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future for regions?
Comparative analysis between
Bavaria and Schleswig Holstein**

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Agricultural policies: what future for regions? Comparative analysis between Bavaria and Schleswig Holstein¹

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Introduction

Since the beginning of the 80's, agriculture faces up to two emergent processes: (i) internationalization of markets, with liberalization of exchanges and increased requirements of agricultural competitiveness with prices, (ii) new societal needs towards rural areas and agriculture, concerning alimentary security, quality, environment protection and rural development. In this context, some economists talk about "structural crisis" of European agriculture since the beginning of the 80's. This would be due among other factors to the inadequacy between this new context and current institutional configurations. This crisis can't be resolved only by market mechanisms, and would require "major reforms articulated between them [which] can ensure the durability of performances of 80's" (Allaire and Boyer, 1995).

In this context, some analysts consider that the regionalization of agricultural policies can allow for a new insertion of agriculture in rural areas, and can provide a possible answer to agricultural crisis (Kroll, 1998). This idea is in the recent speeches of the European Union (EU)² too. So it seems interesting to further analyse the infra national levels, and especially regions³, that become major actors of agricultural policies (Perraud, 2001). In this research, we try to contribute to this analysis: in the context of a structural crisis in agriculture, we put the question of adaptation modalities of regions allowed by an increasing regionalization of European agricultural policies. We hypothesize that these adaptations modalities cannot be understood without elements about regional economic, sociologic and politic context⁴.

We restrict the research to (i) European agricultural policies of Common Agricultural Policy (CAP), that are translated to regional level (ii) national agricultural policies, that are translated to regional level (iii) agricultural policies elaborated by regions. The first step consists in showing the emergence or the reinforcement of differentiated forms of agricultural policies. In this way, regions are a pertinent level of analysis in agricultural economics and policies. A such analyse at regional level implies a specific economical framework. The second step is the building of a "reading schedule" based on the notion of "regional model of agricultural policies". This schedule would enable to underline differentiation and development factors of these regional forms. Finally, we rely on a case study comparison between two regions from Germany. In fact, this country can be considered as a typical case concerning decentralization of agricultural policies⁵. In order to better underline and explain them, we chose two regions with considerable disparities concerning agricultural policies.

Regions as new economic and politic actors in agriculture

¹ We want to thank particularly J.C. Kroll, M.Berriet-Sollicie, D.Bougherara and G.Grolleau for their attentive reading and their remarks.

² Cf. mid-term review of the CAP and reports of Salzburg conference.

³ The expression "region" is employed to design regional communities.

⁴ This idea coincides with an old conception of Malassis (1973), that says "the development of agricultural and food economy can be only understood in relation to development laws of its economic and social formation".

⁵ For more details, we can refer to the special volume of *Economie Rurale* (vol. 268-269) about "Agriculture and public policies in Germany and France".

Some stylised facts: a European regionalization of agricultural policies

We find the idea of the process of decentralization of agricultural policies to infra-regional level in the speeches of EU concerning the “second pillar”⁶ of CAP: "Greater decentralization, particularly, through the reinforcement of the second pillar, would allow member states to better target local needs, and bring agricultural policies closer to consumers" and "rural development offers, in particular, a specific territorial dimension" (Commission of the European Communities, 2002). These logics are expressed by a new repartition of competences concerning agricultural policies: since the 90's, contractual relations and cofinanced policies between European level and local communities strengthen (Berriet-Sollicec et al., 2001). This corresponds to a new EU conception of development, with a logic of projects, to make local actors more responsible.

In this process of decentralization, regions appear as major actors: common policies have clearly a “regionalizing” effect, in relation with a transfer of responsibilities and financial resources. It can be defined as a “third level” (Bullman, 1997) by strengthening or by creating (in some countries) a specific infra-national level of elaboration and of implementation of agricultural policies. Regions obtain new competences to finance, to elaborate and to implement agricultural policies, so that specific regional policies emerge with their own strategies. This is the case for regions with strong competences that can elaborate their own policies, for example in Italia (Corsi et al., 1995). This is also the case in regions without their own competences, for example in France (Berriet-Sollicec, 1999; Le Pape et Smith, 1998), thanks to the network of regional actors and thanks to a differentiated translation of European and national policies. Comparisons between European regions (Perraud D., 2000) show that this process seems to be heterogeneous and uncertain. But this process is considerable enough to involve increased research about regional agricultural policies.

The regionalization process coexists with the internalization process, normalization and opening of markets. This internationalization is due, among others factors, to the creation of European common market and the signing of Uruguay Round treaty (Buckwell, 1997). This internationalization process doesn't involve a standardization of behaviours and territories, but on the contrary strengthens the process of territorial differentiation that regionalization allows: it involves complex adjustment strategies in relation with the specificities of territories and reinforcement of their competences (Gilly, Pecqueur, 2002). So, regions can adapt through different reactions regarding the new orientations of CAP and through different regional regulations, depending on their own factors.

A first interpretation of stylised facts by an economical analysis of decentralized action

Classical economical analysis, with contributions of fiscal federalism (Oates, 1999), of local public economy and of contracts economy, gives us elements to think about assets and drawbacks of decentralization of public action concerning allocative efficiency, productive efficiency or territorial concurrence. However, our analytical object is the factors of choice concerning local governance structures by economic agents and their development. This object doesn't always correspond to the optimisation of individual utilities, but it corresponds to other elements, e.g limited rationality and history intregation. So it seems interesting to adopt another analytical framework based on other hypothesis to fully understand the emergence of different forms of local public action (Brousseau, 1999).

In this way, the new growth of research intregating regional dimension⁷, in relation with regions reinforcement as economic and politic actors in agriculture, gives us elements for a new analytical

⁶ The second pillar of CAP concerns the rural development and represents 10 % of the CAP budget, whereas the first pillar concerns the market support and represents 90 % of the CAP budget.

⁷ We can refer to the EAAE (European Association of Agricultural Economists) conference of 1995: "The regional dimension in agricultural economics and policies".

framework. In particular, the analysis of regional level often requires integration of space as explicative variable (Sotte, 1995). To resolve this problem, we adopt an analytical framework that integrates territorial variable. We can deal with this territorial dimension in many ways. Firstly, the integration of non-marketable relations seems necessary to better understand local agricultural policies (Berriet-Sollic, 1999). In fact, agriculture is a sector strongly regulated by public policies, where "in spite of marketable liberalization process [there's] reinforcement of non-marketable logics", that don't obey to allocation rules of market (Barthelemy et al., 2002). This integration is necessary, especially since local agricultural policies are essentially based on the second pillar and the notion of "agricultural multifunctionality" (AMF⁸). In this way, regional approaches of institutionalism seem to be adequate: they integrate into economical analysis non-marketable relations, and, since the beginning of the 90's, they contribute to new debates about spatial development faced with globalization (Krätke, 1997). Especially, regional institutional configurations appear as one of the major factors of territorial adaptation. Particularly in France, these approaches are relayed by the proximities economy that is based on the role of local resources and proximities effects in territorial development.

However, some elements of these approaches do not seem to be adapted to our analytical object. In particular, these approaches rely essentially on "successful territories", that could organise in an institutional way and adapt to global context, e.g. industrial districts, innovative environments, localised production systems. Given agricultural realities, we cannot rely only on this type of territories. In fact, the emergence of more local representation of interests, in relation with reinforcement of territories and territorial produces, does not always replace the progressive decline of national representation. After "productivist model" crisis, different regional productive logics of agriculture appear and vary with regional comparative advantages (Allaire, Boyer, 1995; Gaignette et Nieddu, 2000). But, with the lack of territorial specific resources, some regions cannot maintain specific territorial agriculture and so cannot assert themselves facing up to globalization. So we chose to rely on some cases, that belong to a large range among territories of "strong regional integration" (Krätke, 1997, p.265) and structurally weak agricultural territories, that are sometimes in crisis and cannot assert themselves.

Finally, the question of territorial boundaries appears necessary. Actually, this question is widely discussed in regional economy. In our research, this territory is defined a priori, as the main sub-national administrative entity, where agricultural policies are elaborated and/or implemented. However, although the region is for us an exogenous territory, it appears as a support of geographic, historic, economic and social cohesion that can explain different regional regulations.

Building a reading schedule for the analysis of regional agricultural policies

Building a reading schedule with an institutionalist approach

The hypothesis of our research correspond to an institutionalist approach. First, according to the founders, social order is not only considered as spontaneous and resulting from the market, but also as concerted in collective action through institutions (Commons, 1934). Then, institution is defined both as organisational private or public structure (formal institution) and as behaviour, rule or routine (informal institution). In our research about regional agricultural policies, formal institutions concerning local public action for agriculture are placed in the centre of collective action. Thus,

⁸ We are aware of all the debates around the notion of MFA, but this won't be one of our research objects. The FAO definition is adopted: agriculture is multifunctional, in that it contributes "to a varied set of needs and values of society in addition to fulfilling [its] primary function" (FAO, 2000) ». The functions, that are generally admitted both by EU and FAO, are considered here : production, food security, rural development (including prevention against agricultural poverty and maintenance of agricultural employment), environmental function, animal well-being, cultural heritage.

different regional « means of regulations»⁹ are underlined, and differentiation factors are analysed. In the same way as institutionalist researches, we rely both on archives and interviews with institutional representatives of regional action, and on statistics data. Then, economic agents have instable rationality and instable behaviour that vary with social environment (culture, community). So, regional context explains, among other factors, the behaviour of economic agents. Moreover, economic agents are supposed not to have the same status and the same weight in economic processes, so they influence more or less the process of institutional development (COREI, 1995). Finally, a dynamic dimension is integrated into the institutional analysis: we underline institutional changes and their major motors that are conflicts and compromises. This approach allows us to underline how regional structures develop through differing interests and actions of economic agents with different powers over economic processes.

Definition of the model's variables

We try to correspond to the analytical framework that we have previously chosen: an interpretative approach is adopted and consists in applying a reading schedule. This schedule is supposed to reveal an implicit logic and to validate research hypothesis. This schedule allows us to compare different regions. It underlines variables that explain the differentiation between “regional models of agricultural policies”. These models are defined by explained variables. A first test was realised by Berriet-Sollicec (1999) on these variables, about the financing of regional public subsidies for agriculture and about their direction. So it's interesting to continue with the same variables: the financing of regional public subsidies for agriculture (financing conditions and amounts) and the subsidies direction (depending on modality, on finality and on beneficiaries)¹⁰.

Concerning explicative variables, some tendencies of regional institutionalist approaches don't correspond to our research object and must not be adopted. First, they often don't really integrate supra-territorial dimension into economical analysis. Indeed, since national public transfers are considerable and agricultural produces are increasingly under free market, we can't ignore that territorial agricultural public policies depend on supra-territorial factors¹¹. So national and European context are explicative variables. Then, these approaches focus essentially on institutional characteristics. But, in this way, we can't entirely understand socio-economic capacities of regional development (Krätke, 1997). In the same way as researches of Krätke (1997) based on regional development models, other explicative variables are considered: the production system¹², and the economical, natural and infrastructural resources. Moreover, this choice involves this hypothesis: economical analysis of regional agricultural policies must not only integrate agricultural variables, since articulation between agriculture and territory is a major element to elaborate and implement agricultural policies, in particular at the regional level and for policies of the second pillar¹³.

Finally, because of agricultural specificities, the study of the variable of the regional agricultural production requires elements from specific agricultural studies (and not only elements from a-sectorial studies). The Mazoyer and Roudart (1997) concept of regional production system allows us to grasp geographic diversity of agricultural forms: the regional production system corresponds to the nature and the proportions of productive activities and of means of production, and to the social category of labour. Moreover, the variable of institutional configuration relies on Commons' principles of

⁹ Regulation is understood as "a process of rules production for creation, maintenance and transformation of a social order". (COREI, 1995, p. 33).

¹⁰ When characterising these explained variables, all policies at all territorial levels can't be studied. So we chose to study only some policies that are considered relevant as underlining specificities of regional public conducting of agriculture.

¹¹ So, we agree with Amin and Thrift (1993), who consider the territory as an entity integrated into a global context, with a logic of interaction between global and local. .

¹² In this way, our research distinguishes itself from socio-political analysis, focused on actors' relations analysis (Le Pape, Smith, 1998).

¹³ Certainly, we are aware of relations between explicative variables themselves, and between these explicative variables and the explained variables. But these relations are not the objects of our research.

collective action that is here public conducting of regional agriculture. Its analysis requires two steps. First, thanks to the socio-cultural and politic context, we deal with the relative political and social autonomy of regions and with the different conceptions of agriculture by institutions. Then, thanks to the actors' networks, we deal with the places of decisions and relations, and so, with central and peripheral actors in the regional conducting of agriculture. After having specified different explicative variables in the studied regions, we try to understand their role in the differentiation and the development of “regional models of agricultural policies”.

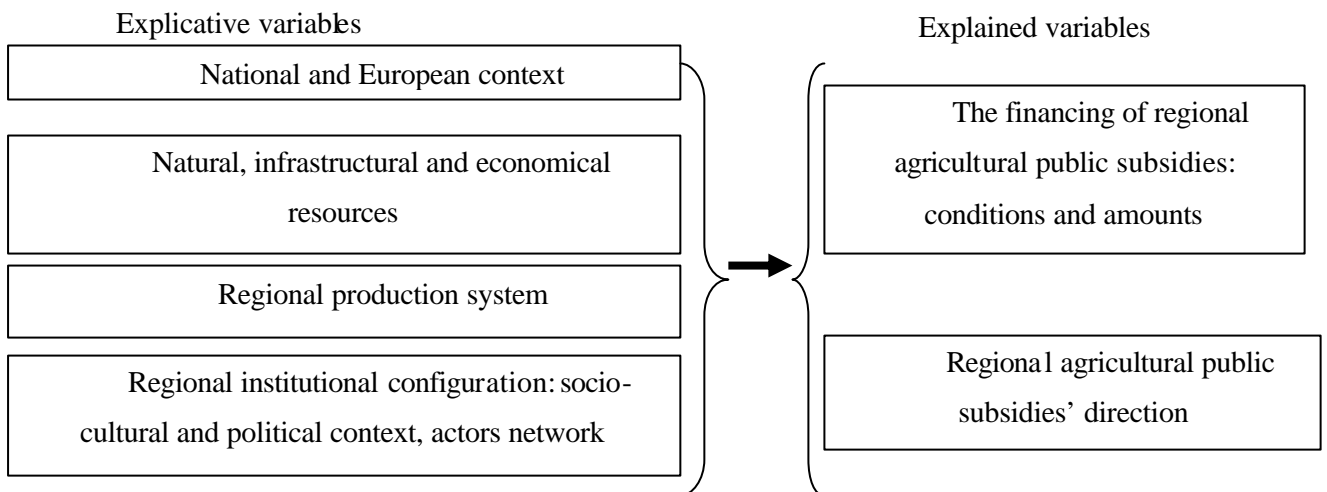


Figure 1: reading schedule of regional agricultural policies

The factors of the emergence of two “regional models of agricultural policies”: the case of Bavaria and Schleswig Holstein

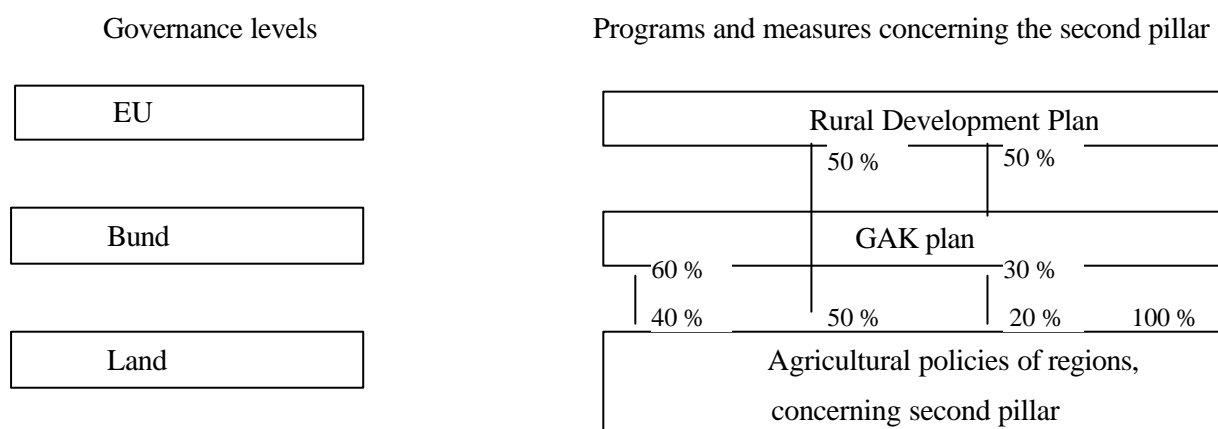
The choice of two case studies: Bavaria and Schleswig Holstein

How to explain the choice of these two case studies? First, regional researches show statistics difficulties, because of the lack of regional data. This convinced us to compare only two regions, in order to collect more detailed data. Then, these two regions belong to Germany, a specific case concerning regionalization of agricultural policies (cf. box). Moreover, these two regions present considerable disparities concerning the financing and the direction of agricultural subsidies, in order to better detect and explain them. Thus, Bavaria spends the greatest amount of money for agriculture per farmer, whereas Schleswig Holstein (SH) spends the smallest one.

The German agricultural policies : a case of advanced regionalization

Some crisis (in particular, insane cow crisis) questioned farmers' role in society. Thus, as R.Künast joined the agricultural ministry of the left-swing SPD government, new directions appeared: now, the German agricultural policies focus more on consumers' needs than on farmers' ones. They put non-productive functions forward, whereas they defend a progressive reduction of agricultural subsidies and a regulation of produces by markets. However, the German federal system involves increased difficulties to maintain one political direction concerning agricultural policies, since interests of Länder diverge. These differences of interests appear through a differentiated and complex implementation of agricultural policies of the second pillar.

In Germany, the agricultural policies of the second pillar form a specific system of *double politic overlapping* (Mehl, Plankl, 2001). In fact, there are three levels (EU, Bund (national level), Land (regional level)) with overlapped competences: the three levels have competences concerning the definition and the financing of agricultural policies, whereas Länder are in charge of all the implementation. For example, concerning socio-structural policies, the program of agricultural structures improvement and costs protection (GAK) is defined both by Bund and Länder. Generally speaking, agricultural policies concerning second pillar and implemented at a regional level may belong to the GAK, or to the regionalised RDP (Rural Development Program), or both to the GAK and to the RDP. Finally, they may be elaborated and financed only by regions. The following scheme indicates possible financings:



In italics: cofinancing part of each level in old Länder (except zone 1)

Figure 2: political overlapping concerning agricultural policies and the second pillar
Sources: interviews with German administrative representatives

Characterisation of explicative variables: two regions with opposed resources

In this board, only major elements will be retained, in order to better understand regional choices concerning agricultural policies¹⁴.

¹⁴ This data corresponds to 2001, except contrary indication.

Explicative variables	Bavaria	SH
Natural, infrastructural and economical resources	<ul style="list-style-type: none"> - A Land, that carries weight in German economy : 12 millions of residents, 17 % of German GDP - The richest Land (GDP : 27330 euros/resident in 2002), dynamic, with a major financial centre with development of new technologies (Munich) 	<ul style="list-style-type: none"> - A Land, that doesn't carry weight in German economy : 2,8 millions of residents, 3 % of German GDP - The poorest Land (GDP : 21595 euros per resident en 2002), with a considerable industrial and agricultural restructuring
Regional production system	Main productive direction : breeding / cereals	
	<ul style="list-style-type: none"> - Low agricultural productivity¹⁵ : 81 q per hectare of corn output - Low capital-labour substitution : 3,9 AWU per 100 ha - Low production intensity : 1,57 LU per ha of stocking density - Low structures concentration : 39 ha per farm - High incomes diversification : 57 % of part-time farmers - Low agricultural income : 21684 euros per worker per year - Low regional economical weight : 1,3 % of added value ? System direction : AMF 	<ul style="list-style-type: none"> - High agricultural productivity : 96 q per hectare of wheat yield - High capital-labour substitution : 2,4 AWU per 100 ha - High production intensity : 1,69 LU per ha of stocking density - High structures concentration : 77 ha per farm - Low incomes diversification : 42 % of part-time farmers - High agricultural income : 25518 euros per worker per year - High regional economical weight : 2,4 % of added value ? System direction : agricultural productivity and competitiveness with low prices
Institutional configuration : socio-cultural and politic context	<ul style="list-style-type: none"> - A Land with marked regionalism, considerable financial resources and large governmental majority (CSU, right-wing party), that is opposed to national government ? A Land, that tries to be more autonomous¹⁶ - An agriculture, that is important from a cultural and a politic point of view : farmers are historically the pillars of Bavaria culture and the electoral basis of CSU 	<ul style="list-style-type: none"> - A Land without marked regionalism, with economical difficulties and the same political direction as the national direction (SPD, joined with Greens) ? A Land, that would better try to form a partnership with the Bund - An agriculture, that could rely on its modernity and its competitiveness, but that is now faced with increased economical difficulties and tarnished image in society

¹⁵ We say an indicator is "low" when it is clearly below the average of old Länder, and "high" when it is clearly above this average.

¹⁶ That is why Bavaria asked for implementation of subsidiarity principles and for the transfer of as many competences as possible concerning Agenda 2000.

Institutional configuration : actors network	Regional government is the main actor and is the only regional actor in charge of elaboration of regional agricultural policies	
	<ul style="list-style-type: none"> - A dense administrative network that acts at each level, in a ministry that is specifically in charge of agricultural conducting: regional ministry is in charge of all the implementation of regional agricultural policies and all advice to farmers. Associative representatives, citizens representatives and local communities are weakly integrated. - A climate of general consensus between regional government and other peripheral actors : major agricultural trade union (Bauernverband) is associated by a traditional non-institutionalised system of joint management, and other parties have difficulties to assert themselves facing up to CSU 	<ul style="list-style-type: none"> - A not very dense administrative network, divided into two ministries (interior and environment ones), that delegates advice to farmers to independent agriculture chambers. Associative representatives, citizens representative and local communities are strongly associated in collective action. - A climate of conflicts with major actors of collective action : the Greens are more critical and more liberal concerning agriculture, whereas Bauernverband and CDU (main right-wing party) join their forces to defend the traditional productive agriculture, in relation with big farms

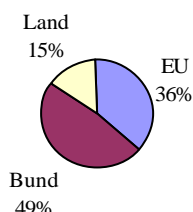
Figure 3: characterisation of explicative variables of Bavaria and Schleswig Holstein
Sources: interviews, official Internet sites, Rural Development programs and Leader + programs of Bavaria and SH, agricultural reports (2002 for Bavaria and 2003 for SH)

The important role of non-agricultural territorial factors in modalities and amounts of regional agricultural policies financing

Disparities between (i) financing parts of “agricultural expenses” at European, national and regional levels, (ii) financing parts of “regional subsidies” by the GAK¹⁷, the RDP and the regional specific programs (figures 4 and 5), show different strategies between the two Länder. Variables, that we previously characterised, allow us to better understand financing modalities of regional agricultural policies. The global context and the production system partly explain the higher part of European financing in SH, since SH takes advantage of a lot of primed areas, contrary to Bavaria. However, beyond this observation, it seems that the regional political and economical context explains the other data. The higher regional part in Bavaria is in relation with higher financing of “regional subsidies” by specific regional programs. Moreover, a great part of financing belongs to the RDP, without any national intervention. On the contrary, in SH, these financings belong for the most part to the GAK. Generally speaking, Bavaria is politically opposed to the Bund, especially concerning agricultural policies, and have sufficient financial resources, so this region tries to push away from agricultural conducting the national level. For that the region uses different strategies: it completes some national measures (e.g investment subsidies), it co-finances some with the EU (e.g agro-environmental measures), it finances others by itself. On the contrary, SH faces up to economical difficulties and profits from political convergences with national level, so it is in their interest to profit from supra-regional financings and to realize almost all policies in the framework of GAK, which is financed both by national level and by EU.

¹⁷ Measures, which are financed in the framework of both the GAK and the RDP, are only counted in GAK, in order to prevent double accounts (figure 5).

Bavaria



SH

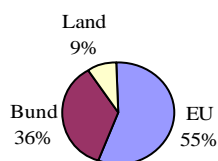
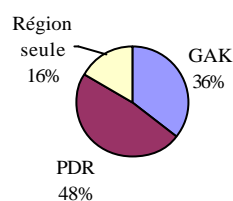


Figure 4: distribution of the public expenditure for agriculture and forestry, except administration, advice and research (= "agricultural expenses")

Bavaria



SH

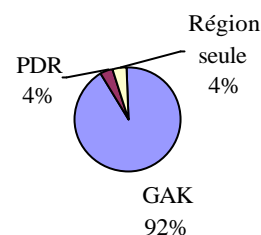


Figure 5: distribution of the public expenditure for agriculture and forestry, except administration, advice, research, direct subsidies and measures only financed by national level (= "regional subsidies")

Sources: agricultural reports (2002 for Bavaria and 2003 for SH), regional financing plans 2002

We can explain disparities between amounts of agricultural expenses per labour unit in Bavaria and SH (figure 6) by production system: the Bavarian system profits from low European subsidies, so it needs high regional subsidies to reach the amount of agricultural expenses per labour unit in SH. However, this variable isn't sufficient enough to entirely explain disparities. Regional financial resources are not sufficient either to explain this, since the ratio between regional agricultural expenses and regional total expenses is much higher in Bavaria. Socio-cultural and political context may actually well explain the fact that Bavaria wants to help at any price its agriculture. In fact, CSU (of which farmers are electoral pillars) can rely both on its electoral success and on the positive and strong agriculture image in Bavarian society. SH represents the opposite case, although agriculture's economical weight is more important.

	"Agricultural expenses" of the region	"Agricultural expenses" of the region / total expenses of the region	"Agricultural expenses" of the region / labour unit	Total "agricultural expenses" / labour unit
Bavaria	416 Mio €	1,18%	1944 euros	12794 euros
SH	50 Mio €	0,52%	1010 euros	11434 euros

Figure 6: some amounts of "agricultural expenses"

Sources: agricultural reports (2002 for Bavaria and 2003 for SH), regional financing plans 2000

The important role of territorial non-agricultural factors in the direction of regional agricultural subsidies

First, all "agricultural expenses" are considered. At first sight, the production system (directed towards AMF in Bavaria and towards productivity with low prices in SH) and the global context seem to explain the great part of farm subsidies coupled with production in SH (figure 7). In fact, the production system and the global context determine the regional amount of European coupled subsidies. Moreover, the Bavarian production system corresponds to many multifunctional conditions, so this system justifies many decoupled subsidies. However, non-agricultural territorial factors may well explain the amount, and so the part of decoupled subsidies: the Bavarian amount may be explained, on the one hand by considerable financial resources of the region, on the other hand by a

“territorial compromise” (Krätke, 1997) between all the collective action actors, around a considerable support for multifunctional agriculture. In fact, each actor agrees with this direction, since the socio-cultural and political role of agriculture is very important. This compromise is especially stable since there is a climate of general consensus about agricultural conducting. Moreover, these non-agricultural territorial factors explain a certain conception by Bavarian institutions of AMF and of rural development: these notions correspond essentially to a support of familial farms and to an instrument that guarantees a decent agricultural income. Seeing the distribution of “regional subsidies” per finality (figure 8), agro-environmental measures, that are directly distributed to farmers, appear as the main instrument to support incomes. These high amounts are especially justified because environment protection is an important societal demand in Bavaria. Investments subsidies are another instrument, that Bavaria finances itself strongly in addition to the GAK and RDP financings (593 euros per labour unit in 2002 in Bavaria (283 in SH)¹⁸).

In SH, most part of the subsidies comes within subsidies to support production structures. But there isn't a real will of the region to support production structures, since the amount of these subsidies per labour unit is lower in SH than in Bavaria. This part of subsidies is higher in SH only because the other amounts, especially of agro-environmental subsidies, are very low¹⁹. The regional government wants to reduce these expenses to support production structures that come above all from policies of former right-wing governments. It wants especially to strengthen subsidies for rural development that are already considerable: in a context of economical difficulties, agriculture doesn't appear as a priority, and the government implements restructuring subsidies from competitive agriculture towards little farms and towards real rural development policies. In these policies, beneficiaries aren't only farmers but all actors of rural development, of regional citizens and of consumers²⁰. In this way, the program of structures analysis and rural development (LSE) is the main program of RDP with more than 20 % of the second pillar expenses, and almost all beneficiaries aren't farmers. Concerning agro-environmental subsidies, they are considered with a different conception in Bavaria and SH: SH does not want to subsidize farms on the basis of criteria, to which corresponds most part of farms, like in Bavaria²¹. Regional socio-political context explains again these directions: the regional government is resolutely opposed to CDU and Bauernverband conceptions, and is influenced by Greens and by national directions. In this way, it defends policies, that are directed towards consumers, and that correspond to a very strong farmers' commitment. Moreover, it continues, with increased financings for three years to support the policy of biological agriculture and the associate brand "ökologischer Landbau", promoted by R. Künast.

¹⁸ Sources: agricultural reports (2002 for Bavaria and 2003 for SH)

¹⁹ That is why SH received some advertisements from the European Commission, since the financings of agro-environmental measures are considered too low in relation with other regional subsidies.

²⁰ This explains why SH is clearly in favour of modulation. On the contrary, Bavaria fears that all recovered finances will not be for farmers.

²¹ In Bavaria, criteria seems to be less constraining, especially since most part of the farms already corresponds to a “green agriculture”.

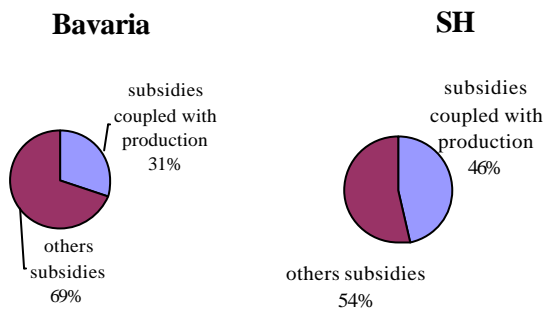


Figure 7: distribution of total “agricultural expenses”

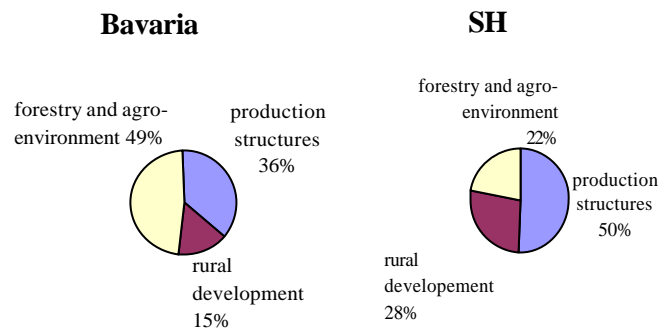


Figure 8: distribution of “regional subsidies” per finality

Sources: agricultural reports (2002 for Bavaria and 2003 for SH), regional financing plans 2002

Financial resources: main regional adaptation factor concerning agricultural policies?

The global context seems obviously a major factor for agricultural policies development: regions face up to exchanges' liberalization and new European and national directions, in particular a subsidies' switch from the first to the second pillar and a subsidies' decoupling. This leads regions to adapt, in order to protect indirectly their agricultural production, and in order to benefit from supra-regional financings. This seems to explain that SH is directing its agricultural policies towards AMF and integrated rural development. Beyond this observation, we try to understand factors of agricultural policies development, facing up to the global context. At first sight, the production system seems to be an explicative variable of policies development: more productive Bavarian farms may involve a contestation of the regional agricultural policies model that is strongly based on AMF support. On the contrary, SH production system is strongly based on productivity and seems to be maladjusted to new directions towards AMF and integrated rural development. In this way, production system may restrain present directions.

Once again, non-agricultural territorial factors are necessary to better explain regional agricultural policies development. The less hierarchic, more flexible, more opened institutional configuration of SH allows innovating governance forms. LSE program is a typical example: groups elaborate development projects with financings not restricted to agriculture, in restricted intervention areas (about 1000 habitants). Moreover, these groups are opened to all rural actors and are coordinated by local elected representatives. In the same way, Leader programs are coordinated by local elected representatives, who don't belong to regional government. On the contrary, in Bavaria, these coordinators are always regional administrative representatives. Generally speaking, the Bavarian government tries to conduct agricultural policies on its own, and tries to continue politic direction, that therefore undergoes little change. But regional economic resources seem to be the central variable to understand regional agricultural policies development: in Bavaria, these resources allow to continue the same agricultural policy, with strong agricultural supports. Moreover, Bavaria goes through increased economical difficulties and unemployment, so financial resources difficulties may involve questioning of considerable public expenses, or at least may constrain collective action actors to legitimate these subsidies. In SH, the lack of financial resources is a major restraint for present agricultural policies direction towards MFA and integrated rural development: most part of regional collective action actors considers that subsidies aren't sufficient to really implement such policies. Moreover, because of this lack of financial resources, there isn't a specific agricultural ministry: two ministries are in charge of agriculture conducting. This seems to prevent a global coordination and coherence for regional agricultural policies conducting.

What about "local regulation systems" in Bavaria and Schleswig Holstein?

First it seems interesting to question regions' adaptation capacity concerning agricultural policies. Here we use the notion of "local regulation system", which appears, according to Gilly and Pecqueur (2002), when a "dominant agreement of the whole territory [allows] unpredictable adaptations, required by global dynamic". In Bavaria, such a "dominant agreement" appears with the "territorial compromise" about strong support of AMF, with specific regional policies and independence from supra-regional levels. So the Bavarian system can be considered as a "local regulation system". This system is only possible thanks to favourable financial resources and favourable socio-cultural and politic context. In SH, a radically different context prevents a real support of AMF, and more generally of agriculture. The general decrease of regional subsidies is rather a sign of decrease of agricultural sector regulation, of abandonment of some agriculture form, of increased dependence from market changes and supra-regional financings. Moreover, it's difficult to talk about « dominant agreement », since major actors of regional collective action are opposed to regional government policies. However, could we really conclude, that SH doesn't implement a "local regulation system", because of disadvantageous territorial context? Since agriculture undergoes economical difficulties and represents only 3 % of labour, abandonment of a part of agriculture may be a "dominant agreement of the whole territory, [that allows] unpredictable adaptations, required by global dynamic " as well. Finally, "agriculture expenses" per unit labour are the same in SH and in Bavaria (figure 6). Does the SH's agriculture need high regional expenses to adapt?

Conclusion

Beyond the questions about regions' adaptation capacity, our research enlightens explicative factors of differentiated regional forms of agricultural policies. In addition to the production system and the global context, our research shows that non-agricultural territorial factors, especially regional financial resources, are necessary to explain regional agricultural policies. Now, the decentralization process involves increased concurrence between regions. Since financial resources are necessary to regions' adaptation, and since regional financial resources vary strongly, the regionalization process can meet criteria of territorial equity²² only if there is a strong redistribution system between regions. Without this system, regional disparities concerning amounts and directions of agricultural subsidies may increase in the context of agricultural policies regionalization. That may well involve the emergence of specialised areas depending on regional resources, as Mahé and Ortalo-Magné (2001) propose in their scenarios.

We can now distinguish different types of areas: Bavaria corresponds to a "green area", of which regional agricultural policies finality is rural development, based on multifunctional farms maintenance. This is in relation with sufficient financial resources, important socio-cultural and politic agricultural role, production system of little familial farms, supra-regional subsidies essentially of the second pillar. SH corresponds to a "grey area", of which regional agricultural policies finality is competitive agriculture. This is in relation with the production system of big productive farms and supra-regional subsidies of the first pillar. However, SH may direct towards "blue area", of which regional agricultural policies finality is integrated rural development, even if it means agriculture abandonment. This is in relation with low financial resources, weak socio-cultural and political role of agriculture, and production system, that can't put up with European supports decrease. Such an hypothesis on "*regional models of agricultural policies*" emergence, as well as a classification of regional agricultural policies in EU, might be strengthened by a more complete study of regional conducting of agriculture, notably a statistic study, expanded with others Europeans regions.

²² Territorial equity is used in the Rawl's sense, and so meets two criteria: (i) equality of the territories' chances (ii) difference (institutions must favour the less advantaged territories).

Finally, regionalization concerns at the present time essentially the second pillar. However, regionalization of the first pillar is already effective, notably since dairy quotas are defined and distributed by regions. This regionalization is going to strengthen strongly in some nations, in particular in Germany, in the framework of CAP reform of June 2003: regions will implement the single payment, and in particular will define conditions of subsidies. So we observe that regions will increasingly affirm their strategic positions, and will decide a significant part of directions of agricultural policies on their territory. Therefore, it seems at the present time necessary to study foundations, modalities and consequences of regionalization in EU.

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