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Pekka Jokinen¹, Jyrki Aakkula², Laura Kröger³

¹ University of Joensuu, Faculty of Social Sciences and Regional Studies

FIN-80101 Joensuu, Finland

pekka.jokinen@joensuu.fi

² MTT Agrifood Research Finland, Economic Research

FIN-31600 Jokioinen, Finland

jyrki.aakkula@mtt.fi

³ MTT Agrifood Research Finland, Economic Research, Luutnantintie 13

FIN-00411 Helsinki, Finland

laura.kroger@mtt.fi

Multifunctionality and policy learning in the finnish agri-environmental policy subsystem: A multilevel governance perspective

Abstract: During the past fifteen years Finnish agricultural, agri-environmental and rural policies have undergone significant changes. Structural changes of agriculture, emphasis on the joint production of food and public goods, as well as the recognition of general multifunctional nature of agriculture and rural activities have all contributed to the policy change. The term multifunctionality has been used in various ways in the agricultural and rural policy debate, depending on the political agenda and on the context in which it has arisen. From the theoretical point of view, it is of particular interest due to its various dimensions. This paper addresses the role of the notion of multifunctionality in the development of the Finnish agri-environmental policy. The main finding is that the concept of multifunctionality is closely related to the formation of a new advocacy coalition in the agri-environmental policy subsystem. However, it is not seen that the concept has much to contribute to agricultural, agri-environmental or rural policy. It seemingly acts for consensus in the policy field but it has hardly been used as a conceptual tool for creating any new space for integrative policy framing.

Keywords: agricultural multifunctionality, policy coalitions, policy learning, Finnish agriculture

The issues on sustainable agriculture are becoming more prominent in the European Union, and particularly the reforms of the EU Common Agricultural Policy have aimed to broaden the general understanding about the role of agriculture. There have also appeared novel policy concepts, which aim to act for sustainable rural and territorial development. An interesting example is the notion of multifunctional farming, which refers to the simultaneous and interrelated provision of different functions. The general idea of agriculture having other functions besides producing food and fibre is certainly not novel (Noe et al. 2008). As Pretty (2002; also McCarthy 2005) has noted, agriculture is inherently multifunctional, since it jointly produces many unique non-food functions that cannot be produced by other economic sectors as efficiently. According to the core policy assumption of multifunctionality, however, rural development consists of a wide variety of “new” activities and services such as nature conservation and environmental management, agri-tourism and the development of short supply chains. A common denominator of these activities is the re-configuration of the way rural resources are used within the farm and between agriculture and other rural activities (Ploeg et al. 2000). This may open up a new field for environmental-political and socio-economic innovations in the rural area not only on a local basis but also in the all-European interest.

The frequently cited definition by OECD (2001) states that the key elements of multifunctionality are, firstly, the existence of multiple commodity and non-commodity outputs that are jointly produced by agriculture and, secondly, that some of the non-commodity outputs exhibit the characteristics of externalities or public goods, with the result that markets for these goods do not exist or function poorly. Characterised this way, agricultural multifunctionality appears primarily an economic concept attempting to capture special economic and policy characteristics of the agricultural production process. However, the term has been used in various ways in the agricultural policy debate, depending on the political agenda and on the context in which it has arisen. The issue is often linked to agricultural trade negotiations and to the EU’s defence of an exceptionalist “European model of agriculture” within the WTO circles. The political discourse of multifunctionality is also tied in multi-level governance and it is therefore more diverse and more complicated than the main reference to the trade agenda implies.

Actually, the concept is of particular interest due to its various dimensions (Garzon 2005). The economic side maintains the traditional view that agricultural policy should increase economic efficiency and competitiveness. Its social dimension assumes that agricultural employment remains a strong factor in the social cohesion of rural areas, even if maintained on economically non-viable farms. The environmental argument encompasses both incentives with an increase in agri-environmental funding and obligations through regulations. As a legitimising discourse the idea of multifunctionality is addressed both to consumers, citizens, and farmers. To consumers, it continues to bring the search for low prices but also quality insurance due to regulations and

incentives to farmers. As to citizens, it aims to explain the continuation of the level of budgetary costs (however, allowing also the redistribution in favour of public goods). Finally, the farmers shall of course be paid for the private provision of public goods.

In examining the sociological components of agricultural multifunctionality, Tilzey (2003) has offered two distinct approaches to framing the issue: multifunctionality as “reality” and as a “discourse”. The latter represents both the policy ideas speaking for the soundness and appropriateness of policy programmes and the interactive processes of policy formulation and communication serving to generate and disseminate those policy ideas. The same discourse may, therefore, have one function at the national level and the reverse at the international (Schmidt & Radaelli 2004).

Institutional setting makes difference in the ideas projected in the discourse. Losch (2004) has identified four main currents that have moulded MF ideas and discussions during the last 20 years. They are: (1) The serious objections to the inherited productivist model of agricultural policy goals (2) The relation to an increasing environmental awareness (3) The demands of food security constituting one point of reference (4) The movement towards economic liberalization at the international level highlighting the scale of protection measured in the industrialized countries. As Garzon (2005; also Bjørkhaug & Richards 2008) has noted, the concept of multifunctionality is of a normative and discursive nature – and importantly, contrary to previous experiences of policy change, the conceptualisation process does not stem from academic or experts arena. Actually, the concept has its roots in a social welfare justification for state assistance dating from the earliest years of the Common Agricultural Policy (Potter & Tilzey 2005).

Multifunctionality now seems to be a controversial and somewhat discredited term in WTO circles. It retains, however, considerable discursive resonance in EU countries such as Finland. Particularly when speaking to domestic audiences, also European policy-makers have continued to qualify their support for market liberalisation with the need to maintain multifunctional agriculture. What kinds of forms does the notion of multifunctional agriculture take at different spatial levels? It certainly implies contextual interpretation. The idea on multifunctionality figures in the debates concerning multilevel governance and post-productivism and, basically, it is applied to a wide range of locations and goals (e.g. Fouilleux 2004; Wilson 2008).

This paper addresses the role of the notion of multifunctionality in the development of agri-environmental policy: how do the adoption, interpretation and application of the concept of multifunctionality reflect and illuminate the policy change that has taken place in the Finnish agri-environmental policy? How have agri-environmental policy actors interpreted and used the ideas of multifunctional agriculture? Has multifunctionality created some new space for multi-level governance? The analysis draws on Paul Sabatier's Advocacy Coalition Framework (ACF). Empirically this study is based on

documentary material and on semi-structured interviews with the Finnish government officers in environmental and agricultural administrations and with the representatives of relevant stakeholders ¹⁷.

Theoretical understandings of multifunctionality

The notion of multifunctionality and the encouragement for agriculture to play several roles in society may be linked to a major change in agricultural thinking which has been referred to as the transition from the productivist to the post-productivist era (e.g. Marsden et al. 2002; Wilson & Rigg 2003). This shift implies a redefinition of the relationship between agriculture, environment and society. According to the post-productivist model, agriculture has to respond to mounting demands of consumers, tax-payers and citizens concerning environmental quality, animal rights, food security and viability of rural areas. Consequently, the productivist economic rationale behind farming is inevitably transforming. The farmers cannot anymore pursue farm-level profitability only by increasing physical productivity and the amount of production, but they also have to take into account values of positive and negative externalities that they produce as a result of the joint production process.

Marsden et al. (2002) have, however, criticised post-productivist thinking strongly on the grounds that it ignores the farm as the central place in generating sustainable rurality. Evans et al. (2002) have examined post-productivism with an empirical approach and found the term rather useless in understanding agricultural changes. It has been used to cover, for instance, political culture, the policy and the market as well as the farmers themselves. In empirical terms, however, Evans et al. found practically no support for the over-arching rural change post-productivism aims to describe. Instead, they conclude that the changes in agricultural policy have not led to any new and less productivist agriculture. They also argue that the dominant agri-environmental schemes do not represent any substitution of productivism. It thus seems to us that superficially the concept of multifunctionality may be consistent with the post-productivist thinking. Basically, however, rural sustainability is often associated with multi-functionality at the production premises, which may make it an alternative to both an industrially minded productivist concept of agriculture and the post-productivist trajectories presented as current alternatives for rural development (Marsden 2003; Wilson & Rigg 2003; Mather et al. 2006).

Another candidate to be related to the idea of multifunctionality is the ecological modernisation (EM) perspective, which is known as a sociological theory and a framework for environmental policy analysis. Due to the growing number of studies, the EM discussion has taken in a wide range of issues. It follows that ecological modernisation has been interpreted in various, even

¹⁷ 23 in-depth interviews have been conducted with officials in the agricultural and environmental administration and with different stakeholders. The data concerning interaction between actors, their preferences and policy beliefs rests on the interviews and also on stakeholders' statements on policy proposals. Documentary material has been used as the data on changes of institutional settings, administrative procedures and characteristics of agri-environmental policy. It consists of official documents on policy and administration, such as committee and workgroup reports, government papers and official notes.

conflicting ways (e.g. Mol & Sonnenfeld 2000; Fisher & Freudenburg 2001). In spite of the theoretical diversification, the concept of EM is essentially tied up with the question how the existing institutions are able to address environmental problems. The key idea is that a new form of modernisation may unify economic growth and environmental improvements. It is expected that the process of ecological change in society proceeds as an active institutional reorganisation, which utilises science and technology and economic dynamics (Mol & Spaargaren 2000). This implies learning processes for the central institutions such as the state and the market. As a paradigm of environmental policy, EM basically holds that economic development and environmental measures can be compatible (Berger et al. 2001; Holm & Stauning 2002; Jokinen et al. 2008). It also aims to introduce alternative and innovative policy measures and to increasingly integrate environmental policy with other policy sectors, especially those related to production e.g. agricultural policy. Economic policy measures are also gaining increasing importance. Thus, environmental management, interactive environmental policy and institutional greening can be seen among the core elements of this policy paradigm (e.g. Marsden 2003; McCarthy 2005).

As Evans et al. (2002) correctly note, the EM perspective has not often been applied to agri-environmental policy analysis. Since multifunctionality aims to be a dynamic notion bringing together economic prosperity and environmental improvements, it seemingly keeps with the EM paradigm. It shall encourage farmers to manage landscape and the environment, and accordingly environmental policy is not seen as a zero-sum-game. Instead, it can be argued that a successful agri-environmental policy and economic goals can be realisable at one and the same time (c.f. Buller & Morris 2004). Multifunctionality thus fits in the major idea of EM that the centrality of production is retained, although also the environmentally-led changes in the nature of the market are recognised and taken seriously. In principle, multifunctionality may also advance the integration of the agricultural and environmental policy sectors, though in empirical terms this is an open question yet.

Policy change conceptualised by the advocacy coalition framework

Policy changes do occur, and various network approaches focus on policy processes (Thatcher 1998). Agricultural policy has traditionally been seen as an illustrative example of corporatist structures and practices. This theoretical view has been further developed with the concept of policy community (e.g. Marsh & Smith 2000). The concept refers to mutual interests and, thus, to a close and institutional relationship between pressure groups and the state in the process of policy-making. The policy network/community approach recognises the importance of institutional and structural power and explains the constancy of policy. However, it may lead to rather static analysis of policy, for instance, by overlooking the emergence of new actors and ideas in the policy field.

As it is an interesting issue whether there are new positions of actor groups to be observed, the approach should profoundly address the temporal dimension and the broad context of policy change. It should also identify the multi-level interplay between thematic and institutional factors of agricultural policy-making. In order to analyse how different actors within the Finnish agri-environmental policy have adopted and used the concept of multifunctional agriculture, we draw on Paul Sabatier's Advocacy Coalition Framework (ACF).¹⁸ This approach enables to structure both institutional and constructivist aspects of the policy process, and it aims to focus on policy learning and on the effects of external variables. Policy change is analysed at the level of a policy subsystem, which consists of organisations concerned with a given problem. As explicated below, policy change is basically seen as a function of several sets of processes.

The ACF is an actor-based framework for analysing policy change. It was developed in response to the complexity of environmental policy subsystems by Sabatier and Jenkins-Smith (Jenkins-Smith & Sabatier 1994; Sabatier & Jenkins-Smith 1993; Zafonte & Sabatier 2004). The ACF suggests that the most useful unit of analysis for understanding policy change is a policy subsystem, for instance agri-environmental policy, which involves actors from different public and private organisations who are actively concerned and regularly interacting with a certain policy area. Within the subsystem actors can be aggregated into a number of advocacy coalitions, each composed of people from various organisations who share a set of basic beliefs and show co-ordinated activity over time. The ACF assumes that each coalition seeks to influence policy making in order to achieve their policy goals and objectives. This can be achieved by using various policy strategies and instruments. Since the idea of multifunctional agriculture refers to both policy beliefs and to policy strategies and instruments, the ACF provides a most appropriate theoretical framework for this analysis.

The belief system is organised into a hierarchical structure, implying the assumption that resistance to change decreases from deep-core beliefs to policy core beliefs and to secondary aspects. Deep-core beliefs refer to basic ontological and normative beliefs which operate across all policy subsystems and, therefore, are outside of the focus of this research. Policy core beliefs are more specific and represent a coalition's basic normative commitments and causal perceptions. An agreement over the policy core beliefs is the principal glue holding an advocacy coalition together (Jenkins-Smith & Sabatier 1994). While the policy core beliefs are resistant to change and keep the coalitions stable, they can also be subject to change over periods of a decade or more. Secondary aspects comprise instrumental decisions and information searches that relate to the way in which policies are implemented. Beliefs in the secondary aspects are assumed to be easily adjusted in the light of new data, experience or changing strategic considerations.

¹⁸ Since the ACF was first introduced in 1986, Sabatier and other scholars have continued to refine the framework by applying it to a variety of policy domains around the world (see the list of applications in Sabatier 1998). The ACF was originally developed for the US system, but it has been applied in the European context by several scholars, who have found it useful (e.g. Elliott & Schlaepfer 2001; Weber & Christophersen 2002). Sabatier suggests that the policy learning approach is particularly suitable in the policy domains such as agri-environmental policy which are dominated by professionals, where natural systems are involved and where quantitative data is available.

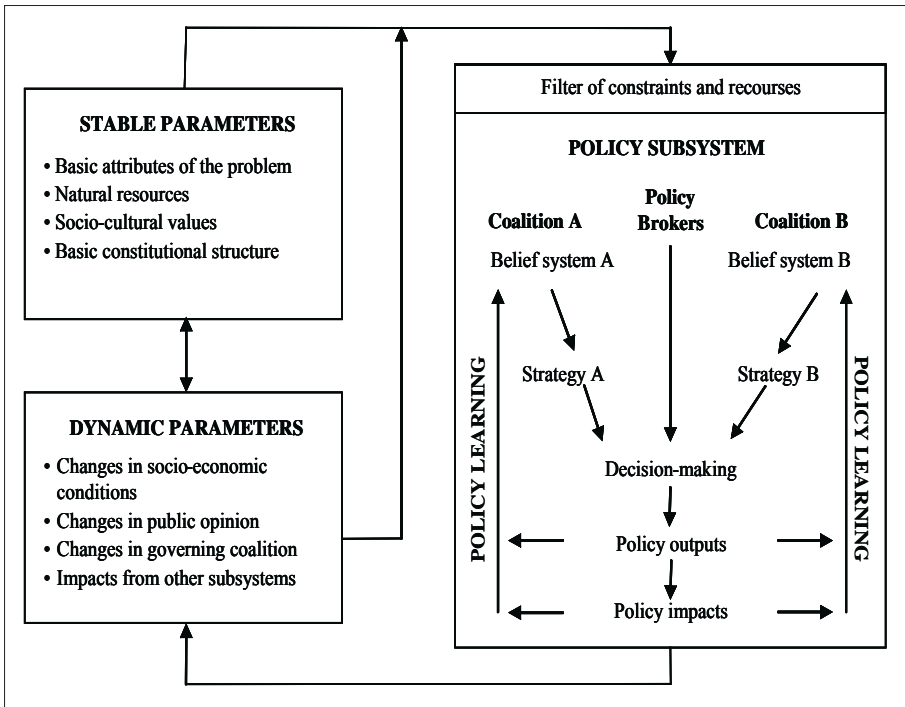


Figure 1. The Advocacy Coalition Framework

Source: Sabatier & Jenkins-Smith 1993

In the Advocacy Coalition Framework (see Figure 1), the policy change is viewed partly as a result of policy learning and partly as a result of external factors. Sabatier identifies two sets of external variables. The first set includes relatively stable exogenous variables, which are the basic attributes of the problem area, natural resources, socio-cultural values and constitutional structures. The stability indicates that these variables are difficult to change and, therefore, are very seldom the subject of coalition strategies. The second set includes more dynamic variables, which are the impacts from other subsystems, changes in socio-economic conditions, in public opinion and in systemic governing coalition. These variables are, in turn, more likely to change over a decade or so. The combination of the external variables affects the constraints and opportunities of subsystem actors. In addition to the external variables, the ACF sees policy learning as an important factor which is causing policy change to occur. The concept of policy learning refers to relatively enduring alterations of thought or behavioural intentions that result from experience and new information, and that are concerned with the attainment of policy objectives (Hall 1993). While policy-makers learn in response to the changes in the external policy environment, the most important influence often is the previous policy itself. Learning does not always have to draw from one's own past experience; it can also be comparative in focus (Rose 1991). The ACF assumes that policy learning is instrumental, yet the members of various coalitions seek to better understand the policy issue in order to achieve their policy objectives.

The policy learning in the Finnish agri-environmental policy

External variables in Finnish agri-environmental policy

During the past decade the operational environment of the Finnish agri-environmental subsystem has changed and many of the changes are linked to joining the EU in 1995. In terms of the ACF these are described as external variables to the subsystem. We discuss here only the variables of most relevance for the development of Finnish agri-environmental policy. These are structural change of Finnish agriculture, changes in the policy making, and impacts from other subsystems.

Structural change of Finnish agriculture

The main objective of the post-war Finnish agricultural policy was self-sufficiency achieved through promoting growth in efficiency of production. The policy was successful and by the beginning of the 1970s, overproduction had become the major problem in the agricultural sector. The overproduction continued through the 1970s and 1980s and at the same time the economic significance of agriculture decreased rapidly. In 1960 almost 30% of the labour force was employed in agriculture whereas in 1990 the share was 7%. In terms of gross national product, the share of agriculture was about 10% in 1960, but in 1990 it had fallen to 3%. In the same time period, the number of farms decreased from 300,000 to 120,000. The EU's Common Agricultural Policy has accelerated structural changes, and by the end of 2007 the number of farms had declined to 67,000 (Niemi & Ahlstedt 2008).

The main characteristic of the structural change in agriculture, besides the decreasing number and increasing size of farms, is the polarisation of production. At the farm level, this means that intensive differentiated production is replacing mixed production. At the national level, production is concentrated in the southern and western parts of the country. The northern and eastern parts are becoming less intensive production areas. The decrease in agricultural intensity or even ceasing of production in peripheral areas of the country has significant impacts on the socio-economic vitality of the whole area.

Changes in the policy making

The Finnish political system, often described as an open multi-party political system, has enabled strong interest groups, such as the Farmers' Union, to exert strong influence upon the decision making processes through both formal and informal channels. The application of the policy community approach to agri-environmental policy has emphasised the mutual interests of the agricultural state agencies and the farmers' unions. The agricultural policy community has been seen as an institutional structure explaining the key features of agri-environmental policy, characteristically agri-technical and defensive solutions, which primarily support income and production goals (e.g. Marsh &

Smith 2000). Also a Finnish case study has reported that in recent decades the agricultural policy community had been successful in presenting agri-environmental problems as non-political issues, which it is able to control (Jokinen 2000). The link between the Farmers' Union (MTK) and the Ministry of Agriculture and Forestry (MAF) has always been very close and unlike in many other European countries MTK is still the only national interest organisation of farmers covering practically all farmers in Finland. Thus, MTK together with agricultural administration has been able to formulate agricultural policy, and agri-environmental issues were also handled by this policy community.

When Finland joined the EU, the era of the national agricultural policy ended. The membership in the EU is a remarkable external change also for the Finnish agri-environmental policy: a part of the agricultural power was passed to EU institutions which, again, resulted in novel administrative procedures and practices at the national policy-making (Kröger 2005). As a result, the negotiations between the state and MTK were abolished. The role of the farmers' union then changed from being an institutionalised decision maker to that of an interest organisation (Jokinen 2002) as new actors entered the decision making arena. Since the Agri-environmental Programme requires co-operation between the agricultural and environmental administration, it has institutionalised the role of the Ministry of Environment as a decision making body in agri-environmental policy. However, the most remarkable change from the previous national policies has been that decision making has become supranational and policies are based on the principles and political objectives of the EU.

Impacts from other subsystems

In addition to agri-environmental policy, there are environmental regulations concerning agriculture. The most important regulations have been related to water protection (Jokinen 2000; Kaljonen 2006). The national programmes of goals for water pollution, for example, have set targets for the agricultural sector to reduce its water pollution. Since joining the EU, several environmental EU directives have had a considerable impact on agriculture. For example, the Nitrates Directive 91/676/EEC (CEC 1991) concerning the protection of waters against pollution caused by nitrates from agricultural sources contains strict requirements and mandatory measures for farmers. Another environmental directive concerning agriculture is the recent Water Framework Directive 2000/60/EC (CEC 2000). Given the past improvements in reducing point source pollution, the emphasis of the WFD will be on minimising non-point source pollution. This will cause additional challenges for agriculture. The Natura 2000 network under the Habitats Directive 92/43/EEC (CEC 1992b) affects sites of special interest for biodiversity by measures such as restricting the use of pesticides and fertilizers. The implementation of the Natura 2000 has been widely regarded as a failure. The first Natura proposal attracted over 14,000 complaints in Finland (Sairinen 2000). This has also made implementation of other environmental regulations more difficult by further turning the attitudes of farmers against environmental regulation.

Finnish agri-environmental policy before the membership of the EU

The “agrarian” agri-environmental discourse, held by the agricultural policy community actors, dominated the problem definition arena since the rise of Finnish agri-environmental issues from the early 1970s (Jokinen 2002). The core of this discourse is that agri-environmental problems and their solutions must be adjusted to a broad context. This context has been the concern for the social and economic position of farmers and the vitality of rural areas.

Actual ideas of pro-environmental agriculture were conceptualised, for the first time, in the Finnish agricultural policy debate in the late 1980s. Pro-environmental farming was used to refer to those agricultural practices that aimed to develop the rural environment towards a pluralistic environmental commodity. It embodied the role of agriculture as a provider of public good typed environmental commodities (Aakkula 1999). Yet the concept of pro-environmental agriculture was not realized in terms of practical policy-making. It was mainly used as a rhetorical means to justify the practicing of domestic agriculture (Jokinen 2000). Nevertheless, from the beginning of the 1990s, along with the increasing environmental concern, the idea that agriculture is also a provider of environmental benefits was gradually adopted into the agricultural policy agenda. The first Environmental Programme for Rural Areas was approved in 1992. Since the programme was based on voluntary instruments and regulations were neglected, it did not change the main principles of agri-environmental policy, but it changed the policy making style. For the first time agri-environmental problems were taken into account at the central government level by the co-operation between the Ministry of Agriculture and Forestry and the Ministry of the Environment.

When Finland joined the EU in 1995, it had to adapt its national agricultural policies to the principles and objectives of the Common Agricultural Policy and its accompanying measures. Adaptation of the CAP and its Agri-environmental Regulation 2078/92 changed Finnish agri-environmental policy significantly. The Finnish Agri-environmental Programme 1995-1999 (MAF 1994) was a direct response to the EU Regulation. This programme introduced new kinds of economic policy instruments and its implementation relied on the co-operation between agricultural and environmental sectors. Since there was hardly any tradition of co-operation, it was a challenging task for both sectors. At the time the programme was prepared, the agri-environmental policy subsystem consisted of two distinct advocacy coalitions, namely agricultural and environmental coalitions. The agricultural coalition had the definitive decision-making power, while the environmental coalition was rather weak. There were continuous disagreements between the coalitions due to different interests, policy beliefs and administrative traditions (Jokinen 2000).

Agricultural coalition

As in many other Western countries, agricultural administration and the farmers' union have traditionally been able to formulate agricultural policy in

Finland. There has not been significant public, political or parliamentary dispute over agricultural policy principles. Equal with the ideal type of a policy community, the agricultural coalition can be characterised by a limited number of participants, the dominance of economic interests, frequent interaction between members, high degree of consistency in membership, and by broad consensus on policy beliefs and preferences. Policy making is made to look like a technical non-political process. From the perspective of the ACF, there has been only one powerful actor in agricultural policy making in Finland which is the agricultural coalition. It has held the dominant position in the agricultural policy subsystem over several decades. The coalition consists of actors from the Ministry of Agriculture and Forestry (MAF), the Farmers Union (MTK), the Association of Rural Advisory Centres and from the research, business and media connected to agriculture.

The agricultural coalition was strongly against joining the EU. Its members are still critical about the EU as particularly the CAP is seen to cause distortions, high costs, complexity and bureaucracy (Niemi & Kola 2003). They maintain, therefore, that the influence of the EU should be reduced and the decision making power should be, at least to some extent, transferred back to the Member States. With regard to agri-environmental policy, the agricultural coalition claims that policy formation should be carried out by MAF and implementation should be decentralised to the regional level under the authority of MAF. As an interviewee from MTK puts it, 'all agricultural issues, including agri-environmental policy, should be handled by the agricultural administration'.

When the first Agri-environmental Programme 1995-99 was prepared, the agricultural coalition, while stressing the importance of farm-level profitability through actual physical production, also admitted that 'production has some negative impacts on the environment' as an interviewee from environmental administration put it. However, they argued that agri-environmental problems can be solved with technological solutions and that the best way to protect the environment is to leave it in the hands of farmers. The agricultural coalition emphasised that the environmental impacts from agriculture are overstated and that other sectors are polluting more than agriculture. They also suggested more research which is, according to Jenkins-Smith and Sabatier (1994), one of the means through which the dominant coalition will seek to diminish the reasons for change.

Environmental coalition

The development of the Finnish agri-environmental subsystem corresponds to Sabatier's (1998) idea on subsystems that emerge out of a relatively new issue: actors tend to coalesce into distinct coalitions when information on the seriousness and causes of the problems and on the costs of solutions increases. The recognition of agri-environmental problems in the mid-1980s led to the gradual formation of an environmental coalition. It consisted of

the representatives from the environmental administration, the Finnish Environment Institute (SYKE), the Finnish Association of Nature Conservation (SLL) and from the research connected to environmental issues. This coalition can be characterised by the dominance of ecological interests, irregular interaction between members, open access, and by shared policy beliefs and preferences.

The members of the environmental coalition argued that agricultural systems are apart from natural ecosystems and that agriculture is the most significant water polluter. An unsolved confrontation between economic and environmental interests then led to conflicts between environmental and agricultural actors. The environmental coalition was oriented towards environmental protection (Jokinen 2000) and their general goal was 'to protect the environment from the damage caused by modern agriculture' as an interviewee from ENGO put it. According to the interviews there was a wide agreement that agri-environmental policy should comply with the polluter pays principle as also other environmental policies do. The environmental coalition emphasised that the Agri-environmental Programme is not a genuine environmental programme but mainly a support system for farmers. Therefore they demanded for more regulative environmental policy instruments, which should be designed and implemented in collaboration between environmental and agricultural sectors.

Institutionalisation of the agri-environmental policy subsystem

The Ministry of Agriculture and Forestry was given the formal power in agri-environmental policy when the EU Regulation 2078/92 (CEC 1992) was applied in Finland. However, the ministry was compelled to co-operate with environmental administration. This, in turn, required the establishment of new agri-environmental policy making and implementation procedures. The first Agri-environmental Programme 1995-99 (MAF 1994) was prepared by a committee consisting mostly of agricultural and environmental government officials. The MAF started a follow-up working group in 1995 in order to assess the impacts of the programme and to make proposals for improvements. A broad representation of stakeholders was invited as members of this group. The next Agri-environmental Programme 2000-06 (MAF 1999) was prepared by a committee also with a broad representation of stakeholders.

Over the years, the accumulation of information, policy experience and stakeholder participation have enhanced policy learning, and thus brought agricultural and environmental actors towards each other. The actors have developed a shared understanding of agri-environmental issues and found common practices (Kröger 2005). Instead of two distinct coalitions, the agri-environmental policy subsystem is now dominated by a new-born agri-environmental coalition (Kröger 2008). This, in turn, has contributed to the changes in actor's belief systems towards a more multifunctionality oriented agricultural thinking.

Agri-environmental coalition

The agri-environmental coalition initiated from the preparation of the Environmental Programme for Rural Areas (MoE 1992) in the early 1990s which started co-operation between MAF and MoE. As a consequence of the adaptation of the EU agri-environmental Regulation 2078/92, the environmental administration was given a legal status in agri-environmental policy and some power for decision making was moved from the agricultural coalition to the environmental coalition. Yet, decision making power mostly remained in the hands of the agricultural coalition. A new agri-environmental unit was established in the MAF and it was given the overall responsibility of the Agri-environmental Programme. This unit forms the core of the new coalition which includes also most of the members from the former environmental coalition (Kröger 2008). In addition to agricultural and environmental authorities, the agri-environmental coalition includes the representatives of the Finnish Environment Institute, the Finnish Association of Nature Conservation, the Association of Rural Advisory Centres and researchers and other experts from both sectors.

The agri-environmental coalition regards the increased influence of the EU as positive development. An interviewee from the environmental administration argued that 'the development of agri-environmental policy, as it has been during the past decade, would not have been possible without the membership of the EU'. This is an interesting stand, in particular, when taking into account that the position of the Ministry of the Environment is quite weak compared with the other ministries such as MAF (Lindholm 2002). The agri-environmental coalition speaks for a more cross-sectoral collaboration in policy formation and implementation. It has grown significantly and become the largest coalition in terms of the number of members. It can also be characterised by a relatively open access, the aim of a consensus between environmental and economic interests, formal and informal interaction between members, and by the agreement on the policy objectives.

When the Agri-environmental Programme 1995-99 (MAF 1994) was prepared, the agri-environmental coalition argued that intensive agriculture is harmful to the environment and that the objectives of the agricultural sector are based on economic interests at the expense of the environment (Kröger 2008). They thought that voluntary and economic policy instruments are suitable to the agricultural sector but the command-and-control types of regulations are also needed. Even if stricter environmental requirements were demanded, it was also expressed that 'too tight regulations will decrease the economic profitability of production' (an interviewee from ENGO). The programme was identified as a support system to farmers but the agri-environmental coalition was able to turn the environmental requirements of the programme to support its own policy interests. With regard to the Agri-environmental Programme 2000-06 (MAF 1999), a shared view amongst the coalition is that 'there is not only one optimal solution, but the optimum depends on the actor's point of view'. They also agree that the heterogeneity of farms requires different policy measures. Further, they suggested that the programme should be somewhat regionally differentiated.

Diverse political interpretations of multifunctional agriculture

Instead of two distinct coalitions, the Finnish agri-environmental policy subsystem is nowadays dominated by the agri-environmental coalition. All the three coalitions roughly agree on the basic idea of multifunctionality. However, each uses the concept for its own policy purposes. The core question is how the members of these three coalitions in the agri-environmental policy subsystem have adopted and applied the concept of multifunctional agriculture.

Agricultural coalition

The Agri-environmental Programme is a policy instrument representing the idea of multifunctional agriculture. Therefore, it fits into the policy belief system of the agricultural coalition. While the programme is intended to ensure that agriculture is practised in an environmentally sustainable way, it aims to compensate the farmers for the costs and loss of income arising from environmental protection. The support also compensates income losses due to the lower producer prices in the European market. The weak competitiveness of Finnish agriculture is used as argument for the high level of agricultural support. Yet the agricultural coalition has identified the concept of multifunctional agriculture as a useful rhetorical tool for legitimising the support. Certain elements of multifunctionality can be used, when convenient, to support their policy objectives.

The agricultural coalition claims that agriculture's main function is to produce food and that the promotion of multifunctional agriculture should not curtail farmers' rights to produce what they want and how they want. This attitude is derived from the strong belief in private property rights. Thus, environmental policy shall respect the economic interests of farmers and their businesses. The agricultural coalition thinks that economically profitable agriculture is the prerequisite for the viability of rural areas. It is argued that the best way to promote rural viability is to give support directly to farmers and to the businesses closely connected to agricultural production (e.g. food processing industries). Thus, the members of the agricultural coalition are prone to use the concept of multifunctional agriculture as a strategic policy tool when they attempt to justify the support to production.

Environmental coalition

The environmental coalition labels the concept of multifunctional agriculture primarily as a notion used to justify the existence of agricultural support. From their perspective, multifunctionality represents a rhetorical project that hardly encompasses real environmental concerns. It is argued that its promotion will hinder the application of regulative measures which are considered the most effective agri-environmental policy instruments. Much attention is not paid to other dimensions of multifunctional agriculture: they either are regarded as irrelevant from the environmental view point or as being outside the competence of environmental actors. In sum, the environmental coalition uses the concept of multifunctional agriculture only when it criticises the use of environmental objectives as justification for agricultural subsidies.

Agri-environmental coalition

Essentially, the Finnish Agri-environmental Programme represents the policy thinking of the agri-environmental coalition: its members strongly and genuinely support the idea that besides producing food and fibre, agriculture has a fundamental function to provide environmental benefits, sustain rural landscapes and biodiversity and to contribute to the viability of rural areas. However, it is not seen that the concept of multifunctionality has much to contribute to agricultural or agri-environmental policy. Instead of a novel idea, it is rather considered a useful instrument for renaming the core policy idea which emphasises public goods as a source of social benefits derived from agriculture. In fact, the concept of multifunctionality fits extremely well with the coalition's policy belief system. The coalition represents a consensus in the agri-environmental policy subsystem. Therefore, its members are prone to use the concept of multifunctional agriculture as a strategic policy tool when they attempt to justify their political objectives.

Conclusions

The multifunctionality scheme has appeared a characterisation which recognises the continued importance of commodity production in rural areas. It also aims to be sensitive to spatial and social differentiation and, therefore, it might provide a new foundation for public policies and a genuine paradigm change for farming. As described, the basic idea of multifunctionality has been a part of agricultural policy already for a long time. Yet, the broad-scale policy implications of multifunctional agriculture will depend, above all, on the design of policy measures meant to promote multifunctional outputs of agriculture. As Potter and Burney (2002) have noted, it is not necessarily the concept of multifunctionality as such which is most controversial but rather its implications for the design of domestic subsidies and their real or alleged features linked to trade distortions.

This paper has analysed how various policy actors in the Finnish agri-environmental policy subsystem have adopted and used the concept of multifunctional agriculture. We have identified the EU agri-environmental policy as a dynamic external variable with a very strong effect on the Finnish agricultural policy system. While the implementation of policy has required the establishment of new decision making structures, administrative procedures and monitoring systems, agricultural and environmental actors have been compelled to co-operate. The policy process has initiated an interactive learning process bringing the policy belief systems of agricultural and environmental actors closer to each other faster than it had ever appeared in the national context (cf. Kaljonen 2008). This has led to the restructuring of the agri-environmental policy subsystem. At the national level the traditional pro-agriculture and pro-environment coalitions have become challenged by a new agri-environmental policy coalition. The main finding is that the concept of multifunctionality is closely related to the formation of this new advocacy coalition. This, in turn, indicates that policy learning across the policy subsystem has occurred.

However, it appeared that at the national level policy learning has not focused on fundamental policy principles or institutional structures but rather on details of single policy measures. This is verified by the examination of the use of the idea of multifunctionality: the recent adaptation of the concept has not had much influence on the prevailing policy ideas of the agricultural coalition. The agri-environmental coalition has supported the idea that besides producing food and fibre, agriculture has also other fundamental functions. However, it is not seen that the concept of multifunctionality has much to contribute to policies. It seemingly acts for consensus in the policy field but it has not really been used as a conceptual tool for creating new space for integrative policy framing.

Agriculture is a very important issue in EU politics, since the reforms of the CAP have been followed by the changes in agricultural support systems that have had a significant impact on the economic conditions of farms and thus accelerated the structural change of agriculture. The most recent reforms, the Fischler CAP reform in June 2003 (CEU 2003) and its follow-up, the Health Check CAP reform in November 2008 (CEC 2008), have significantly changed the CAP and have also introduced elements which can be seen to support multifunctionality and address agri-environmental issues. The Fischler reform initiated decoupling of the EU payments for arable crops and livestock from production by introducing a Single Payment Scheme (SPS) and brought in effect modulation of agricultural support, i.e. the reduction of spending on Pillar 1 measures (direct aids to farmers and market measures) in favour of Pillar 2 measures (rural development including agri-environmental measures). However, it should be noted that the idea of modulation has its roots in the Agenda 2000 CAP reform in 1999, when the Member States were given an option to apply modulation on a voluntary basis (CEU 1999).

The to-be-implemented Health Check CAP reform will take further both decoupling and modulation. Still existing coupled payments will be decoupled and incorporated into the SPS, with the exception of suckler cow, goat and sheep premia, where Member States may maintain current levels of coupled support. In addition, the modulation rate is to be amplified. Currently, all farmers receiving more than € 5,000 in direct aid have their payments reduced by 5 percent. This rate will be increased to 10 percent by 2012 and the funds will be transferred into Pillar 2 measures (CEC 2008).

There are differing views whether the Fischler and Health Check reforms truly represent a paradigm shift of the CAP towards a more multifunctional agricultural thinking. Garzon (2006), for instance, asserts that the CAP is increasingly addressing issues central to the multifunctionality paradigm such as the provision of agri-environmental public goods. Daughjerg and Swinbank (2008), in turn, claim that recent reforms of the CAP may seem to back the multifunctionality paradigm, but when a closer look is taken, this evidence appears to be far from convincing. They argue that the primary goal of the Health Check reform has been to make European agriculture more competitive, more compatible with any likely outcome of the WTO negotia-

tions of the Doha round. Furthermore, they claim that the ostensibility of development towards the multifunctionality paradigm is reflected by the Health Check decrees abolishing both set-aside and milk quotas, which clearly promote the production of increasing amounts of food stuffs, not agriculture-related public goods.

We agree with Kaljonen and Rikkonen (2004) who have concluded that in Finland the uncertain character of the EU agricultural policy has strengthened the shared consensus, from local to national level, on the importance of domestic production. In this respect, the notion of multifunctional agriculture can be used as a rhetorical means for safeguarding the continuity of Finnish agriculture and recognising agriculture's societal value. Undoubtedly, this will strengthen the agri-environmental coalition in the future. Whether it offers paths for true reorientation remains yet open. Wilson (2008) suggests that only through a multidisciplinary approach we will be able to fully understand multifunctional agriculture and drive forward constructive agendas for the future.

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