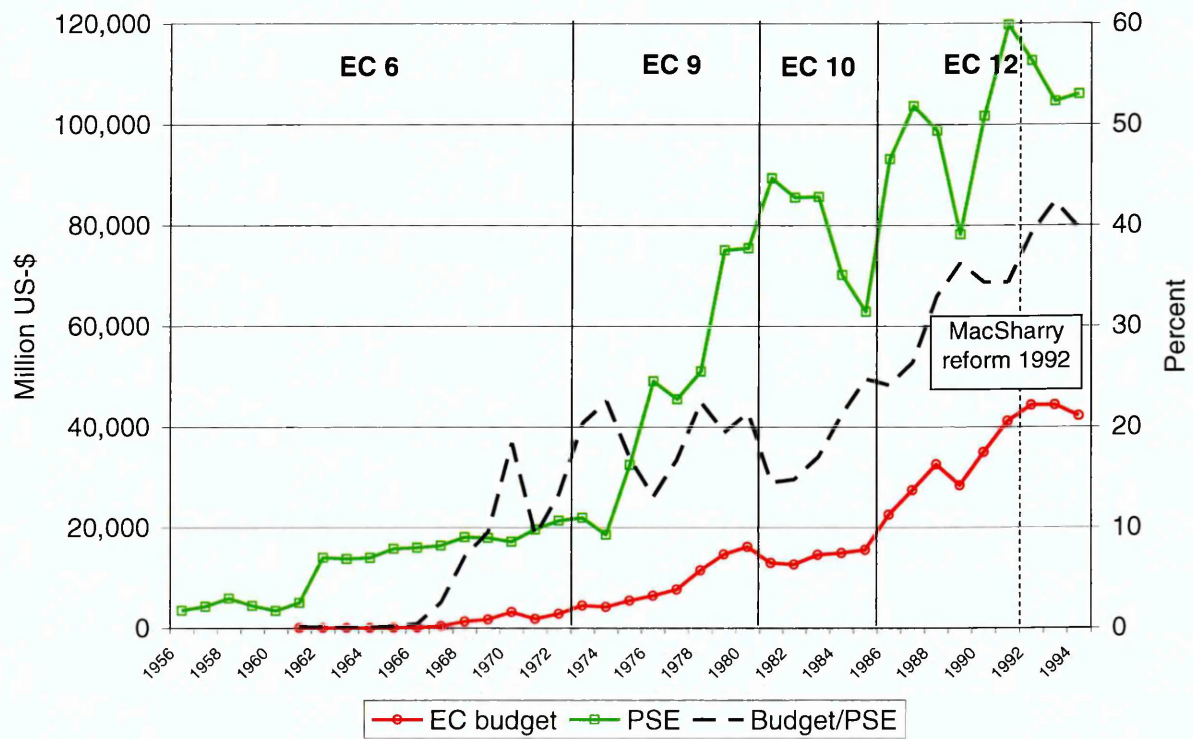
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<sup>206</sup> Measures included support for plant and livestock breeding and disease control through a network of agricultural research stations; locally available advisory services; subsidised training at the network of county agricultural colleges; capital grants for land reclamation; capital subsidies for machinery and exemption from local authority rates and from duty on fuel.

<sup>207</sup> The 1957 Agriculture Act included mechanisms to limit expenditure on agriculture support. Specifically, standard quantities for domestic products were introduced; these set limits on the level of production government was prepared to support, beyond that level deficiency payments were reduced. Standard quantities were introduced for milk and potatoes before the Act, for barley and pigs in 1961, eggs in 1963 and cereals in 1964.

## Agricultural Protection in the EC:

### CAP Budget v Producer Support Equivalent (PSE), 1956-1994



Source: Spoerer (2010).

### The Conceptualisation of Europeanization Processes

Bulmer and Radaelli (2004, p4-8) distinguish different patterns of governance in the EC/EU associated with particular modes of policy-making:

- *Governance by negotiation*  
European policy emerges through a process of negotiation in which member states are directly engaged. This mode is “essentially a synonym for European integration or policy-making” (Bulmer and Radaelli 2004, p8).
- *Governance by hierarchy*  
At the end of the negotiated phase of governance, the European Council typically agrees new legislation which is put into operation through a process of positive or negative integration:
- *Positive integration*  
Where the outcome of negotiations is a policy template, the task of the Commission is to introduce an active supranational policy which is downloaded to member states.;
- *Negative integration*  
By contrast, negative integration implies the removal of national barriers to create a common policy.
- *Facilitated coordination*  
In some areas of policy, national governments are the key actors and ‘Europe’ may simply act as the arena for the exchange of ideas between member states.

In the context of hierarchical governance, it has been argued that domestic change may be expected where there is “some degree of ‘misfit’ or incompatibility between European-level processes, policies and institutions, on the one hand, and domestic processes, policies and institutions, on the other” (Börzel and Risse 2003, p58). Risse et al (2001, pxx) suggest that the “goodness of fit” between the European and the domestic level determines the

degree of pressure for adaptation such that “the lower the compatibility ... the higher the adaptational pressure”.

As there can be no absolute compatibility or mismatch, political contestation and discursive interpretation assume much greater significance in explaining the impact of Europeanization and the response of member states. Empirical evidence suggests that Europeanization has a differential impact on domestic policies, polity and politics (Börzel and Risse 2003, p60)<sup>208</sup> which can only be explained through “intervening variables” (Radaelli 2003, p46-7) or “mediating factors” (Schmidt 2002b, p898). Schmidt identifies five mediating factors (see fig. 6.6) “which serve to differentiate how member states experience the decision rules as well as how they respond”. These are:

- The perceived vulnerability of the domestic policy area under study to external pressures (e.g. economic vulnerability) and to potential crises;
- The capacity of domestic institutions to respond to changes generated by such vulnerabilities, and the ability of key actors to impose or negotiate change;
- The degree of the ‘fit’ of the new rules with domestic policy legacies, both the longstanding policies and established policy-making institutions;
- The degree of ‘fit’ of the new rules with traditional policy preferences including cognitive and normative structures;
- The ability of political discourse to alter policy preferences through cognitive arguments and normative appeal to old or newly emerging values.

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<sup>208</sup> A corollary of this conclusion from the empirical findings is that convergence of domestic policies and institutions in response to Europeanization is an unlikely outcome.

A schematic representation of the conceptualisation of Europeanization processes is shown in table A2.1.

Table A2.1: Conceptualising the Europeanization Process

<b><i>Adjustment pressures</i></b>		<b><i>Mediating factors</i></b>		<b><i>Potential outcomes</i></b>
Governance by hierarchy	{	Economic vulnerability	{	Transformation
1. Positive integration		Institutional capacity		Accommodation
2. Negative integration		Policy legacies		Absorption
Governance by negotiation		Policy preferences		Retrenchment
Facilitated coordination		Discourse		Inertia

Adapted from: Schmidt (2002b, p901); Bulmer and Radaelli (2005, p341-346); Bache and Jordan (2008, p28).

The top-down 'goodness of fit' approach is regarded as particularly relevant where the EC/EU generates clear obligations in the form of a policy framework of rules, regulations and directives and in such a context "the misfit concept does appear to work quite well" (Bache and Jordan (2008, p23). The CAP, together with the Community's regional and environmental policies, have generated structured European policy templates underpinned by a plethora of rules, regulations and directives which suggests that Europeanization in these policy areas will have occurred largely through top-down processes. This appendix therefore concludes by examining attempts to operationalise the conceptualisation of positive integration, specifically through new institutionalist accounts of this mode of Europeanization.

New institutionalist concepts have been widely employed in empirical studies of Europeanization (for example, Bulmer and Burch (2001); Cowles et al (2001);

Schmidt (2002a)). Bulmer (2007, p51) contends that “awareness of the new institutionalisms is indispensable for understanding how Europeanization is theorised”. Sociological or constructivist institutionalist concepts have been applied most widely in studies of the impact of positive integration and the top down pressures on domestic policies, politics and political. As European policy templates tend to define frameworks rather than rigid models of implementation, pressure to adjust to European rules does not require specific domestic adjustments, with the result that any misfits between the two levels become subject to interpretation by domestic actors. The goal of individual member states in the Europeanization process is therefore to reach “compatibility rather than congruence” with European policy frameworks (Lenschow 2006, p62). In many ways, the outcome of top-down Europeanization has been to broaden the political and discursive context for national policy-makers and key actors, as they seek to incorporate new rules, norms, practices and meanings. The focus of analysis of constructivist institutionalist perspectives on Europeanization is therefore on how European decision rules are experienced at the domestic level and specifically on the role of mediating factors in shaping responses and outcomes of Europeanization. The potential outcomes of Europeanization are summarised in table A2.1 and reflect interpretations of the need for adjustment.

**APPENDIX 3: Questions raised by the House of Lords Select Committee on the European Communities on the European Commission's Green Paper on the *The future of rural society*.**

*Problems, Objectives and Delivery*

1. How accurate is the Commission's analysis of the problems affecting rural areas and how relevant is their analysis for the United Kingdom?
2. What should be the long-, medium- and short-term objectives of rural development policy? How do they differ from objectives in urban areas? To what extent are the Commission's own objectives the right ones?
3. What is the present pattern and effectiveness of public support for rural areas?
4. Where should the responsibilities lie for formulating and implementing rural development policies? What practical steps are underway to develop such policies?
5. How well co-ordinated is the management and delivery of rural development programmes across the range of agencies involved?

*How should agricultural support policy integrate with rural development policy?*

1. What is the long-term outlook for agriculture and how will this affect the rural areas: i.e. what are the trends in agricultural output and markets, in agricultural organisation (farm size, ownership, employment and land use); and what will be the impact of technological advances on agriculture?
2. What are the present and potential opportunities available to farmers or farming communities for economic diversification within and outside agriculture? Is such a diversification either desirable or necessary? I.e.
3. How effective is support for farmers as a means of achieving policy objectives for rural areas? How effective are the following forms of agricultural support in achieving such objectives?
  - a) Support mechanisms;
  - b) Income aids (economic objectives);
  - c) Environmental incentive scheme (environmental objectives);
  - d) Targeting – small family farms (social objectives).

(Great Britain, Parliament, House of Lords Select Committee on the European Communities 1990, p449).

## **APPENDIX 4**

### **Defra's Aim and Objectives**

Defra's aim is:

*Sustainable development, which means a better quality of life for everyone, now and for generations to come, including:*

- A better environment at home and internationally, and sustainable use of natural resources ;
- Economic prosperity through sustainable farming, fishing, food, water and other industries that meet consumers' requirements;
- Thriving economies and communities in rural areas and a countryside for all to enjoy.

#### ***Objective 1***

To protect and improve the rural, urban, marine and global environment and conserve and enhance biodiversity, and lead integration of these with other policies across Government and internationally.

#### ***Objective 2***

To enhance opportunity and tackle social exclusion through promoting sustainable rural areas with a dynamic and inclusive economy, strong rural communities and fair access to services.

#### ***Objective 3***

To promote a sustainable, competitive and safe food supply chain which meets consumers' requirements.

#### ***Objective 4***

To improve enjoyment of an attractive and well-managed countryside for all.

#### ***Objective 5***

To promote sustainable, diverse, modern and adaptable farming through domestic and international actions and further ambitious CAP reform.

***Objective 6***

To promote sustainable management and prudent use of natural resources domestically and internationally.

***Objective 7***

To protect the public's interest in relation to environmental impacts and health, including in relation to diseases which can be transmitted through food, water and animals and to ensure high standards of animal health and welfare.

## DATA SOURCES

### 1. Interviews

Organisation	Position	Date	Length
#1 Rural Community Council	Chief Executive	12-01-2006	1:35
#2 York & North Yorkshire Partnership	Executive Director	22-06-2007	1:53
#3 National Park/Natural England	Board Member*	26-06-2007	1:23
#4 Y&H Regional Assembly	Scrutiny Manager	04-07-2007	1:55
#5 Academic/Countryside Agency	Professor of Rural Economy*	07-07-2007	2:23
#6 Rural Community Council	Chief Executive	20-07-2007	0:31
#7 GOYH	Head of Rural Team (Grade 6 Civil Servant)	09-08-2007	2:10
#8 GOYH	Rural research manager	09-08-2007	1:30
#9 Y&H Local Authority/ Regional Rural Practitioners Group	Head of Rural Team	04-09-2007	1:24
#10 Countryside Agency	Director (former)*	10-09-2007	1:35
#11 Commission for Rural Communities	Director*	10-09-2007	1:03
#12 Y&H Local Authority/ Regional Rural Practitioners Group	Head of Economic Development	14-11-2007	1:04
#13 Rural Community Council	Chief Executive	10-12-2007	1:14
#14 Y&H Regional Development Agency	Head of Rural Policy	11-12-2007	0:54
#15 Rural Community Council	Chief Executive	17-01-2008	1:23
#16 H M Treasury	Civil Servant (Grade 7)*	23-01-2008	1:16
#17 Y&H Local Authority	Head of Performance	14-03-2008	1:19

## & Strategic Partnerships

#18 Natural England	Director*	17-03-2008	1:02
#19 Academic	Professor of Rural Community Development	13-05-2008	0:15
#20 National Park	Head of Conservation	11-06-2008	1:32
#21 Defra	Head of Rural Policy*	13-06-2008	0:58
#22 ACRE	Director*	13-06-2008	0:28
#23 Haskins Review Team	Civil Servant (Grade 5)*	16-06-2008	2:05
#24 Rural Community Council/ Regional Rural Affairs Forum	Chief Executive/Chair	27-06-2008	0:50
#25 Unitary Local Authority	Senior Planning Officer	14-07-2008	0:58
#26 House of Commons Environment, Food and Rural Affairs Select Committee	Member of Parliament*	16-10-2008	0:23
#27 Consultant	Director	17-10-2008	0:14
#28 European Commission (DG XVI)	Senior Official	28-06-2009	0:23

\* *Elite interviews*

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