

The keys to a European strategy for rural development

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With the renewed academic interest in economic geography and the advent of information technology, territorial development is increasingly analysed in ways which revise stereotypes and deepen understanding of the dynamics at work. Rural areas are no exception to this rule.

The OECD has recently published a report on the new rural paradigm. It should decrease negative perceptions of rural areas as places of disadvantage and decline, and encourage these areas to emphasise the value of their natural and cultural assets. For the European Union, the CAP's recently adopted «health check» carefully avoided questioning the need to adapt support for non-agricultural activity, despite the major change in the socio-economic climate in 2008. At the same time, the debate which

surrounded the green paper on territorial cohesion – a future competency conferred on the EU by the Lisbon Treaty – revealed the difficulties experienced by rural areas in their efforts at harmonious development, in the absence of a coherent framework for sectoral policies.

Predominantly rural regions¹ contain a little less than 20% of Europe's population but cover more than 50% of Europe's land surface and therefore have considerable importance, particularly with regard to new policies for sustainable development. Preparations for the budget revision announced for 2008-09 continue to be postponed and interested parties expect a thorough re-examination of certain European policies at that time. This policy brief analyses the needs of rural areas and proposes an adaptation of the European policy, including its administration, in order better to respond to these needs.

1. A survey of the diversity of rural situations and dynamics

The great diversity of rural Europe today can be explained by agricultural modernisation process, economic prosperity, geographical circumstances and the length of time a country has been in the EU. The 2004 and 2007 enlargements increased the GDP-per-capita gap between the 10% richest regions and the 10% poorest ones from 1:3 to 1:5, and the greatest differences are between rural regions. Such economic disparities reflect contrasting situations and recent changes which have not necessarily brought convergence. The differences are along national lines but also result from affiliations with certain larger geographic zones and from specific physical characteristics.

¹ According to the OECD definition, these are regions where more than 50% of the population lives in rural districts.

Agricultural employment has declined everywhere over the last 5 years, from 5.7% to 4.9% in the EU of 25. However, it remains high in several member states: 32% in Romania, more than 17% in Poland, 14% in Lithuania and Latvia, around 12% in Greece and Portugal. In certain cases, agriculture is the basis of local industrial sectors which are important for jobs, value-added goods and services, and environmental and cultural amenities. In other cases it has little influence on the local economy even while occupying considerable expanses of land.

In economic terms, rural regions should not be grouped systematically with regions in decline. Although only 23% of predominantly rural regions have a higher GDP per person than the European average, in 43% of these regions the GDP per person increased faster than the average during the period 1995-2004.

Agricultural land use is falling everywhere except northern Europe, and residential demand brings with it an increasing conversion of agricultural and other natural land to man-made uses. There is more pressure from property values, and a significant increase in urban sprawl affecting zones within 60 to 80 km of towns. Certain areas are more and more coveted, particularly those on the coast, in mountain areas or along rivers.

The historical diversity of farm ownership and exploitation systems continues to influence agricultural employment, despite the changes of the last 20 years. Put differently, the model of family farming which predominated in the EU-12 of the 1980s is a poorer reflection of reality in the EU-27. This diversity also determines the nature of social transformations in the food and farming business as well as in other rural economic sectors.

In certain rural zones of western Europe a demographic improvement has recently been observed; links with surrounding towns are being strengthened and the people's demands for services are becoming more exacting.

But in central and eastern Europe the still-significant agricultural population must face challenges already experienced in the West: emigration to towns or abroad, skills conversion and the search for additional income in the tertiary sector (services, tourism) or the secondary sector (craft industry, food and farming industry).

A «new countryside» is developing, in which there are a mixture of functions – residential, tourism and «nature-based» – which sometimes compete with each other. In other areas the countryside’s demographic, social and environmental fragility continues to grow.

In the last two decades, restricted public finances have spurred governments at national, regional and local level to rationalise public services – gradually or brutally, as in the countries of central and eastern Europe during their economic transition. This movement has sometimes led to the termination of services in the most sparsely populated areas, with the aim of increasing profitability and efficiency. It has also caused a revision of public policy, from a geographically uniform approach to one which guarantees fairness and encourages rural development.

2. What policies do rural areas need?

In each situation there exist imbalances which rural areas cannot always address alone, hence the need for corrective and incentive-based public policy. Confronted with the global economic crisis the OECD implicitly acknowledges that its analysis, which postulates the independent development of rural areas, is perhaps too optimistic.

In general, and taking account of the influence of the past, we can describe rural areas and regions as a function of two main factors: their agronomic potential and their population density (see the table below for some

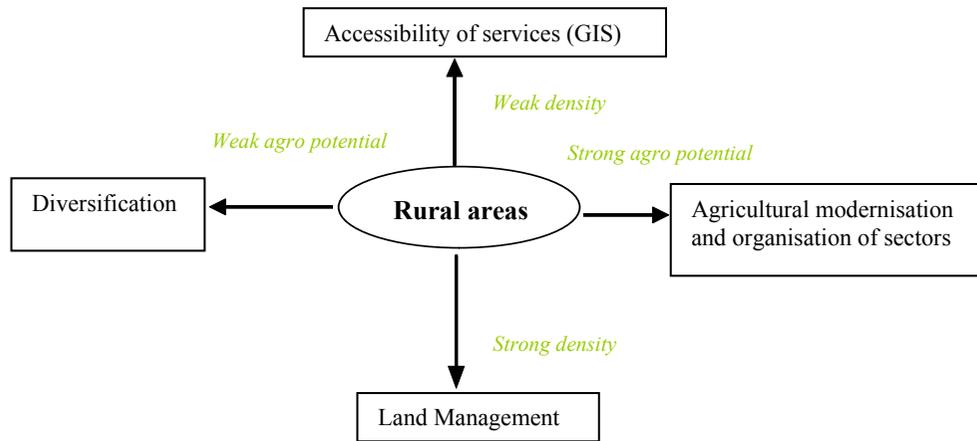
examples for NUTS I and II; a similar exercise could be carried out for NUTS III and IV).

Agronomic potential Population density	Weak	Medium	Strong
Weak	<ul style="list-style-type: none"> • Lapland (FIN) • Tyrol (AU) • Highland & Islands (UK) • Wales (UK) • Lubuskie (PL) 	<ul style="list-style-type: none"> • Auvergne (FR) • Castilla y León (ES) • West-Ireland (IRL) • Limousin (FR) • Latvia (LV) 	<ul style="list-style-type: none"> • Mecklenburg-Vorpomen (DE) • Champagne-Ardenne (FR) • Podlaskie (PL)
Medium	<ul style="list-style-type: none"> • Puglia (IT) • West Midlands (UK) • Canarias (ES) • Lubelskie (PL) 	<ul style="list-style-type: none"> • Bavaria (DE) • Emilia-Romagna (IT) • South Scotland (UK) • Pomorskie (PL) 	<ul style="list-style-type: none"> • Denmark (DK) • East of England (UK) • Wielkopolskie (PL) • Friesland (NL)
Strong	<ul style="list-style-type: none"> • Malta (MT) • Podkarpackie (PL) 	<ul style="list-style-type: none"> • South East (UK) • Slaskie (PL) • Wallonie (BE) 	<ul style="list-style-type: none"> • Ile de France (FR)

It is possible to discern from this classification the main tensions faced by rural areas and the type of public policy they need.

In areas of weak agronomic potential, public intervention will tend to favour economic opportunities complementary to agriculture, by means of a policy of diversification in industry (on the model of light industry or forestry, for example) or in services (rural tourism, for example). In areas of strong potential, the emphasis will be on encouraging farm modernisation, improving productivity and developing sectors and opportunities in the food industry by supporting companies, training, technological innovation and research.

Concerning population density, the role of the public authorities in depopulated areas will be to arrest rural exodus by guaranteeing fair living standards and a similar access to services to that available to town dwellers. On the other hand, in areas subject to strong demographic pressure, the authorities will need to develop instruments of land management.

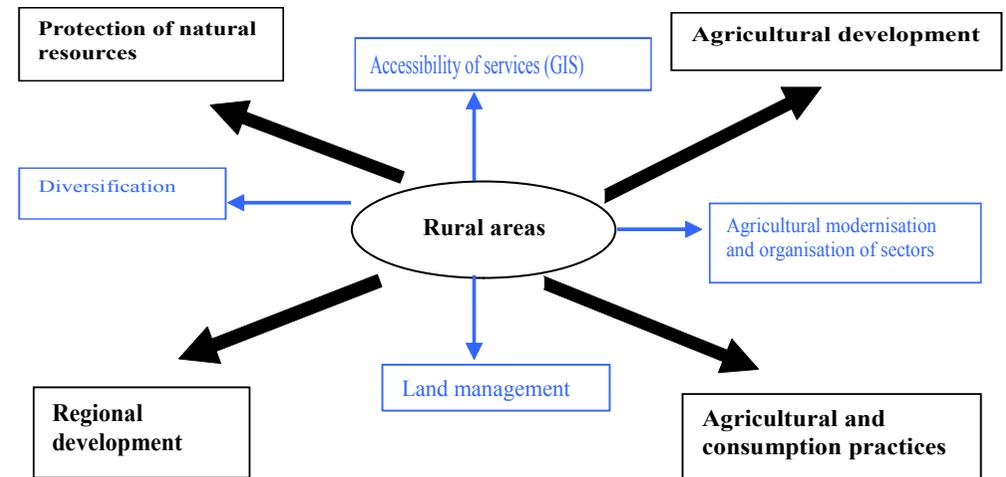


This key to understanding allows us to see the four necessary dimensions of a rural development policy, each with different emphasis. The first axis refers to questions of behaviour (protection versus consumption); the second deals with the dominant economic orientation (agricultural sector versus other land-use activities).

Areas of weak agronomic potential, sparsely populated and often fragile, need a policy aimed mainly at the protection of natural resources. Mountainous areas are the archetype here. This does not mean that these zones do not require agricultural measures, simply that these measures will be adapted to the area – for example, specific milk quotas, and compensatory direct payments (NHP – natural handicap payments).

At the other extreme, zones of high population density and strong agronomic potential will mainly need policy which arbitrates between competing land uses. This policy will therefore be centred on agricultural practices and consumption habits – less intensive and more respectful of the environment².

Along the other axis we find a greater need for predominantly agricultural policy in areas of strong potential, above all where these zones are sparsely populated. Here agriculture often appears to be the only or the last economic sector present, and is sometimes made more difficult by the isolation of those involved; it also plays an undeniable role as motor of other connected economic activities. At the opposite extreme, the regional dimension is essential – in other words, the creation of a synergy between different economic activities with the aim of area-based development.



² It is not surprising that French AMAPs (Associations pour le maintien d'une agriculture paysanne) have been most successful in the Paris region (more than 100 out of about 1000), followed by regions where the production zones are densely populated – such as Provence-Alpes-Côte d'Azur, Midi-Pyrénées and Aquitaine. The success of the «slow food» movement in Italy is geographically specific in a similar way

A myriad of potential combinations is therefore possible, insofar as “policy offer” comprises the four dimensions. These allow rural regions and areas to clarify their development strategy and to choose the most appropriate financial or regulatory instruments.

3. The deficiencies of Europe's rural development policy

In the face of these needs, two questions immediately arise. Does European Union policy include each of the noted dimensions and fully adequate instruments? Does current rural development policy allow the integration of these dimensions and instruments into a multi-level governance approach?

The answer to the first question is undoubtedly no, for historical reasons linked to the importance of agriculture in the early 1960s, and also for reasons of subsidiarity. The Union's does not have a vocation to do everything, and certain measures to correct the imbalances suffered by rural areas are more efficient when designed and managed at other levels – national, regional and even local. However, the Union does have a role to play in orientation, pedagogy and stimulation, and it should not be neglected – this was seen with the success of the LEADER model of endogenous local development. In addition, the small size of communes, the fragility of certain rural communities, and the weakness of economic and institutional capabilities often mean a focus on short-term problems of everyday life. There is rather a need for support from an overarching strategic framework or vision – at national and European levels – to help design and implement a tailored and innovative project of development.

Even beyond the measures financed by the EAFRD (European Agricultural Fund for Rural Development), current European policy has deficiencies – particularly with regard to the link between, on the one hand, agri-

culture and environment, and on the other, economic development and modes of consumption. In simplified form and pursuant to the rationale of Philippe Perrier-Cornet, four conceptions of rural development policy exist in Europe. The first is that of a broadened agricultural development: this was what clearly inspired the 2nd pillar of the current CAP, where most measures (80% of the EAFRD on average) are directed to support for agricultural multi-functionality and agro-environmental measures. The second conception is one of integrated local development where the problems of collective action meet particular obstacles – this is the model encouraged by the LEADER approach, which aims to stimulate local projects. The third conception is as a component of regional development, where the emphasis is placed on town-countryside relations – this approach is supported in a marginal way within the framework of cohesion policy and regional development plans. The fourth conception, finally, is one of local sustainable development which aims to preserve the natural environment – to an extent this approach is promoted within the framework of the Natura 2000, and by French regional natural parks.

Leaving a margin of flexibility to Member States and regions is a means of reducing dissatisfactions. However, it does not guarantee the best policy, because the sums at stake are not comparable and integration is almost impossible.

The debate on territorial cohesion sheds some light on the response to the second question. On the one hand it revealed the gaps in coordination between cohesion policy and agricultural rural development (i.e., emanating from the 2nd pillar), which have repercussions for national and regional funding by means of partnership co-financing. On the other hand it showed the lack of coherence between sectoral policies that have a major impact on rural areas – in particular, policies concerning major transport infrastructure, communication and energy, health, education, training and research.

The methods of managing European funds can represent a major brake on integration, even if they are not the only contributing factor. With some national exceptions (Italy, for example), the rural development actors are not managing to overcome obstacles of regulation and accounting. At the European level the situation has become considerably complicated in comparison to the original working method, in which the integration of structural funds was compulsory for the Objective 5b areas. Without idealising the past, the governance imposed by the European Commission had considerable prescriptive power at all levels of competency.

In the final analysis, European policy which might have been acceptable in a Europe of 15 in the 1990s is today clearly unsuited to a Europe of 27.

In the face of widely expressed dissatisfaction, a consensus is emerging. As a response to the multiple demands of the countryside, there is a need to design and implement integrated policies for local rural development. This requires identifying within several policies – in particular European but also national and regional – the rural components which must be made to serve a coherent rural strategy.

The reform is not especially complicated. Yet at this point the situation appears blocked by a false debate, and by a genuine fear emerging from that debate. The false debate focuses on the question of whether support for rural development should arise from agricultural policy or from regional policy – the debate was ingloriously caricatured by the budgetary bargaining for the periods 2000-2006 and 2007-2013. The precedent analysis of the needs of rural zones shows that such a choice is unfounded – on the one hand because these two policies must be present in varying proportions depending on concrete situations, and adapted on a case-by-case basis; on the other hand because such a political or bureaucratic stance tends to obscure totally the other dimensions, environmental or behavioural (concerning producers and consumers), which are at least as important

in certain rural areas. As for the fear, this is produced by the threatened opening of the Pandora's box of the budget, where the CAP and cohesion policy share a fate as recipients of 3/5 of the European budget. Such an opening could once again result in the sacrifice of funding to rural development and thus of the ambitions of the policy – which negotiators cynically refer to as an «adjustment variable».

4. Conclusion: A strategy for an integrated rural development policy

To break the impasse – and even if the proposition appears trivial – it is necessary firstly to settle the problem of which body controls the policy. The solution used for the new European maritime policy seems reusable. It was decided to attach this policy to the ex-DG FISH, subsequently DG MARE, while making a clear distinction between, on the one hand, the units charged with fisheries and management of the EFF (European Fisheries Fund), and on the other, those charged with the implementation strategy for integrated maritime policy. This method takes account of the fact that the maritime issue is not simply one of support for fisheries, even if this is important, and that it must include the environment, research, employment, transport, energy, etc.

By the same token, while remaining within the sphere of the DG AGRI, rural development could very well become an element of different policies. For this it would be necessary to separate the units charged with managing the EAFRD from those implementing rural development strategy – taking in the environment, employment, energy, transport, regional development, consumer health, etc. This policy might then show the path to follow for national and sub-national authorities. Following the logic of multi-level governance, the policy could try to take simultaneous account of issues

arising at the local level, such as property controls, and those arising from national and European policies.

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