CHAPTER 3

Early Agricultural Policies

3.1 INTRODUCTION

During the grain crisis of the 1880s, a state committee concluded that the two most pressing problems in Dutch agriculture were the credit facilities and the lack of education among farmers about modern production-methods. In response to these problems, various initiatives were employed to establish trust among farmers for the Raiffeisen banking system and for new production-methods. Both issues display how in the early history of modern Dutch agriculture, trust for new policies and new institutions was established.

In order to learn from these attempts to establish trust, the hermeneutical method is applied as mentioned in Section 2.6. The previous chapter already contains the explanation of the preconceptions and concepts (the first step in the hermeneutic process). Hence, the following empirical chapters including this one immediately start with the second step of the hermeneutic process, which is the actual interpretation of the various texts and social acts.

This interpretation begins with the categorization of words, utterances, and so forth that are seen in the readings of different texts, which deal with the two policy issues. At the same time, a so-called hermeneutic dialogue is started (step 3), in which these categories are imposed on the initial concepts and vice versa. The categorization and the hermeneutic dialogue are further explained in detail in Section 3.3. Before starting off with the interpretative activities, I first provide a short historic overview of Dutch agriculture.
3.2 SUCCESSFUL AGRICULTURE

Successful agricultural organisations

Generally, the Dutch agricultural sector has had a high reputation in terms of production quantities, social stability, and political reliability. Its production efficiency, for example, has been among the highest in the world. Between 1960 and 1994, Dutch farmers, together with the Danish, had the highest level of wheat and potato production per hectare, and the highest milk-production per cow in Europe. Beside efficiency agriculture has also contributed substantially to Dutch international trade. Its contribution of agriculture to exports is as high as 15% (38,500 million euro in 2000), whereas agriculture only contributes 5% to the GNP.

The Dutch agricultural sector has also been known for its political and organisational stability (Bekke, De Vries and Neelen 1994). For many years, for example, the same interest-organisations and political party were involved in the policy making process. Between 1918 and 1994, the Catholic people's party (first (R)KVP, after 1980: CDA), enjoyed a near monopoly on providing the minister of agriculture to the cabinet. The sector's Agricultural Economics Research Institute (LEI) has produced reliable data about many issues. The agricultural University of Wageningen has developed into one of the world's leading education and research centres for many agriculture related topics. Finally, the corporatist farmers' bank, the Rabobank, has received much international recognition, obtaining a triple A rating in the Standard & Poor's index for its liability.

Many of the institutions and organisations, or the forerunners of these organisations, that are involved in the agricultural sector were founded between 1880 and 1900. From 1880 onwards, government, farmers, and the agricultural processing industry (such as factories and sell and purchase organisations), in close co-operation established many policies and institutions that contributed to the production efficiency, and social and political stability. The next sub-section relates why the number of institutions, which contributed to the successes of Dutch agriculture increased from 1880 onwards. For this, I mainly draw upon the work of the historian Tracy: *Government and Agriculture in Western Europe 1880-1988* (1989).

**Grain-crisis**

After the French Revolution (1789), a wave of emancipation inundated Europe's peasantry, drastically changing the social relationships between peasants and landlords. In the end, the system of seigniorial privileges was abolished and peasants came to own

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1. By the agricultural sector I mean the whole of organizations that are involved in agricultural production and policy making. These are political, economic, financial, educational, and interest organizations.
2. Only the production of milk in Denmark has been higher from 1976 onwards (Eurostat 1964-1994).
3. CBS Statline.
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their own land. After this re-arrangement Europe's countryside, the increased mobility of people boosted its agricultural trade, which resulted in a duty-free trade system in 1860.  

During the industrial revolution, however, vast steamships started bringing cheap grain from North America to Europe constraining the incomes of European farmers. Between 1870 and 1890 European wheat prices had dropped 30% and still, the price of wheat coming from the United States was below the prices on all European markets. Many European farmers, export-companies, and other related businesses had to terminate their activities. This period is known as the grain-crisis.

In 1880 most European countries imposed various policies to stand up to the American competition. Most of these concerned tariffs on agricultural products. The liberal governments of Britain, Denmark, Belgium and The Netherlands, however, firmly held unto the free trade system. In 1886, the Dutch government launched a national inquiry into the agricultural situation of 95 rural communities. A committee was assigned to find a way other than curbing the free trade system to raise agriculture out of its oppressed situation (Sneller 1943, 90). Although the so-called regional societies, had established the national Agricultural Committee of the Netherlands (KNLC), the committee concluded that farmers did not sufficiently represent and organise themselves. Furthermore, the committee criticized the poor credit-facilities and agricultural education.

The Dutch government tried to improve agricultural production by supporting the sector with subsidised research, consultation, and education, rather than with export tariffs. According to Tracy, the decision of the Dutch government to stick to free trade policies resulted in a characteristic Dutch agricultural, societal system of private initiatives and co-operative organisations. In his words, 'this energetic refusal put an end to protectionist claims for agriculture: the farmers thereupon accepted the free trade policy, set up associations to improve the processing of their products and made use of the government training institutes' (Tracy 1989, 23).

Beside other smaller initiatives, two novelties that were introduced in this period stand out. These were a new type of banking, which made it easier for farmers to obtain financial credits, and modernized production techniques, which contributed to a fast improvement of the quantity and quality of production. Before farmers and other stakeholders were prepared and willing to employ these novelties, they, most

4. Between 1860 and 1880 almost all tariffs and duties on European agriculture trade were abolished. 'Trade in agricultural products became even more free than that in manufactured goods' (Tracy 1989, 16).
7. This organisation was initially called the NLC (Nederlandsch Landbouw-Comite). In 1918, however, the adjective Royal was added, becoming KNLC (Koninklijk Nederlands Lanbouw-Comite).
8. This is known as the OVO-triptych (onderzoek, voorlichting en onderwijs).
probably, first had to trust them. Wealthy farmers and other investors had to trust the idea of a corporate bank, while the new production techniques required proof of their utility before their deployment by farmers.

How did farmers come to trust these novelties? To reiterate from Chapter 2, trust is established when *good* reasons are provided from the perspective of the trustor. Whether events, arguments, or attributes are considered as good reasons depends on the context interpretation of the trustor. Concurrently, risks and uncertainties should be suspended. In the remaining sections of this chapter, the introduction of the Raiffeisen Banking system (Section 3.3) and modern production techniques (Section 3.4) will be analyzed, as first case-studies to amend and improve the initial theoretical frameworks.

### 3.3 THE RAIFFEISEN BANKING SYSTEM

#### 3.3.1 The process of trust (part A of the theoretical framework)

**Introduction**

Compared to Chapters 4 to 7, this chapter also contains more detailed information about the actual proceedings of the analysis. It attempts to increase the transparency of the methods that are used. To recall from Chapter 2, the initial pattern of interpretation consists of two parts, part A and B. Part A refers to the framework about the process of trust and part B to theory of collective trust. Each section contains an analysis, which either deals with part A or part B. In the remaining of this Section 3.3.1, for example, the process of trust is central to the analysis (part A of the theory), whereas Section 3.3.2 contains an analysis on collective trust. Whether a section deals with part A or B is indicated in the heading of the section and in the summary tables of the analyses under the heading “set of concepts” (see Appendix A).

The summary tables of this chapter are inserted in the main text (Tables 3.1, 3.2, 3.4 and 3.5). These tables contain information about the actual analysis. The first part of the table, below the first grey line, summarizes data about the policy that is analysed, the theory that is used, the trustors, and the objects that are trusted. The first row of the table gives the policy that is analysed in the section. The second row refers to the theoretical part that is employed (A or B). The third row indicates the level of analysis, which refers to the actual names of the individuals (part A), or the collectives (part B) who trust (the trustors). The fourth row specifies the object of trust, which is usually similar to the policy that is analyzed. In some instances, however, the object of trust can also be other individuals, groups, organisations or a set of rules that are involved in this policy (cf. Section 2.6.2). The fifth row indicates the approximate period of the policy.
The second part of the table, below the second grey line contains the summary of the analysis. The texts that deal with the policy under analysis are presented in the first column. The second column gives information about the type of the document. The third column indicates the pages of the volumes used. The fourth and fifth columns summarize the actual analysis. The column “categories” contains events and actions that are observed in the texts. Events are detailed incidents that take place, and specific situations that happen. Actions are the actual deeds of the individuals in analysis.

Finding categories takes two steps. First, the texts are studied while underlining words and textual fragments that refer to the empirical indicators presented in Figures 2.3 and 2.4. These words or fragments may be various things such as utterances, phrases, descriptions, actions, reports, comments etc. The second step is the comparison of these underlined words with each other, and the formulation of a class of events or a set of behavioural actions as a category.

The notes in the column “concepts” are formulated during categorization. These notes are commentaries on the found categories and relate the found categories to the concepts from the initial theory. This is the so-called hermeneutical dialogue (step three form the hermeneutical process). They are attempts to infuse the empirical categories into the conceptual frames, and to impose the concepts unto the texts. In other words, it is an attempt to replace the abstract concepts form the theory with empirical findings (see for more methodological details Section 2.6).

Table 3.1 Summary of the Analysis of the Production of Trust for the Raiffeisen Banking System

<table>
<thead>
<tr>
<th>Policy set of concepts</th>
<th>Establishing Raiffeisen banks</th>
<th>A (process of trust)</th>
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<tr>
<td>Levels of analysis</td>
<td>Individual: Van den Elsen</td>
<td>Individual farmers</td>
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<tr>
<td>Objects of trust</td>
<td>Raiffeisen banking system (trusted by Van den Elsen and other individuals)</td>
<td>Van den Elsen (trusted by individual farmers)</td>
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<tr>
<td>Period</td>
<td>1896-1908</td>
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<tr>
<th>Source [archive]</th>
<th>Type</th>
<th>Pp</th>
<th>Categories</th>
<th>Concepts</th>
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<td>2. Simple presentations</td>
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<td>3. Christian values</td>
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<td>4. Financial securities</td>
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<td>5. Risk discussions</td>
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<td>6. Legal format</td>
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<td>7. Encouragements</td>
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<td>8. Individual leadership</td>
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<td>[interpretation]</td>
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<td></td>
<td>Suspension by discussing risks and providing a sound legal format and using simple presentations and encouragements</td>
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<td></td>
<td>Leadership</td>
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</tbody>
</table>
Chapter 3

Categorization and dialogue

In this section, a text from a written source is presented and commented on. This text deals with activities by a local priest to establish the first Raiffeisen banks in the Netherlands. These co-operative banks were inspired by the ideas of the German Friedrich Wilhelm Raiffeisen (1818-1888). He was a mayor who was concerned with the poverty among farmers. In order to help them he established and promoted rural banks.

Based on the quotations, eight categories are derived from the texts (see Table 3.1). At the same time these categories are “translated” – if possible – into the concepts of the initial preconceptions of framework A. This means that attempts are made to find “evidence” for the concepts of “interpretation” and “suspension”. These were the two steps assumed necessary to arrive at a mental status of favourable expectations (cf. Section 2.6.1). In the last paragraph of this section, I discuss whether or not these favourable expectations for the Raiffeisen banking system have been established.

1. In the literature about the history of the Raiffeisen banks in the Netherlands, the Catholic priest Gerlacus van den Elsen is identified as a strong supporter. During the grain-crisis of the 1880s, Van den Elsen, the so-called “apostle of the farmers”, was concerned with the distress among Catholic farmers. He was especially concerned about the peasants with small farms in the South of the Netherlands, who laboured on poor sandy soils and had to endure many other hardships. In his view, proper credit-facilities were essential for their progress. When van den Elsen became familiar with the philosophy of the Raiffeisen-banking system, he immediately turned into an ardent supporter of this system in the Netherlands. In 1896, he started discussing the benefits of local, co-operative rural banks by sending articles to a local newspaper, the Noord-Brabander.

   ‘In the middle of 1896 (…) he published a series of articles in which he explained in plain words the character and usefulness of the Raiffeisen farmers’ banks’ (40). Among other things, he ‘published model statutes’ and made ‘propaganda’ for new initiatives (40, 43).

   In other words, Van den Elsen used writings to make propaganda for the banking system and, therefore, tried to convince individuals of its usefulness. These texts resulted in the first category: “propaganda / publications”. Apparently, propaganda was implemented to create enthusiasm about the banking system. Writing articles and lecturing are therefore considered a tool to suspend risks and uncertainties.

2. Van den Elsen promoted the bank by using plain and simple words in his lectures.

9. All quotes are derived from the source mentioned in Table 3.1.
‘(...) he published a series of articles in which he explained in plain words the character and usefulness of a Raiffeisen farmers banks’ (40). ‘Van den Elsen explained with understandable words the general liability to farmers’ (41).

The priest seemed to be aware of his audience. By using simple words which were understandable to farmers, he discussed the concepts of the Raiffeisen system and the risks, such as liability, that came along with it. Hence, ‘simple presentations’ has become another category in Table 3.1. The right use of words helps to suspend the risks and uncertainties, and win support for the banking-system.

3. In his articles and lectures, Van den Elsen gave specific reasons to support the Raiffeisen banking system.

‘(...) He considered the bank foremost as a tool for the religious-zealous elevation of the farmers: the true motivation of all social action‘ (40). The priest was ‘deeply convinced of the zealous meaning of the Raiffeisen bank (...) He saw in the organisation of the Raiffeisen system Christian charity‘ (a system without shareholders, and dividend) (41). ‘One person may fail today, tomorrow another, but if money will be lent, then these failures will be lifted. Christianly in the true sense‘ (41). ‘Many can do more than a few (...) If every member guarantees the full capital, then everyone would be satisfied very easily; every village would become one large Christian family, in which the strong would reach out to the weak, until they would be able to stand up to the struggle of life. Or, to put it in even better words, then everyone would reach out to each other to bear the financial burdens and overcome them. Christian in it’s the true meaning!’ (41).

‘Liability with all ones’ property for the debts of a bank, is a deed of love, which is incomprehensible for those who are not raised Christians’ (46).

Apparently, Van den Elsen had a specific interpretation about the banking system. He expected that through it, Christian values would be diffused and cooperation between them would be established. These texts resulted in the category: ‘Christian values.”

Van den Elsen preferred the Raiffeisen system to shareholder-systems, which were also being introduced in the same period.10 In Van den Elsen’s eyes, only the rich would benefit from a shareholder-system and it would lead to usury. In contrast, the Raiffeisen banks would be based on co-operation between farmers guaranteed by the liability of every individual participant. Understandably, the Father, as a man of the church and practicing Christian, had this religious interpretation of the Raiffeisen banks. Consequently, he arrived at favourable expectations about the banking system.

10. This system was developed by the German politician Herman Schulze.
4. For van den Elsen, gaining support from his fellow priests was a rather easy job because they were sensitive to his religious interpretation. Poor farmers, who saw in the establishment of credit-facilities the opportunity to obtain easy access to capital, were also easily convinced: they did not face high risks. To convince the rich farmers, however, required a lot more discussion and promotion. They needed to provide the money. In order to persuade them, van den Elsen not only provided religious-ethical arguments, but also financial arguments. To rich farmers, the idea of unlimited liability was the biggest concern. Hence, they required more than the idea of Christian love.

‘He indicated that the basis of the Raiffeisen-system, the unlimited liability, was supported by four kinds of insurances. First he argued that a rural bank would only have a limited scope of clients, which meant that all contributors would know the financial situation of the debtors. Second, the low-cost trusteeship would prohibit risky enterprises. Third, at least two solid securities would be involved. Fourth, an undivided reserve-fund would be formed. He [Van den Elsen] also stressed the fact that, in practice, only the notables of a community would control the bank’s board. Finally, he reiterated the argument of Friedrich Wilhelm Raiffeisen that ‘in the last 37 years that these types of co-operative banks exist, not one single member due to this liability has had the smallest financial damage. This means that the bourgeois class would not run any dangers, even concerning their capital, if they would take part in these institutions’ (41-42).

These fragments resulted in the category “financial securities.” Apparently, Van den Elsen was aware that his own reasons for trusting the Raiffeisen banking system were not sufficient for rich farmers. He needed other arguments to gain their trust. At a national meeting of farmer representatives, for example, some rich farmers did not find the religious reasons very convincing. One representative said: ‘I do not know Christian money’ (46). Van den Elsen, therefore, was only able to gain support for his banking system when he deliberately considered their interpretations.

5. Van den Elsen also discussed other risks and uncertainties that accompanied the participation in local co-operative banks.

‘Soon he realised that the organisation of co-operative credit-facilities without a sound preparation by men with financial and legal skills, would not only be too risky, but could also spoil the project for years, if the experiments turned out the wrong way’ (Van Campen et al. 1949, 42). In a magazine he stated: ‘Banks are essential, they are the best and most powerful tool that we know. But, we have to be careful. It is not a small thing to establish such institutions. It is better not to have a bank than to fail’ (43).
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The Father realized that the favourable expectations he had concerning the banking system could be easily embarrassed. By openly discussing the risks and providing options, he tried to suspend these risks. Hence, the notion of "risk-discussions" has been categorized.

6. One of the activities van den Elsen pursued to suspend the risks was by formulating a sound set of legal statutes.

The formulation of the bank's legal basis had resulted in 'severe arguments' (39). Especially Van den Elsen had a decisive voice in its construction. He 'published model-statutes' and he, more than anybody else, had influenced the organisation of the banking system' (40). Van den Elsen considered that 'simple, clear and sound statutes were essential for the success of the establishment of the banks' (42).

These pieces of text indicate that the legal format of the bank was an important issue. This idea is therefore categorized as "legal format". A sound legal format was in the eyes of the priest apparently a good argument to suspend uncertainties and risks.

7. Besides writing newspaper articles, Van den Elsen encouraged farmers to establish Raiffeisen banks in different ways.

From 1896 onwards, Van den Elsen encouraged farmers to establish 'large rural banks in the spirit of Raiffeisen' (42). When in 1897 the first initiatives were taken, he was quite excited: 'Hear hear, a small rural bank is functioning! Our complements to the founder' (43). Van den Elsen used these first initiatives as examples to convince others to do the same. He also referred to 'the testimonies of German pastors about the successes of the banking system in Germany' (40). When he visited a community, he arrived early in order to 'secure the co-operation of the local priest and notables (such as schoolteachers) as well as to establish a temporary bank board. By doing so, success was almost always guaranteed' (69).11

These texts and actions illustrate that Van den Elsen provided different arguments and incitements in encouraging farmers to establish banks. "Encouragements" are therefore a category in Table 3.1. The father used local authorities, such as the clergy, and local notables, such as teachers, to win support among the ordinary peasants. Farmers seemed to be more easily convinced when such people supported the idea of a local bank.

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11. This fragment is further analysed in the following section. (See also Table 3.2 [2].)
8. The authors of the written source emphasize the influence of individual actors. Just a few individuals seemed to have played a decisive role.

Van Campen et al. tell that the first promoter was a ‘dominant’, but ‘social’ and ‘hard-working’ person. About another is told that he is ‘perspicacious’ (38). And about Van den Elsen, is told that he is the ‘promoter (...) and that the proposal to establish a Raiffeisen committee’ came from him (38). Van den Elsen is said to be a ‘driving-power’ (38) While other organisations were reluctant, Van den Elsen used ‘rich argumentation’ to convince people to support the banking system (41).

Based on these texts, the promotion of the Raiffeisen system apparently depended on a small group of elite individuals. This then implies a category of “leadership” exists.

In the above categorization, two concepts of the first part of the theoretical framework have been studied: “interpretation” and “suspension”. The question remains whether or not this process was one in which trust was being established and whether or not other individuals indeed arrived at favourable expectations. As mentioned in Section 2.6, the empirical indicators of favourable expectations are “statements and actions” (see also Figure 2.5). Whether or not we are dealing with a process of trust is partly answered by Van den Elsen himself, who sometimes started his lectures by arguing that ‘the Raiffeisen bank deserves our confidence’ (70). In other words, he was deliberately trying to establish trust. Furthermore, some figures show that Van den Elsen was indeed successful in establishing trust for the banking system: ‘from all 96 rural banks that were established between 1896 and 1908 in the province of Noord-Brabant, almost all were either directly or indirectly established by the actions of Van den Elsen’ (73).

Discussion and notes (sub-interpretations)

In this sub-section, the fourth and final step of the hermeneutical process is taken. The findings from the hermeneutical interpretation are summarized and the implications for the theory are discussed.

The above analysis shows how the Norbatim Father Van den Elsen established trust among farmers for the Raiffeisen Banking system. Before that, however, he came to trust this system himself because he saw in it the practical implementation of Christian values. That is, this specific interpretation made him trust the system. His religious arguments also fell on fertile ground with his colleagues and, presumably, with many poor Catholic farmers.

Although his religious reasons might have also convinced some well-to-do farmers, the Father, however, needed others to establish their trust. For this he used different methods and tactics. In other words, to convince the various groups of farmers van den Elsen employed reasons of affection (such as religious reasons) as well
as reasons of cognition (such as financial reasons) (cf. McAllister 1995). Whereas he initially presented the banks as a tool for moral uplift, he also had to present it as a tool for material benefit. (Van Campen et al. 1949, 40).

Furthermore, the above analysis shows that the process of establishing trust is easier if attention is paid to the addressed audience. The Father, for example, held clear and simple presentations in peasant communities so that his words would be understandable by this target group.

The father also used local authorities, such as the clergy and local notables, to win support among ordinary peasants. Farmers seemed more easily convinced when the mayor or a highly respected village-teacher supported the idea of a local bank. The Father also hired financial experts to provide good reasons for well-to-do farmers. Finally, he utilized examples of successful rural local banks in Germany, and placed incitements in newspaper articles to provoke action.

Note that I do not want to make a complete inventory of the many reasons farmers were given that established trust. Besides the reasons that are enumerated above, other probably more specific local reasons may have convinced farmers. The point is that trust depends on the interpretation of the individuals that are involved. As long as reasons are good reasons to the individuals whose trust is needed, then trust is established – provided that the risks are suspended as well. In conclusion, the more the provided reasons concur with these subjective interpretations, the higher the chance of trust.

3.3.2 Establishing collective trust (part B of the theoretical framework)

Introduction

The analysis in this section focuses on the second part of the theoretical framework. It concerns the social mechanisms which elucidate why individuals switch between a collective and individual intention mode.

As mentioned in Section 2.5, real-life events consist of many different patterns of action, and, accordingly, events can be analyzed in terms of many different social mechanisms. In other words, all four social mechanisms might be involved in the analysis. Some social mechanisms explain, however, more about one event than another. Therefore, in the analyses in every section about collective intentionality a choice is made to focus on a specific social mechanism. Narrowing my analysis down to one social mechanism per policy issue improves the discussion about these mechanisms.

In the remaining part of this section, the diffusion mechanism is discussed. I opted for this social mechanism because the analysis of Van den Elsen shows that especially the role of religion and probably also the role of the Catholic Church played an important role in establishing trust for the Raiffeisen banks. Based on the analysis from
Section 3.3.1, my guess was that the ideas of Van den Elsen were diffused through the channels of the church, and thereby established collective trust.

The method that is applied is the same as in the Section 3.3.1. However, in order to improve the readability of the analysis, the categorization and dialogue are not presented in so much detail as in the first section. Both parts are integrated in one text. The last paragraph gives the answer to the question of whether or not collective intentional expectations are established.

12. The texts and categorization are in possession of the author and available for those who are interested.
The data source of Van Campen et al. concerns a small part of the chapter from the memorial book about the first few years Raiffeisen bank’s expansion. It turned out that the idea of the bank was also dispersed through the channels of the Catholic Church. The second source from Het Noorbrabantsch Dagblad is an article from Van den Elsen published in 1892. It illustrates the encouragements that were made by the clergy to build a Catholic sub-society. The third data source is a PhD study by Hollenberg about the works of the priest, and it illustrates his tactics for promoting the idea of the bank. Before analysing these sources, I first should discuss the structure of Dutch society in general. This is essential to understanding the position of the church and religion in The Netherlands.

**Dutch social system**

Diffusion is a process that explains how (innovating) ideas are spread among the members of a social system (cf. Section 2.5). In this case, it concerns the ideas of the Raiffeisen banking system. Among other one, the main channel through which these ideas were communicated was the Church. Although establishing banks may seem as a peculiar activity for the Church, the typical structure of the Dutch social system elucidates this.

In many European countries, the birth of modern social systems, in terms of social cleavages, was caused by their industrialization. This resulted in the emancipation of labourers and the formation of socialist or labour movements. This started in England and spread to Germany and the rest of Europe. The Netherlands, however, industrialized much later, which resulted in an odd situation: the socialist movement became a political force before a real industrial proletariat had even formed (Kossmann 1986, 255; Holthoon 1985, 321; Brugmans 1929, 295). Consequently the politically involved individuals that called themselves socialists in the Netherlands were mainly intellectuals. Only they got inspired by the ideas of socialism, whereas a real Dutch proletarian class still had to commence.

Because of this late industrialisation and labourer emancipation, other social groups had time to respond to these socialist ideas. Conservative Protestant and Catholic intellectuals agitated against its revolutionary tendencies. Due to this absence of a strong industrial proletariat, the party-leaders successfully appealed to other, more religious sentiments. The leading Protestant reverent, Abraham Kuyper, based his rejection of the socialist revolutionary tendencies and the liberal revival at that time, on the attitudes of the Dutch during the Reformation and the so-called ‘Golden era’. Just as then, the Netherlands did not need a revolution, it just had to re-install its Christian values (Banning 1990). Especially the small sub-group of the Protestants around Kuyper, the so-called gereformeerd strongly disputed the socialist and liberalist ideas about state and society.
From 1870 onwards, Kuyper consequently preached about the social problems overlooked by the church. New organisations were to be established in order to correct these shortcomings, and to prevent totalitarian doctrines, such as socialism, to take root in Dutch society. He mobilised church-people to establish new organisations that contributed to the development of a ‘Reformed-Christian’ sub-society. In his philosophy, the state, family, church, corporate business, and science should have specific functional and normative domains. Neither the church nor the state – nor any of these other institutions in fact – should dominate the others. He protested against, in his eyes, the all-enfolding doctrines about society in which the government or the church would take the lead. Instead, he wanted to establish Protestant institutions to safeguard a Protestant identity. This social and political struggle for Protestant organisations started with the founding of Protestant schools, and in due time spilled over to other facets of life leading to the establishment of Protestant newspapers, schools, sports-clubs, a political party, an university, labour-unions, and farmer-associations.

The basic concerns of the Catholics were comparable to those of the Protestants. They too feared the domination of state organisations and the loss of their own identity. Yet, while the Protestants were concerned with the condition of both the industrial labourers and farmers, the Catholics, in contrast, mainly concentrated on improving the position of poor farmers. Although the Protestants were the first to establish newspapers and other institutions, the Catholics were the first to create farmer-organisations. These two groups, or societal pillars as they would later be called, learned from each other and borrowed ideas about how they could proceed with their societal emancipation.

The dispersion of the Raiffeisen banking system idea

Just as most general ideas about society, the ideas about the Raiffeisen Banking system were dispersed through the networks of the organisations associated with Catholicism and Protestantism. The clergy discussed what it meant to be part of a specific Catholic or Protestant sub-society, and what the duties of the followers were.

Inspired by Pope Leo XIII’s encyclical Rerum Novarum, Van den Elsen wrote a newspaper article in 1892, The patient Peasant, which discussed the poor situation in the countryside and the need for farmers to co-operate. Although Rerum Novarum concerned the position of labourers, Van den Elsen was convinced that it had even more relevance for farmers. According to Van den Elsen, protesting and shouting was necessary to overcome liberal dominance and to forestall socialist power. ‘To call upon the government to restore justice’. This, however, did not mean that one should ‘take away the patience of the peasants and instigate them against the authorities. The Socialists would do so if we, Catholics, would not take all action possible to improve the

13. In Dutch: De geduldige Landman in Noordbrabantsch Dagblad 24 January 1892
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poor circumstances of the farmers. This is still possible without extraordinary actions, or violence. It is therefore necessary to organise ourselves, just as the others have been organising’ (Noordbrabantsch Dagblad 24-1-1892). Van den Elsen continued that ‘the concerns of the church are not only limited to the salvation of souls, the church also oversees the things that belong to the mortal life. (…) Therefore, I cannot provide a better advice to our farmers then to turn to their local priests and ask them for guidance and leadership’ (ibid.).

In his presentations and articles, Van den Elsen presented time after time how and why Catholics should establish their own organisations. He further provided directions about how Catholics should behave and live as members of a group. His ideas about the Raiffeisen banks – but also about other types of institutions such as Catholic farmer associations – were also dispersed and promoted on so-called National Catholic meeting-days. These were events where Catholics from all over the country came to discuss a variety of social problems and where, in a way, they celebrated their Catholic identity (Van Campen et al. 1949, 68).

One specific tactic to promote a new idea was through a game of polemic writings. Between 1895 and 1896 Van den Elsen and another priest, Thijssen, discussed what a Catholic society would look like, the position of farmers, and how they could build such society. They responded to each other and sometimes this ended in polemic discussions. In the end, however, they agreed on many issues and published joint statements. According to the historian Hollenberg, these vivid discussions caused Catholic farmers to feel part of a group; furthermore, their expectations of the new organisations were only part of the larger expectation of developing the Catholic sub-society. Van den Elsen contributed to the production of solidarity by emphasizing the dangers of Socialists and Liberals. For example, he tried to make the Liberals look bad by enumerating their social abuses such as hunting, promoting large-land ownership, crooked trading, and supporting of landlords. According to Hollenberg, these polemics against the Liberal pillar, turned out to be successful propaganda for their own pillar, as of which many farmers supported the new Catholic farmer institutions (Hollenberg 1956, 51).

Did these networks and the discussion of ideas within these networks lead to collective intentionality? An indication that it did is found in the writings of Van Campen et al. who denote the successes of Van den Elsen’s actions: Complete groups of peasants, who had listened to the priest promoting the Raiffeisen banking system, enthusiastically founded a bank immediately after the lecture (Van Campen et al. 1949, 73). In the newspaper Noordbrabantsch Dagblad as well as in the magazines of the newly established farmer-associations, the creation of many new local banks was closely reported. In these articles they celebrated these initiatives, cheering ‘we will succeed’ and ‘long live our farmers’ (ibid. 71, 73). In other words, they were expressing themselves literally in the we-mode.
Furthermore, data illustrate a more general rise of a Catholic identity and a collective intentionality. This is, for example, illustrated in Table 3.3 which contains the names of some farmer associations and organisations. The rise of a Catholic collective identity is also demonstrated in Figure 3.1, which shows the increase of the amount of these Catholic organisations from 1890 onwards.

Table 3.3 Catholic Identity in the Names of some Farmer Associations and Organizations

<table>
<thead>
<tr>
<th>Association</th>
</tr>
</thead>
<tbody>
<tr>
<td>Christian farmer association of North-Brabant</td>
</tr>
<tr>
<td>Roman Catholic farmer association of Zeeuwsch-Vlaanderen</td>
</tr>
<tr>
<td>Roman Catholic diocesan agriculture- and garden association</td>
</tr>
<tr>
<td>Archiepiscopal diocesan Roman Catholic farmer- and gardener association</td>
</tr>
<tr>
<td>Roman Catholic training school the Posterholt</td>
</tr>
<tr>
<td>Dutch Catholic association for horse-riding</td>
</tr>
<tr>
<td>Dutch Catholic association for countrywomen</td>
</tr>
</tbody>
</table>

Figure 3.1 Rise of Catholic farmer organisations (Smits 1996, 299-302)

Furthermore, data illustrate a more general rise of a Catholic identity and a collective intentionality. This is, for example, illustrated in Table 3.3 which contains the names of some farmer associations and organisations. The rise of a Catholic collective identity is also demonstrated in Figure 3.1, which shows the increase of the amount of these Catholic organisations from 1890 onwards.

Discussion and notes

The above analysis of the founding of the Raiffeisen banking system and other farmer institutions in the Netherlands, exemplifies the social mechanism of diffusion. New ideas, which were communicated by a small influential, and usually highly respected, group of people were successfully dispersed among farmers. Propaganda in newly founded newspapers as well as presentations at local and national meetings contributed to this.

Van den Elsen inspired local priests to encourage farmers to establish and participate in new organisations. The promotion of the Raiffeisen banking system was usually combined with an appeal to the Catholic or Christian identity. Apparently, the motivation for actions to promote Catholic civil society was rooted in religious identity. The data show that Van den Elsen and others frequently referred to this shared identity. Thus, individual actions, such as providing money for a bank or joining a farmer association, were presented as an essential part of the Catholic identity.
In the context of the given theoretical framework, the case analysis seems to indicate that individual farmers only had expectations about a local bank as part of a collective expectation concerning the foundation of a Catholic sub-society (cf. Section 2.5). Their expectations were shared with others from the same group, which means that all individuals had the same we-expectation, in the sense that they were thinking "we expect to build a Catholic society."

3.4 MODERN PRODUCTION METHODS

3.4.1 The process of trust (part A of the theoretical framework)

This section analyzes the process of trust, part A of the theoretical framework, by the investigation of the changes to modern production methods in early Dutch agriculture. From 1880 onwards, the Dutch government tried to overcome the agricultural economic crisis by appointing agrarian consultants. They had to teach the peasants to use modern production techniques such as (artificial) fertilizers. The remaining of this section contains an analysis about how one of these public consultants established trust for these new techniques. The analysis is summarized in Table 3.4.

As noted in Section 3.2, the agricultural crisis of 1880 was not answered by the Dutch government with the imposition of trade-barriers. Instead, it opted for the improvement of agricultural production by development in three areas: research, consul-

Table 3.4 Summary of the Analysis of Trust Establishment for Modern Production Techniques

<table>
<thead>
<tr>
<th>Paragraph 3.4.1</th>
<th>Policy set of concepts</th>
<th>Modern production techniques A (process of trust)</th>
<th>levels of analysis</th>
<th>Individual farmers</th>
<th>Objects of trust</th>
<th>Elema Modern production techniques</th>
</tr>
</thead>
<tbody>
<tr>
<td>Source [archive]</td>
<td>Type</td>
<td>Pp 33-49</td>
<td>Categories</td>
<td>Presentations / lectures Publications Individual leadership Cooperation (Local authorities) Experiments/research Network of teachers Improving production Gaining trust (for himself)</td>
<td>Concepts</td>
<td>Establishing trust by using existent local authorities [interpretation]; Showing how new techniques would improve the position of the farmers [interpretation] Overcoming uncertainties by giving lectures, distributing publications and showing the results of experiments [suspension] leadership</td>
</tr>
</tbody>
</table>

tation and education. In due time, this triptych became the backbone of prosperous agricultural development (Tracy 1989, 26).

One of the most characteristic features of this policy was the appointment of agricultural state instructors or public consultants. Their task was to improve production methods by encouraging farmers to use modern fertilisers and to establish efficient organisations such as dairy and purchase co-operatives. Not to fall on deaf ears, however, the state-instructors first had to establish trust (Foorthuis 1991, 37). The historian Foorthuis reports how, in 1895, the state-instructor Jacob Elema established farmer’s trust for these new methods in the poor Dutch province of Drenthe (Foorthuis 1991, 32-51).

Upon his appointment, Elema tried to organise lectures on various subjects concerning the improvement and renewal of agricultural production. At first, however, this was problematic because the organisations to hold such lectures were non-existent. Hence, in order to organise lectures that would be attended by farmers at all, he first had to gain trust among farmers for himself. His tactic to achieve this was through co-operation with the local authorities. When he planned to visit a specific region and noticed that he had not been invited to a certain village, he would contact the mayor or a schoolteacher to organise a meeting. Usually these community leaders enjoyed enough authority so that farmers would come upon invitation. About forty percent of these lectures concerned various topics about the use of fertilisers. The second most discussed topic concerned animal-feeding, in which he promoted methods that improved the production of milk and other dairy-products. The third topic he usually addressed revolved around the establishment of credit facilities.

Elema presented new methods as a way to lift their financial burdens, and many farmers, poor as they were, were eager to accept such ideas. In some small villages, however, Elema did not succeed because they rejected his modernism. In their view (interpretation) new production techniques were against God-given traditions; modernism did not fit in their background intentional states. After Elema had visited such a community, he sometimes would agitatedly write in his diary and say things like ‘Smilde (small community) is never going to get it; wrong intentions. (...) Backward peasants; it is sad, they are under the wrath of the Lord’ (Foorthuis 1991, 41).

Usually, however, Elema was able to acquire support for the new techniques. When the initial trust of the farmers was won and the farmers started experimenting with the new methods, the state instructor continued to encourage farmers to use them by showing the results of the experimental fields. He also published many booklets about artificial fertilizers and distributed these continuously. Moreover, he trained men to

14. Dutch: rijkslandbouwleraar
15. W. Emmens in Drentsch Landbouwblad 18 March 1920
conduct experiments themselves and showed them how to improve the quantity and quality of production.

The process of trust unravelled in the previous paragraphs resulted in favourable expectations. This is illustrated by the actions and initiatives by farmers that were taken right after Elema’s lectures (Foorthuis 1991, 38). As a result, the use of fertiliser steadily increased from 1895 onwards. The number of co-operative dairies, commonly owned banks, and co-operative purchase and sell organisations rose rapidly as well (cf. Figure 3.2 in Section 3.4.2).16

Discussion and notes

Just as with the case of Van den Elsen, Elema’s activities illustrate that different reasons can be given to establish trust. Particularly important in his endeavours was the role of local authorities. He used traditional civic institutions such as schoolteachers and mayors to organise his first lectures. Hence, in order to establish trust for something new, one may employ sources that are already trusted.

The dominant reason that contributed to the rise of favourable expectations with farmers for the new production techniques was their possible financial benefits. Yet, again, many more reasons turned out to be good reasons. For instance, severe competition or local rivalries were good reasons for some farmers to use new techniques or establish new institutions. Moreover, in due time, previous beneficial experiences with the ideas and presentations of Elema became good reasons to adopt more new production methods introduced in later lectures. Finally, Elema’s reference to successful experiments contributed to the suspension of the risks that accompanied these new production methods.

Again, however, I do not want to provide a full list of possible reasons that are given or could have given that contributed to the establishment of favourable expectations. The point of importance is that many reasons given by the state-instructor closely concurred with the interpretation of many farmers; the presented modern production methods would, in due time, lift their burdens. Hence, this case especially shows that the provided reasons by the trustee must concur with the interpretations of the trustors; otherwise trust is not easily gained. Recall that Elema failed to establish trust for modern production techniques in Smilde. Its farmers did not share the interpretation that modernisation would improve their incomes; consequently, they were not convinced by the reasons that supported Elema’s views. Hence, reasons do not establish trust by themselves, but only the concurrence between good reasons and a specific interpretation will do so.

16. Note that, apparently, the modern neo-corporatist organisations that made Dutch agriculture so successful are rooted in real corporatist activities (i.e. imposed by the state, ironically enough by a liberal government).
3.4.2 Establishing collective trust (part B of the theoretical framework)

The reasons provided by Elema, in words and deeds convinced many individual farmers to trust new institutions, such as dairy factories, and new methods of production. In this section it is argued that the favourable expectations concerning these novelties evolved into collective favourable expectations.

For reasons mentioned previously in Section 3.3.2, in the analysis of collective intentionality I focus on one social mechanism per section. Because state-instructors were appointed to overcome crisis situations, the crisis social mechanism is probably essential to understanding why individuals did or did not switch to collective trust. For this analysis I used the same sources as in Section 3.3.2 and Section 3.4.1. Table 3.5 summarizes the analysis.

The social mechanism of crisis helps to understand how and why individuals switched over to a collective intentionality. It shows how, in reaction to (agricultural) crises, the engagement of farmers in networks increased, which, in turn, contributed to the further development of joint organisations.

Table 3.5 Summary of the Analysis of Collective Trust Establishment for the Modernization of Production

<table>
<thead>
<tr>
<th>Paragraph 3.4.2</th>
<th>Policy</th>
<th>Modern production techniques and new organisations set of concepts</th>
<th>B</th>
<th>levels of analysis</th>
<th>Groups of farmers (in local communities)</th>
<th>Objects of trust</th>
<th>New organisations</th>
<th>Modern techniques</th>
<th>Period</th>
<th>1880-1890</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hollenberg 1956. PhD [6]</td>
<td>19-24</td>
<td>Threats-competition Threats-industry Threats-liberalisation markets Structural adjustments Only technical support from state Liberalisation Initiatives to the farmers Threats defined as a shared enemy (crisis) Free market, as much as possible (interpretation)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The historian Hollenberg provides two reasons for why the 1880 grain-crisis resulted in the preparedness of farmers, public officials and farmer representatives to undertake collective actions and establish joint organisations (1956, 23-24). First, the increased competition on the world-market made individual farmers realise that they shared a common threat. Many farmers believed that only co-operation could save them from a ‘merciless defeat by foreign competition’ (cf. Sneller 1951, 100). Second, farmers thought that co-operation was necessary to lessen the increased dependency on ‘trade- and bank-capitalists’ (Hollenberg 1956, 24; cf. Faßbender 1902, 63). With the internationalisation of trade and industrialisation, the influence of industrials, traders, merchants and bankers had steadily increased. This financially constrained farmers, which worsened the effects of the crisis.

The texts show that the mechanism of diffusion might also have been at work during this period. In Section 3.3.2 I discussed how the Catholic church was implemented to diffuse new ideas. Elema, by appointing local teachers and officials, also created a new societal network which probably contributed to the establishment of collective expectations about modern production techniques and institutions. The data are insufficient, however, to make a proper analysis of this network, and the diffusion processes.

The collective actions and the collective intentional expectations that were established during this period are illustrated by the data. Figure 3.2 shows, for example, the fast increase in the number of dairy-factories after 1880. More interesting, however are the names that were given because they illustrate the we-mode. That is, they depict the rise of the farmers’ civic community (cf. Van Dijk, Klep, and Merkx 1999, 64). Although most dairies were named after a village or a region, approximately 10% of them were called The Union, United we Stand, or some variation on this name. In a study of 1475 dairies, about 136 were named this way (Willemsens and De Wit 1995). The names also expressed the farmers’ optimistic expectations of the future in names like: The Good

![Figure 3.2 Milkfactories (Willemsens and de Wit 1995)]
Chapter 3

Hope, Good Expectations, or The Future. Some names illustrate that the dairies where indeed trust experiments with names such as Unexpected to Happen and Hoping for the Best. One was even named Time will Show (Krommeniedijk).

Discussion and notes

In order to face up to new economic challenges as illustrated by the 1880 grain crisis, Dutch farmers, inspired by individuals such as Van den Elsen and Elema, collectively founded new institutions, such as co-operative dairies and banks, and began using new production methods. The expectations concerning these institutions and production methods were not only individual, but also collective. According to the provided framework in Chapter 2, this would mean that the expectations of individual farmers only formed part of a collective expectation by Dutch farmers that they were collectively fighting an economic crisis (cf. Section 2.5). In short, this means that individual farmers appear to have felt that they were “in it together”: they were fighting the crisis collectively and everything the individual did was part of this greater aim.

3.5 THEORETICAL REFLECTIONS

The process of trust (part A of the theoretical framework)

In the preceding sections I tried to illustrate and discuss the various trust-building processes. The main focus of this chapter was the actions of two individuals, Van den Elsen and Elema. They formulated and communicated specific interpretations of real-life situations. Because not everyone shared their understanding, Van den Elsen was forced to use other arguments that concurred better with the background set of intentional states of others. Elema on the other hand got frustrated and agitated when farmers were not convinced by his arguments. This implies that they had to delve into the backgrounds of the people they wanted to gain trust from, and communicate with them in words and deeds that were most appropriate. In other words, the better the provided reasons concur with the interpretation of the trustor, the higher the chance of actually gaining their trust.

In both cases, their role as pioneers must be emphasized. Many texts about Van den Elsen and Elema report the exhausting fight of these promoters for new institutions. Establishing trust for new institutions is then apparently facilitated by the actions of individuals. Van den Elsen mainly encouraged their establishment by lecturing and writing, whereas Elema persuaded farmers by conducting experiments, providing practical directions and organising exhibitions. Note, however, that their leadership was embedded in existent authoritative institutions. They took actions using the trust that was already firmly rooted in local communities or networks. Van den Elsen held a
formal position in the Church, while Elema employed the formal and informal authority of local leaders (mayors and schoolteachers).

The difference between Van den Elsen and Elema is that the latter did not have a firm authoritative position. Van den Elsen held a position in the church, which was in itself already a good reason to trust him, whereas Elema did not. Foorthuis, therefore, stresses the personal characteristics of the state-instructor: ‘The reason that many listened to him was due to his cautiousness. He did not judge easily and only provided advice when he was firmly convinced himself that it would produce good results. This resulted in trust’ (Foorthuis 1991, 44). In other words, Van den Elsen established trust on the basis of traditional charisma, whereas Elema established trust on the basis of his personal charisma (cf. Weber 1972, 124).

The A-set of concepts, interpretation and suspension, seems to be a good foundation for the further development of social mechanisms. The texts show that both Van den Elsen and Elema had to take the interpretations of the potential trustors into consideration. They also had to provide arguments to suspend risks and uncertainties. Moreover, they employed “tactics” such as the use of existent sources of authority. These tactics might lead to the construction of new social mechanisms that contributes to a more detailed explanation of the process of trust. A possible new mechanism could be that trust is established when reference is made to existent sources of trust, such as Elema did when he called in the help of the mayor or the local schoolteacher for organising meetings. For now, however, the information is too meagre to draw conclusions. In Chapter 4, however, I will continue to enumerate and discuss various tactics (cf. Section 4.8).

A related ethical issue for further research is whether or not deliberately providing reasons and using tactics to establish trust is ethically sound. That is, is gaining trust in a such an instrumental way praiseworthy? I will not deal with this question in this study, however, for it involves different theories and methods.

Collective trust (part B of theoretical framework)

In reference to the B-set of concepts, the social mechanisms, differentiating between the process and product seems essential. That is, one should separate analysing how individuals switch from an I to a we-mode (the process), and analysing whether or not individuals express themselves in an I or we-intentionality (the outcome). I found that the latter is easier to do. Some data sources specifically show that individuals express their statements in the first plural tense. Understanding why and from when they start do this is much more difficult. The key to this analysis is probably knowing whether or not individuals define their individual actions as part of a common aim.

A game-metaphor might be helpful here. Individuals appear to start thinking in a we-mode if they define their situation as part of a game they are playing with others (cf. Section 2.5). The Catholics played the “game of social emancipation”, whereas
Dutch farmers in general played the “game of economic recovery” (after the grain-crisis). Social mechanisms only explain how a game is “activated”. That is, they elucidate whether or not individuals start thinking “we are in it together.” The diffusion social mechanism, for instance, shows that through existent networks new ideas are presented as part of the game. The crisis social mechanism on the other hand, shows that a sudden economic shock can activate a game of crisis-recovery. In this way, a crisis that affects many individuals could result in a large amount of individuals thinking in the we-mode. In the next chapters I will discuss that the other two social mechanisms, which are the coupling and examples-mechanisms, function in the same way.