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RURAL DEVELOPMENT IN THE EUROPEAN UNION

Both the «real» and the «perceived» problems of rural areas and people have changed markedly in the European Union, especially in the past 15 years or so. The message that rural economies and societies today are quite different from those of 25-30 years ago was driven home by the Foot & Mouth epidemic in the UK, which revealed that the losses to rural economies were mostly suffered by non-farmers for whom no compensation mechanisms existed.

It cannot be denied that sectoral agricultural policy remains the largest single element in the EU's budget, accounting for some 40% of the total as compared with perhaps 5% on territorial rural development. However, while most agricultural policy spending is 100% funded by the EU, territorial development policies are co-funded by member States and regions, and many member States also have significant national programmes of territorial (regional and rural) development. There is a less than obvious tension between agricultural policy and territorial rural development policy, which exists both inside and outside the European Commission. This tension is fuelled by the fact that farming lobbies portray agricultural policy budgets as their property, and their entitlement, as well as being inevitably «good» for rural economies and societies. Equally, it is fuelled by internal differences within the bureaucracy - within the Directorate General for Agriculture (DG Agri), and between that DG and that for Regional Development (DG Regio). For the researcher seeking to identify clear policy goals, issues, and hence define a set of indicators which can inform policy, this is not a comfortable tension to be faced with. To put it bluntly, there are quite a few people in the EU and in various lobbies who still believe that rural development indicators should only be about agriculture.

To perhaps one half of the European Commission, some powerful member States, and an uneasy alliance between environmental and agricultural lobbies, the big policy issue of the day is the «European Model of Farming» which the Commissioner for Agriculture claims represents both a continuing justification for agricultural subsidies, and a sacrosanct principle in the World Trade Talks. This is a model of multifunctional agriculture producing a range of public and private goods, especially positive environmental and cultural impacts, pleasant landscapes, and safe and quality foodstuffs produced with due regard to animal welfare. This model underpinned both the Agenda 2000 reforms of 1999 and the proposals in the mid-term review in July 2002. In particular it is the foundation of the so-called, and much misunderstood, «rural development regulation,» at least 90% of which is directed towards farming clients.

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To the other half, however, the development of rural regions and localities within regions remains the big policy issue, and one that seems bound to grow with eastern enlargement. This is in fact my own position, and so it is hardly surprising that I will talk mostly about this today. In this vision, agricultural - or more properly commodity - policy is just one of a range of national or transnational policies that impact on rural economies and societies, but that were not designed to produce rural development. The Finns call these «broad rural policies» and they typically include policies for agriculture, forestry, fishing, social welfare, transport and infrastructure, public lands, environment and national parks, health and education, housing, trade, local government, energy, and so on. The goal of such policies is not commonly rural development, and they may indeed have perverse effects on rural economies and societies. Policies that explicitly aim at rural development on the other hand are «narrow rural policies» - in the EU they include the regional development programmes involving the structural funds in priority Objectives 1 (formerly 1 and 6), and 2 (formerly 5b) regions, and the local development programmes under LEADER+ (formerly, LEADER 1 and 2). But there are also significant national programmes for the development of rural regions in Spain, Finland, Sweden, the UK, Ireland, Germany, and other member countries.

Both defining and delimiting rurality is a necessary, but difficult, first step for indicator development. A common definition of rurality is elusive. Historically, rural-urban dichotomies, (based on an assumption that urban and rural development issues were diametrically opposed) underpinned both socio-economic analyses and policy direction. It is increasingly recognised, however, that this dualism is becoming less significant as the inter-relationships between urban and rural areas become more complex and new types of functional relationship develop. Efforts to typologise rurality for both national and European policy reflect these changes, and urban- rural classifications have developed from simple density approaches towards more complex classifications, based on the functional relationships between rural and urban areas.

Having decided how to define and typologise «rurality», we also need to determine the size and configuration of the territorial unit to classify. Depending on the policy question or issue that is being addressed, very different concepts, sizes, or configurations of territorial units are required to address the issue and to provide policy-relevant information. For example, labour market issues are usually most appropriately addressed within the context of the "functional labour market" in which a person (or territorial unit) is located. For other purposes, however, a degree of rurality (that could be based on concepts of the «cost of distance» or the «cost of (low) density») may need to be assigned to each territorial unit. For yet others, a «bio-region» or «water catchment» area may be needed. This supports the case for data to be assembled at the finest possible spatial level, allowing territorial units to be assembled in different ways for different purposes.

The question of spatial scale is absolutely crucial. Indicators that are only available at a national level are unlikely to have utility when applied to rural areas, even when produced for a sector apparently synonymous with rural areas, such as agriculture. In reality, of course, the scale of the indicator used is determined by data availability.

Issues and Indicators

In the EU, the renewed interest in rural development is generating increasing demands for the measurement of:

- the rural situation, its structure and its problematique;
- progress, trends, and "development" in this situation; and
- the level of well-being of rural citizens.

The devolution of policy making and implementation in many fields to local and regional levels together with recognition of increasing diversity of rural areas and the trends within them provide cogent arguments for statistical indicators of "local" (sub-national) territorial units. Examples are the implementation of LEADER and Structural Fund programmes and, in some jurisdictions, health, planning, social work, environmental programmes, education and training initiatives. Equally, if scarce resources are to be prioritised at national or EU level, and programmes at these levels are to be flexible enough to deal with diversity, then decision-making processes at EU and national levels need to be informed by appropriate local and regional data. Finally, in the EU there is a growing culture and practice of policy evaluation, both formative and summative, which needs to be based on reliable data at appropriate levels.

Efforts within Member States to create territorial indicators for rural development are still at a fairly early stage, mainly because many strategies, policies, and programmes are still treated at the sectoral rather than territorial level. At the OECD and European level, there has been a concerted effort to set an example for member countries. The Rural and Regional Development Division of the OECD Territorial Development Service (TDS) was established in 1994 to bring together formerly dispersed programmes on urban affairs and rural development and regional policy. Progressing the work of the earlier Rural Development Programme, the TDS has established an internationally consistent database that covers over 2,500 sub-national regional units across OECD countries. The OECD has developed a set of demographic, economic, social, and environmental indicators that classifies territories according to analytical requirements, such as rural/urban and lagging/leading.

At the European level there have been some conceptual advances towards monitoring territorial rural development within the context of sustainable development. In 1997, Eurostat published "Agriculture, Environment, Rural Development: Facts and Figures" that highlighted the linkages among the three elements, and the data currently available at the European level. A recent Commission working document has placed social and economic rural development indicators within a multi-dimensional sustainability framework (EC, 2001). Nevertheless, consistent EU time series data on many important economic and social indicators remain woefully inadequate at NUTS III or lower spatial levels.

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Our concern within the PAIS and DORA projects was mainly with the social and economic dimensions of «sustainable development» of rural territories at NUTS III or lower levels. The growing emphasis on sustainable development as an over-arching goal of policy and its conceptualisation as an economic, social, and environmental framework following the Brundtland report, arises from the Treaty of Union (1992), the Treaty of Amsterdam (1999) and the Treaty of Nice (2001). Developing indicators for sustainable development in general takes us beyond ecological considerations towards economic performance and social equity, recognising the interdependencies of these factors.

In 1996, the OECD Territorial Development Service proposed four main development concerns relevant to rural areas. Although it is recognised that environmental quality is a key policy concern in rural areas, these concerns are addressed primarily through conservation, land use planning, agricultural policy instruments, and environmental regulation. More specifically, in rural development policies, environmental issues relate primarily to agricultural land use management and practices, which subsequently affect the landscape and its terrain, water and air quality. As such, the study of the indicators used for environmental quality assessment has been left primarily to the domain of regards to tourism and recreation; amenities which help to attract business activity and in- migration (such as natural amenities index); environmental pollutants that affect human health; and, the production from renewable and non-renewable resources (agricultural output and renewable energy). Because of their socio-economic nature, these indicators are considered under the themes of social well-being and economic structure and performance.

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