Wieś i Rolnictwo 4 (181)/2018
ISSN 0137-1673
doi: 10.7366/wir042018/07

Michał Pietrzak

Some General Considerations on Coordination Mechanisms and their Potential Role in Rural Policy

Abstract: The objective of this paper is to discuss, from the theoretical point of view (transaction costs economics and system approach), the limitations of the governmental policy and rural policy in particular – which aims to intervene into coordination of transactions between economic agents. The conceptual framework of the paper is based on the distinction between three ideal types of coordination's mechanisms (namely: competition, hierarchical control, values/norms and vertical liaisons) and real institutional arrangements, which could base only on one of ideal type or be a mixture of them. Rural policy is dedicated to solving the problem, which could not be solved solely by a market. However, governmental intervention suffer from failures of its own. This is a true particularly in the case of uniformly applied, extended top-down policy based mainly on hierarchical control. In such a case, market failures could be mitigated (and therefore market transaction costs), but, on the other hand, the political transaction cost (variable and fixed as well as) could be tremendous. The main conclusion of the paper is that one could expect that the minimum of both categories of transaction costs (market and political) will be probably achieved in the case of rural policy, which is composite of different coordination's mechanism, not solely hierarchical control. This conclusion is in line with the shift to the new paradigm (Rural Policy 3.0) recommended by OECD, which generally is based on stronger decentralization, improved multi-level governance and involvement of non-government as well as private organizations.

Keywords: coordination mechanisms, governmental policy, political transaction costs, rural policy.

1. Introduction

According to the newly published OECD report, rural regions in Poland account for 35% of the population while contributing around 25% of Polish GDP (OECD 2018, p. 19). Rural policy plays a substantial role in the convergence of these areas with their urban counterparts as well as in the further development

Michał Pietrzak, PhD (dr hab.), Faculty of Economic Sciences, Warsaw University of Life Sciences (SGGW), Nowoursynowska 166, 02-787 Warsaw, michal_pietrzak@sggw.pl.

of them. Based on the OECD approach to establishing rural policy, a shift from the old to the new paradigm is needed. Particularly, a uniformly applied top-down policy driven by national government should be replaced by a bottom-up policy, which engages a broader spectrum of stakeholders. Such a rural policy should be not only decentralized by the involvement of local and regional counterparts of national government but also open to the private sector (for-profit firms and social enterprises) and the third sector (NGOs) (OECD 2018).

The objective of this paper is to provide a theoretical discussion of the limitations of the governmental policy (rural policy in particular) which aims to intervene in the coordination of transactions between economic agents. The conceptual framework of the paper is presented in Figure 1. The author follows the idea of Commons (a prominent representative of American institutionalism) that transactions should be the basic units of any economic analysis (Commons 1931; Furubotn and Richter 2011; Gruszecki 2002; Williamson 2000). According to Commons every transaction involves three social relations: conflict, dependence and order. Agents are in situation of a conflict of interests on account of the economic principle of scarcity of resources. However, they still depend on each other for acquisition of what the other wants but does not own. To transact successfully, parties need an order (Commons 1931). In other words, they need some amount of coordination that is not spontaneous but is provided by institutional arrangements such as markets, firms, governments or NGOs. In practice, such modes of governance use a mixture of basic mechanisms for creating order. One can distinguish three ideal types of coordination mechanisms: competition, hierarchical control, values/norms and vertical liaisons.[1] Two research questions are formulated: (1) How do these three basic mechanisms differ from one another? (2) What general conclusions for rural policy can be drawn from their traits? The strengths and weaknesses of these basic coordination mechanisms are presented and discussed from the perspective of new institutional economics (transaction-cost economics and to some extent agency theory) and the systems approach. Some general proposals are drawn based on this discussion and confronted with some of the main recommendations of the report on Polish rural policy (OECD 2018). The paper is based on the literature review and deductive reasoning.

[1] Compare to CPB 1997; Ouchi 1980 and Powell 1990.

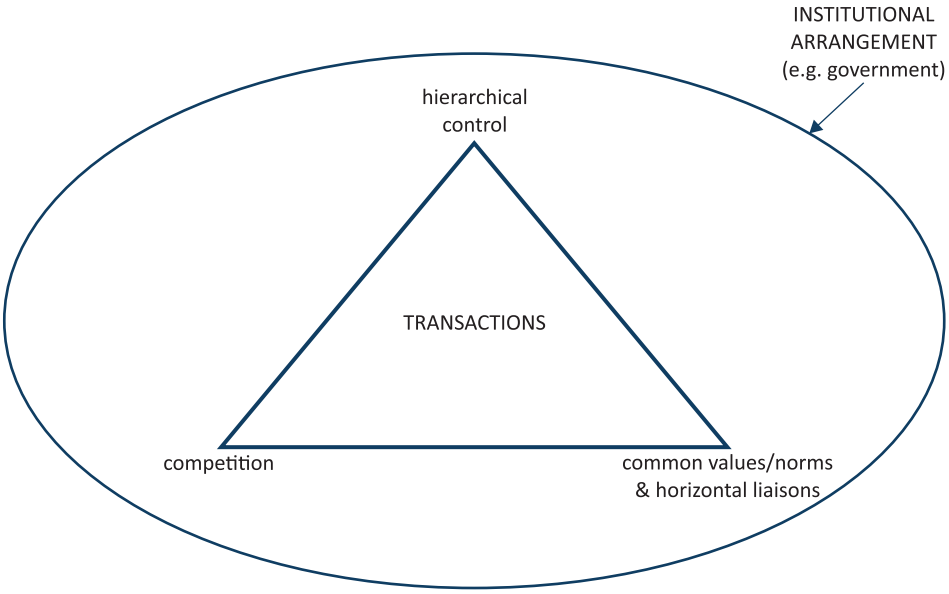

Figure 1. Conceptual framework of the paper – ideal mechanisms of coordination and real institutional arrangement/mode of governance

Source: Own concept.

2. The issue of economic coordination and transaction costs

According to Kornai (1971), any economic system can be divided into the real sphere (production of goods and their flows) and into the control sphere (information flows aimed at coordination of product flows). In the simplest model of an economic system there are two subsystems or organisations, each consisting of its real part (R unit) and its controlling part (C unit) and interconnecting each other via flows of products and information – Figure 2.

From such point of view the crucial feature of any economic system is the way in which information flows are arranged, namely – how coordination is conducted. In the very general sense, there are three basic coordination mechanisms: competition, hierarchical control, values/norms and vertical liaisons (Table 1). These should be seen ideal types rather than real governance structures. Often, real institutions have a dominant form of coordination, e.g.: atomistic markets – competition, firms and governments – hierarchical control, institutions of civil society (NGOs) – values and norms.

However, it is also possible that real institutions of governance are mix of these three ideal types. For example, in a market with barometric price leadership (Cooper

1997) there are elements of horizontal communication in the form of refined signals – apart from competition between market participants. In the case of a multidivisional form (M-form) of the company, there are some elements of competition between divisions (business units) – apart from the hierarchical control from the corporate headquarters (Chandler 1990; Williamson 1970). In cooperatives there are elements both of hierarchical control and competition (Menard 2017). In cooperatives with a limited number of members one may also easily observe shared norms and values and horizontal liaisons as a coordination mechanism.

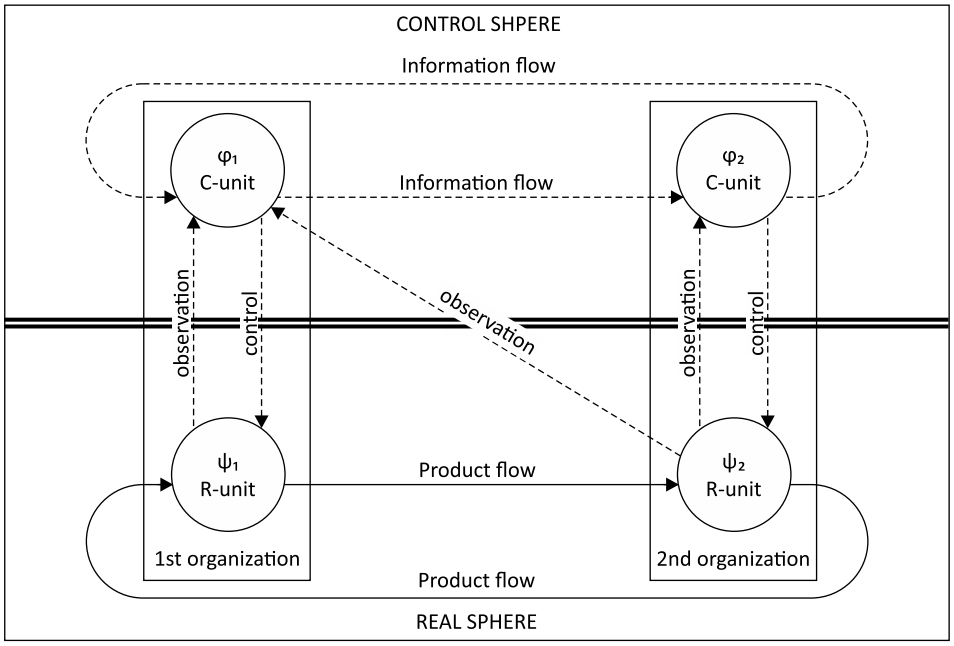

Figure 2. Structure of an economic system – the basic case of two subsystems
Source: Kornai 1971, p. 41.

Initially, transaction costs were equated with "cost[s] of using the price mechanism" (Coase 1937, p. 390) or "costs involved in carrying out market transactions" (Coase 1960, p. 15). However, according to Arrow, transaction costs are the "costs of running the economic system" (1969, p. 48). It does not matter if the system is governed by competition, hierarchical control or values/norms and horizontal communications. Every economic institution, every structure of governance – market, firm, government or NGO – generates transaction costs. "Transaction costs are the economic equivalent of friction in physical systems" (Williamson 1985, p. 19). There are no frictionless physical systems, there are no costless transactions

in economic systems. "A distinguishing feature of the New Institutional Economics is its insistence on the idea that transactions are costly. This […] move to positive transaction costs is also a move to a different, more realistic conception of decision makers. […] insofar as people are conceived as possessing limited and bounded rationality, it is clear that they must incur what we call 'transaction costs' […] no matter what sector of an economy" (Furubotn and Richter 2011, p. 47). It is important to remember this when we design and assess any institution or multi-institutional framework.

Table 1. Comparison of basic mechanisms of coordination

Issue	Mechanism of coordination		
	Competition	**Hierarchical control**	**Common values/norms and horizontal liaisons**
How to manage the information	Decentralising information	Centralising information	Open information-sharing for mutual benefits
Necessary condition	Output easy to measure	Information easy to transfer	Enough stock of social capital within the group
Form of governance	Rewarding agents in proportion to their output	Imposing behavioural constraints by rules and direct supervision	Imposing behavioural constraints by socialisation and horizontal agreements
How to reduce problem of bargaining at phase of adaptation to change	Many competitors (alternatives)	Fiat	Norm of reciprocity and reputational concerns
Degree of flexibility	High	Low	Medium
Manifestation of opportunistic behaviour	Cheating	Shirking	Defecting
Typical failures	Market power Resources immobility Risk sharing Externalities Difference between individual and social rationality	Tacit knowledge dispersed across parties Information loses Peak coordinator – overload regarding the request variety Agency costs regarding information asymmetry Influence costs (rent seeking activities) Allocative efficiency distortions	Limited scope regarding the effective size of the group Set-up costs of social capital

Source: Own table based on ideas taken from CPB 1997, pp. 53–59; Hennart 2008, pp. 343–350 and Powell 1990, pp. 296–305.

Transaction costs involve the use of resources. They cover costs of creation, use, maintenance and change of any institutional arrangement governing the relationship between economic agents. Transaction costs can therefore be divided into the fixed part (setup cost of establishing a new governance structure) and the variable part, namely the costs dependent on the volume of the activity governed (Furubotn and Richter 2011, p. 48). The particular organisation of governance uses one of the pure mechanisms listed in Table 1 or a mixture of them. Every mechanism has specific traits that are sources of its pros and cons; however, such strengths and weaknesses are contextual.

3. Competition vs. hierarchical control as coordination mechanisms

When "the knowledge of the particular circumstances of time and place" (Hayek 1945, p. 522) plays a crucial role in any given activity and there are no serious conflicts between individual and social rationality, then the mechanism of market competition based on decentralized information encapsulated in prices may be the best choice. It also should be considered as the first best when the rapid reaction and flexibility is the priority. But in the case of difficulties in measuring all dimension of output generated by a given activity, the invisible hand of competition as the only mechanism of coordination may cause too many failures that are unacceptable to society. This is for example the case for many activities in agriculture,[2] where the jointness of production of many externalitities (both positive and negative) is commonly observed. When the number of possible players is restricted, competition obviously does not work. This is the case for some agricultural products for example, where exist the only option to sell. This is particularly common regarding spatial considerations, when competition fails due to the bulky and perishable attributes of a commodity (Sexton 1990). Taking the possibility of opportunism of some agents as a behavioural assumption, it is likely that some players, coordinated by the competition mechanism, will take advantage of some attributes of a given activity, e.g. the difficulties of measuring output all aspects or a lack of alternatives (competitors). The problem with measuring output allows to cheating on counterparts by undersupplying positive aspects of output or oversupplying negative dimensions. The lack of sufficient alternatives could be used for cheating the other party by imposing uncompetitive prices or by hardly bargaining when adaptation of the original terms to changes is needed. Cheating

[2] Rural areas of course have many other functions than production (agriculture) (Niedzielski 2015). Thus rural policy should not be equated with agricultural policies. However, in Poland agriculture still plays an important role in rural areas.

possibilities result in failures of the competition mechanism and imply a potential need to replace it with other means of coordination. Generally, the main failures of competition are: market power, problems with resources immobility (asset specificity), problems with risk sharing and externalities (CPB 1997) and conflict between individual and social rationality – Table 1.

Hierarchical control is a mechanism typical of both firms and governments. In transaction-costs economics it is common to settle the problem of economic coordination as a trade-off between markets and hierarchies, which are viewed as being in contradiction with one another (Williamson 1983). One should observe that this contradiction on the micro level (market vs. firm) is parallel to the choice between a market economy and a centrally planned economy on the macro level. In his seminal paper on nature of the firm, Coase compares it to the "islands of conscious power" in "the ocean of unconscious co-operation" of the price mechanism (1937, p. 388). Following this metaphor and taking into account the difference in scale regarding the micro and macro level, one might see the government rather as a continent of planning and directing between the oceans of spontaneous coordination by competition. In fact, Coase emphasizes the similarity between planning (conscious power of coordination) inside the firm and economic planning by government. However, there is an important difference between these two governance structures – "economic planning is imposed on industry, while firms arise voluntarily because they represent a more efficient method of organising production" (Coase 1937, p. 389). In companies, the power to effect hierarchical control arises from employment contracts, in the case of governments from the monopoly of coercive violence (Arrow 1974). On the micro level, basing on fiat offers possibilities of coordination that are unavailable to agents relying solely on market contracting (Williamson 1991). On the macro level, imposing behavioural constraints of economic agents is effected by legal rules and direct intervention. It offers prospects to overcome failures experienced by the market economy. In both cases however, governance requires the collection of the necessary information by a central coordinator.

Since the actions of coordinated agents interact with each other, joint decision-making may be superior to separate decisions. Such a decision is dependent on knowledge dispersed among agents. Transmission of this knowledge is costly, so it is cheaper to transmit it to a peak coordinator than to disseminate it among all agents. For the same reason it is better to make decisions centrally and communicate them top-down rather than all information being in the other direction for everybody (Arrow 1974). This mechanism of hierarchical control might work well under assumption that the information necessary for decision-making is relatively easy to

transfer bottom-up as well in the form of directives or regulations that are relatively easy to transmit top-down (Hennart 2008).

In hierarchical control the critical importance has a cost (connected with ease) of transferring information (Jensen 1998). However, it is quite common for information to be embedded in a particular context of time and place, and such tacit knowledge is not easy to translate into an explicit form and to transfer (Maasdorp 2004). Moreover, one should take account of the phenomenon known as control loss due to losses of information during its passage through a chain of serially linked agents (chain of command) and due to the malcoordination losses of decoupling. Decoupling is understood here as the redesign of hierarchical organisation aimed at alleviating the overloading of the information's of the peak coordinator's capacity by delegating responsibilities to others (Williamson 1970).

Decoupling is one of the possibilities concerned with Ashby's law of requisite variety. Let us assume that coordination or regulation aims to achieve the given goal against disturbances. Thus, a set D of disturbances d_m can be met by a set R of responses r_n. Given the pay-off matrix in the form of Table 2 and knowing D's selection of a particular row, R choose a particular column. Let us also assume that the resulting outcomes Z at the intersection are further related to the set E of values (e.g. the simplest two-element set {desired, undesired}), therefore a subset of E is defined as the coordinator's goal (Ashby 1958).

Table 2. Possible outcomes (Z) as the results of responses (R) to disturbances (D)

Items		R (responses)			
		r_1	r_2	...	r_n
D (disturbances)	d_1	z_{11}	z_{12}	...	z_{1n}
	d_2	z_{21}	z_{22}	...	z_{2n}
	...	...	...	...	...
	d_m	z_{m1}	z_{m2}	...	z_{mn}

Source: Adapted from Ashby 1958, p. 2.

In the case of passive R, which means that R always choose one value (column) for all values of D, the variety in the Z will be the same size as the initial variety of D (Ashby 1958). For example consider inactive R as a night-watchman state and the initial variety of D as *laissez-faire* behaviour of the market economy. If, however, a government would like to intervene as an active R, it aims at narrowing down the actual outcomes to a subset of Z, according to the desired subset of values (E).

The variety of *Z* cannot be less than quotient of the number of rows divided by the number of columns, so the variety of outcomes can be lessened only by increase in the variety of *R*. Restriction of the *Z* outcomes to the subset that corresponds to the subset of desired values of *E* demands a certain variety in *R* (Ashby 1958). This is the essence of the law of requisite variety: to control any system, the number of control-mechanism states have to be greater than or equal to the number of states in the controlled system (Ashby 1956). In other words: "R's capacity as a regulator cannot exceed its capacity as a channel for variety" (Ashby 1958, p. 4). Thus, by decoupling, the peak coordinator is able to deal with regulation problems regarding its limited informational capacity. Another possibility of concern with Ashby's law is to expand informational capacity (namely to increase the variety) of the peak coordinator. A typical example of this strategy is to form an elite staff (consisting of experts) to support the central office.

However, each of the possibilities to deal with Ashby's law has its own drawbacks. Decoupling is in fact a form of decentralisation. This means that to some extent it recreates the problem that hierarchical control had tried to resolve – for example the conflict between individual and common rationality (in other words between suboptimisation of the part and optimisation of the system as whole) (Hennart 2008). Such conflict is difficult to resolve autonomously without central coordination. One may doubt whether decoupling still makes it possible to do this perfectly. Moreover, the use of decoupling extends the chain of command and consequently the problems of knowledge and decision transmission. On the other hand, expanding the variety of central office with support staff could easily lead to tremendous bureaucracy costs. The net benefits of replacing competition by hierarchical control are therefore surely in doubt.

In brief, hierarchical coordination mechanisms are plagued by problems of dispersed tacit knowledge, information losses during transmission and the problem of the information overload of the peak decision-maker and their capacity (regarding the requisite variety). Moreover, taking the opportunistic behaviour of some players into account, it is possible that some agents coordinated by hierarchical control will take advantage of the informational asymmetry between them and their principal in the form of shirking (Hennart 2008). This is the essence of the agency problem (Fama and Jensen 1983a, 1983b). The agency problem occurs not only in firms, but also in governments. In this second case, agency costs include both compliance cost and traditional agency costs. On the level of coordinated economic agents, agency costs include the costs of compliance with government regulations and interventions (CPB 1997). On the level of the bureaucratic apparatus used by government to coordinate economic agents, agency costs include the costs

of monitoring the behaviour of employees and some residual loss connected with amount of unavoidable shirking (Hennart 2008).

Milgrom and Roberts defined another kind of problem in non-market organisations, which they called influence costs. Such problems always arise when a central coordinator decision affects the distribution of wealth (or other kind of utility) among a group of units or individuals. In such cases, affected agents attempt to influence the choice to their own benefit. They may have selfish reasons for seeking an inefficient decision. The issue is not only the potential unproductive intervention of a peak coordinator, which of course generates an avoidable cost on its own. It is also problematic that each attempt to influence a decision, even if it fails, nevertheless generates costs of resources spent inefficiently for such a distributive effort. Influence attempts to exert itself in both forms of hierarchical control: firms and governments (Milgrom and Roberts 1992). In the second case, these are called rent-seeking activities and are an area of interest of research under umbrella of the public-choice theory (Wilkin 2009, 2012). With reference to agricultural policy, this issue was discussed i.e. by Czyżewski and Kułyk (2013), Wieliczko (2013) and Zawojska (2011). One should be aware that direct influence on decision-making process is only half of the story. Any decision requires knowledge about affected agents, an option of choices available and their consequences. It is not rare for a peak coordinator to be – at least partially – dependent on information supplied by affected parties. Such a situation creates an opportunity for them to manipulate transmitted knowledge under conditions of informational asymmetry. In trying to mitigate influence cost one has to balance two dimensions: cost-benefit from opening/limiting a decision-making process to participation by the affected parties (who have stakes in the choice, and thus by politicking cause an increase in influence costs), against the improvement of the information set available and the quality of analysis that accompanies broader participation (Milgrom and Roberts 1992).

Last but not least one should take account of the long-standing accusation regarding allocative distortion caused by abandoning the competitive mechanism and blunting incentives for economic agents – Table 1.

4. The third way

The third basic mechanism of coordination are values/norms and vertical liaisons. Ouchi proposed that the set of two principal mechanisms for mediating transactions (in his terminology: a market and a bureaucracy), which have received most attention from economists as well as organisation theorists, should be extended by including a third mechanism: clan (1980), which could be seen as a form of governance based on "the informal social structure" (Ouchi 1979, p. 836).

"A clan is a culturally homogeneous organisation, one in which most members share a common set of values (objectives) and beliefs (about how to coordinate effort in order to reach the objectives). It functions by socialising each member so completely that they have merged individual and organisational goals, thus providing the motivation to serve the organisation […] However, this socialisation is possible only when new members are already quite similar to the organisational culture […] when turnover is low and thus members expect and are willing to invest themselves personally in a complete integration into the organisation. The great control strength of the clan is that it can operate under almost limitless ambiguity, when task interdependence is high and this individual performance cannot be assessed" (Ouchi and Price 1978, p. 22).

A similar form of reasoning – to a large extent – is represented by Powell and his concept of neither market nor hierarchy but network (1990). In comparison to its counterparts, a network is "more social – that is, more dependent on relationships, mutual interests and reputations – as well as less guided by a formal structure of authority" (Powell 1990, p. 300). As a coordination mechanism, networks are based on reciprocal, preferential, mutually supportive activities embedded in the context of indebtedness, reliance over the long-haul and with normative instead of legal sanctions as instruments of enforcement. Networks are particularly suited to situations, in which reliable information is needed. Their advantage lies in the possibility of transferring information which is freer than that communicated in hierarchical control systems and thicker than that obtained via competition mechanism. Useful knowledge (and tacit knowledge in particular) does not easily flow through the chain of command, nor is it easily available from the crude price information; however, it is possible to gain it in an environment of trust from someone who is well known and reliable. Thus networks are especially useful when output is not easy to measure (Powell 1990).

The fundamental mode of enforcing the terms of any exchange under the umbrella of a clan/network mechanism is reciprocity, which helps to "enlarge the shadow of the future" in current decisions (Axelrod 2006, p. 126). However, such mechanisms are vulnerable to free-riding. This is an extremely important limitation, because effectively dealing with the free-rider problem depends on the size of the group (Dunbar 2014; Fehr and Fischbacher 2003). "Cooperation is needed for evolution to construct new levels of organisation. Genomes, cells, multicellular organism, social insects and human society are all based on cooperation" (Nowak 2006, p. 1560). Natural evolution works through competition, thus it seems it rewards only selfish behaviour. However, there are five strategies for maintaining cooperation which enhance survival under pressure of the forces of evolution: kin selection, direct reciprocity, indirect reciprocity, network reciprocity and group

selection. The first two modes are shared by humans and animals, but the last three strategies are human inventions. The more primitive forms are more dependent on the size of the group than the more subtle ones. However, all can only be conducted in groups of limited size (Nowak 2006). The main drawback of common values/norms and horizontal liaisons is therefore the limited scope of economic activities, that could be governed in a such way.[3] The second weakness is the high set-up cost of the stock of social capital indispensable to running clan/network coordination – Table 1.

5. Concluding remarks

What conclusions for agricultural or rural policy can be drawn from the above considerations?

1. The competition mechanism, while indispensable in economy has some important drawbacks and limitations – thus it may obviously be complemented by other mechanisms. For example, rural policy based on hierarchical control may potentially overcome problems of rural regions that are difficult, or even impossible to deal with by means of competition – the fundamental mechanism of coordination in a market economy. However, hierarchical coordination suffers from its own weaknesses.

2. Any rational rural policy should therefore take two issues into account. Firstly, how to intelligently take advantage of the strengths of governmental coordination based on hierarchical control while still avoiding loss of control over its political transaction costs, which have tendency to soar excessively? Secondly, how to design a balanced institutional framework? By an institutional framework I mean the composition of institutions involved in rural policy. By balancing it I mean that such a compound should use a mix of basic coordination mechanisms.

3. One of the main recommendations of the above-mentioned report on Polish rural policy states: "Implementing the Strategy for Responsible Development[4] requires stronger decentralisation[5] and improved multi-level governance. Strengthen subnational governance capacity and decentralisation. […] Construct policies and programmes that are open to non-government organisations as well as

[3] These types of coordination mechanism correspond to Tönnies' ideal type of *Gemeinschaft* (community). According to the development of civilisation one has been able to observe an increasing role of *Gesellschaft* (society) at the expense of *Gemeinschaft* (Tönnies 1999).

[4] Government of Poland 2017.

[5] The tendency to decentralisation (from the European to the country level) is also a *novum* in the initial proposals of the European Commission regarding Common Agricultural Policy (Majewski and Malak-Rawlikowska 2018).

private enterprise" (OECD 2018, p. 17). These statements are generally in line with the discussion above.

a. Decentralisation based on multilevel coordination that involves subnational governments seems to be an attempt to deal with the Ashby's required variety problem in a different way than further expanding central bureaucracy. One may find that a multi-level governance idea is to the some extent similar to the shift observed in the corporations from the U-type form of organisation (functional structure) into the M-type form (multidivisional structure) – described in the seminal books by Chandler (1990) and Williamson (1970). According to such shift: "each division is equipped with a self-contained organisation having complete jurisdiction over […] everyday questions of policy […] the central organisation deals almost exclusively with questions of policy. The president is general manager of the corporation in fact, but controls the operations by the establishment of principle and the interpretation of policies, and refrains from entering into questions of operating detail" – on the reform of General Motors, its former vice-president cited by Williamson (1970, p. 115–116). However, such decoupling raises concerns about the cohesion of the intervention: "Only the national government fully considers what is best for Poland as a whole. But when delegating authority, it gives up much of its central planning function to allow sufficient flexibility for lower level governments" (OECD 2018, p. 39). Such concerns lead us to the need for a mixture of basic coordination mechanisms, for example a "multidivision structure performs functions which are closely related to those traditionally associated with competition" (Williamson 1970, p. 118). The same line of reasoning is represented in the OECD report: "instead of controlling the specific actions, that lower levels of government undertake, one appropriate way to monitor performance is through outcome evaluation, which focuses on the results they achieve" (2018, p. 39).

b. The recommendation to create a rural policy that will be more open to the private sector and to third-sector organisations (which expresses the general paradigm of OECD Rural Policy 3.0)[6] is in line with many observations drawn from the discussion above. Typically, market failures form an argument for government involvement (CPB 1997). However, the fact that markets are not perfectly efficient does not in itself imply such intervention, it only suggests a potential area for it (Stiglitz 1987). Government does not constitute a universal remedy and is plagued by its own failures (Blaug 1996; CPB 1997; Stiglitz 1987; Stiglitz 2000). It will be important to take account of complex cost-benefit analysis (Stiglitz 2000). Such analysis should include not only budgetary expenditures, but all transaction costs

[6] OECD 2018, p. 275.

involved in all kinds of coordinating institutions. Political transaction costs of rural policy, in a very general view, are the cost of collective action aimed at supplying the public good of politically driven governmental intervention. They include both variable costs (current budgetary expenditures regarded to the costs of decision-making, cost of giving public orders, costs of measuring, monitoring and enforcing compliance, costs of running bureaucratic apparatus etc.) as well as fixed costs (cost of setting up, maintaining and changing a political agenda – including costs of pressure groups and rent seeking as well as the cost of setting up, maintaining and changing a bureaucratic organisation that is indispensable to implementing such an agenda). There is a tendency to focus mainly on variable costs, while the fixed cost (in such number cost of changing the political agenda and the corresponding administrative apparatus) may be tremendous. Such costs are a crucial source of inertia. The long path to the abolishing the milk quota system in the EU is probably one of the most suggestive examples of this problem. The attempt to move to a more balanced institutional framework – by delegating some competences to the subnational governments and by involving the second and the third sector organisations (which extensively use a clan/network mechanism) – therefore seems to be a promising evolution of rural policy. Such an evolution means some loss of the controlling power of central coordination and may cause an increase of market transaction costs. However, one should expect that the corresponding decline in political transaction costs would offset this problem and thus lead to a lower level of the total transaction costs of coordination (Figure 3).

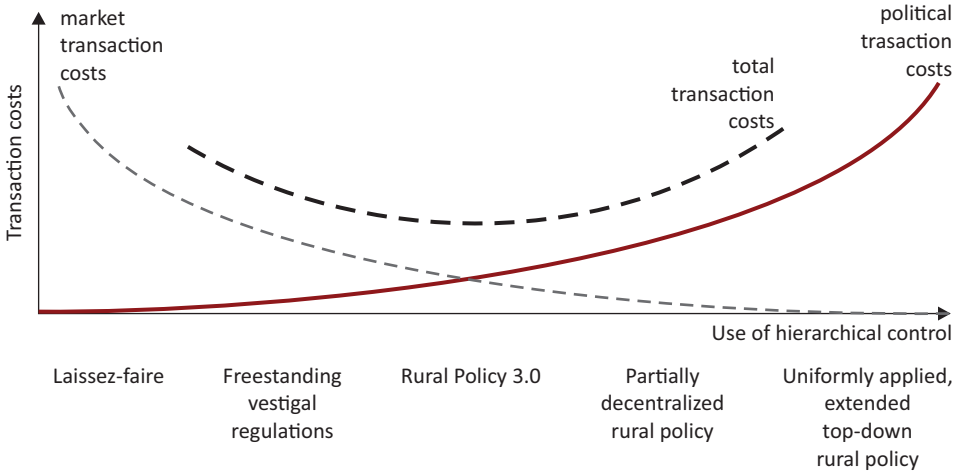

Figure 3. Expected different transaction-cost relations with the different types of rural policy

Source: Own chart.

c. Apart from these pragmatic considerations, from an axiological point of view, there are additional arguments for the OECD recommendation discussed above. If freedom is an important value, we should follow the subsidiarity principle. According to this, the central authority should not deprive individuals and lower level institutions of their decision-making and other responsibilities (Handy 1995) – performing only the tasks that cannot be conducted by agents at a more local level. This idea is drawn from Catholic social teaching: "just as it is gravely wrong to take from individuals what they can accomplish by their own initiative and industry and give it to the community, so also it is an injustice and at the same time a grave evil and disturbance of right order to assign to a greater and higher association what lesser and subordinate organisations can do. For every social activity ought of its very nature to furnish help to the members of the body social, and never destroy and absorb them." (Quadragesimo Anno 1931, p. 79).

Bibliography

Arrow K.J. (1969). The organization of economic activity: Issues pertinent to the choice of market versus non-market allocations. In: *Analysis and Evaluation of Public Expenditures: The PPP System, Vol. 1* (pp. 47–64). U.S. Joint Economic Committee, 91st Congress, 1st Session, Washington D.C.: U.S. Government Printing Office, republished on http://down.cenet.org.cn/upfile/34/20041225171325114.pdf.

Arrow K.J. (1974). *Limits of Organization*. New York: W. W. Norton & Company.

Ashby W.R. (1956). *An Introduction to Cybernetics*. London: Chapman & Hall.

Ashby W.R. (1958). Requisite variety and its implications for the control of complex systems. *Cybernetica, 1*(2), 83–99, republished on http://pespmc1.vub.ac.be/books/AshbyReqVar.pdf

Axelrod R. (2006). *The Evolution of Cooperation*. New York: Basic Books.

Blaug M. (1996). *Economic Theory in Retrospect*. Cambridge: Cambridge University Press.

Chandler A.D. (1990). *Strategy and Structure: Chapters in the History of the American Industrial Enterprise*. Cambridge: The MIT Press.

Coase R.H. (1937). The nature of the firm. *Economica, 4* (16), 386–405.

Coase R.H. (1960). The problem of social cost. *The Journal of Law & Economics, 3*, 1–44.

Commons J.R. (1931). Institutional Economics. *The American Economic Review, 21* (4), 648–657.

Cooper D.J. (1997). Barometric price leadership. *International Journal of Industrial Organization, 15 (3*), 301–325.

CPB Netherlands Bureau for Economic Policy Analysis (1997). *Challenging Neighbours: Rethinking German and Dutch Economic Institution*. CPB Netherlands Bureau for Economic Policy Analysis, Den Haag. Berlin: Springer.

Czyżewski A., Kułyk P. (2013). Kwestia rolna w teorii wyboru publicznego. *Roczniki Naukowe Ekonomii Rolnictwa i Rozwoju Obszarów Wiejskich, 100* (3), 7–18.

Dunbar R. (2014). *Human Evolution*. London: Penguin Books.
Fama E.F, Jensen M.C. (1983a). Separation of ownership and control. *The Journal of Law and Economics, 26* (2), 301–325.
Fama E.F, Jensen M.C. (1983b), Agency problem and residual claims. *The Journal of Law and Economics, 26* (2), 327–349.
Fehr E., Fischbacher U. (2003). The nature of human altruism. *Nature, 425* (23), 785–791.
Furubotn E.G., Richter R. (2011). *Institutions and Economic Theory: The Contribution of the New Institutional Economics*. Ann Arbor: The University of Michigan Press.
Government of Poland (2017). *Strategy for Responsible Development*. Warsaw: Ministry of Infrastructure and Development.
Gruszecki T. (2002). *Współczesne teorie przedsiębiorstwa*. Warsaw: Wydawnictwo Naukowe PWN.
Handy C. (1995). *The Empty Raincoat: Making Sense of the Future*. London: Random House Business Books.
Hayek F.A. (1945). The use of knowledge in society. *The American Economic Review, 35* (4), 519–530.
Hennart J.-F. (2008). Transaction costs perspectives on inter-organizational relations. In: S. Cropper, Ch. Huxham, M. Ebers, P.S. Ring (eds.), *The Oxford Handbook of Inter-Organizational Relations* (pp. 339–365). Oxford: Oxford University Press.
Jensen M.C. (1998). Introduction. In: M.C. Jensen (ed.), *Foundations of Organizational Strategy* (pp. 1–7). Cambridge: Harvard University Press.
Kornai J. (1971). *Anti-Equilibrium. On Economic Systems Theory and the Tasks of Research*. Amsterdam: North-Holland.
Maasdorp C.H. (2004). *Structure, Wellspring or Content: A conceptual analysis of the notion of Tacit Knowledge in Knowledge Management Theory*. MA Thesis. Stellenbosch University, Faculty of Arts and Social Sciences, Department of Information Science. Stellenbosch: Stellenbosch University. http://scholar.sun.ac.za/handle/10019.1/50109
Majewski E., Malak-Rawlikowska A. (2018). Scenariusze Wspólnej Polityki Rolnej. *Zagadnienia Ekonomiki Rolnej, 1*, 9–38.
Menard C. (2017). Organization and governance in the agrifood sector: How can we capture their variety? *Agribusiness, 34*, 142–160.
Milgrom P., Roberts J. (1992). *Economics, Organization and Management*. Englewood Cliffs (N.J.): Prentice-Hall.
Niedzielski E. (2015). Funkcje obszarów wiejskich i ich rozwój. *Zagadnienia Ekonomiki Rolnej, 2*, 84–93.
Nowak M.A. (2006). Five rules for the evolution of cooperation. *Science, 314*, 1560–1563.
OECD (Organisation for Economic Co-operation and Development) (2018). *OECD Rural Policy Reviews: Poland 2018*. Paris: OECD Publishing.
Ouchi W.G. (1979). A conceptual framework for the design of organizational control mechanism. *Management Science, 25* (9), 833–848.
Ouchi W.G. (1980). Markets, bureaucracies, and clans. *Administrative Science Quarterly, 25*, 129–141.

Ouchi W.G., Price R.L. (1978). *Hierarchies and Clans: A New Perspective on Organizational Development*. Graduate School of Business, Stanford University, Research Paper, 466. Stanford University: Redwood City.

Powell W.W. (1990). Neither market nor hierarchy: Network forms of organization. *Research in Organizational Behavior, 12*, 295–336.

Quadragesimo Anno (1931). *Encyclical of Pope Pius XI*. Rome: 15th May 1931 http://w2.vatican.va/content/pius-xi/en/encyclicals/documents/hf_p-xi_enc_19310515_quadragesimo-anno.html

Sexton R.J. (1990). Imperfect competition in agricultural markets and the role of cooperatives: A spatial analysis. *American Journal of Agricultural Economics, 72* (3), 709–720.

Stiglitz J.E. (1987). Some theoretical aspects of agricultural policy. *Research Observer, 2* (1), 43–60.

Stiglitz J.E. (2000). *Economics of the Public Sector*. 3rd Edition. New York: W. W. Norton & Company.

Tönnies F. (1999). *Community and Society.* London: Routledge.

Wieliczko B. (2013). Wspólna polityka rolna w latach 2014–2020: Oodpowiedź na niesprawność rynku czy wyraz niesprawności państwa. *Roczniki Naukowe Ekonomii Rolnictwa i Rozwoju Obszarów Wiejskich, 100* (3), 19–28.

Wilkin J. (2009). Ekonomia polityczna reform Wspólnej Polityki Rolnej. *Gospodarka Narodowa, 1–2*, 1–25.

Wilkin J. (2012). Pogoń za rentą za pomocą mechanizmów politycznych. In: J. Wilkin (ed.), *Teoria wyboru publicznego: Główne nurty i zastosowania* (pp. 221–237.) Warsaw: Scholar Publishing.

Williamson O.E. (1970). *Corporate Control and Business Behavior: An Inquiry into the Effects of Organization Form on Enterprise Behavior*. Prentice-Hall International Series in Management. Englewood Cliffs (N.J.): Prentice-Hall.

Williamson O.E. (1983). *Markets and Hierarchies: Analysis and Antitrust Implications*. New York: The Free Press.

Williamson O.E. (1985). *The Economic Institutions of Capitalism*. New York: The Free Press.

Williamson O.E. (1991). Comparative economic organization: The analysis of discrete structural alternatives. *Administrative Science Quarterly, 36*(2), 269–296.

Williamson O.E. (2000). The new institutional economics: Taking stock, looking ahead. *Journal of Economic Literature, 38*, 595–613.

Zawojska A. (2011). Pogoń za rentą i lobbing we Wspólnej Polityce Rolnej Unii Europejskiej. *Roczniki Nauk Rolniczych, Seria G, 98* (3), 63–72.

Kilka ogólnych uwag na temat mechanizmów koordynacji i ich potencjalnej roli w polityce obszarów wiejskich

Streszczenie: Celem artykułu jest dyskusja (z perspektywy ekonomii kosztów transakcyjnych i teorii systemów) nad ograniczeniami polityki państwa, w tym w szczególności polityki rolnej – ukierunkowanej na interwencję w transakcje pomiędzy agentami ekonomicznymi. Ramy koncepcyjne analizy bazują na rozróżnieniu idealnych typów koordynacji (konkurencja, sterowanie hierarchiczne, wartości/normy i poziome procesy samouzgadniania) oraz rzeczywistych rozwiązań instytucjonalnych. Te ostatnie mogą bazować głównie na jednym z idealnych typów lub być kompozycją tych mechanizmów. Polityka rolna powinna rozwiązywać problemy obszarów wiejskich, które nie mogą być rozstrzygnięte wyłącznie w oparciu o system rynkowy. Jednakże należy pamiętać, że polityka państwa – analogicznie do rynku – jest również trapiona własnymi zawodnościami. Dotyczy to, w szczególności, rozbudowanych, uniwersalnie aplikowanych polityk, wdrażanych odgórnie – w oparciu o mechanizm hierarchicznego sterowania. W takim przypadku zawodności rynku mogą być ograniczone (i wskutek tego rynkowe koszty transakcyjne), ale, z drugiej strony, polityczne koszty transakcyjne (zarówno zmienne, jak i stałe) mogą być olbrzymie. Główny wniosek z rozważań przeprowadzonych w artykule to spodziewana zależność, przewidująca, że koszty obu kategorii kosztów transakcyjnych (rynkowych i politycznych) traktowanych łącznie będą prawdopodobnie najniższe w przypadku polityki rolnej będącej mieszanką różnych mechanizmów koordynacji, a nie – wyłącznie kontroli hierarchicznej. Wniosek ten jest zgodny z ewolucją polityki rolnej w kierunku paradygmatu Rural Policy 3.0, rekomendowanego przez OECD. Paradygmat ten zasadniczo bazuje na silniejszej decentralizacji, doskonaleniu współpracy administracji centralnej z administracją terenową (publiczną i samorządową), a także na zaangażowaniu organizacji trzeciego sektora (NGOs) i prywatnych przedsiębiorstw.

Słowa kluczowe: mechanizmy koordynacji, polityka państwa, polityczne koszty transakcyjne, polityka obszarów wiejskich.