

## GOVERNANCE, GLOBALIZATION, AND THE STATE

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At the outset of the second decade of the twenty-first century, rural sociology in general, and agrifood studies in particular, are characterized by a growing interest in the analysis of “governance.” In many respects, this is a surprising event as only a little over a decade ago, this topic was virtually absent from the many debates on rural and agrifood issues. Yet, there is very little disagreement on the reasons for the recent development of studies on governance. Globalization and the changed role of the state that it engendered are often cited among such reasons.

Governance refers to the act of governing. Therefore, the study of governance pertains to the manner in which governing is carried out. Following this definition, the phenomenon of governance has evidently been a constant component of society. It has certainly been a component of modern society, in which the act of governing has been a central political and scientific issue. Under capitalism, governing has been a prerogative of the nation-state, although other important institutions governed over specific spheres of society. In the economic sphere, for instance, businesses have been governed by corporate bodies while evolving forms of governance have characterized the evolution of key social institutions such as the family, the church, and school.

In the pre-capitalist era, the local community with its intrinsic specificities was the central piece of social existence. At the beginning of the process that Anthony Giddens called “distanciation,” social relations and governance took place largely within the community itself. That is, the social existence of the members of the “community” was largely – if not exclusively – shaped by actors and events contained within the community. Thus, governance occurred in the same social space and was only occasionally affected by distant actors. With the development of capitalism this situation changed through the creation of markets and the concomitant homogenization – i.e., standardization – of labor, production processes, and governance. Labor was transformed from heterogeneous and local (artisans and peasants who worked at their own pace and employed their own methods to produce goods) to homogenous and national so that it could be employed in factories. In this context, production had to be standardized to allow for the acceleration of the operations necessary for the creation and circulation of

commodities and their distribution and consumption over a greater space (national and international markets). The creation of national markets and the nation-state to regulate them were two of the most fundamental events characterizing the development of capitalism. In one of his classical statements, Marx (Marx and Engels [1848] 1998) described the process of standardization of production and governance in these terms:

“The bourgeoisie keeps more and more doing away with the scattered state of the population, of the means of production, and of property. It has agglomerated population, centralized means of production, and has concentrated property in a few hands. The necessary consequence of this was political centralization. Independent, or but loosely connected provinces, with separate interests, laws, governments and system of taxation, become lumped together into one nation, with one government, one code of law, one national class interest, one frontier and one custom tariff” (P. 40)

The process of homogenization of production and governance in capitalism was recognized by many classical sociologists. Max Weber ([1921] 1968), for instance, aptly and with great care analyzed the process of standardization of the economy and the evolution of corresponding bureaucratic regulatory processes. Similar observations on the standardization of the labor, production, and governance can also be found in the works of Durkheim ([1893] 1984), Spencer ([1873] 1961), and Gramsci (1973). These theorists stressed how the evolution of capitalism depends upon the introduction of measures that standardize production and regulate its execution and growth.

As capitalism evolved and the process of homogenization of production continued, the role of the nation-state expanded. For most of the twentieth century, governance was shaped by the regime of accumulation that Antonio Gramsci (1973) called Fordism. Introduced in the first two decades of the century, Fordism reached its peak after World War II (High Fordism), entered its final crisis in the late 1970s, and virtually disappeared in the late 1980s. Under Fordism, the regulatory power remained solidly in the hands of the nation-state and its international and sub-national institutions. In this nation-state based system, governance took on a set of characteristics that made it uniquely different from other forms of governance experienced in previous eras of capitalism. Following the egalitarian and inclusionary moves associated with Fordism, governing was increasingly framed

in terms that not only fostered the process of economic development, but also contemplated the moral requirement of a government that must represent the governed, act in their best interest, and maintain transparent and effective conduct. The rulers are elected by, respond to, and act effectively on behalf of, the ruled. While this democratic practice frequently fell short of formal pronouncements, it was maintained as an ideal form of governance. Even in the corporate world, the democratization of decision making became viewed as the desired model for good business practice.

Under Fordism, the nation-state was called upon to promote socioeconomic development while limiting the negative consequences of such development to society. The economy featured the growth of multinational corporations that retained strong allegiance to their home nation-states as they operated globally. In return the nation-state gave them economic and political assistance both domestically and internationally. Sayings such as, “what is good for GM is good for America” defined the mood of the time, and economic international politics was often inspired by corporate interests. Corporate hegemony defined the context for the development of Fordist international institutions. Institutions such as the World Bank and the International Monetary Fund were created and largely operated as appendices of corporate interests. Their planned interventions in international economic and social matters favored corporate interests but hardly achieved their declared developmental objectives. In effect, more often than not, these institutions’ interventions translated into the further worsening of the socioeconomic conditions of less developed regions and the strengthening of corporate control over local resources, dominant groups, and politics.

Yet, the nation-state was forever attentive to domestic social matters and governed in a way that redistributed wealth downward to the benefit of lower classes. Under Fordism, growth patterns were increasingly affected by the intervention of the nation-state. Commodity production and consumption and overall capital circulation were affected by state planning and intervention. The state operated to introduce key measures that often resulted in the pacification of management-labor relations, the enhancement of research and development, greater production, productivity and trade, and the protection of local industries from the perils of open competition. In specific instances, the state directly acted in the economy by creating state-sponsored companies and/or entering into joint partnerships with private capital. This direct form of state intervention in the economy characterized the development of several countries, particularly in Western Europe, Latin America, and Asia. The state also intervened to enhance

consumption through the expansion of the welfare system and the implementation of policies that improved the economic conditions and spending power of the masses. This intervention contributed to the growth of consumerism that represented one of the most effective forms of social control of the era.

The state operated to legitimize capitalism to those segments of society that did not benefit from it. This type of social legitimation represented a distinguishing feature of Fordist governance. The state gained consensus through the implementation of social programs that provided resources to the lower class and promoted the well-being of an expanding middle class. While class differences remained and racial and gender inequality continued to be sharp, the Fordist redistribution of wealth through state intervention fostered a mood of support for the ruling class. State intervention entailed planning and coordination that called for the inclusion of subordinated classes. Negotiation and cooperation, rather than conflict, were key components in the management of advanced capitalism. Regarded by some as a significant political achievement of the lower and middle classes, subordinate classes' participation in governance was viewed by others as a sign of enhanced exploitation. Commenting on the political and ideological support that these actions of the nation-state received in first three post-World War II decades, the radical thinker Herbert Marcuse (1964) wrote that "a desirable alternative to American-led capitalism was hard to imagine" (p. 89). Never before was the legitimation of this form of governance stronger, more effective, or more consensual.

Not only was Fordist governance a prerogative of a much expanded and intervening nation-state, but it was also considered a positive dimension of advanced capitalism. As modernization theorists praised American Fordism, the leading theorist of the time, Talcott Parsons (1971), argued that a non-coercive pattern of "professional authority" was replacing "line authority" in the United States and in other advanced countries of the West. Although the Weberian dictum about the "rule of small number" was still formally in effect, the professionally trained labor force was too skilled and specialized to be governed arbitrarily. Older and much less democratic forms of governance were replaced by "collegial" authority and professional norms of competency, technical efficiency, and responsibility. Because the values of meritorious performance and "instrumental productivism" were now said to hold the upper hand over ascription and private accumulation, the Fordist system of governance was viewed to implement collective goals rather than asserting zero-sum interests. The new power and class hierarchies attained a substantive, rather than purely formal-legal, legitimacy. The voluntary

cooperation of experts replaced compulsory cooperation. It was claimed that governance based on socio-political consensus was achieved and, as Parsons emphatically stated, that this new era of governance had the tools to resolve the most significant social problems of the time including poverty, racial inequality, and class differences. The Fordist interventionist state received support from the political left as well. The successful experience of the advanced social democracies of the West was heralded as a model for participation of the lower and middle classes in governance. As left-leaning political parties joined the government coalitions in several advanced countries, the involvement of the nation-state in the governing of social and economic institutions was not only requested, but considered a condition for success. State intervention became the rule.

Arguably, agriculture and food were among the most typical examples of the Fordist regulatory intervention of the nation state. Nation-states around the world intervened to regulate the production and prices of commodities with an array of measures and associated justifications. In the United States, the production and sale of agricultural commodities were regulated mostly through price support programs that artificially increased the prices paid to producers while allowing sales at lower prices. Additional measures included set-aside and quota programs that controlled the quantity of commodities produced. State intervention in the diffusion of agronomical, chemical, and mechanical innovations also affected the production of commodities and their circulation. This process was justified by the objective of guaranteeing the economic well-being of producers while making available adequate and affordable food for the growing urban population. Simultaneously, the notions of national food self-sufficiency and food security were often invoked as reasons for state intervention. In the European Union, similar measures were also practiced with particular attention paid to the control of out migration from rural regions. Although agricultural programs resembled those implemented in the United States, their use was justified on different grounds including the protection of local culture and localities, and the safeguarding of the environment. The governance of these sectors was exercised with an unparalleled level of nation-state intervention.

These conditions were transformed by the crisis of Fordism and the growth of globalization. Several factors contributed to this crisis. However, stagnating rates of capital accumulation, on the one hand, and mounting costs of socially-oriented state intervention and regulation, on the other, are arguably two of the most important. Additionally, Fordism lost legitimacy as it encountered opposition from all sides of the social spectrum and political arena. The progressive left challenged Fordism on the grounds that it hardly delivered on the promises of social

integration and emancipation of subordinate groups and greater substantive democracy. Left-leaning social philosopher Jürgen Habermas (1975) commented that the Fordist forms of governance and state intervention raised expectations about social equality and greater participation in decision-making processes that clashed with the “centralized control” of advanced capitalism. Analyzing the conditions that brought down Fordism and allowed for the development of globalization, Habermas contended that the ability of the state to sustain its expanded intervention in the economy and society and its inclusionary governance were incompatible with the continued decline of the rate of profit and the private appropriation of surplus value.

Conservatives challenged the system on both economic and cultural grounds. Economically, while the stagflation of the era was too punishing for capital, established political economic instruments employed to combat it (Keynesian policies) and proposed alternative strategies (austerity programs) were ineffective and often counterproductive. Culturally, Fordism was accused of destroying key values – such as work, saving, prudence, rationality, and responsibility – that were central in the development of modern advanced capitalist societies. A widely read, controversial, and influential work of this period, Daniel Bell’s ([1976] 1996) *Cultural Contradictions of Capitalism* held that bourgeois culture’s workaday values and habits were being ravaged by the hedonistic popular culture that had emerged in the postwar Fordist era. He argued that the late nineteenth and early twentieth centuries’ avant-garde fashioned an “aesthetic” modernism contradicting Protestant “asceticism.” He contended that the avant-garde aestheticism, revived by the 1960s counterculture revolt against bourgeois culture and then commercialized by the mass media and entertainment industry, universalized artistic alienation and shock, exhausted modernism’s creative impulses, and neutralized the values that were central in the governing of the American working-class in the early days of Fordism.

By the late eighties, the fall of the Berlin Wall and the final crisis of the Soviet regime, along with the widespread adoption of neoliberal economic policies worldwide, signaled the beginning of the era of globalization. Globalization can be defined as a project – and the consequences of its implementation – to revive capital accumulation through the elimination of key aspects of Fordism. Called “rigidities,” these features of Fordism consisted of those measures that effectively regulated capitalism, minimized its unwanted consequences, and maintained inclusionary governance. Accordingly, institutions and policies that advantaged labor were among the primary foci of restructuring. Labor unions were defeated and their size

and power significantly reduced worldwide. Working class gains were largely erased while many socially-oriented state programs that benefitted subordinated groups were rolled back or simply eliminated. In short and as the social geographer David Harvey (2005, 2006) convincingly argued, globalization implied the crisis of organizations of the historical left, of the groups that supported it, and the restoration of the power of the ruling class.

Production and consumption were radically altered under globalization. Production was decentralized and accelerated through the creation of global commodity networks that made national borders porous and less relevant than in the past. It largely erased the identification of corporations with home countries, and linked distant localities and labor pools together but often placed them in direct competition with each other. Global sourcing became the primary corporate strategy and allowed transnational corporations to search for convenient factors of production and favorable political and cultural climates. It became a tool to bypass nation-state regulations, and pro-labor and pro-environment political measures to establish a “race to the bottom” that accelerated exploitation of human and natural resources but enhanced profit making. This decentralization of production was accompanied by the further concentration of capital as production became increasingly controlled by a few large companies. The “financialization” of the economy characterized this new era: the reduction of any product to an entity that is exchangeable in financial markets. Value was created through financial market transactions and speculation rather than production and trade. The ensuing economic instability and market volatility emerged as the defining features of twenty-first century globalization.

Consumption was changed through the creation of networks that transcended spatial and temporal frameworks characteristic of the Fordist regime. Through new technology and techniques (i.e., computer and electronic commerce) along with new structures (i.e., super-malls and super-centers), consumption not only became greater than in the past, but it also assumed “qualities” that were not part of the Fordist past. Accordingly, while consumerism and its consequences have certainly been enhanced, it is also possible to maintain that new, and perhaps emancipatory, forms of consumption developed (i.e., reflexive consumption; environmental-friendly consumption; socially-responsible consumption; community-oriented consumption; etc.). The development of these two dimensions of consumption is largely the result of the crisis of Fordist regulatory institutions, in other words, it is the result of the crisis of the Fordist nation-state.

Two phenomena can be used to clarify the genesis and character of the crisis of the nation-state under globalization. First, the production changes illustrated above and the concomitant implementation of neoliberal policies accelerated the mobility of capital and its scope. This new hypermobility of capital could not be regulated by Fordist state institutions. Different actors (transnational corporations, financial corporations, and even labor) bypassed or eluded state regulations and rules and made state actions largely ineffective. As a result, the ability of the nation-state to support “home” corporations in the global competitive market became more problematic. The transnationalization of corporate operations made the identification of “home” corporations difficult while the complexity of corporate interests and their global scope limited the ability of the nation-state to identify objectives and strategies of intervention. As neoliberal policies eased fiscal pressure on corporations, the transnationalization of economic activities reduced the ability of the nation-state to tax enterprises and, therefore, obtain financial resources. The net result was the contradictory corporate tendency to weaken the nation-state’s ability to support economic activities and, simultaneously, demand the use of its diminished strength to support global capital accumulation.

Second, the nation-state underwent a process of internal transformation as many nation-states adopted neoliberal measures that weakened state control and intervention in the economy and society. Symbolized by the Reagan and Thatcher revolution of the early 1980s, the worldwide adoption of the neoliberal ideology and measures removed nearly all the social, economic, and political aspects that characterized Fordism. Nation-states opened their markets, significantly reduced and reorganized their welfare systems, abandoned pro-labor measures, and enhanced support for corporations and the upper class. They and their regional counterparts – once the motor forces of regulation and control of undesirable consequences of capitalism – deregulated capitalism and effectively engineered new conditions and rules (re-regulation) that favored corporate interests and penalized labor, communities, and the environment. Furthermore, this crisis of the Fordist nation-state was also a crisis of the *progressive nation-state*. Welfare and socially-oriented programs were rolled back and the cost of basic needs and services (i.e., health; education; housing; transport) were met by constantly escalating access fees and “market” mechanisms. In essence, the nation-state was “privatized” and disengaged from social intervention and the provision of social services.

The retreat of the Fordist nation-state did not eliminate the need for regulation of the economy and society. Governance remained a central component of the functioning of advanced capitalism. In this context, the question was to understand



the new forms of governance that would emerge in the deregulated global era. Writing on the subject more than a decade ago, and with the assistance of my coauthor Doug Constance (Bonanno and Constance 1996), I theorized the existence of a “contradictory convergence” of interests for the creation of new forms of governance of global production and consumption. As regulation was progressively removed from the sphere of the nation-state, it was partially placed under the sphere of new and spatially larger than nation-state institutions. These institutions took the form of supranational states (e.g., the European Union), global economic regulatory organizations (e.g., the WTO), and private entities (e.g., NGOs). Regulation was also placed under the sphere of institutions that were spatially smaller than the nation-state. Regional districts and industrial parks are examples of these forms of governance. The convergence of interests involved both the ruling class – and most notably its corporate component – and subordinate classes. The former wished to establish some levels of control that would allow for the continuation of the production and circulation of goods and services with acceptable levels of continuity. The latter wanted to maintain acceptable levels of protection from the unwanted consequences of globalization. While converging on the desirability of new forms of governance, these two groups diverged in terms of the objectives and substantive outcomes of this regulation.

As globalization grew and the regulatory ability of the Fordist nation-state apparatus rapidly declined, the characteristics, implications, and evolution of new forms of governance became the subject of scientific debates in agriculture and food. Larry Busch was one of the first scholars to study this substantive area and to clearly and effectively theorize relevant trends. His scientific intuition on the importance of standards in the global era not only defined important research themes but also provided impetus for the production of a wealth of new scientific contributions. The papers published in this issue are all cases in point. Key outcomes of his research include the illustration of the patterns through which neoliberal global deregulation contributed to the growth of the private governance of trade. Central in this respect is his seminal work on third-party certification. Also important is his analysis of the manner in which global food competition shifted from price competition to non-price competition. This is the process through which competition is carried out through several non-price items such as convenience, variety, year-round supply, and, with growing relevance, quality. In this context, he stressed the relevance of the role played by consumer-based social movements. Often represented by NGOs, consumers promoting fair/ethical trade contributed to the growth of initiatives such as civic agriculture, organic farming, slow food,

and farmer's markets. Because of these many contributions, Larry Busch's work will be read and remembered for generations to come.

The scientific contribution of Busch should not be simply described in terms of the results of his empirical work. The innovative sophistication of his theoretical approach should also be stressed. In this respect, his analysis of standards and governance can be characterized by the bringing together of two distinct theoretical traditions: constructionism and critical theory. Larry Busch's use of constructionism dates to his early interest in hermeneutics that was later employed in his study of agricultural science. The negotiated and socially constructed dimensions of science constituted central points in his analysis of the politics of research in agriculture and in land grant institutions. Eventually this background was brought to fruition in the analysis of standards and governance. Importantly, Busch's interest in standards and governance has been constantly accompanied by an attention to the importance of democracy. In this respect, his work has not only been directed to the exploration of the conditions that lead to more democratic social arrangements, but also to the distinction between the formal and substantive dimensions of democracy. This is one of the most fundamental tenets of critical theory as its objectives include the probing of the gap between pronouncements about democracy and the historical manner in which it is practiced. Standards and governance for Busch are not simply topics to be studied. They are dimensions that can be employed to build a better and more just society.

At this juncture of the evolution of the global society, it is safe to say that the study of standards and governance will continue to occupy center stage for the future. Accordingly, initiatives such as the ones represented by this special issue and the research efforts of scholars such as Larry Busch and his students constitute important steps toward the understanding of these phenomena and the identification of appropriate solutions for the problems that they entail. As the retreat of the Fordist state and the end of the old system of governance characterized society in the late twentieth century, a democratic solution to the issue of governance under globalization would arguably be a fundamental positive change for the society of the twenty-first century.

#### AUTHOR BIOGRAPHY

**Alessandro Bonanno** is Texas State University System Regents Professor of Sociology and Department Chair at Sam Houston State University. In recent years, Dr. Bonanno has researched the implications that globalization has for social relations and institutions. In particular, and employing the agro-food sector as an

empirical area of concentration, he investigated the impact that globalization has on the state, democracy, and the emancipatory options of subordinate groups. Dr. Bonanno has written and/or edited fourteen books and more than one hundred referred publications, which appeared in English and other major languages. His work has appeared in journals such as *Sociological Quarterly*, *Rural Sociology*, *American Studies*, *Current Perspectives in Sociological Theory*, *Critical Sociology*, *Journal of Rural Studies*, *Agriculture and Human Values*, *International Journal of Sociology of Agriculture and Food*, *Sociologia Ruralis*, and *Research in Social Movements and Change*. Dr. Bonanno is the current (2011-2013) editor of *Rural Sociology* and the past President (2004-2008) of the International Rural Sociological Association.

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