

Rural Development reconsidered: building on comparative perspectives from China, Brazil and the European Union

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1. *Leading questions*

In this text we reflect on the rural development *processes* that are currently occurring in China, Brazil and the European Union and also explicitly discuss the genesis, development and impact of different rural development *policies* that are associated, in a sometimes uneasy way, with these processes.

We do not aim to directly compare these policies or processes. Although such comparisons might be helpful (and there is considerable ‘crossbreeding’ between the continents), we believe that such a direct comparison would require much decontextualization, which would obscure the way that most rural development processes and practices are very strongly *rooted* in the specificities of time and space. Instead we will focus on the following set of questions:

- Why is it that, since the mid 1990s, rural development policies have been formulated, implemented and provided with considerable resources in widely differing socio-political settings? Is this mere coincidence? Or, are we facing a ‘structural’ phenomenon that reflects extensive and persistent changes in needs and expectations (and in underlying societal patterns)?
- How can we explain the paradox that rural development policies, although almost always accompanied by eloquent statements and policy outlines, seem to be rather vague and lack specificity? And why is rural development policy part of a somewhat uneasy marriage of conventional agrarian policies and a newly emerging paradigm of rural development?
- What are, regardless of the many differences in context, the main similarities of the three different sets of rural development policies? And, associated with this, what are the specific rural development processes that are being developed in the field? And, what are the interrelations between these policies and processes?
- Is it possible to explain why the *combination* of policy and practice has a considerably different impact – not only between the different continents, but also within the individual territories (as is e.g. the case the between different regions of Brazil such as Rio Grande do Sul and the North East of Brazil).
- And finally, within this differentiated impact can we identify elements that might be promising for the multidimensional crisis that is currently asphyxiating world agriculture?

2. *The specificity of current RD policies*

The current generation of rural development policies sharply differs from previous ones. The latter were mainly limited to developing countries and were basically seen as a support mechanism for agricultural modernization. They were often referred to as promoting ‘integrated rural development’ which was focused on creating the conditions (by, for example, providing credit, seeds and infrastructure) under which farmers could increase production and the surpluses be effectively delivered to the urban economy. (Ellis and Biggs, 2001; Wilkinson, 1986)

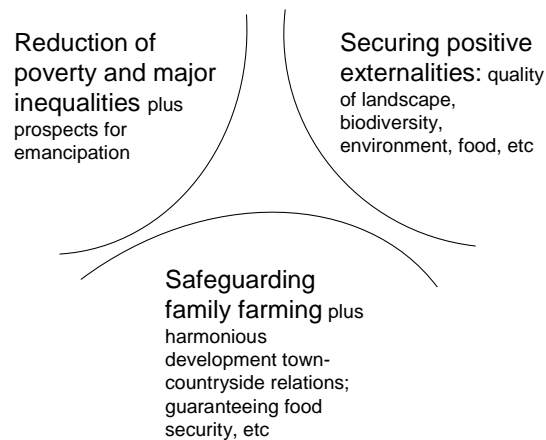
The aim was to – as the title of a famous text book of the time said - “ get agriculture moving.” *Current* rural development policies are distinctively different. They have emerged in countries that are characterized by abundantly productive and rapidly growing agricultural sectors. They do not aim to strengthen agricultural growth (through accompanying measures of the ‘integrated’ kind). Instead *they aim at redefining the role of agriculture in society*. This is generally accompanied by more or less explicit choices *for particular forms of agricultural development*. Preference is given to those forms of agricultural development that embrace and support a wide array of societal goals (that range from the maintenance of beautiful landscapes and biodiversity to increasing employment opportunities in rural areas). Finally, rural development increasingly seems to focus on *generating and sustaining new circuits of reproduction* that allow farming and food production to be continued under the, currently, highly adverse market relations. This last element has gained much strength during the recent food crisis, suggesting that it is increasingly recognized that the main agricultural and food markets are barely capable of allowing farming to be sustained.

3. The objectives of current RD policies

Rural development processes and policies have highly different backgrounds which often reflect contrasting objectives, dynamics and impacts. Nonetheless, comparative research shows that underlying these different objectives there are some important commonalities.¹ Figure 1 summarizes the different sets of objectives that can be found in different continents. Rural Development (RD) might be focussed strongly on safeguarding the *positive externalities* that were once almost automatically associated with agriculture but which are now often under great pressure. This set of objectives features prominently in European RD policies (and associated practices). They include the maintenance of attractive landscapes, the protection, if not further unfolding, of biodiversity, the improvement of accessibility, environmental quality (especially of natural resources), animal welfare, an increase in food quality and a general increase in the quality of life in rural areas. While such goals also inform RD policy and processes in China and Brazil (particularly in terms of the improvement of village life and increasing the supply of agroecological food), they are especially important in Europe. The need for such ‘remedial’ policies raises a very real concern: that the logic of the main agricultural and food markets might very well run counter to the continued maintenance of such positive externalities.

Figure 1: different sets of RD objectives

¹ We do not use RD as a descriptive term to simply summarize what occurs in the countryside. RD policies (and practices) are goal-oriented. They are normative in the sense that particular developmental tendencies that are induced, facilitated and or strengthened.



In Brazil the gravitational centre of RD policies and policies lies in the long lasting struggle against poverty and inequalities. Although similar features can be found in China and the European Union (the EU's Cohesion policy is closely aligned to its RD policy and seeks to address inequalities within the EU)², these objectives are especially important in Brazil where poverty is widespread and where there are extreme contrasts and tensions between large-scale export-oriented farming and family farming. The central role of these objectives in Brazilian RD policies and practices also reflects the engagement of social movements in these struggles and in shaping RD policy. The centrality of these goals shows that, left uncorrected, the major agricultural and food markets (soybeans, meat, bio-energy) do little to reduce poverty and inequality and tend to strengthen and reinforce them (Schneider, 2007).

RD in China aims to defend and to develop peasant farming. China's RD policy aims to sustain and strengthen a very large and heterogeneous agricultural sector that is embedded in a (market) context that increasingly tends to threaten its reproduction. Urban labour markets are currently attracting millions from the rural labour force and could, in the end, very well drain the rural economy and provoke a demise of farming (as has occurred in many other developing countries). China's accession to the WTO could imply a similar danger: Chinese agriculture could be undermined by imports of cheap commodities from elsewhere. The government seems keen to avoid this: at the end of 2005, the Fifth Plenary Session of the 16th CPC Congress officially set the goal of building a 'new socialist countryside' in which agriculture will provide the food needed by the Chinese population³. Equally important in policy planning is the notion of 'harmony': of developing harmonious relations between town and countryside and between agriculture and industry. This implies avoiding major tensions and inequalities between these sectors.

² In the Salzburg Conference (the Second European Conference on Rural Development) the issue of poverty alleviation received considerable attention.

³ In doing so they built on the previous 'three nong' policy.

A first common feature of RD policies and practices is that they are emerging as responses to the difficulties raised by the functioning of the main agricultural and food markets (as responses to what economists refer to as major ‘market failures’). It is evident that the main agricultural and food markets have a tendency to destroy positive externalities, are unable to address poverty and major inequalities and/or are not capable of reproducing farming.⁴ As such RD is emerging as a way of correcting the frictions between the economy on one hand and society and ecology on the other.⁵ In this respect RD policies are goal-oriented and seek to go beyond, or to correct, the logic of the main agricultural and food markets.

A second commonly shared feature regards the ‘flexibility’ of RD objectives. RD policy objectives seem to be, at first sight, somewhat slippery. RD processes and policies usually start out with relatively focused objectives, but these often shift or seek ways of moving between and incorporating new and broader goals. For example in Europe the goal of maintaining positive externalities is increasingly being translated into policies and processes that seek to maintain, if not strengthen, the family farming sector as such. This is also helping to counteract rising poverty in some specific (‘Less-Favoured’) areas. In Brazil the struggle against poverty and inequality has led to attempts to strengthen sustainable forms of family farming. This in turn translates into considerable benefits in terms of deforestation, global warming and food security. In China the actively constructed defence of family farming is beginning to translate into phenomena such as agro-tourism, which provides new income and employment opportunities and incentives to maintain and enhance environmental attributes.

This does not imply, of course, that RD processes and policies are fragile phenomena. Admittedly, there are still many problems to be addressed and large gaps between rhetoric and practice. The essential point, though, is that the objectives (especially the implicit ones) of RD are increasingly expanding and beginning to embrace increasingly *larger* domains related to agriculture, food production and the countryside. *They are becoming many-sided and multi-level responses to market-failures.*

4. The modus operandi of current RD policies

The current generation of rural development policies has emerged at a particular conjuncture in time. It is a time when it has become increasingly clear that the uncorrected (‘undisturbed’ as economists say) performance of agricultural, food and factor markets tends to result in a wide, though variable, range of consequences that many societies are not willing to accept. Yet at the same time, it is equally clear that the processes of globalization and liberalization that are driving these changes, not only exclude interventions in these markets – but even make such interventions materially impossible.

This basic contradiction which can be noted in different specific forms in the European Union, China and Brazil, explains the more or less simultaneous emergence of rural development policies in these territories. It also explains the particular *modus operandi* of these policies which basically try to redefine and to reorient the development of the countryside (agriculture being understood as part of it) through the development of *new markets*⁶. Simultaneously, classical instruments of agrarian policy (as e.g. extension,

⁴ With the worldwide economic crisis and the associated agricultural crisis this latter feature has also become an important element in Europe and Brazil (van der Ploeg, 2010).

⁵ Whenever major frictions emerge between economy and ecology and/or economy and society it is the role of the state to intervene and to adjust.

⁶ Analytically speaking this comes down to a mix of the following elements: (a) the construction of *new connections* between existing markets, (b) the creation of *new markets* and (c) the development of *new governance structures* for both existing and new markets. In Brazil and the EU there is less emphasis on interventions in existing markets, largely due to the dominance of neo-liberal frameworks and associated international agreements. It should be noted that the creation of new connections between already existing

legislation, land reform, credit) are revitalized to assist with the creation and development of these new markets.

It is important to note that these newly emerging markets have several specific and relatively new features. Firstly they are embedded (or 'nested') in normative frameworks (and associated forms of governance) which are rooted in the social movements, institutional frameworks and/or policy programmes out of which they emerge. In other words they are not anonymous markets. Rather, they are markets with a particular focus (sometimes underpinned by a specific brand, or a specific quality definition, or by relations of solidarity, or specific policy objectives, etc). Secondly, these markets are often related to, if not grounded upon, local and regional resources and the regional market is often an important, though far from exclusive, outlet. Thirdly, these markets (in all three territories) are often supported by state agencies and involve the redistribution of resources in order to achieve specific objectives (or avoid undesirable outcomes). This is a significant departure from earlier types of market intervention. Finally, multifunctionality (at both the enterprise and regional levels) often emerges as important feature. The different *new* markets are often interlinked through the multifunctional nature of the participating rural enterprises.

In Europe the agricultural and food markets have resulted in a far reaching spatial redistribution of farming over recent decades. Production has become concentrated in specific growth poles (where production has become highly intensified), whilst large areas have suffered from marginalization and, sometimes, social and ecological desertification. The quality of life in rural areas has been degraded, albeit in different ways, in both the growth poles and the hinterlands. It has proved difficult to create acceptable levels of sustainability and secure food safety - the 'market' itself did not deliver them in a self-evident way. At the same time, European society increasingly views the countryside as a 'space for consumption' a concept that was aptly expressed in the title of the Declaration of Cork: 'A Living Countryside'. At the same time many *new markets* have emerged: for agro-tourism services, care facilities, nature and landscape preservation, regional specialties, bio-energy, etc. Resistance strategies of farmers, small businessmen, shopkeepers, etc., often played an important role in the construction of these markets. Equally, people in the countryside are establishing *new connections* between existing markets, through their patterns of pluriactivity, through on-farm processing and direct marketing as well as through establishing *new connections* with the main markets for the factors of production and non-factor inputs (for example through the development of low external input agriculture). Regional programmes for Rural Development, such as *RegionAktiv* in Germany and *Proder* in Spain, as well as the pan-European LEADER scheme, have made significant contributions in driving such changes. Recent studies estimate that these new markets (and new connections with existing markets) provide the farming population with almost as much income as they derive from conventional agricultural commodity production. Thus Rural Development contributes, in a significant way, to poverty alleviation (or to the avoidance of poverty) as well as to the creation of social and territorial cohesion (Brunori et al, 2005).

In China the introduction of the *Household Responsibility System* has triggered the formation of markets that have allowed for an impressive and sustained growth of food production over the last 5 decades - which has had a significant impact in reducing poverty. At the same time, it is becoming quite clear that a further liberalization of the labour market could provoke a major imbalance (just as it is now clear that earlier forms of agrarian growth left a huge heritage in terms of ecological damage). The potential dangers of such disequilibria are being countered by a policy for rural development in which the notion of "harmonious

market circuits has historically been associated with the creation of new wealth and the acceleration of development (give references). The same applies to the creation of new markets.

development” is central. This has been partly realized through the introduction of *new markets* (formerly through the creation of *TVE* and currently through the delineation of new tenure rights on land⁷) and partly through a *redesigned embedding* of existing markets (e.g. the elimination of all taxes on agriculture). Interestingly enough, China is also experiencing the emergence of markets once deemed to be specific to Europe, including growing demand for organic products and for agro-tourism services.

In Brazil the logics of the global markets for agricultural commodities (soy being a telling *pars pro toto*) and the associated markets for land, labour and capital, have for a long time been exerting strong downward pressure on rural employment (and also indirectly contributing to the misery in the *favelas*)⁸, marginalizing family farming and driving rapid deforestation. These pressures have led to the development of strong social movements that claim access to land (*Movimento dos Sem Terra*), aim to strengthen family farming (through *CONTAG*, the National Confederation of Farm Workers and *FETRAF*, the National Federation of Family Farmers, all of which are strongly supported by the Catholic Church) and/or aim to defend ecology and sustainability (e.g. the AS-PTA peasant union). During the last 15 years the pressures exerted by these groups have shaped the emergence of policies for rural development. Major aspects of RD policy in Brazil include land reform (which is seen as a way of removing monopolies in the land market), the introduction of agro-ecology (which provides *new connections* between farming and input markets, as is the case with low external input farming in Europe), and massive food programmes to alleviate both urban and rural poverty (which are structured in such a way that they create *new markets* for peasants and family farmers).

To summarize: the particular conjuncture out of which rural development processes and policies emerge (failing markets and a political setting that favours liberalization) tends to influence the shape they take and the path that they follow. Generally RD processes (and parts of RD policies) focus on creating new markets⁹ and/or the consolidation of ‘classical’ markets as e.g. the vegetable markets in many small, medium and large cities. These markets are often built on proximity and freshness and are characterized by easy access. The creation of new markets (and the consolidation of existing ones) might involve the development of new products and services; the creation of new circuits and new transactional mechanisms (in short: new connections) or can involve new ways of linking different markets. These new markets (and new connections) are embedded normatively (through for example, a new understanding between producers and consumers on what quality means) and/or politically. In the latter case this involves *accompanying policies* that do not directly intervene in markets but which condition their ‘proper functioning’. These changes lead to the emergence of new actors and new market agencies. Often these changes are a response to the exclusion that results from the mainstream agricultural and food markets¹⁰; they often provide practical vehicles for including people in new and or reconfigured market circuits.

⁷ In the ‘West’ this reform has been very much misunderstood.

⁸ Through partly compulsory migration processes more than 30 million people moved from the countryside towards the *favelas* in the 1970-1990 period.

⁹ Consequently, RD is *also* about the actors engaged in the construction of such new markets, the products and services that are involved, as well as the policies that facilitate or hinder the construction of new markets. This also involves social struggles since the creation of new markets and new governance structures usually implies a reshuffling of vested interests and opportunities. In this text we emphasize the element of new markets. Firstly because we think this element is central and, secondly, because it not been sufficiently scrutinized in analyses of RD processes.

¹⁰ This is again an important difference with the previous generation of RD policies that promoted the modernization of agriculture.

Thus, we might distinguish:

- New local markets that involve a rearrangement of relations between producers and consumers, especially those that look for quality and safety;
- New regional and national (sometimes international) markets that center on niches (e.g. fair trade). Reciprocity is important here.
- New markets not related with agricultural and food products, but centred on services as landscape management, energy production, agrotourism, etc.

It is important to note that the gravitational centre of the rural development policies varies according to the on-the-ground particularities within different territories. In Europe, the concept and practice of multifunctionality, for instance has been strongly focused on environmental issues. In Brazil, newly emerging forms of multifunctionality reflect the concerns of social movements and are strongly oriented towards poverty alleviation, the creation of new rural employment and eliminating regional disparities. And, in China the search for new forms of multifunctionality reflect the need to avoid major demographic disequilibria (and subsequent social desertification) while simultaneously increasing agricultural production that is needed to meet increasing urban demands for food.

The dominant, neo-classical view of markets that views them as an 'abstract system that relates abstract demand and supply and thus creates equilibriums and price levels' is not very helpful for discerning *new* markets. It is only when markets are conceptualized as 'concrete places where concrete transactions take place that involve concrete products, concrete producers, concrete consumers, and concrete frames of reference'¹¹ that one can understand the factors underlying the emergence of *new markets*.

5. The vagueness and ambiguity of RD policies

Rural development is a strategy to redress (or go beyond) agricultural markets that are not functioning or doing so badly.¹² It does so at a time when such markets are reified and intervention is unthinkable. Hence, rural development policies are, in a way, 'under-cover operations'. This partly explains the *vagueness* of their objectives: ironically, such vagueness is, in a way, a constituent element of their strength and persistence. It allows societal needs and expectations to be translated into new (and previously unknown) *mechanisms* that affect the governance of complex areas (such as the countryside and food production) which were previously mostly governed through markets and associated market-policies.¹³

The *vagueness* of rural development policies also has institutional roots. Whilst rural development represents an important paradigm shift at the theoretical level, at the level of practice it represents a far reaching and multidimensional *transition* that unfolds in a step-by-step way through ongoing negotiations over existing and newly-emerging contradictions. One particular expression of this is that (particularly in Europe and in Brazil) state apparatuses for rural development exist alongside apparatuses dedicated to the continuation of classical agrarian policies (albeit under a neo-liberal vein) as well as to the defence of the many interests associated with such a continuation (e.g. those of agribusiness). This contradictory

¹¹ This is the substantivist or neo-institutional approach as opposed to the neo-classical or formalist approach (see Milone, 2009).

¹² Or to phrase it a bit differently, that create too many negative externalities (ref. OECD documents on Rural Development Policies).

¹³ It is important to note that, until quite recently, the Common Agrarian Policy (CAP) of the EU basically functioned *through* the markets, by e.g. price subsidies that raised price levels and interest subsidies that lowered the costs of lending.

co-existence (within one and the same state) seems to trigger and require vagueness so that the RD agenda is not perceived as too radical or challenging and can maintain an aura of legitimacy.

Overall then RD has a tendency to create new forms of *duality*. Alongside the existing markets (and associated arrangements), new markets are constructed that create patterns and dynamics that deviate from, and in a way correct, the frictions that emerge out of the dynamics of the existing markets. RD is not aiming to completely overhaul the order imposed by the existing agricultural and food markets (nor could it probably do so). It aims, instead, at *reforms* that dampen the effects of the latter. However, in the course of the process (and especially due to the economic crisis) the 'frontiers' between structural change and reform are likely to be subject to a shifting¹⁴.

The typical duality inherent to current RD policies and practices is reflected, as mentioned before, in the institutional structures¹⁵. Alongside a first pillar for main agriculture the EU has a second pillar for RD policies and programmes, just as Brazil has a Ministry of Agriculture (mainly for large scale export-oriented agriculture) and a Ministry for Rural Development (MDA) that focuses on RD¹⁶. However the real balance of power between the different constellations is probably not constructed at these institutional levels but more through the strength that the different practices acquire in the field.

Current debates focus very much on the subjective willingness of farmers to enter into new multifunctional activities. We argue here that it is, instead, far more helpful to focus on the issue of (new) markets and the associated governance structures. This would help considerably to go beyond some of the methodological and theoretical weaknesses that characterize much of the current debates on RD. In this respect we refer to the sometimes nearly exclusive focus on the micro-level and to the associated voluntarism that enters the analysis: RD tends to be equated to the willingness of individual actors (farmers, traders, rural dwellers, local action groups, etc) to engage in new activities. The questions of whether there is *room* to do so (are the legal frameworks and markets in place?; are RD programmes really supportive?) tend to be remain outside the analysis. Equally, the potential role of state agencies (at different levels) and the importance of intra-state contradictions tend to be overlooked. And even more troublesome, many potential keys and levers that could really strengthen RD remain unexplored.

6. Social sources of rural development

It is, of course, not only the state (or the supranational-state) that is seeking to respond to the inadequate performance of agricultural markets. Issues relating to sustainability and poverty are a major concern for many NGOs and large parts of the farming population also are engaged with finding solutions to these issues as they affect them. Facing the 'squeeze on agriculture' (a result of the logic of agrarian markets) many farmers and other actors have

¹⁴ This *duality* is not necessarily a problem. As indicated by Guillaume Cassel (the Brazilian Minister for Rural Development) in a public speech in Porto Alegre on the 25th of November 2009), the agro-export sector made a considerable contribution in 2003 in addressing the economic instability facing the country (related partly to a threatened balance of payments), whilst the family farming sector made its own distinct contribution in the fight against the explosion of food prices at the beginning of 2008 through rapidly expanding food production. This increase saw food prices in Brazil rise by just 20%, compared to the 60% increase in average world food prices.

¹⁵ This new duality also represents a theoretical challenge especially since it evidently implies new patterns for regulation and governance. See in this respect Jessop and Boyer (...) and other 'regulationists', but also convention theorists (like Storper and Salais and Boltanski) and new institutionalists like Polanyi and North.

¹⁶ This duality implies that the politics of RD are highly dependent upon the 'art of mediation'.

tried to reconstitute their resource base (and the networks within which it is embedded) in order to create new products and services for newly emerging markets and also to establish new connections with existing markets (through e.g. new forms of regional co-operation or pluriactivity)¹⁷. Thus, as illustrated in Figure 2, there are three main sources of social power and action all seeking to find new forms of rural development. It goes without saying that the intentions and impact of these different sources are not necessarily always complementary.

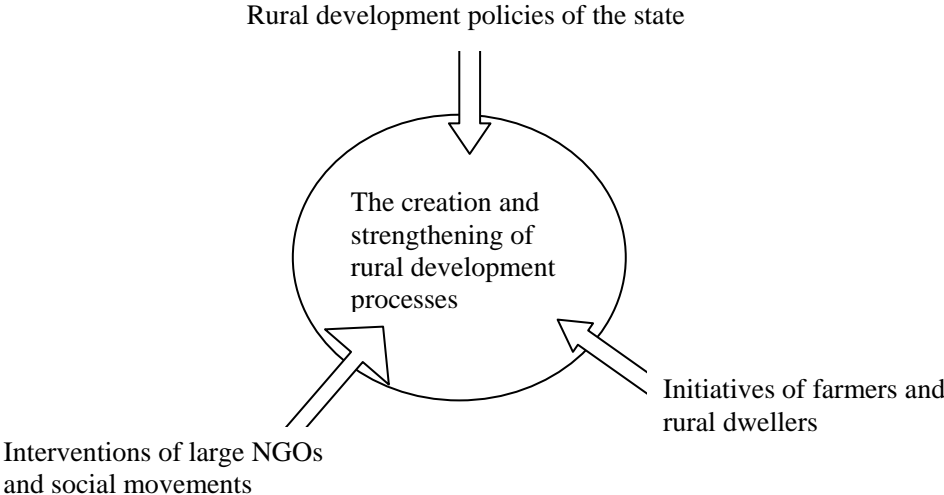


Figure 2: social sources of rural development processes

7. Some important discoveries

Rural development did not start just yesterday. Over the last 15 to 20 years rural development processes have gained momentum in many places: there is now a well-documented and richly chequered range of rural development practices – which often function as ‘places for learning’ for those involved, thus generating considerable dynamism. Several important conclusions might be derived from the available evidence (and these conclusions might well be considered as ‘discoveries’). We will limit ourselves, for the moment, to two of these discoveries.

First, it has been shown that rural development absolutely does not represent an *adieu* to food production. Rather, rural development supports and strengthens food production. There are many indications that multifunctional family farms are particularly well placed to survive the severe crisis that is facing world agriculture (van der Ploeg, 2010). Rural development might become a requirement for resilient food production –not merely an additional set of activities. Secondly, it has been shown that agrarian and rural policies have a critical importance, even (or perhaps especially) within a neo-liberal framework. They can introduce new *rules and institutions* that can play a strategic role in the development of the countryside and food production. The current unfolding of the PAA (public acquisition of food for school feeding and poverty alleviation) in Brazil offers a good example of this, linking public procurement

¹⁷ In China pluriactivity often involves a highly interesting repositioning in time and space. Young sons and daughters of farming families migrate for many years to the major industrial zones and then use their savings to re-establish themselves again in the rural economy (as farmers, traders, or industrialists). This particular way of *connecting* agriculture and industry (through the labour market) also played a very important role in many regions in Europe from the 1950s onwards. The urban labour market was used to obtain the savings needed to construct an adequate resource base in the countryside.

(school meals, etc) to a strengthening of small family farm sector (at least 30% of the food needs to be acquired from small family farms).¹⁸

8. A set of interrelated hypotheses

It is obvious that, in the years to come, radical changes are needed in rural areas and in food production. Many of these changes are already germinating. In recognition of this we present here, in line with our earlier arguments, six hypotheses that might usefully guide future research into, and debates about, rural development processes.

- The first hypothesis is that rural development processes become more effective (in the sense that they materially redress the negative working of the main agricultural commodity and factor markets), if the three social sources outlined in Figure 2 and their different ‘projects’ are brought in line with each other and start to mutually strengthen each other. It is of particular importance to develop positive interactions between state policies and the autonomous initiatives of the rural population. Although we have not investigated this issue in depth our observations suggest that there are considerable differences between (and within) the different territories discussed here.
- The second hypothesis strictly regards RD *policies*. The more these are oriented at correcting unequal distribution of resources or high degrees of monopolization, the greater their impact in terms of RD. The same applies to governance: the more that RD policies embrace the principle of subsidiarity (favouring e.g. decentralization and legally conditioned self-regulation), the more positive the impact of these policies will be.
- The third hypothesis is that rural development processes become more effective and more self-sustaining and mobilizing more actors as they start to address a widening range of dimensions: sustainability, employment opportunities and quality of work, income levels, quality and ‘accessibility’ of food, quality of life in the countryside (including the provisioning of services, but also the quality of landscapes and biodiversity), synergies between different economic activities, competitiveness of the rural economy and space for self-regulation. Again there will be large differences between regions and countries in terms of the ‘scope’ (or ‘multi-dimensionality’) of rural development processes and practices that can be pursued.
- Fourthly, we hypothesize that rural development processes become stronger if they are rooted in social capital (i.e. in the initiatives, normative frameworks and networks or movements of rural people) and, simultaneously, in new markets and new connections with existing markets. The more this occurs, the less rural development will depend upon external funding. This said, in many places it can be very difficult to construct well functioning new markets, and in other instances the required social capital might be lacking. Wherever this is the case, public support should be oriented at the (co-) construction of new markets and to strengthening social capital, instead of being channelled to subsidizing ‘artificial’ interventions that are not sufficiently rooted in local realities and practices.

¹⁸ The Food Acquisition Programme (PAA) was created in 2004 with the purpose of being a mediating structure that was to link food production by family farmers and food consumption in schools and by poor people living in urban slums. The PAA programme was equipped with a range of financial and marketing instruments. PAA is connected with the Brazilian School Feeding Program (PNAE). During 2008 the later program reached 34.6 million pupils (more or less 20% of the Brazilian population as a whole) and it disposed of a budget of 1.5 billion Reais (i.e. 750 million US dollar).

- Fifthly, we claim that rural development might provide a successful response to the manifold crises the world is currently facing. Within the myriad of rural development practices (be they incipient or mature) many new and promising responses (to e.g. the squeeze on agriculture, the dependency on external funding, excessive levels of energy use, the waste of scarce sweet water, the depressive effects of global markets, and the danger of food emergencies¹⁹) have been developed and, to a degree, tested. Through further rural development (and the required elaboration of well functioning rural development policies) the room needed to broaden these responses might be enlarged and sustained²⁰. This last hypothesis (which evidently builds upon and critically depends on the previous four) implies that rural development is absolutely not a 'luxury' (to be suspended in times of crisis). It is precisely the opposite: RD provides an indispensable ingredient for fighting the global and multidimensional crisis we are facing today.
- Finally we want to add a sixth hypothesis²¹: the more RD advances, the more new markets are created. This applies in both China and Brazil where RD has helped to strongly reduce the number of people living below the poverty line. Thus in China, in the 1990s, some 200 million new consumers emerged while in Brazil at least 20 million people entered the market as new consumers since the year 2000²². This enlarged the market, particularly for food products and other so called 'wage goods'. It goes without saying that it is absolutely essential to construct new circuits (new specific markets) that link these new consumers to the evolving national peasant agriculture (instead of to international imports). In Europe similar interrelations are discernible. It has been shown that the places where RD contributes to an improvement of the quality of life in, and the attractiveness of, rural areas, attract many new rural dwellers and this is consequently followed by the emergence of 'new rural markets' (for e.g. high quality food, farm shops, care facilities, agro-tourism facilities, decentralized energy-production and accessibility in the form of food paths). Thus, RD becomes a self sustaining process.

9. A further note on dissimilarities

Among the many differences between China, Brazil and the EU, we want to single out two sets that we think are especially important. The first set regards contextual differences. In this respect Europe is characterized by relatively high education levels among its rural and agricultural population; equally important are (especially in the north-west) the long and strong democratic and cooperative traditions. Together these factors probably imply that rural actors in Europe are relatively well equipped to operate in these new markets. New markets and associated networks are very often constructed at the grassroots level, i.e. by the directly involved actors. The state is usually only involved in regulation. In China and Brazil on the other hand the State is having a far more central role in the development of new markets and in the regulation of existing ones.

¹⁹ An interesting detail is that in Italy a decline in purchasing power is currently strengthening the direct acquisition of food products from farm shops and/or farmers' markets. The decline in purchasing power has led many consumers to reconsider price/quality relations. Consequently they opt for the high (sometimes higher) quality of products delivered through short chains for which they pay less than they do for food from supermarkets. In the Netherlands the economic crisis seems to be strongly strengthening agro-tourism.

²⁰ This applies even more since energy shortages as well as the threat of food emergencies will, under the aegis of food sovereignty, trigger the creation of *new* regional markets

²¹ This 6th hypothesis was suggested to us by Walter Belik from Brazil.

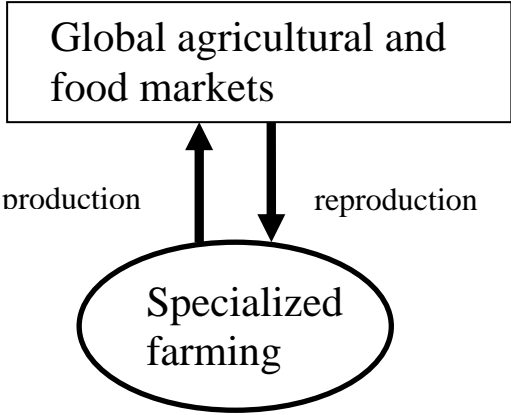
²² Both in China and Brazil, these new consumers mainly stem from the rural areas. Thus, successful RD processes positively impact on the economy as a whole.

A second set of differences relates to the main instruments used in RD policy. For RD policies to be successful, state-agencies are needed that operate in rural society. The elimination of traditional extension services in large parts of rural Europe left a considerable void in this respect. As a response many NGOs have emerged (territorial cooperatives in the Netherlands being an outstanding example) that now play an important role. It could also be argued that the LEADER programme has also played a role in filling this ‘empty space’, as much as it has been a mechanism for further democratization. In China the Communist Party is evidently the main instrument: it has a ‘capillary’ presence in the countryside and an enormous capacity to mobilize people. In Brazil the ‘empty space’ is being recovered through the inclusion of social movements into the operational aspects of RD programmes. These differences in context and in operational mechanisms have far reaching consequences, the scope of which still needs to be assessed.

10. On the impact of the current crisis

Finally, a brief and mainly analytical note on the consequences of the current crisis. As illustrated in figure 3, it could be argued that, until recently, specialized farming did not only *produce* for the global agricultural and food markets – by doing so it was also able to *reproduce* itself. The global markets functioned as the main circuits of reproduction (admittedly, in marginal areas this was not the case, just as those farms that were unable or unwilling to adapt to the reigning market criteria started to find themselves marginalized).

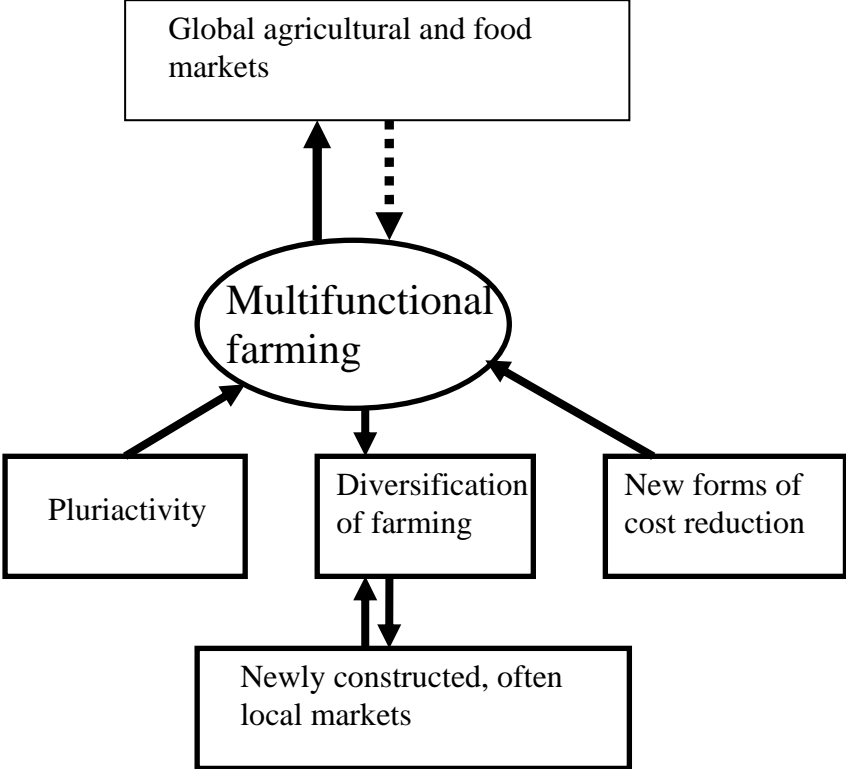
Figure 3: agriculture producing for, and being reproduced by, the large agricultural and food markets



The current crisis represents a remarkable (and probably historic) rupture in this scheme: a scheme that has been taken for granted for a long period. This rupture itself was, in a way, a confirmation of trends that have been maturing for several years. It implies that the global agricultural and food markets are no longer capable of reproducing farming. Prices are too low, the costs of production too high (and now include the increased difficulties of refinancing debts and/or obtaining new credit), turbulence is high, there often is considerable insecurity about access to markets and the gap between the prices for producers and those paid by consumers has risen strongly. All this implies that reproduction through the main markets is no longer self-evident. It is expected that the large-scale entrepreneurial type of farms will face the greatest difficulties.

Figure 4 summarizes the responses to this new situation (once again these responses have already been germinating for longer periods). Figure 4 shows that multifunctional farming, i.e. farming that is reconstituted through rural development processes, is not *only* linked to the global agricultural and food markets – *it is also linked to new markets*. This occurs through the diversification of farming activities. Figure 4 also indicates that multifunctional farming does not rely solely on the global agricultural and food markets to reproduce itself. New circuits of reproduction have been created. These include pluriactivity, diversification and new forms of cost reduction. These three new circuits play a crucial role within RD processes – and are often created through and within RD processes. Figure 4 provides a useful analytical framework that can be used to further assess both the commonalities and the dissimilarities of RD processes in China, Brazil and Europe.

Figure 4: Agriculture producing for different markets and being reproduced through different and new circuits of reproduction



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