

Institutional approaches to rural diversity and inequality in the EU

Elena Saraceno

Policy advisor

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Contents

1. Inequality and diversity
2. Institutional approaches to I & D
 - In policies dealing with rural areas
 - Governance features
3. The modernisation of rural areas up to the crisis
4. Some conclusions

1a. Inequality (disparities)

- Inequality and disparities used as synonyms
- A functional concept, dualistic
- Applied to income, inclusion/exclusion, farm structures, rural/urban, rural/rural areas, developed/ less developed, labour markets
- “good” policies expected to reduce distance between the two situations (convergence) by raising the disadvantaged side
- Very often used in unilineal readings of reality (one path fits all)

1b. Diversity

- Concept for describing difference, change, not dualistic, open-ended
- No implicit value judgement
- Arises out of recognition of multiple paths towards development (start-off situations are different and stay different)
- Applied to sectors, territorial, social, environmental dimensions of reality
- “good” policies expected to be tailored to diversity of situations found

2a. Institutional approaches to I&D in the EU

- '60s-'80s only **inequalities /disparities** addressed
 - In regional policy (territorial), development
 - In CAP farm structure's policy (sector)
 - large-professional / small-subsistence, pluriactive
 - In Social Fund interventions (training)

Top-down, horizontal, one size fits all policies

- '90s the reform of Structural Funds ('88) introduces concept of **diversity**, local development, endogenous growth, mostly territorial (if so require some definition)

Need to tailor policies to local conditions, different from each other

2b. Institutional approaches to I&D in the EU

- Identity and diversity approaches have
 - remained side by side, no perceived contradiction or tension between the two
 - quite different assumptions about change, dynamics
- Awareness of overall “slow” EU growth since 2000 has
 - reduced interest in diversity, emphasis on EU defined general problems (Lisbon strategy, EU 2020)
 - transformed disparities into convergence (economic)
 - expanded the “cohesion” concept to include both approaches
- Failure of macro-approaches and financial crisis (budget reductions) are expected to give new justifications to local development, both rural & urban, in post 2013 agenda (small)

2c. I & D in EU rural development policies

- EU has 4 types of intervention in Ras
 - 2nd pillar of the CAP (farm sector and territorial)
 - Regional policy (territorial for economic convergence and competitiveness)
 - Social Fund policies (employment, exclusion, training)
 - Fisheries policies (territorial for restructuring fisheries sector)
- No clear figure of funding available, only for CAP (20% of 2nd pillar, around 90 billion €)
- Around 450 programs with some RD content

2d. I & D in EU rural development policies

Governance aspects

- Multiple institutional actors at EU level
- Multi-level governance (EU, national, regional local)
- Decentralized MS have more complex governance structures
- High inequality between strong and weak interest groups in each type of RP (exception in marginal rural areas)
- No overall policy vision, no coordination (have to be reconstructed ex-post)

2e. I & D in EU rural development policies

Governance aspects (cont)

- Rural policy is hosted, in pieces, by other sector, social and territorial policies, with other objectives
- Territorial approach is residual in all of them
- Different governance systems (rules, design, delivery procedures)
- Within 2nd pillar CAP and Fisheries policy, sector and territorial approaches intervene with the concept of diversity; disparity concept has lost meaning
- Within Regional and Social policies, disparities/convergence readings are more common

3a. Modernisation of rural areas

- Policymakers often overestimate the impact of their policies (justification for continued funding)
- Real processes have to be understood without pre-conceived outcomes (common in rural policy)
- Little understanding of how rural areas have modernised, evolved over time (patterns)

3b. Modernisation of rural areas

Rural areas in the post-war period in the EU have (OECD definition, predominantly rural + intermediate):

- The agricultural use of land (now 46%) has diminished constantly (increase in forest and abandoned areas)
- 50% of rural areas have gained population, 40% keep losing, 10% stable;
- Overall migration balance 1997-2007: +6,2%
- Employment (2007): farms 5%; industry 56%; services 39%
- 3 broad patterns: North, South, New MS

3b. Modernisation of rural areas

This means:

- Similar activity profiles in rural and urban areas (EU15)
- Big difference density of population, economies of scale/scope
- Two modernizations: early one focus on farming, second on diversification of activities
- Farmers who leave farming do not have to leave rural area
- Wrong forecasts of economic theory about future of RAs
- Diversity of Ras, confirmed, spontaneous, increases with modernisation, migration relevant stage
- In some cases disparities in income have disappeared through diversification of activities, pluriactivity, commuting, neo-rurals
- Wider rural development benefits farms in many ways

The impact of the financial crisis on this situation, two points of view:

- It make take some time but the crisis will get there eventually
- Rural areas will act as buffers for urban middle classes, activities

4a. Some conclusions

- Sector or territorial inequalities and/or diversities imply different policy requirements, but current policies do not acknowledge this
- Institutional policy approaches focusing on diversity appear more appropriate in developed countries (maybe also developing?), not codified though
- Growing inequalities & the downward mobility implied may become a new opportunity for rural areas, for urban working and middle classes;
- Green growth may be part of it
- Rural areas should be looked at in a comprehensive way, all dimensions, farming included
- Real processes more than policies have reduced income inequalities in a significant number of EU rural areas

4b. Some conclusions

Governance arrangements matter a lot

- Underestimated in monitoring and evaluations
- Determine diversity of policy performance (outcomes & impacts) in different MS
- Leader approach, all about governance, is an excellent example of the relevance of governance
- Sector policies have created powerful interest groups, not interested in integrated territorial approaches, where they feel diluted and challenged
- Conceptual ambiguities of policies could be corrected: the problem is political (no lack of evidence)
- Coordination of policies for rural areas needs to be reintroduced, including with agriculture

Thank you!