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WHICH ROLE SHOULD GOVERNMENT TAKE IN THE AGRI-FOOD SECTOR IN THE NEXT DECADE?

by

D. HARVEY*

1 Introduction

The appropriate roles, structure and behaviour of government and governance are fundamental questions facing both society and the social sciences. The agri-environmental-food system is neither unique nor atypical in exhibiting substantial stress and pressure for change. There is apparent and vocal argument that neither the 'market' nor the 'state' seem capable of adequately and simultaneously providing for the sustainability of natural or rural environments and the safety and security of food supplies. The collapse of the central planning systems of the Former Soviet Union (FSU), and its replacement with market systems and democratic political control, far from signalling victory to the capitalist system may well prove the modern mixed economy's greatest test. The resurgence of liberal free market traditions in the west, from the World Bank's structural adjustment programmes, through the GATT-UR-agreement, to the notions of Integrated Rural Development and endogenous growth at the regional and local levels, all raise serious questions about the ability of the market place to generate both economic wealth and social welfare.

In the face of these fundamental social challenges, the performance of the social science professions is sadly fragmented and weak. LORD DAHRENDORF (1995) advances the strong argument that: "There remains a common theme for a science of human society, and that while much progress has been made in developing its various facets and aspects, it is still important to try and tie the parts together - not in search of a 'world formula' but to make sense of the social habitat in which we live, have lived and are likely to live". In a similar vein, DE LA MOTHE and PAQUET (1996), remark: "in a world of ever growing interdependence on a world scale, the need for collective decision making is growing. The solution therefore is not less government or a weaker government, but a *different sort of government*. There is a need for a *new framework*, for a transformation in our democracy, but this new framework for social and economic policies, capable of guiding nations in the years ahead, has not been articulated" (p. 43).

Consideration of these problems in a multidisciplinary fashion leads to the major propositions of this paper: i) that the processes of governance (as opposed to the roles of government) are a more productive focus for 'policy' and 'management' development and improvement; ii) that there is a basis from which to develop DAHRENDORF's common theme of social science, which recognises and integrates the contributions of all the major social science disciplines. The paper opens (section II) with a background outline of existing political economy frameworks. Section III seeks to build on this overview to provide a more coherent picture of governance. The implications of this discussion are reviewed for both government policies and actions and for professional and academic research in section IV. Some conclusions are drawn in the final section of the paper.

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2 Current Concepts of Governance

2.1 Neoclassical Economics and Public Choice¹

The economic theory of welfare optimisation still provides the foundation for economic policy analysis (JUST et al. 1985). In this simple model of the world, there are four major functions for government.²

i. *The Policeman*: to establish and maintain the legal and judicial framework within which the market will operate, both at the national and the international level, including the important role of policing property rights. The costs of ensuring this are typically assumed away in elementary analyses, but they are not insignificant, as well demonstrated in economies in transition.

ii. *The Doctor/Engineer* to correct market failures including provision of public goods, accounting for externalities, regulating imperfect competition and monopoly. As GREENWALD and STIGLITZ (1984 and 1986) argue, the consequences of imperfect, asymmetric information and incomplete markets make market failure far more pervasive than has been traditionally supposed, with principal agent problems and signal failure commonplace. Thus, the perfect world envisaged by the conventional neoclassical model is a chimera. Alternatively (e.g. MCKEE and WEST 1981), if information, transactions and decision-making are properly treated as resource-using activities, then appropriate accounting for these costs may still yield contestable markets and a workable competition benchmark. In these cases, the argument for a government doctor function focus naturally on transactions efficiencies and public good/externality characteristic of information and signalling systems. However, in the face of positional goods (HIRSCH 1977), it seems likely once again that market failure will be endemic.

iii. *The Pharmacist/Mechanic*: to encourage and foster economic efficiency, both in static terms - the need for which can be seen as resulting in part from the public good characteristics of information; and in dynamic terms to assist in adjustment to changing circumstances. These might also be associated with externalities of progress and growth and with the public good aspects of technological change and transactions systems.

iv. *The Judge*: to redistribute income and wealth in the interests of equity, since (e.g. RAWLS 1971) there is every reason to suppose that societies regard equitable (not necessarily equal) distributions of endowments (wealth, income, good and service provision and entitlement, and spatial patterns of economic activity) as desirable.

v. In addition to these four well-recognised functions of government in a market economy, a fifth function should also be added: *The Priest*: - as the guardian of public morals and ethics, requiring additional roles to those envisaged by the clinical calculus of neoclassical economics for the policeman and the judge.

This framework views 'government' as *exogenous* to the market system - the benevolent dictator. Typically, neo-classical economic analysis of agricultural policy has found it

¹ This section repeats arguments rehearsed in Harvey, 1995, where the implications for policy analysis and for the development of European farm policy in particular, are further discussed.

² See, e.g. Grant, 1975, though not labelled as here.

impossible to reconcile these theoretical functions of government with the observed characteristics of the policy. The neoclassical economic model, however, contains within it the seeds of its own destruction. Consider the implications of profit-seeking firms and utility-seeking consumers combined (as the theory admits it must be) with a government whose major function is the redistribution of income and wealth. The workings of the competitive market mean that this redistribution, even if entirely resource-neutral, will need to be continuous. Even in the absence of market imperfections and failures, the market must include a government continually engaged in economic activity, taking and re-distributing income.

The existence of such a government provides entrepreneurs, consumers and taxpayers with the means to influence their economic environment, including government, to their own ends. Add to this model the evident gains to be made from collective action and the pressures in favour of the maintenance of workable competition are now turned in favour of winning control over the government, as well as over the market place. Rent seeking (classically identified by BHAGWATI 1982) will be pervasive and 'directly unproductive'. This is the essence of much of the public choice literature, epitomised by RAUSSER (1982) in the classification of PERTs (legitimate engineering and maintenance transfers) and PESTs - the rent-seeking transfers - where economic agents are to be expected to devote resources to securing and maintaining politically determined transfers.³ DE GORTER and TSUR 1991, illustrate the consistency between these competitive political forces (without the explicit need for group action) and observations on political support for the farm sector. Groups and group behaviour, in this light, become the mechanisms through which quasi-competitive political transactions take place, but their structure, even their existence, are as secondary to the achievement of political equilibrium as is the method of auctioning in the private market place.

The general conclusion of the public choice literature is that "government (or policy) failure" is to be expected as a consequence of rational, self-interested economic behaviour associated with endogenous government. However, beyond this general conclusion, and associated 'explanations' of current and past policies using these theories, it is practically silent about how to predict future policy change. Nor is it good at explaining why governments so often choose demonstrably inefficient policy sets, even given their own stated objectives (MACLAREN 1992). Further examination of the policy process (for example, RAUSSER and IRWIN 1989; MOYER and JOSLING 1990; HARVEY 1994) emphasise the importance of institutional factors in policy change, though again are relatively silent about the implications of this focus for the prediction of future policy development or the development of appropriate and sustainable roles for government.⁴

In the meantime, JOHNSON 1995, provides a succinct, well-argued and well-supported statement of the appropriate roles of government in the agricultural system according to the conventional neo-classical approach. However, he concludes (p 19/20) "Finding the appropriate relationships between the roles of government and the market - between laws, institutions and regulations, on the one hand, and the allocative and distributive functions of markets on the other - is the most important task of policy analysis and policy formation."

³ A useful survey of this literature as related to agricultural policy can be found in, *inter alia*, Swinnen and Van der Zee, 1993, Winters, 1987 and MacLaren, 1992. More general treatments can be found in, for example, Phelps, 1985, McLean, 1987, Stevens, 1993, Buchanan and Tollison, 1984, Heap *et al.*, 1992.

⁴ A further disturbing feature of this literature is its complete reliance on self-interest. Models based on this principle run the risk of producing policy prescriptions best suited to a self-interested world and thus to encouraging the development of such a world at the expense of a more charitable one. In the realm of public choice, this danger seems particularly worrying.

2.2 Other Social Science Frameworks

The public choice-extended neoclassical view of government interactions with the market system is not the only, or even the most commonly accepted view of the world. Other social scientists, especially sociologists and political scientists, have substantially different perceptions of government and governance. It is unacceptably arrogant and ignorant to ignore these different scholastic and intellectual traditions.

Apart from those most frequently recognised by practising economists - the logic of collective action (OLSON 1965) and the 'new right' view, evident in most of the economic public choice literature - DUNLEAVY (1991) identifies two major strands of thought about collective action (i.e. governance) in democracies: the *Pluralist* and the *Corporatist*. LOWE et al. 1994, further contrast two rather different traditions in the "analysis of economic governance of agriculture" within the Corporatist paradigm: the *Political Economic* and the *Sociological Institutional*. At once, the difficulties facing outsiders in coming to grips with these alternative frameworks is their diversity, not to mention the considerable barrier of differing conceptual languages.

Pluralist

The focus here is on *interest groups*, characterised as having multiple voluntary membership (of individuals, firms, other organisations), as depending on membership involvement to achieve collective public (government) action on narrowly focused concerns, and as behaving "in ways which stubbornly resist explanation in a narrowly rational manner" (DUNLEAVY 1991, p.15). Dissatisfied members of such groups are seen as having three basic options (which may be employed as multiple strategies rather than mutually exclusive behaviours):

- a) *submissive loyalty*: suppress dissatisfaction in favour of loyalty to the group;
- b) *voice*: expressing concerns to change the focus, arguments or behaviour of the group;
- c) *exit*, which, in turn, manifests in three different actions:
 - i. *defection*: change allegiance to a rival or substitute group;
 - ii. *transferring* personal public concern to another, possibly unrelated, issue;
 - iii. *drop out*: non participation, possibly leading eventually to disenfranchisement and perceptions of exclusion.

"Clearly, democratic *legitimacy* is critical in achieving a successful public stance for a group, as well as demonstrating that group interests are in line with a broader public interest." (*ibid.*, p. 20), where legitimacy may actually be perceived by the rest of society in a negative rather than positive light, resulting in some interest groups having a negative effect on public opinion. "Since most issues directly touch the interests only of small groups of society, the steady appeasement of relatively small groups allows politicians to reweight policy-making somewhat towards the interests of intense minorities" (*ibid.*, p. 21). However, "pluralists expect many diverse interest groups continuously to lobby government, legislators and parties. ... Given diversity of interests and general ease of group formation, the composition of the group universe is in constant flux. ... Competition between groups is vigorous, and winning alliances tend to be unstable over time, breaking down and re-forming in new configurations. ... Policy makers must constantly adjust their decisions to reflect not only observable inequalities of influence between mobilised groups, but also the balance of electoral forces amongst currently less active voters. ... Stark influence imbalances will create systems of countervailing power." (*ibid.*, p. 24). BECKER's extension and formalisation of this competitive political market place (BECKER 1985) suggests that the outcome will tend towards an efficient policy set,

providing that "democracies have political competition among groups with relatively equal political strength" (*ibid.*, p. 344), echoed by the de GORTER and TSUR results (*op. cit.*). Thus, "pluralists do not perceive any significant trend towards the creation of 'corporatist' relations between government and major interest blocs" (DUNLEAVY 1991, p. 26).

Corporatist

Corporatists recognise that much policy making is pluralist, but argue that strategic policy choice is qualitatively different. Here, four major factors - *class; control over resources; ideological distinctiveness; solidarity and group loyalties* - lead to a different model. Corporatist relationships are based on *power-dependency*, and are two-way - a mutual dependency and re-inforcement - rather than one-way (from groups to government) as in the pluralist tradition⁵. "There is no constant flux of groups but a pyramiding of key economic interests into strong, hierarchical and stable interest blocs", where groups and their leaders are "prepared to sublimate some of the group's autonomy in a wider and more powerful collective organisation, and interested in achieving political influence well outside their nominal area of concern" (*ibid.*, p. 29). "The pressures for corporatist decision-making (control) arise at a different level involving strategic issue of economic and social development - control of inflation, management of international economic competitiveness, shaping technological development and setting economic priorities." (*ibid.*, p. 30). This, in turn, suggests a monopolisation of the public interest in favour of the ruling hegemony or super-group, and re-introduces group behaviours to a central position, in an analogous fashion to the centrality of corporate structure, conduct and performance in imperfect markets.

"At present, the political economy literature makes little if any reference to the comparative politics or sociology of agricultural regulation. Likewise, the literature on agrarian politics or sociology makes little reference to international trade cycles, technological developments or the political influence of transnational economic agents" (LOWE et al., 1994, p. 25). These authors might well have added that neither tradition recognises the substantial and growing public choice literature on agricultural policy, or even (with one or two notable exceptions) the massive literature on the economic analysis of agriculture and the food system. Nor do either of these traditions relate significantly to the pluralist approach.

STRANGE (1994) presents a more deliberately analytical approach to political economy. She begins with "the basic values which human beings seek to provide through social organisation, i.e. wealth, security, freedom (individual rights to choose), and justice" (p. 17). She argues that the balance between these values is set through the exercise of essentially three forms of power: coercive force; market success and wealth; moral authority of ideology, a belief system or ideas. These concepts have strong echoes, though not so noticed by Strange, of BOULDING's analysis of grants economics (BOULDING 1973) which will be returned to below. However, STRANGE then develops the argument in terms of a bargaining process conducted within four socio-economic *structures*, which she terms: Finance and Credit;

⁵ A possible link between the Corporatist and Pluralist concepts, characterised in economic terms, is provided by Van den Doel, 1979. He identifies political conditions under which a pluralist social optimum will not happen. Free-rider and prisoners' dilemma issues force a democratic acceptance of coercion by the 'state' to overcome these difficulties. High costs of public decision making, stemming from intransitive collective preferences and difficulties of reconciling intensity of preference with democratic prescriptions on the values of votes, forces replacement of simple majority decision referenda by representative democracies and party systems. These, in turn, encourage adoption or evolution of two-party systems (government and opposition) to achieve consensus on the nature of the dictatorship, but these are frustrated by intransitivity and log-rolling.

Production; Security; Knowledge. These 'structures' are somewhat differently elaborated by DE LA MOTHE and PAQUET (*op. cit.*, p. 23/4) as the "sub-processes" of i) demography; ii) production and exchange; iii) finance; iv) ecology of social groups and motives; v) the state; vi) distribution of wealth and income.

Neither of these authors, however, are able to invent or identify the nature of the *systematic mechanisms* which might be supposed to produce these structures, and hence fail to account for the inevitable interaction between the processes of achieving non-stationary balance and the structures themselves. As DE LA MOTHE and PAQUET (*op. cit.*, p. 25) remark: "we are as yet far from being able to boast of a theory of processes that is capable of explaining the modes of composition and intercreation of sub-processes in a precise enough manner for us to generate firm predictions and explanations." As a consequence, these approaches are less than satisfactory, albeit raising important issues above and beyond those normally encountered in economic and public choice accounts of governance.

3 Towards a new Framework of Governance

3.1 Some Groundwork

Government can be defined as making and implimenting public or collective decisions on those issues which transcend the private interest and which are not catered for in the private market place, through authoritative rules and institutions to direct, control and regulate the actions and affairs of people. In economical fashion, this process can be characterised as systems (or structures) of interactions and transactions between people, typically behaving in groups, seeking to satisfy certain aims, ambitions and needs, separated for analytical purposes between private (individual) and public (social or collective) goals. Thus, analysis of government consists of who (the people and their groupings) does what to whom, but also how (the means or transactions systems) and why (the aims and ambitions).

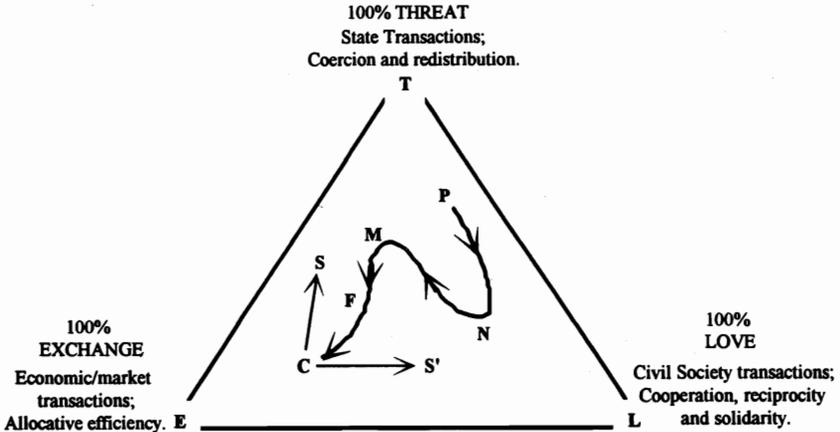
How? - The Transactions/Negotiation Systems

With characteristic audacity, BOULDING (1973) suggests that the progress of human history can be approximated as changing proportions of three basic "*social organisers*" - love or ideology; threat or coercion; exchange or trade - as reproduced in Figure 1 (which has been echoed by DE LA MOTHE and PAQUET, *op. cit.* and by STRANGE, *op. cit.*). BOULDING suggests that the Palaeolithic (P) era was largely characterised by countervailing threats between individuals and groups, while the Neolithic period (N) included a good deal of religious and ritualistic convention (ideology), serving to provide a more integrated and less defensive society. The rise of 'civilisation' and the growth of empires in the early and middle ages (M) showed a return to the power of force and fear, while the emergence of the feudal system (F) progressed towards trade and exchange as a major means of social integration, through mercantilism to modern capitalism (C).

BOULDING goes on to surmise that the role of exchange must now diminish, towards either totalitarianism - "whether of the right or the left" - towards S with a replacement of exchange by threat, or towards S' - "a more democratic socialism, with exchange being replaced by integrative grants, arising out of a sense of community and identity with all members of the community" (*ibid.*, p. 108), a prescient forecast of the currently fashionable stakeholder notion and debates over the future capacities of market dominated systems. However, it is implicit in BOULDING'S representation, and implied by the logic of evolution, that *history* is also an important element in the organising mechanisms of society. Histories and associated

experience become embodied in *conventions*, which frequently become manifest in institutions and constitutions.

Figure 1: Boulding's Social Triangle



Source: Boulding, 1973, p. 108; modified following Mothe and Paquet, 1996, p 32.

To capture this taxonomy of social organisers (transactions systems or power transmission systems), a vehicular analogy is both suggestive of ‘mechanism’ and appears heuristically powerful. The four major transaction mechanisms (including history/convention) are identified below (Figure 2) according to their mechanical counterparts: transmission of power; guidance and control systems; external shock absorbance and springing; internal shock and disruption systems - the clutch and bearings. The ‘springing systems and shock absorption’ are here taken to represent the mechanisms typically employed to deal with changed external circumstances or conditions, while the ‘clutch and bearings mechanisms’ are intended to represent the key systems of internal (individual/organisation) relationship adjustment. The four basic mechanisms are represented here as: consent (love, e.g. marriage); convention (history and experience, e.g. academic peer review, many bureaucratic systems); contract (exchange, e.g. many market systems); coercion (threat, e.g. armed forces, taxation). Some key examples of the ‘guidance, control, clutch and springing mechanisms’ associated with these ‘negotiated settlements’ or ‘social contracts’ are shown in Figure 2.

Figure 2: A Suggested Taxonomy of Social Negotiation & Transaction Mechanisms

	TRANS-	MISSION	
Consent	Convention	Contract	Coercion
Rights & Duties	GUIDANCE & Protocols	CONTROL Conditions & Clauses	Command & Control
Rites & Rituals	CLUTCH & Response Procedures	BEARINGS Contract Obligations	Order & Execution
Trial & Trust	SPRINGS & SHOCK Roles & Responsibilities	ABSORBANCE Rewards & Penalties	Service Conditions

It seems clear that all forms of social interaction, including government and governance, are likely to include elements of all four systems. In particular, we might expect any social transaction to be ultimately legitimised by consent or coercion, or more plausibly, a combination of both love and fear, while exchanges - the typical market transaction - can be framed through either or both contract or convention. WILLIAMSON 1975, argues that even within the private market system, contract is far from being the only or even the major form of transaction. Large corporations can be seen as operating largely through mixtures of convention and coercion. He suggests that contracts may be inherently inferior under conditions of: a) high uncertainty; b) transactions between few rather than many, leading to problems of opportunism and principal agent; c) monopoly or asymmetric information, leading to problems of moral hazard and adverse selection. FRANK 1988, argues that there are many emotional and attitudinal characteristics (connected with consent, convention and coercion and leading to a formal 'commitment' model) underlying the apparent efficacy of market transactions. MARGOLIS 1982, advances an outline theory of the role of altruism (consent and coercion) in choice situations concerned with some concept of the social good and public interest.

Why? - The Private and Social Needs and Ambitions.

If these power transmission systems provide the *vehicles* of governance, how can the *destinations* be characterised? Whereas private goals and needs have been subject to major investigation and theorising in the social science literature⁶, social or public "needs" hierarchies have not generally received much attention.⁷ STRANGE (*op. cit.*), as one of the few thinkers to give socio-political objectives prominence, asserts four fundamental social goals: wealth, security, freedom, justice. However, this characterisation appears in danger of mixing ends with means, especially concerning security and freedom. The security or stability of a social system would seem inherently dependent on the processes used to achieve balance between private and public interest and the capacity of the system to resist internal fracture and external threats. In turn, freedom has to do with the extent to which private interests are provided free rein within the social system. Since the fundamental role of government is to achieve an harmonious balance between the private and public interest, it seems logical to characterise the goals of governance directly as a balance between the two interests (following MARGOLIS, *op. cit.*).

The psychological literature is careful to divorce *need* from fulfilment on the self-interest axis. It is sensible to emulate this care on the public interest axis. Following the logic of the Maslow self-need hierarchy, it is plausible to suppose that *efficiency and effectiveness* (the primary focus of economics) is a 'primitive' social or public need, strongly supplemented or overridden by concerns over *justice and equity*, while *sustainability and coherence* might be seen as 'higher' social goals/needs, reflected in philosophical and metaphysical concerns (coherence) and in present heightened anxieties over the long-run sustainability of human organisations and exploitation of the planet's natural resources and waste-disposal capacity.

Figure 3 incorporates these preliminary ideas in a representation of the 'trade-off' space between private and public needs. Superimposed on this space is a conjecture as to the

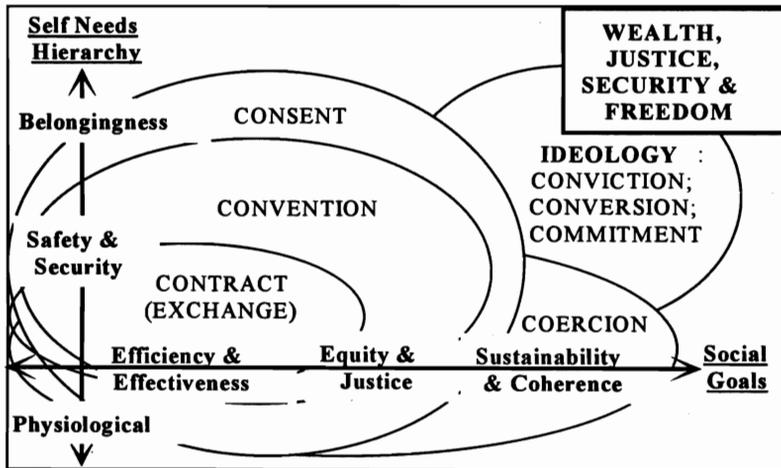
⁶ Motivational theories are rich in concepts of egotistical needs, e.g. Maslow's needs hierarchy, modified by Aldefer's ERG theory (Steers *et al.*, 1996, p. 13 ff).

⁷ The social psychology literature does deal extensively with 'helping behaviours', though these explorations are restricted to individual behaviours and actions towards other specific individuals in particular situations rather than with the generic notions of the 'public good' (see, e.g. Banyard and Hayes, 1994, p 477 ff): "There is a growing body of evidence which suggests that altruism may be an important and frequent form of social behaviour which serves to ensure social cohesion" (p. 477).

relevance and efficacy of the four basic transactions systems in satisfying these needs. This conjunction, in turn, suggests that social 'utopia' involves satisfaction of both "higher" private and public needs, and that none of the current transactions systems seems uniquely likely to meet these needs (as implicit in the Boulding conclusions). Strange's social goals are thus characterised here as the harmonious satisfaction of both self and public interests and needs. The suggestion in Figure 3 is that a system incorporating "conviction - conversion - commitment" - in short an ideology - is required to achieve full compatibility between private and public needs.

It is sufficient to note here that simple exchange and contract is not widely regarded (outside schools of economics) as being sufficient to attain the higher personal or social goals. Human pursuit of these goals will naturally lead to other transactions systems, and we can be sure that these systems will be called upon to assist with the difficulties of collective choice and government. *However, pursuit of these goals will be inevitably frustrated.* The consequences of this frustration will include political pressure and activity towards changing the systems or the perceptions of needs to better conform to a combination of private and public goals - in short, social evolution. The appropriate roles of government now relate critically to the means and mechanisms of relieving the inevitable frustration. Political failure, according to this perspective, results from a failure of these mechanisms.⁸ To examine the nature and potential consequences of political failure, a representation of people and group behaviour is necessary.

Figure 3: Conjecture of Transactions Systems relative to Private and Social Goals



⁸ It can be noted that the logic of this representation would appear to be equally relevant to issue of corporate management as well as to government. Recalibration of this scheme to suit commercial, government or NGO management issues and difficulties would substitute organisational goals for public or social goals on the horizontal axis. Interactions between management and formal government will then be characterised through the effect on organisational goals and management practices of external constraints and pressures exerted through market behaviours of both competitors and customers, of labour forces and of wider community concerns. The ways in which these effects can be pictured are the subject of the following section.

3.2 A Schematic and Synthetic 'Model' of Government and Governance

As a preliminary attempt to systematise the consequences of this frustration, the following 'model' is sketched here⁹. The key concept is of a *community*: defined here as a collection or classification of people with a common world view and mutual acceptance of transactions systems, exhibiting some internal diversity, rivalry, criticism and dispute, but retaining a threshold coherence and identity with respect to other communities¹⁰. "Community" is adopted here as a generic term with different connotations depending on context - village community, ethnic community, business community, community of scholars. The concept is considered to be amenable to disaggregation to communes and aggregation to cultures. Hence, 'personal' or 'individual' in the following discussion should be taken as also referring to identifiable sub-groups within larger communities or cultures.

The collection of interlocking and frequently overlapping communities supporting or ascribing to the government can be typified as comprising separate layers or groups - the formally connected governing party(ies); the bureaucracy; supporting groups or interests having a threshold identity with the style, means and objectives of the government. Surrounding this constellation is another collection of communities more closely associated with opposition to government, though likely to overlap with government perspectives in some dimensions. Typically there are other communities which have affinity with neither government nor opposition. The rules by which governments are selected from the total population of communities, and hence of people, will determine the *winning coalition* community - which thus forms the government, and then conditions the relationships between the government and surrounding more or less antagonistic or apathetic communities.

Communities can be expected to attract (or be defined as groups of) *like-minded* people, to reject or discourage others, and to adapt in response to participants' perceptions and attitudes. They can thus be portrayed as exhibiting limited *tolerance* of dissonant views and attitudes. Individuals can be expected to tolerate divergence between their own 'world view' and those they perceive as being held and pursued by their host community only insofar as they can adjust to this *dissonance*. If some tolerance threshold is exceeded, then the individual or the group will be more likely to exhibit some response - seeking to change their own or the other's world view or rejecting the association with the community. In terms of the private/public goal trade-off, tolerance is used here to reflect the extent to which the individual or group has a feeling of *belongingness* to the *civic culture* perceived as being expressed by the host community (interest group, commune or national culture, depending on the level of the analysis). Tolerance thus relates primarily to the higher end of the self-interest axis of the value system characterised in Figure 3. In this sense, the community clearly incorporates characteristics of the sociological construct of a *reference group*.

Thus, **Proposition 1**: *the responses of both individuals and communities can be viewed as the result of mutual tolerance between community and individual, reflecting the extent to which the individual feels to belong to the community and vice versa.*

⁹ The author and his partner (an occupational psychologist) are currently intermittently engaged in elaborating this construct in the light of present knowledge and understanding of social psychology, particularly in the context of 'job fits' and personality/work interaction and motivation theories.

¹⁰ This concept is close to that of Hine (de la Mothe and Paquet, *op. cit.*, p. 46) - a 'segmented polycephalous ideologically bonded network or SPIN'.

Individual/community perceptions of and attitudes to belongingness are not the only potential drivers of change and response. Particularly for political or collective decisions, attitudes and perceptions of the social or public interest are clearly important. The social goals axis of interest for individual/community relationships is here encapsulated in a notion of *commitment* to the common or public interest. This concept reflects the extent to which individuals and the community appear to each other to have compatible views about the nature of public good, including the salience and weight given to the various aspects of public interest. Commitment is thus seen here as depending on both the directions or dimensions of public good and also on the priority ordering and associated intensity of preference for these dimensions and directions, and thus also on the means of achievement or progress.

Proposition 2: *Communities will attract and mobilise members with similar commitment to commonly held definitions, means and objectives for the pursuit of public good.*

The more tightly is the individual/community transaction drawn - as with a commercial contract, for instance - the less room there will be for misinterpretation or adjustments in representation of differing objectives (commitment) or of differing attitudes and perceptions (tolerance). When these are seen as being in conflict, however, the consequences can be dramatic, since there is no room for manoeuvre on either side to adjust their behaviour within the terms of the transaction. This was classically demonstrated in Shell's confusion over the disposal of the Brent Spar, where the threat of substantial withdrawal of custom was sufficient to change Shell's preferred plan, notwithstanding that this plan was perceived by both the company and governments as adequately underpinned with both scientific advice and bureaucratic sanction. Government, in this instance, could be said to have failed, allowing governance by consumers, persuaded by non-government pressure groups (Greenpeace in this case). The contracts (between Shell and its customers and between Shell and the government) failed to include the cultural over and undertones of this market (profit) based decision and the wide differences and resulting confusions about the public interest, waste disposal and sustainability.

A similar reaction is, perhaps, evident in the BSE issue, where scientific advice and established government procedures and commitments are insufficient to remove considerable dissonance between at least some elements of the consuming population and the producer/government community. In either case, had the producer/government/consumer systems been based on consent and mutual trust (or, for that matter, on coercion), one can imagine that the processes and outcomes might well have been rather different. This brief discussion is sufficient to demonstrate that transaction systems are a potentially important part of the complex interactions determining responses to dissonance or incompatible commitment.

Proposition 3: *The nature and performance of the transactions system will interact with individual and community perceptions, attitudes and behaviours to influence both tolerance and commitment.*

Propositions 1, 2 and 3 combine to provide an outline system of communities which, when cultural dissonance or goal-incompatibilities are sufficiently high, may produce sufficient frustration to provoke response from either the individual or the community. The pluralist tradition suggests (above) that these responses would be: *submit*, *voice*, *exit*. These responses are close approximations to the basic animal instincts when faced with new or challenging circumstances - submit, fight or flight. Given a focus on policy change, it is the flight and fight responses which are of most immediate concern. More importantly, however, human response options include an important alternative: *invention - restructuring* community and individual

perceptions and ambitions, and the connecting transactions systems - effectively changing the nature and rules of the engagement.

Proposition 4: *The result of intolerance coupled with commitment incompatibilities will result in individual and community responses which can be approximated as the primeval animal responses of 'flight', 'fight', or the human response of invent and restructure.*

Continual submission might eventually build up sufficient resentment and frustration to trigger a fight, flight or invent response, leading to the probability that policy changes happen at irregular intervals as a result of an accumulated reservoir of dissatisfaction, rather than as the direct result of the last difference of opinion. In other words, what appears as apathy, tolerance, passive consent or tacit acceptance may very well mask dissatisfaction and disagreement which has not yet reached sufficient levels (or encountered sufficiently appropriate circumstances) for anyone to do anything about it. This is more consistent with accepted psychological understandings, and is in distinct contrast to the common pluralist supposition that passivity or minimal participation normally reflects basic satisfaction.

For communities to survive and prosper, they need the 'permission' of the society for their continued existence - they need to be regarded as *legitimate*. Illegitimate communities will be outlawed or ostracised and will tend to atrophy and die. Following an ecological logic, legitimacy involves:

- i) adequate food supply chain (income and wealth) derived from other communities:
 - sale of products and services (exchange);
 - tribute or tax collection (coercion);
 - donation or gift (love);
 - short-term survival on accumulated stores of wealth.
- ii) acceptable waste disposal or sinks for unwanted by-products and people, akin to limited provocation of potential enemy communities and habitat/resource competitors;
- iii) controlled or self-regulating predators and competitors.

Failing these provisions, the community cannot survive or replicate. Thus, it appears possible to articulate the analogies frequently drawn in the literature of organisations and institutions (communities) competing and cooperating against background "political climates" and "socio-economic terrains". These 'structures' are here seen as being compiled from aggregations of communities outside or external to the one under consideration.

The complexity of the world, coupled with the uncertainty and disagreements about the systematic interactions and mechanisms and with the difficulties of information transmission and processing, mean that participants and observers in these socio-political processes are obliged to simplify or 'model' the world. These simplifications involve synoptic views of community cultures and goal preferences, and heavily stylised attributions of motives and behaviours. In the process, communities become caricatured while archetypal attitudes and behaviours are exaggerated. These abstractions are frequently amplified by participants to gain additional influence over the goals and means of government. In turn, the credibility of these archetypes and caricatures is conditioned by the cultures and transactions mechanisms of the market and NGO systems, and by the fashions, theories and paradigms of the research and intellectual communities.

In the terms of this conceptual model, the history of farm policy in developed countries might be characterised as follows. Corporatism can be seen as the political success of a particular

community (the government/bureaucracy/producer hegemony - nicknamed here "farm fundamentalist") at the expense of others in the determination of farm policy. The farm fundamentalist community operated largely through the convention transaction system, under which it can be noted that adjustment and reform of systems and structures is likely to be slow and somewhat unresponsive to pressures for change - demonstrating a passive rather than active resistance to reform. The conditions under which such a hegemony can be expected to survive include the continued tacit acceptance (submission) of other potentially influential communities or associations.

From this perspective, one can interpret the post-war history of government of the European agri-food sector as an accumulation of flight, invent or fight responses to this ruling corporatist community in several distinct dimensions:

- growth in economic power of the Processing, Distribution and Retailing (PDR) system, effectively 'dropping out' of the hegemony and pursuing development of its own commercial communities, responsive to consumer circumstances, attitudes and preferences and to the economic imperatives of the contract system;
 - growth in ecological/environmental concerns, rife with communities more or less antagonistic to the farm fundamentalists, as the pace of technological process and the patterns of technology adoption produced outcomes perceived as antagonistic to public environmental interests;
 - increasing, though largely suppressed, dissent from small and disadvantaged farmers within the farm fundamentalist community - manifesting as submissive loyalty, continual if rather muted voice, and dropping out, though also as the invention (emergence) of new small, tenant and disadvantaged farm communities (pressure groups);
 - increasing competition for policy influence exerted through two important international communities:
- I. the producer fundamentalist communities in large exporting countries, annoyed at the trespass of the EU community on their territory (the world market), and arguing their case through the conventional transaction system of the GATT;
 - II. the contract and business convention-based communities of multinational companies, which, like their domestic counterparts, tend to pursue their own ends rather independently from the conventions of formal government and policy making until these directly impinge on their own objectives and practices.

The growth of these competing communities can be seen as a consequence of the fundamental economics of the system - the essential requirement that income flows and wealth stocks balance in the economic environment, and the role of prices and quantities (including employment and investment) in achieving this balance. This economic *terrain* has changed sufficiently during the post war period that the rise of communities competitive with the farm fundamentalists was inevitable. It was, therefore, to be expected that the conventions of this hegemony would eventually fracture or ossify. Furthermore, evolution of convention appears likely to be spasmodic and abrupt, powered by an accumulation of dissonance and triggered by some, possibly few and superficially rather trivial, events or issues which finally turn flight to fight among competing communities. The beginning of the GATT Uruguay Round, though far from trivial, might reasonably have been expected to provide such a trigger, while the collapse of the Berlin Wall and unification of Germany provided another powerful stimulus to change.

These incompatibilities and intolerances have produced an impressive array of alternative systems and mechanisms for reconciling private ambitions and public interests which have little or nothing to do with formal government. Non governmental agencies and organisations (NGOs) emerge to negotiate collective agreements and exercise public persuasion on farmers to provide what the people want, at least to some extent - the UK's Royal Society for the Protection of Birds (RSPB) being a classic example. The market itself, especially in those cases where the public good is not a public good, has also responded to these pressures in providing (to a limited extent as yet) encouragement for organic and environmentally friendly farming systems and more information and assurance about the quality and safety of food. In short, *governance* of the agri-food system is evolving at both a substantial rate and, to a considerable extent, independently of *government*. This governance may be competitive with, a substitute for or a compliment to formal government. In any event, it is likely to be misleading and unhelpful to ignore the evolution of governance in considering the appropriate role of government.

Government, according to this 'model', is a process through which political communities or groupings re-structure within the rules of the democracy to determine both the ruling group of communities and the resulting policies. The process of 'government', therefore, comprises: a) the negotiation and establishment of winning coalitions and selection of the governing community, more or less well-adapted to the surrounding political climate and economic terrain; b) the behaviour of this community in interactions with surrounding communities in developing and implementing policies, protecting and defending the winning coalition's values and ambitions; c) the behaviour of this community, and the corresponding reactions of other communities, in determining the 'rules of the game' - the transactions systems and the weights accorded various communities in the selection and operation of the government.

5 Some Implications

The general picture of 'government' which emerges from this framework is threefold:

- as a '*clearinghouse*' (e.g. MACLAREN 1992) for competition and cooperation between different communities;
- as the embodiment of the 'winning' or dominant coalition of communities as a *governing body*;
- as the set of established rules, conventions and constitutions through which competition and cooperation is operated, *legitimising* both the clearinghouse and the governing body.

These roles, reassuringly, broadly correspond to the accepted triumvirate of roles and functional arms of government: the *legislature*, defining the policies and programmes for public action; the *executive*, responsible for the implementation of the programmes; the *judicial*, acting as arbiter of both the definition and implementation through established conventions and constitutions of justice, equity, preservation of individual freedoms and defence of public interest. However, mirroring the practices of government, distinction between these conceptually separate roles is frequently somewhat cloudy.

However, formal Government is organised to execute the first pair of roles and responsibilities, not to deal with the third and crucial role - the establishment of legitimacy. Non governmental communities establish their legitimacy through their representations to surrounding society. Their legitimacy depends on the extent to which society is willing to tolerate (and thus feed) their continued existence. If they fail to persuade society to tolerate

their existence, they will 'die' or be executed. However, this option only exists for society's intolerance of government through revolution or alienation. As Stiglitz, 1996, for instance, notes: government is endowed with powers of compulsion and proscription and has universal membership - one cannot choose not to belong to the governed community. Hence, democracies are established to allow society to choose, on a regular basis, the shape and form of their governments and thus continually legitimise them. Given the wide (and possibly increasing) diversity of opinion and concern over public good, *the range of choice provided and the way in which resulting governments take account of and respond to the wishes and demands of their political opponents becomes crucial to the preservation of legitimacy*. If the rules and conventions are changed, the actions and responses of the constituencies of communities will change. Obvious and presently critical illustrations are: the changes and difficulties being experienced in the economies in transition in central and eastern Europe; the continual debate and disagreement about the nature and future of the European Union.

Here there are three important implications. The first is age-old: who governs the government; who polices the policeman; who counts and weighs the votes? The simple answer is the judiciary, following prescriptions established by the legislative assembly and by precedent (convention), ultimately answerable to the people through the process of democracy. Failing "given outside determinants" (g.o.d.), there is no guardian of the public interest other than the people themselves. However, this answer immediately leads to the second important implication - that the processes and mechanisms of the democratic system itself are critical to its sustainable functioning. What if these processes are subject to "political failure"? How can we identify and characterise political failure? The third implication follows directly: game theoretic approaches, concentrating on games whose rules are well-defined, to which all players are assumed to ascribe, and for which the context is taken as given, misses the key points that: a) much of socio-political interaction involves substantial disagreement about the rules; b) that the consequences of losing 'games' is that people take their bats and balls and go elsewhere - that is, they and their communities exhibit a broader range of responses than simply accepting the current game as the only one there is. As they do so, so the contexts in which the old and new games are played also changes.

Our ancestors relied on four pillars (estates) of the "State" to avoid political failure: the law, the army, the church and the crown. The strength of the latter two estates was previously to provide, respectively: the moral and ethical underpinning to judgement of the public good; the independent and supreme super-governor to act as umpire, arbiter and executor of the public good. However, such supreme governors and arbiters can only govern with the consent of the governed. As and when such consent is withdrawn, the people are left to govern themselves. To these traditional estates, modernists have added a fifth - the press. Popular debate and discussion, based on freely available information, amongst the plurality of the electorate is in principle and increasingly in practice the only mechanism and pressure for governing the governors and government. Yet it is neither in the interests of the (typically private) owners and editors of the press, nor of the Government itself, to promote debate and dissent from the establishment's order. Information and debate are not free - they use considerable resources which have to be justified, either to shareholders and/or to members of the ruling coalition. Debate which undermines the basis of shareholders' wealth or the dominant coalition's constituency is difficult to justify. Nor is it in the culture of oppositions or the apathetic to believe such public-spirited efforts, even when best intentioned - they are inevitably subject to caricature as self-serving activities, immunising strategems and innocuous justifications, and hence in danger of self-defeat, prisoners of political failure.

According to the model outlined here, *Government failure can be defined as its propensity to generate fight, flight or invent responses*. These propensities, in turn, can be further identified as *internal* or *external*. Internal failure concentrates on propensities generated within the government itself. External failure concerns the propensities generated between the government and its several constituencies (collections of opposing communities). Success is therefore defined when all members of society feel they belong (tolerance) and are all harmoniously committed to similar concepts of public good. *Legitimacy*, in this model, can be seen as a function of the tolerance accorded to the government by its several constituencies, allowing for differential commitments among the constituents and between them and government. *Alienation* can be seen as the political opposite, in the sense that constituents do not feel that they belong to the (government's) culture, and consequently are not prepared to legitimise it.

Alienation will frequently not be directly manifest as rebellion or anti-social behaviour. It is more likely to materialise, at least in the first instance, as transfer of concern, submissive (passive and non-participatory) loyalty or dropping-out, and occasionally - given appropriate conditions and opportunities - as defection to an alternative community or invention of a new one. In practical situations, these phenomena may well result in otherwise benign and well-planned government initiatives singularly and spectacularly failing, simply because the necessary communities fail to 'sign up' to either the world views or the concepts of the public/private interest trade-off. These considerations are likely to be of central importance in attempts by international or cross-boundary organisations (such as the WTO, World Bank and IMF) to govern proactively 'external' communities and cultures, which have little or no say in the governing community's world view or definition of public interest.

However, government failure is a necessary and inevitable part of the democratic process, as well proved in the abstract by Arrow's impossibility theorem.¹¹ This result is a consequence of a static rather than dynamic view of the democratic process. The dynamics of governance are inherently composed of continual debate, experiment and response to otherwise intransitive and mis-behaved "social welfare functions", involving continual modification of perceptions and attributions of private and public interests. Hence identification of failure is not, in itself, very helpful. Far more important is what the government and the democratic process does about failure. Present democratic systems produce inevitably partisan coalitions with their own uniquely defined solutions as (hopefully) benevolent dictators, supported by the ruling conventions and tacit consent of their constituencies. When they are judged to fail by the surrounding and governed communities, then they are changed. However, this system provokes the generation of alternative dictatorships with different (but frequently no 'better') perceptions or portrayals of benevolence. The system does not encourage or assist the design and testing of alternative government mechanisms. Thus, alienated communities seek to provide alternative systems of governance outside the dictatorial tyranny of government. The post-war growth in non-governmental organisations focused on aspects of the public good is consistent with this expectation.

Both the principles of evolution and the practical imperative of feasibility require that these debates be underpinned and supported by a diversity of experiments and trials - that is, through the *participation* of communities outside formal government in the adaptation of mechanisms

¹¹ Arrow's theorem shows that the apparently reasonable conditions for collective choice: Collective rationality (transitivity), Universal domain (covering all possible choices and peoples preferences), Pareto inclusiveness, Independence of irrelevant alternatives, non-Dictatorship (CUPID) cannot be met by any collective choice procedure (voting system). See, e.g. Heap *et al.*, 1992, p. 205 ff and p. 289 ff).

and processes for collective decision and public action. Herein lies the critical role of *research*. Disinterested research, in its widest sense, must be fundamental to the future role of government. Ultimately, disinterested debate, radical thought and reliable experiment (in short, research) appears to provide the major, if not the only guarantor of good government. Yet here the performance of the social sciences - those most directly concerned with the definition and promotion of good government - seems as beset by failure as the markets and political systems they seek to explore, examine and understand.

6 Conclusions

The thrust of this paper is that government is a complex mixture of a 'policy-producing monopolist firm' and a process through which public decisions are reached and their consequent instruments implemented. While the collapse of the hegemony of central planning governments has been most obvious and traumatic for the FSU, similar tendencies can also be discerned in the west - the increasing dissatisfaction with the historical consensus. The consequence is withdrawal of trust and faith in the machinery of this consensus, and hence withdrawal of legitimacy for the associated governing corporation to deliver public policies demonstrably and acceptably in the public's conception of their interests. This lack of trust pervades the satellites or apparatuses of this government machine - including academe and the scientific community. The systematic mechanisms and inter-relationships between governance and the public is thus under serious test in the west as well as in the FSU. The systems and mechanisms established to deliver consensual policies (based on near universal if tacit acceptance of dictatorship) are patently ill-suited to legitimising and delivering post-consensual policies and strategies. *The key role of 'government' is thus to assist and encourage the development of new systems and mechanisms more closely related to new contexts, and more closely associated with the identification and promotion of the public good.*

The agri-food system and its governance is, perhaps uniquely, well-placed to provide the vehicle for such a development. Research units and schools associated with the agri-food sector are frequently eclectic in their associations of social scientists from different traditions. They are typically closely associated with natural scientists and accustomed to dealing with somewhat alien research technologies and scientific paradigms. They are well focused towards hard practical issues about which there is typically long and strong documentation and information. They are well-used to developing specific methodologies and practical approaches to solve problems. They have typically adopted a proactive role in refining and reforming policy. However, previous academic traditions have emphasised *rigour* - either analytically as in economics, or comparatively as in sociology and political science - at the expense of *relevance* and *realism*. There is an urgent need to redress this balance.

In conclusion, it is strongly suggested that agricultural social sciences and the agri-food sector is uniquely placed to provide both the vehicle and the necessary drivers to develop the new approaches and systems for progressive evolution of better government. The implication is twofold: we must preserve our independence and argue strongly for adequate resources and infrastructure; we must consciously and vigorously pursue integration and coherence in our research and teaching. Thus, what began as an essay in the role of government turns out to be a strategic outline for our own future.

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