

# The New Rural Europe: Towards Rural Cohesion Policy

Andrew Copus & Lisa Hörnström (eds.)

NORDREGIO REPORT 2011:1





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Stockholm, Sweden, 2011

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The partnership behind the ESPON Programme consists of the EU Commission and the Member States of the EU27, plus Iceland, Liechtenstein, Norway and Switzerland. Each partner is represented in the ESPON Monitoring Committee.

This report does not necessarily reflect the opinion of the members of the Monitoring Committee.





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# Preface

As you read this report, perhaps sitting in an office in one of Europe's major cities, on a train or plane, or perhaps in the comfort of your own house or apartment, you will have in your mind several images of the countryside, perhaps as the context for enjoyable childhood or family holidays, or as the environment to which you have come to live, or would like to live. Perhaps it is a place you left in order to further your career, or where you now find it a struggle to make a living. Maybe you see it as a haven for wildlife, or as a context for competition between human activities and nature. It is likely that some of your images of the countryside are "rose tinted", or that they assume a kind of enduring stability which is at odds with the rapidly changing reality.

Indeed rural Europe has in many senses been transformed in recent years, particularly by the arrival of broadband internet, together with all the changes in business practice, consumer preferences, working conditions, education, service delivery, and other aspects of daily life. Transport infrastructure has been extended and improved in many parts of Europe. A large swathe of rural areas in the Centre and East of

Europe has experienced the effects of accession to the Single Market. In reality much of rural Europe is steadily shifting away from our twentieth century conceptions.

However, rural policy (especially Pillar 2 of the Common Agricultural Policy) has been slow to adjust. There is an urgent need for a fresh approach, more attuned to contemporary realities and issues, which we shall term "Rural Cohesion Policy".

This report is based on findings from the EDORA (European Development Opportunities in Rural Areas) project. The overarching aim of EDORA was to examine the process of differentiation in rural areas, in order to better understand how EU, national and regional policy can enable these areas to build upon their specific potentials to achieve (in the words of the EU 2020 strategy) "smart, sustainable and inclusive growth." EDORA was a project funded under the ESPON 2013 programme. It began in September 2008 and was completed in March 2011. This project was coordinated by the University of the Highlands and Islands, supported by a large consortium representing twelve EU Member States (Table 1).

Table 1: The EDORA Research Consortium

No.	Partner	Member State	Principal Researchers
1	University of the Highlands and Islands	UK	Andrew Copus
2	Nordregio - Nordic Centre for Spatial Development	SE	Petri Kahila
3	Newcastle University	UK	Mark Shucksmith, Hilary Talbot
4	University of Valencia	ES	Joan Noguera
5	Research Committee - University of Patras	GR	Dimitris Skuras
6	The Irish Agriculture and Food Development Authority	IE	David Meredith
7	University of Gloucestershire	UK	Paul Courtney
8	University of Ljubljana	SI	Majda Cernic
9	Johann Heinrich von Thünen-Institut, Federal Research Institute for Rural Areas, Forestry and Fisheries.	DE	Peter Weingarten, Stefan Neumeier
10	Federal Institute for Less-Favoured and Mountainous Areas	AT	Thomas Dax
11	Dortmund University of Technology	DE	Johannes Lueckenkoetter
12	Institute of Geography and Spatial Organization, Polish Academy of Sciences	PL	Jerzy Banski
13	Institute of Economics Hungarian Academy of Sciences	HU	Guzstav Nemes
14	Higher Institute of Agronomy	PT	Manuel Bello Moreira
15	Scottish Agricultural College	UK	Marsaili MacLeod
16	IOM International Organization for Migration/Central European Forum for Migration and Population Research	PL	Marek Kupiszewski

This publication was conceived as a companion to the project's Final Report, aimed at bringing the project's findings to a wider academic audience, and "launched" at a special session of the 2011 Annual Conference of the Regional Studies Association at Newcastle University.

The editors would like to acknowledge the particular contribution made by the authors of the chapters which follow. However the success of EDORA

was built upon the contributions of all the researchers named in Table 1. In addition particular thanks should go to the project's Expert Group, and the "Sounding Board" appointed by the ESPON Coordination Unit, who have provided extensive advice and guidance. The members of the Expert Group were; Elena Saraceno, John Bryden, Klaus Kunzmann, Michal Lostak, and Patrick Salez. The members of the Sounding Board were: Minas Angelides and Cliff Hague.

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# Introduction

Andrew Copus

## The need to Refresh Generalisations

Rural change and patterns of differentiation across space are extremely complex phenomena. Over recent decades the pace of development has accelerated. The drivers of change are increasingly global, rather than local, regional or national. Nevertheless instead of becoming more uniform in character, rural Europe at the beginning of the 21st century is, in many ways, increasingly diverse. This implies both new challenges and changing development potentials.

One of the consequences of this is that rural policy, which has changed incrementally, hampered by a great degree of inertia, has not kept up. It now requires radical reform if it is to fully address the needs of 21<sup>st</sup> century rural Europe. The inertia is embodied in generalisations about rural economies and society,

some of which are increasingly independent of reality, but which retain a powerful influence over policy design and implementation. Hodge (2004) has dubbed these persistent but anachronistic stereotypes “stylised fallacies”. The need to refresh these generalisations is the point of departure for EDORA.

One of the principle objectives of the chapters which follow is to expose and challenge some of the outdated generalisations associated with rural Europe, by presenting evidence of the way in which rural economies and societies are changing. More appropriate generalisations are not, however, an end in themselves, they are important as building blocks of a rationale for “*Rural Cohesion Policy*”.

## What is Rural Cohesion Policy?

In this report we are deliberately using the term “Rural Cohesion Policy” to distinguish the style of intervention we are recommending from “Rural Development Policy”. The latter has a *land-use* concept of the rural economy as its starting point, and focuses on supporting the primary sector, and “land-based industries”. It is epitomised by Pillar 2 of the Common Agricultural Policy.

By contrast Rural Cohesion Policy adopts a *territorial* definition of the rural economy. In other words activities are rural by virtue of their location outside urban areas, rather than because of their sectoral association. Rural Cohesion Policy is concerned with *territorial cohesion*. According to the Green Paper on

Territorial Cohesion (EC 2008), territorial cohesion is about “harmonious development” and helping all areas to achieve the potential associated with their specificities. In 2009 Territorial Cohesion became one of the fundamental objectives/competencies of the EU (alongside social and economic cohesion) through the Lisbon treaty. Thus Article 158 states that: “Among the regions concerned, particular attention shall be paid to *rural areas*, areas affected by industrial transition, and regions which suffer from severe and permanent natural or demographic handicaps such as the northernmost regions with very low population density and island, cross-border and mountain regions.” (EC 2010, italics added)

# The EDORA Approach and the Structure of this Report

The tasks of the EDORA researchers, as set out in the specification, were three-fold:

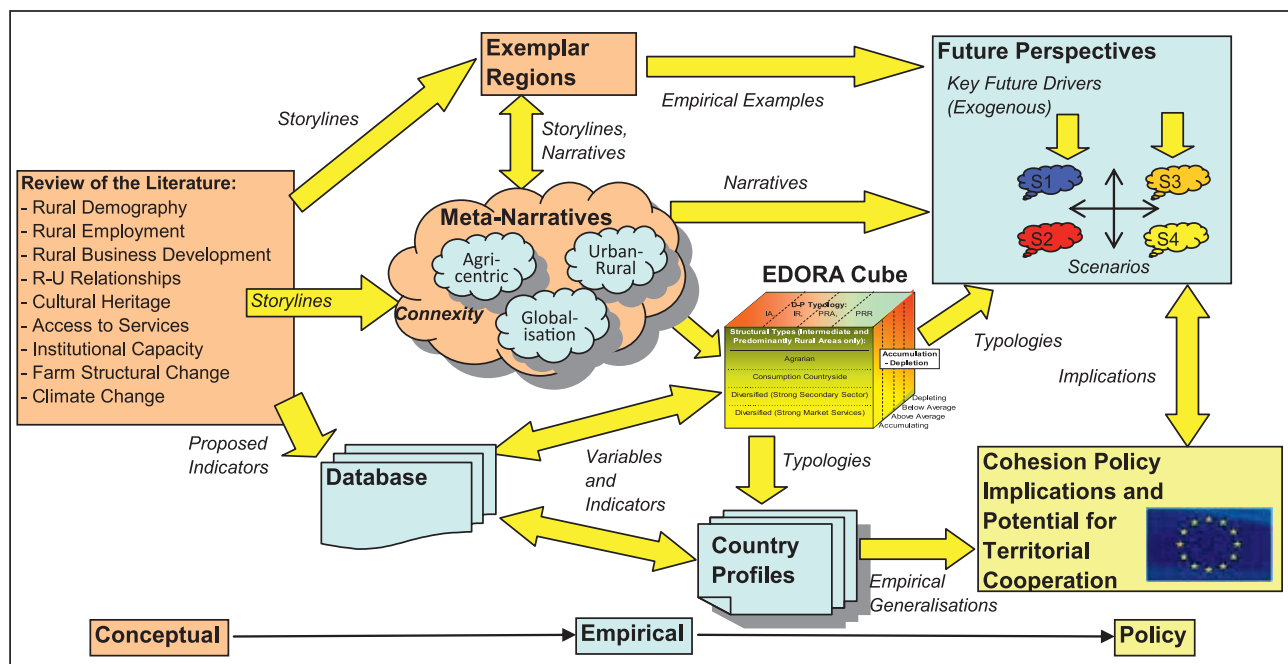
- To describe the main processes of change which are resulting in the increasing differentiation of rural areas.
- To identify development opportunities and constraints for different kinds of rural areas.
- To consider how such knowledge can be translated into guiding principles to support the development of appropriate cohesion policy

In order to address these three objectives the work of the project was carried out in three phases,

which were conceptual, empirical, and finally, policy orientated. This structure (which is illustrated in detail in Figure 1) was a very deliberate consequence of a desire to follow a deductive, rather than inductive approach to the task. This was prompted by an awareness of the considerable imbalance in the availability of rural data, with the volume of agricultural information outweighing, many times over, that relating to the rest of the (territorial) rural economy and society.

Each individual research task was fully documented in a series of 27 working papers. All of these are available for download from the project's website<sup>1</sup>, whilst the full Final Report is available from the ESPON website.

Figure 1: The Structure of the EDORA Project



The conceptual and empirical phases of the EDORA project underlined the broad scope and extreme complexity of the topic of rural change and patterns of rural differentiation. Nevertheless two forms of generalisation have emerged from this work:

Our understanding of the process(es) of rural change is enhanced through the construction of a set of “meta-narratives”, which draw together a number of individual “storylines” of change. The three meta-narratives, described closer in Chapter 1, are:

- Agri-centric.
- Urban-Rural
- Globalisation

Generalisations about spatial differentiation are provided in the form of three NUTS 3 regional typologies in Chapter 2. The three typologies describe patterns of:

- Rurality and access to urban areas.
- The degree of economic restructuring.
- Socio-economic performance.

<sup>1</sup> <http://www.nordregio.se/EDORA>

These three typologies form a kind of “triangulation” which is the basis of a statistical “portrait “of rural Europe, in Chapter 3.

Another important element of the empirical phase of the project was an exercise in “foresight” which considered the key dimensions of future change over the next 20 years, and described alternative scenarios and their likely policy implications (Chapter 4).

Before embarking upon a discussion of the policy implications of the findings of the conceptual and empirical of the early stages of the project, it will be helpful to remind the reader of “the story so far”, and Chapter 5 therefore presents an overview of the

development of EU Rural Development and Cohesion policy, and the relationships between them.

The final two chapters of this report are concerned with deriving lessons for Rural Cohesion Policy from the meta-narratives and empirical analysis based upon the three typologies. These are elaborated first (in Chapter 6) in terms of a policy rationale which could structure a policy framework if one was given “a clean sheet”, without the requirement to build upon pre-existing arrangements. In the final chapter (7) the current reform proposals (as at February 2011) are summarised, and “realistic” opportunities to move towards “Rural Cohesion Policy” are identified.

## The Key Messages of EDORA

The key messages of EDORA can be summed up in three broad propositions about rural differentiation and change which have the potential to form the foundation for a coherent policy rationale:

- That in a globalised world, in which linkages and interaction of all kinds are less constrained by physical distance, and increasingly determined simply by common interests and the strength of relationships, intangible assets (human and social capital, institutional capacity and so on) will become the key to enabling each rural region to fulfil its potential.
- Also as a consequence of globalisation, processes of change which affect rural areas (i.e. the meta-narratives) may be considered exogenous, and common throughout much of the ESPON space. The observed increase in rural differentiation is thus primarily a consequence of local or regional differences in the capacity of regions, (or rather of their people and businesses) to respond to the challenges or opportunities which are presented to them.
- That the capacity to respond may be divided into two components, according to the geographical scale at which they vary:
  - (i) Some exhibit broad macro-scale patterns of differentiation. These reflect the fact that the meta-narratives have different impacts in different types of rural area. These patterns may be to some extent captured by regional indicators, and typologies.
  - (ii) Others, particularly the intangible assets, seem to vary in an ‘aspatial’ way, which can only be captured on a region-by-region (or locality) basis, by some form of qualitative auditing.

Clearly these propositions point towards a twin level or “two tier” policy approach. A strategic perspective, based upon macro-scale patterns identified by regional indicators and typologies, leading to spatially targeted “horizontal” interventions, which are best designed and coordinated at a central level. In parallel, micro-scale patterns of territorial assets should be captured by standardised auditing procedures, to form the basis of what are sometimes termed “neo-endogenous” local development initiatives, combining true “bottom up” responsiveness to the local assemblage of challenges and opportunities with “top down” support in terms of advice and guidance.

Some guiding principles for practical implementation also emerge from the findings reported later in this report:

- The need for close coordination between interventions to support territorial cohesion in rural areas, and other policies active in similar contexts and themes. These include, for example CAP Pillar 2, which, - as the EDORA Final Report explains - is viewed as a complementary policy, essentially sectoral, but with significant cohesion impacts, particularly in Agrarian and Consumption Countryside regions. Also important are a range of EU, national and regional Social and Employment policies which already address the issue of intangible assets.
- Whilst a menu-based approach may imply unhelpful rigidities, the “top-down” guidance to local development should be sufficiently clear and specific to ensure its value as a resource to support regional implementation, and yet be flexible enough to be relevant across the full range of contexts.
- This policy concept is only feasible within the context of effective multi-level governance.

Where appropriate, support should be provided to facilitate regional capacity building. In addition to the need for rural audits and indicators of intangible assets, in the context of programme design, these should be developed in the tandem with systematic monitoring and evaluation of impacts.

The chapters which follow seek to present the key findings of the EDORA project as a foundation for an evidence-based rationale for territorial cohesion policy

for rural areas. The meta-narratives and the typologies are key components, part of a sequence of logical steps which point towards a two tier neo-endogenous approach in which both macro-scale and micro/aspatial socio-economic differentiation are addressed. An important feature of the recommended approach is an emphasis upon intangible assets, as a recognition of the increasing importance to development of a capability to interact effectively in “relational” network space.

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# Chapter 1

## Meta-Narratives as Heuristic Generalisations of Rural Change

Mark Shucksmith, Hilary Talbot and Richard Lee<sup>2</sup>

### Introduction

This chapter reflects on the way that ‘meta-narratives’ were used in the EDORA project as heuristic generalisations of rural change in Europe. An overview of the issues and processes of change underlying current spatial patterns of differentiation between rural areas across the EU was developed in terms of a series of narratives, or contrasting perspectives, which each offers a different explanation of the changes affecting rural areas and leads to slightly different conclusions about how to promote growth. These were introduced at an early stage of the project, when discussing potential drivers of change, and informed the work on Thematic Papers and Exemplar Regions while also informed by them in turn. As the empirical work progressed, a further overarching process of increasing connectedness and interdependence (or ‘connexity’) was developed as common to all three accounts. Each meta-narrative corresponds loosely to the competing viewpoints of European Commission policies on the Common Agricultural Policy, Regional Policy and the Lisbon Agenda (Europe 2020).

Two inter-related issues emerged from these discussions as key to understanding the changes affecting rural areas in Europe, and the spatial differentiation

which is emerging. These are, first and foremost, the nature of the *interaction between places* (e.g. in relational or Euclidian space), and, second, the ‘*assets*’ on which people can draw in ‘shaping’ the future of their place in relation to other places. This offered a conceptual framework to guide subsequent work in the EDORA project.

Section 2 of this chapter synthesises nine thematic literature reviews undertaken in the first stage of the project, presented here under headings of economic, social, policy and environmental processes. Section 3 then builds on this synthesis to identify the key issues responsible for the spatial patterns of differentiation between rural areas across the EU in terms of a series of heuristic narratives – an overarching process of increasing connectedness and interdependence (or ‘connexity’), and three alternative meta-narratives: agriculture, urban-rural relations and global-local relations – and explanations of the spatial differences that emerge. In section 4 we examine the implications of this conceptual work, including a discussion of the role of the state in seeking to develop policies for rural areas experiencing differential change.

### Issues and Processes of Change Underlying Spatial Patterns of Differentiation between Rural Areas of Europe

#### Economic Processes

The most pervasive change affecting rural economies is the declining relative importance of agriculture in

European rural economies, and it is anticipated that this will continue throughout Europe for the foreseeable

<sup>2</sup>Newcastle University

future. Two main economic processes underlie this: first, the rise of the 'New Rural Economy' (NRE); and second the refocusing of agricultural activity towards the production of quality food products, on the one hand, and towards environmental benefits, on the other. Both these processes are contributing to the diversification of rural economies, reducing the economic reliance upon mainstream agriculture and promoting the non-farm economy and alternative forms of farm-related business.

The NRE is a term applied to the growth of secondary and tertiary sector employment in rural areas, which has been gaining ascendancy over several decades (IEA 2005). Tertiary sector employment is now in the majority in almost all rural areas of the EU-27, although it is slightly lower in some New Member States (NMS). Across the EU-27 the proportion of employment in the tertiary sector is 57% in predominantly rural areas and 63% in significantly rural areas (Copus et al., 2006). As such, the increasing importance of the NRE in rural areas of Europe represents a structural shift in the rural economy. However, the emergence of the NRE is not uniform. Although the extent and geographical pattern of the NRE is, as yet, unclear, it is often asserted that more peripheral rural areas may be less likely to benefit. The NRE provides an opportunity for rural economies to diversify from an agricultural base and this has been achieved in many accessible rural areas of Northern and Western Europe. Moreover, this transformation assists the greater prosperity of rural people. However, the crystallisation of the NRE in accessible rural areas may negatively impact upon the ability of more remote areas to benefit from the shift towards secondary and tertiary sector employment. In order to enjoy the advantages of the NRE, peripheral areas may require assistance in the form of incentives and assistance in acquiring information, financial resources, new knowledge and the skills needed for taking part in the global markets.

Alongside the orientation of rural economies around the NRE, agricultural activity itself has been subject to restructuring. The CAP reform process has involved a gradual reduction in support of European agricultural production, facilitating the rise of diversified economic activity within rural areas. The importance of general primary sector activity to the overall economy is differentiated across Europe, forming 3% of total employment in Belgium, Germany, Sweden and Malta, against 33.3% of employment in Romania and 21.4% in Bulgaria (Copus et al., 2006). Total agricultural working units in both Poland and Romania are above 2 million, compared to around 340,000 in the UK and 165,000 in the Netherlands. Despite this diversity, the relative decline of agriculture has been a stable process of rural change. Allied to this, structural change has produced a polarisation of the farming sector between large-scale

commercial agriculture and small-scale pluriactivity. In terms of commercial agriculture, few agriculturally-dominated regions remain within the EU. Despite the demise of agricultural regions, important differences in farm holding size are evident, in particular between the larger holdings of Western Europe (e.g. Denmark and UK) and the smaller holdings of Southern and Eastern Europe (e.g. Greece and Romania). Scales of agricultural activity remain sources of differentiation between rural areas, even with the overall decline of farming. For small-scale agriculture, changes to the CAP have sought to move farmers out of mainstream production and towards non-conventional food products and the generation and maintenance of environmental goods. In this regard new markets have been developed around the production of quality foods identified by Protected Designation of Origin (PDOs), Protected Geographical Indication (PGIs), organic and other branding tools signifying locality, regionality and/or production methods. The orientation of small-scale farming around quality food is in line with the aspirations of the Lisbon strategy to focus upon higher valued added economic activity.

In those rural areas dominated by small farms – often in eastern and southern Europe - there remains a huge potential for further reductions in the agricultural labour force as a result of continued technological developments and amalgamation of holdings. As a result continued labour mobility away from agriculture can be expected. Generally, the move away from farm work is related to the education and age of the farmer, though this may be modified by pluriactivity. Young people from farming families increasingly seek employment outside of the agricultural sector (and often outside of rural areas) to escape the hard physical work and low incomes typical of farming. Although rural development instruments intended to support farming can – potentially – maintain existing agricultural employment, it is suggested that they do not promote new job opportunities. Moreover, they may perpetuate fragile or closed labour markets at the expense of a more diversified economy.

Although the NRE and diversification strategies signify a movement towards mixed rural economies, the labour market across rural Europe has not necessarily responded. Labour market segmentation – the structuring of the labour market into several, largely autonomous sub-markets – remains strong. In richer European states, low paid, low status jobs are increasingly carried out by international migrants. The consequences are of a different kind to those resulting from the more traditional rural-to-urban migration within countries. Instead, international migration – principally from NMS – is occurring alongside internal migration away from urban centres and towards rural areas (counter-

urbanisation). Within NMS, international migration represents an exodus of human capital from rural areas not yet experiencing the NRE or counter-urbanisation trends evident in accessible rural areas of Northern and Western Europe (Johansson, 2009). Further, in peripheral rural areas, the education and skill demands of employers may not be met, even if human capital remains in-situ. The assumption of competitiveness is that people in rural areas are able to adjust their capabilities in order to meet changing global economic conditions and regional opportunities. Initiatives deriving from Structural Funds, which require active input into the tendering process, may not succeed in reaching those most in need of assistance. Educational levels in rural areas generally tend to be lower than in urban areas and skills training is less prevalent. In particular, fewer people in rural areas have a university degree (13%) than in urban areas (22%) (Shucksmith et al., 2006). Those young people who do well in school tend to leave to gain higher education, and then pursue their careers in national labour markets (Shucksmith, 2004). Career progression for highly skilled workers is limited in many rural areas, contributing to rural to urban migration and international migration in the case of NMS.

The problems of labour market segmentation and human capital are acknowledged in the 'Rural Jobs Gap', a term applied by the European Commission to describe the labour market conditions of many rural areas in Europe. Within this characterisation it must be acknowledged that rural areas exhibit the fastest capital accumulation (in accessible rural areas) and the weakest labour markets (in peripheral and predominantly rural areas). For instance, in remote rural areas of Central and Eastern Europe, the primary sector still accounts for around 25% of the workforce. In these areas, farm diversification strategies have had little impact upon the structure of the labour market, with agricultural contracting by large-scale farms the main outcome. The creation of non-agricultural opportunities – in line with the NRE trajectory of Western Europe – has failed to materialise and the SAPARD programme has done little to address non-farming issues. More recently, small (non-farming) business creation and the development of social service provision have come to be regarded as more appropriate strategies. In many rural areas of the NMS there is a vicious cycle of a lack of jobs, a lack of skills and a lack of education and training (Kováč, 2009).

Small or Medium-sized Enterprises (SMEs) can offer new opportunities within local labour markets and business entrepreneurship is viewed as a means of diversifying rural economies in line with the NRE. Support for entrepreneurs is justified given the performance of existing rural SMEs in the

UK. According to a survey conducted by Keeble et al. (1992), 33% of remote rural firms (excluding the tourism sector) declared a rising income, with only 21% of accessible rural and 16% of urban firms declaring similar growth. Similarly North and Smallbone (1996) suggest that rural SMEs outperform urban SMEs. However, remoteness can impede innovation if there is a relative absence of non-local networks. Highly localised networks may hamper the development of technical and market intelligence and limit market opportunities, while the maintenance of dis-embedded markets can broaden innovation possibilities (Atterton, 2007). Further, the importance of locality or region to business innovation is open to debate when compared to firm-specific characteristics. The implications for business support is to ensure a twin focus, not only upon the characteristics of rural areas, but also upon the needs of specific SMEs. The diversity of businesses present in NRE areas of rural Europe presents a range of challenges.

While the development of diverse SMEs in rural areas is in accordance with the shift towards NRE, the public sector is also an important source of employment. According to Eurostat, 31% of jobs in predominantly rural areas and 30% of jobs in significantly rural areas of the EU-27 are in the public sector, making it the single largest source of employment (Copus et al., 2006). Developing social service provision (comprising social assistance, health services, welfare benefits, family support payments and state pensions) may ensure that the public sector is a viable source of employment in rural areas. However, rural areas are subject to a number of challenges arising from the need to deliver specific services in a context of declining capacity and fiscal restraint. The trend across most European states has been a growth in the public sector (Copus et al., 2006), although the provision of social services has tended towards partnership models of delivery of various types aligned to local histories and governance cultures. Investment in social services and educational facilities not only improves the support and opportunities available to rural communities, but also generates valuable sources of employment – perhaps indeed the main source of professional employment.

Although entrepreneurship and social service provision are means of diversifying rural economies, non-farming primary industries remain significant economic activities in more remote rural areas. Forestry and wood processing, food processing and fishing and aquaculture all play important – though declining – roles in rural areas. In the European forestry and wood industry, reductions in employment levels are expected to be highest in Central and Eastern Europe. Despite falling employment, the industry faces problems recruiting skilled labour, which may impede output in

lead producer countries. Again, international migration has moved to fill the labour gap in Western Europe (in France and Germany for example). While wood and timber production remains a core activity of the forestry industry, wider services offered by forests – such as recreation and eco-tourism – offer new diversification opportunities (so-called multifunctional forestry). Such opportunities are not so apparent in the food processing industry, with mass redundancies forecast in the medium-sized facilities of Northern and Western Europe. In rural areas, the development of local/regional food products will continue to be an important activity and may move to occupy the gaps created by the decline of conventional products. In fishing and aquaculture, only Ireland and Greece have enjoyed a stable or growing fishing industry in recent years. The division between fishing work and processing work varies across Europe, with marine fishing comprising a greater share in Mediterranean and Atlantic areas than in North Sea and Baltic areas (where the reverse is true). Such differentiation means that the European fishing industry has distinctive regional structures. In contrast to the difficulties experienced in the fishing industry, aquaculture has been characterised by growing employment. A strict regulatory environment has ensured European aquaculture products can be marketed on the basis of quality, in the face of strong price competition from Asian and Latin American markets.

The restructuring of rural economies in Europe, and especially Western Europe, is characterised by patterns of immersion into the NRE. Some rural areas exhibit diverse economies with strong links to extra-local networks; some continue to function around primary industries, while others have become dominated by a commuting workforce. An important process in producing such diversity is the response of rural areas to changing consumption patterns, whereby rising income levels have led to increased spending on the leisure goods and services provided in rural areas. As a result, tourism has become an important element of diversification strategies. Given the differentiated ability of rural areas to respond, tourism has developed in diverse ways, in part rooted within particular local landscapes, traditions and farming styles which may or may not encourage pluriactivity. Local culture heritage and cultural landscapes are crucial elements of rural tourism, with rural places offering destinations for visitors. Valorising the appeal of landscapes, rural environments and local cultural heritage is thus seen to be an important economic development strategy. Rural areas which have successfully employed such a strategy have been able to associate strong local identities with an external marketing image, though failure to undertake wider engagement can result in an inward

form of localism impeding development (Bryden and Hart, 2005).

The appeal of some rural areas to wealthy non-rural dwellers not only stimulates the tourism and cultural sectors, but also produces a demand for housing in some rural areas which can distort housing markets and inflate house prices to levels which are unaffordable to those employed locally. While some countries have different traditions of modest holiday cabins, such as the Nordic countries, even their rural housing markets may be distorted in especially attractive areas such as southern Norway and the archipelago around Gothenburg. In terms of social housing provision, rural areas are badly served, with access to social housing deemed to be the poorest of all rural services in the European Quality of Life survey (Shucksmith et al., 2006; 2009). This problem is deemed more acute in rural areas of several NMS, particularly in comparison with their urban areas which score well. In the private housing market, those rural areas characterised by the NRE have been subject to rising house prices with a limited stock. In the UK, rural in-migrants, with high income levels, savings and/or equity have forced house prices upwards in most rural areas, where housing supply is tightly constrained, marginalising those young people who wish to remain in rural areas. More commonly in Europe, however, rural housing is less expensive than urban housing.

### Social Processes

The social composition of rural Europe has been significantly altered by migration, in particular counter-urbanisation and out-migration from rural areas. Counter-urbanisation, facilitated by improvements to transport between urban and rural areas, has led to a 'New Rurality' (NR) in some places, based upon the proximity of urban areas and associated services, commuting between accessible rural areas and urban centres, and the spatial growth of urban and peri-urban areas. The NR is not so evident in more peripheral rural areas dominated by traditional activities, unless these are attractive to holidaymakers and retirement migrants. In particular, sparsely populated rural regions may suffer from rural out-migration, resulting in the demise of the skill and knowledge base (including the traditional rural skill base), a loss of social and cultural capital in the community and a weakening of rural community ties to the land, all of which can affect the identity and cohesion of rural communities, with variable implications for rural development. The transition to the NR is therefore a feature of relational space, being most advanced where improved transport links have facilitated rural-urban commuting and in retirement and holiday regions.

In the case of the NMS, younger people have



migrated from rural areas. Their destinations have been largely to urban centres within their home countries or to Western Europe (both urban and rural). Such a movement has served to push peripheral rural areas towards an older population structure, although there may also be some benefits to rural areas in terms of remittances, external networks, and eventual return migration and reinvestment. For Western Europe, the movement of younger people away from some rural areas has occurred alongside counter-urbanisation, involving not only the movement of older people from urban and suburban areas to rural areas, but also the in-migration of families. In both cases the net result is an ageing population, but the consequence for peripheral rural areas is significantly more marked given the more evenly distributed population flows evidenced in counter-urbanisation. Sparsely populated rural areas in the Baltic States, Hungary, Bulgaria and Romania face this more severe situation and the combined effect of out-migration and low-fertility rates is more pronounced in the NMS. Although international migration has had a significant impact upon the populations of Poland and the Baltic States, these trends may be slowing due to the economic recession and rising unemployment as experienced in most European states.

The peripheral position of some rural areas means that the provision of services is a crucial determinant of their well-being. Services of general interest (formerly termed public services) provide a social infrastructure supporting education, health, justice, transport and communications. Access to such services is highly variable across rural areas. Citizens' perceptions of access to services suggests that utility, communication and transport services are all less accessible than in urban areas, although there is some variation in this differential (Clifton et al., 2006). For instance, electricity access is perceived to be better in rural areas of Europe than urban areas by citizens living in those areas. Further, in judging access to social services, rural areas score higher than urban areas, although access to social housing is deemed poorer in rural areas. Comparisons between rural areas in 'old' Europe and NMS suggest that access to social services, fixed telephone and rail services is generally higher in the former, while the latter enjoy better access to gas, electricity and postal services. The quality of services also varies across rural areas of Europe. Social services are deemed to be below the European average by citizens in the rural areas of Italy, Greece and Eastern Europe. In Northern and Western Europe, assessment of quality is broadly similar, with average scores for utility, communication and transport services, but higher than average scores for social services (Eurobarometer 62).

In those rural areas experiencing population loss, the provision of services remains a pressing concern.

The withdrawal of services in the context of a falling and ageing population undermines rural development and compromises those most in need of support (the elderly, people with disabilities and children). This situation has been exacerbated with the shift away from agriculture and associated social structures, producing new demands for service provision. As a result regional disparities – between urban and rural areas and between different rural areas – can become exaggerated. Chronic population loss in the mountainous areas of Mediterranean countries, and in the far north, has followed this trend, with service provision in decline. While incomers are beginning to resettle these areas in order to enjoy environmental benefits, their potential role in producing improved service provision – which are of direct benefit to existing rural dwellers – remains untested.

In contrast, the trend towards counter-urbanisation in many parts of Northern and Western European states has placed new demands on service provision. For those rural areas characterised by the New Rural Economy (NRE), demand for high quality broadband access – for both business and household use – is an indicator of widening personal requirements. Broadband provision may be entirely dependent upon perceived or actual demand; yet high speed access to the internet can be a crucial tool in overcoming the geographical peripherality of some rural areas. Demand for broadband provision is also an indicator of the progressive transformation of some rural areas by largely middle-class incomers. Processes of rural gentrification and rururbanisation are transforming some rural areas of the UK around urban values and lifestyles (Phillips, 2005). This process means that accessible rural areas are increasingly exhibiting urban characteristics, thus producing the New Rurality (NR). Allied to this, the growth of urban areas outwards from city centres and extending beyond existing suburbs has led to urban sprawl, bringing rural areas into closer proximity. However, the Swedish experience of rural change differs from the UK and in-migrants have not made a significant impact upon social composition (Amcoff, 2000). This suggests that the NR may be specific to particular rural areas and will therefore have different manifestations.

Although counter-urbanisation has contributed to the NR, its role in rural restructuring (producing the NRE) is complex. Stockdale (2006) suggests that in-migrants, while bringing new influences, ideas and skills, do not necessarily set up businesses or directly employ people. Commuting is still a dominant means of maintaining employment, necessitating accessibility to urban centres. Further, many in-migrants move to rural areas shortly before or after retirement. While these people may become involved in community

activities, it is less likely that they will initiate new business ventures. For those in-migrants who do combine a change in home location with a new form of employment, self-employment in creative or craft industries is an attractive option. The move towards a live-work model – with home and workplace situated together – is gaining popularity in areas experiencing the NRE. In contrast to the apparently new trend of the live-work model, rural areas of Poland, Romania and Latvia have high levels of self-employment rooted largely in the agricultural sector. A sharp contrast is exhibited between the live-work model of the NRE and the live-work model of the NMS.

The NR of accessible rural areas is also associated with the decline of traditional rural institutions, such as the church, extended family and community associations. Individualisation has been identified as a process of declining involvement in traditional institutions and greater emphasis upon individual action and ‘life-building’. The cultural heritage and identity of rural areas experiencing these changes is thus subject to change. The resulting plurality may undermine existing sources of cohesion and latent structures of identity, but can also produce new opportunities to forge rural-urban links and instigate new social and economic relations (Terluin, 2003). A tension is evident between the benefits of maintaining strong cultural identity – which may be drawn upon as a rural development opportunity – and the need to adapt to changing social conditions. For instance, the immobility of cultural and natural resources in an urban area can contribute to the success of small-scale tourism businesses (Cawley and Gillmor, 2008). Similarly, Canoves et al. (2004) suggest that without the presence of an identifiable rural culture and lifestyle there is little basis for rural tourism enterprises. The inherent diversity of European rural cultures is a highly valuable resource for development and uniform development strategies could undermine this diversity.

Although rural areas exhibit diverse cultures, family structures in these areas have historically conformed to similar patterns. However, the traditionally larger and more cohesive rural family has changed under general conditions of a stable and low death rate and a reduced birth rate and, more specifically, the decline of family farming. Total fertility rates have dropped sharply across all rural areas, exacerbated by an ageing population. For those peripheral rural areas experiencing an exodus of young people, the impacts are particularly acute. Even rural areas comprising small towns suffer from youth out-migration, with large urban centres the target for most leavers. The result is a steady shift away from traditional rural family structures. More generally, there has been a rise in one-person households across Europe, a result of increased

life expectancy, higher divorce rates, more single parent families and single-living as a lifestyle choice. The proportion of one-person households remains higher in urban centres (largely as a result of single living), but these differences are subject to change (especially due to the ageing population structure of peripheral rural areas). However, in those rural areas experiencing counter-urbanisation, the in-migration of families may form a new basis for renewal. In this respect migration is the central process impacting upon social structure.

## Policy Processes

At the outset it must be recognised that the state and its role may be perceived quite differently from one part of rural Europe to another. One aspect of this is that trust in a paternalistic state, so characteristic of Western Europe and especially of the Nordic countries, is less likely to be shared by those NMS still emerging from post-Soviet transition, for whom the state’s role may appear in a darker light. Even amongst countries with similar recent histories there are often markedly different governance traditions, as evidenced by Norway’s decentralised and localised municipalities compared to Sweden and the UK’s large municipal structures. Again, parts of the NMS affected by major land reforms have often lost many of the associated institutional structures. Another difference between countries and regions is the extent to which the state’s post-war universalist provision has extended from the cities into rural areas. Finally, it is apparent that some countries have much stronger traditions of voluntary community associations than others.

Within this variegated governance context, the changing economic and social conditions of rural areas provoke new questions of policy at a variety of spatial scales. In addition, the on-going fiscal crisis in European states may have profound consequences for political decision-making, particularly in respect of public expenditure. It can be anticipated that funding for public services and the institutions of local and regional government present in rural areas will therefore be subject to central government disciplines in the future.

In rural policy there has been a growing interest in the relationship between governance and development. Governance can be understood in terms of networks (indicating multiple levels of interconnected governance), as interference between the state, market and civil society, or as changes to the mode of regulation operating across public and private spheres. Governance in a rural context – sometimes termed rural governance – has emerged through the increasing complexity of rural development and in the reduction of state involvement in service provision. As a result, local and regional partnership arrangements

based upon active participation of community members have proliferated.

Partnership arrangements are central to the New Rural Paradigm proposed by the OECD (2006). This model of rural development is based on partnership, programming and local participation. Political responsibility for rural areas is thus diffused at multiple scales of governance and shared between state and non-state actors. The participative approach of the New Rural Paradigm presumes the existence of strong institutions employing strategic thinking. Such a presumption may be misplaced, with institutional capacity highly variable across rural areas of Europe. Further, centralised control persists through the emphasis upon projects - comprising formal targets, contracts and performance indicators - to deliver development. Projects have become the focus for partnership activity and resources must be deployed to enable success in the competitive tendering process. The notion of the 'project state' has been proposed as a means of categorising the new governance arrangement of programs and competitive projects. It has been suggested that these may hinder territorial cohesion because of the unequal capacity of territories to bid competitively, unless investment is made in capacity-building to offset this tendency.

The project state comprises non-governmental organisations, businesses and state bureaucracies. New types of collaboration and procedures are a requirement for successful initiation and implementation of competitively organised projects. The evolution of this system of governance across rural areas is occurring alongside existing forms of representative democracy (which are also highly differentiated across Europe), leading to possible tensions over political power. Moreover, partnership approaches may not necessarily lead to better outcomes. While at the local and regional level rural development has been promoted by a project state system involving diverse actors (incorporating the voluntary sector, public sector services, businesses, interest groups and state agencies), new coalitions may assert their interests. In this respect, the power of traditional agricultural interests has weakened vis-à-vis residential, commercial and institutional interests. These latter interests represent a shift in political power and may lead to changing governance arrangements and processes within rural communities.

The evolution of a project state system can be juxtaposed to an earlier welfare state model, typified by Scandinavian approaches to governance. In the welfare state, service provision was provided by the state, and interactions with non-state organisations were limited. Indeed, such organisations - particularly third sector groups - did not exist to the extent now evidenced across many rural areas. As a result, local authorities enjoyed greater resources in dealing with local and

regional development issues. This situation has now changed in many states and needs-assessment formulae play a crucial role in mediating the level of resource, which has to be shared amongst partner organisations and managed on a joint basis. The movement towards participative forms of governance, managed through partnership arrangements, that is occurring alongside the continued retreat of the state from the provision of services and the privatisation of services, has characterised the political economy of European states over the last two decades. Amongst the EU-15, total privatisation proceeds peaked in 1999 and the majority of gas, electricity and water privatisations took place around this time. The liberalisation of service markets formerly closed to private competition and the privatisation of formerly public services has contributed to a variable landscape of service provision, both between types of services delivered in a rural area and between the provision of a particular service across different rural areas (Eurobarometer 62.1 and 62.2, 2004). While services have been subject to liberalisation and privatisation, a further shift has been the refashioning of the services remaining in public ownership around the New Public Management. This emphasises the importance of efficiency, outcome and customer orientation in service provision. In doing so services (under both public and private ownership) respond to a cost imperative rather than a public service mission and this again may have implications for territorial cohesion.

With declining state involvement in the development of rural areas, the management of change has been taken up by new governance arrangements. In moving towards more diversified rural economies - as represented by the New Rural Economy (NRE) - rural governance systems have attempted to support non-farming business development. The new attention upon secondary and tertiary sectors in rural areas has led to a more regionalised form of rural policy and the application of regional forms of governance is giving rise to differentiated rural areas. Within such regionalised governance arrangements, innovation policy occupies a more central role as rural regions compete for inward investment and also attempt to facilitate business start-ups. The development of region-specific innovation strategies - encompassing rural and urban areas alike - thus becomes an important aspect of new governance arrangements. However, the co-operation of rural micro-businesses is frequently reliant upon established local norms and networks (Phillipson et al., 2006). Attempts to intervene in rural business networks may damage latent resources of social capital, where trust, friendship or family relations are often vital.

The relationship between rural areas and regionalised forms of development is significantly

mediated by styles of rural-urban collaboration and linkages. Rural areas may become subsumed within a city-region model in order to increase rural and urban co-operation. However, significant challenges exist in establishing rural-urban governance arrangements, including: local government fragmentation, economic competition among adjacent local authorities and failures to market the sub-region effectively. The contribution of local strategic partnerships to fostering rural-urban collaboration has been investigated by Owen et al. (2007). They suggest that while a lack of resources at the strategic level constrain success, the access to higher-level decision-making is a useful incentive for rural actors to become involved. Moves towards more regionalised forms of rural governance are regarded as offering new opportunities for rural areas to compete within the global economy while providing fiscal relief for central urban areas. The desire to retain autonomy over decision-making may prove to be a significant obstacle to rural areas engaging in this way.

At the level of multi-national governance, the application of EU Structural Funds (European Regional Development Funds, European Social Fund, European Agricultural Guidance and Guarantee Fund and the Financial Instrument for Fisheries Guidance) to projects can generate contestation in rural areas. Kovách and KucEROVÁ (2006) suggest this is the case in some regions of Hungary and the Czech Republic. Top-down forms of governance, while exhibiting varying degrees of responsiveness to local viewpoints, aim to target resources to those areas deemed most in need of strategic direction and support. Such initiatives may conflict with more participatory, bottom-up actions and forms of governance which seek to galvanise local communities. A turn towards self-help, self-governance and independent forms of organising is gaining popularity as strategic interventions and programmes are viewed by some rural communities as failures.

## Environmental Processes

The maintenance and commodification of the rural environment is increasingly viewed as necessary for rural development. The preservation of valued landscapes is an important element of agri-environment schemes and serves to support the tourism sector. Rural landscapes combine cultural values and environmental conditions, and can be valorised within rural economies. Although the promotion of environmental goods and culturally-imbued landscapes offers development opportunities for rural areas, changes in climatic conditions have heightened uncertainty around the ecological basis of rural economies. In particular, agriculture in Europe may experience fundamental changes, with new environmental conditions in some areas proving

conducive to the growth of new crops and varieties, while others suffer from hostile weather patterns. All climate change will result in the dynamic modification of existing ecologies in rural areas, giving rise, for example, to new invasive species, animal and plant diseases and changing rural landscapes.

The possible impact of climate change upon rural areas of Europe remains uncertain. Parts of Northern and Western Europe may experience conditions more advantageous to agricultural production due to longer growing seasons and the scope to farm new crops. However, issues of plant protection, soil depletion and animal and plant disease may prove challenging. Areas of land previously considered unsuitable for agricultural production will be reconsidered for cultivation in view of climate change. Moreover, the *anticipation* of climate change – as framed in terms of climate change mitigation and adaptation – will provoke intense interest in the use of rural land for other purposes. For instance, with increased rainfall and flooding incidents, some remote areas of land may be sacrificed to flooding in order to prevent flooding in larger settlements. Another example is that development in rural areas may be seen as encouraging car use, and therefore contributing to climate change. Anticipatory work around climate change will undoubtedly influence future rural development, but the implications of this activity are unknown. The rural development dimension of climate change remains, as yet, unclear but potentially this may revalorise territorial assets and is likely to pose new challenges for territorial cohesion.

In contrast to the potential of Northern and Western Europe to increase yields and varieties, areas of Southern Europe in particular may be faced with longer periods of low rainfall or drought, and more volatile climatic events. The long and short term impacts of climate change upon agriculture in the Mediterranean countries will need to be considered in line with their potential impact upon fragile rural areas. Systems diversity may be required, which would necessitate a move away from large-scale, water intensive agriculture (in particular fruit and vegetable production for export). Similarly, soil fertility would need to be carefully managed should existing pressures increase.

The Rural Development Plans of European countries demonstrate the differentiated nature of responses to climate change. The Northern European countries are aware of the potential benefits climate change could bring in terms of production possibilities and have well-developed systems for the application of innovative technologies. In the UK, France and the Netherlands precise schedules and programmes exist, with climate change integrated as a core component of rural development. In the Mediterranean countries, plans are detailed but institutional issues could inhibit

implementation. The situation for these countries could be particularly difficult. Amongst Eastern European countries the institutional framework is less well developed and preparatory responses to climate change may be less well orchestrated. For peripheral regions where farming still comprises a major part of economic activity, traditional farming systems and quality food products may be threatened by climate change. The impacts of change could be profound.

There is no distinctive European pattern of response to climate change, with each state formulating plans and actions specific to localities and regions. Attempts to mitigate climate change, in particular reductions in carbon emissions, will have important implications for rural areas. In diversifying energy production and supplies away from fossil fuels it can be anticipated that renewable forms of energy, such as wind, solar and hydro power, will proliferate. Situating power generation facilities in rural areas will have a number of consequences, including opposition on the grounds of preservation and conservation and support in anticipation of employment opportunities. Further, the re-orientation of settlement planning and development around carbon reduction may result in further change in rural areas. Currently these processes have yet to be established, but will emerge as dominant themes in coming decades.

The material impact of climate change will produce changes to rural cultural landscapes. Sea-level change will result in some coastal areas experiencing inundation and desirable tourist environments – such as beaches and inlets – may be lost. Water scarcity in Southern Europe will limit the opportunities for agro-tourism and will diminish the attractiveness of the landscape. In alpine areas of Europe, winter sports and hunting activities could suffer from warmer weather patterns, both in terms of snow cover and changing ecological conditions. However, other cultural landscapes may evolve and provide new opportunities for development. All these changes will have manifold impacts upon rural areas.

Given the local level of response and impact, it is recognised that local government and agencies have a key role to play in both mitigation and adaptation. Concrete implementation will happen in localities, and therefore conflicts will also be managed at the local level. However, local governments and agencies are inexperienced in developing integrated responses which require knowledge of current scientific work. Overcoming institutional weaknesses will be a pressing requirement in order to respond to the latest data informing the mainstream EC approach to climate change, though responses will have highly differentiated local manifestations.

## Some Further Remarks

Processes of change in rural Europe are complex and manifold. Moreover, change is highly differentiated across states and is greatly influenced by the analytical perspective taken. Current migration processes demonstrate that cohesion across member states may prove difficult to maintain if rural areas in NMS are not given adequate support. An ageing population, combined with high levels of successors exiting from agriculture and the impact of increased farm holding size, means that these areas face difficult futures. In contrast, those rural areas experiencing the New Rural Economy (NRE) are subject to pressures arising from ruralisation, the decline of rural institutions and contestation over development, particularly increases to housing stock.

The impacts of climate change have already arrived, given the policy responses oriented around mitigation and adaptation. Changes in climatic conditions will be preceded by interventions in rural land use and settlements, but these activities will take local forms. Therefore the integration of climate change adaptation and mitigation strategies into rural development may herald a new phase of differentiation, as rural areas struggle to plan in advance of climate change and then attempt to deal with the incremental but significant changes which will occur over the next few decades.

The implications of climate change may pose significant problems to those areas attempting to develop diversified forms of activity reliant upon the maintenance of particular environmental qualities. As a result of the polarised restructuring of agriculture, small-scale farming is supported by payments systems rewarding an agri-environment orientation, while rural development strategies emphasise the importance of cultural landscapes and local/regional products. Rural areas following this form of development trajectory will be more susceptible to ecological changes than those moving towards the NRE. In order to address the structural problems it may be necessary to stimulate further diversification, producing a mixed economy with differentiated levels of representation by primary, secondary and tertiary sectors.

## Underlying Drivers of Rural Change – Meta-narratives as a Heuristic Device

The nine thematic literature reviews synthesised in the second section of this chapter developed alongside the development of three meta-narratives. These were articulated in general terms early in the project, and informed and were informed by the development of the theme papers. As well as helping to refine the three meta-narratives, the theme papers drew attention to

some further issues and conveyed an overarching sense of ‘connexity’ which demanded more prominence and examination in its own right.

Having synthesised the literature in terms of the economic, social, political and environmental processes affecting rural areas of Europe and leading to spatial patterns of differentiation, we now proceed to articulate these insights into more fundamental ‘meta-narratives’ of rural change, identifying the key dimensions and issues which are thought to underlie these processes.

### Overarching Narrative: a World of Increasing Connexity

Many writers have alerted us to the increasingly interconnected world in which we live, and this provides an overarching context for the changes affecting rural areas of Europe. For example, Castells (1996) introduced the concept of ‘Network Society’, while Healey (2004) argues that mid-twentieth century ‘Euclidian’ concepts of planning have been challenged by a *relational* conception of spatial planning which understands place as a social construct, continually co-produced and contested; views connections between territories in terms of ‘relational reach’ rather than proximity; sees development as multiple, non-linear, continually emergent trajectories; and recognises the changed context of a network society and multi-scalar governance. Held (1995, p.20) has drawn attention to a “stretching and deepening of social relations”, while Scholte (2000, p.179) has warned of the “annihilation of place by telemediated space.” It is in this context that Mulgan (1997) proposes the concept of ‘connexity’. He defines connexity as connectedness and interdependence, and his central theme is the increasing tension which arises between freedom and interdependence in this networked world. A crucial

feature is that the inter-relatedness of places is no longer to be considered only in ‘Euclidian’ terms of physical distance, but rather in terms of their relational interdependence often across considerable distances.

We can illustrate connexity and relational space in terms of some examples of the relationship between places. Thus, we might consider:

- **Economic Connexity.** Examples include supply chains that link businesses in rural areas to buyers and sellers in distant places, perhaps through the internet; the remote ownership by multinational companies of many rural businesses; and the out-commuting that takes place from rural areas of Europe.
- **Social Connexity.** The exodus of young people to cities for higher education; social networks which are increasingly stretched across distances; and the need for a critical mass of population in order to deliver services.
- **Ideas and Innovation Connexity.** The importance for businesses to network and cluster, including making links with higher education institutions.
- **Policy Connexity** tends to be asymmetric, with policies and political power emanating from supranational, national and urban sources to impact on the development of rural areas.
- **Environment Connexity** includes the positive and negative impacts of humans in rural areas on the urban environment, and vice versa (including ‘ecosystem services’), as well as how climate change, for example, impacts on rural areas.

While connexity is used above to emphasise the non-proximate nature of many of the relationships of rural areas, it is also used to stress the interdependence of people, institutions and entities *within* rural regions.

## Three ‘Meta-Narratives’: Underlying Explanations of Rural Change

### An agri-centric meta-narrative

Many accounts of rural change view this from an agri-centric perspective, viewing rural areas essentially as agricultural, and therefore privileging the agricultural sector in their account. For example, the European Commission’s 2010 consultation on CAP reform (CEC 2010) suggests that “agriculture remains an essential driver of the rural economy in much of the EU. The vitality and potential of many rural areas remain closely

linked to the presence of a competitive and dynamic farming sector, which is attractive to young farmers” (p.5). Consequently, the objective of ‘balanced territorial development’ can best be pursued through maintaining farm subsidies and promoting farm diversification.

It is in this agri-centric context that Marsden (2003) distinguishes between three models of agricultural and rural development in Europe – an agro-industrial model, an alternative post-productivist model, and a nascent rural development model, each

with their own dynamic. Marsden argues that recent CAP reforms have essentially been attempts to deal with the growing crises of legitimacy in the dominant agro-industrial model: “to keep in place the basic principles of the industrial system while at the same time highlighting a rational conception of food quality” (p.9). In competition with this, he argues, an alternative post-productivist model of the countryside has been promoted in NW Europe, particularly, in order to shape the countryside socially and morally “in ways which continue to make it attractive and lucrative to aspiring ex-urban groups” (p.11).

The contest between these two models (agro-industrial and post-productivist), he argues, is embodied in the internal contradictions of the Agenda 2000 CAP reform. One proposes an agro-industrial “race to the bottom” through expansion and intensification which will facilitate competitiveness in global markets. The other promotes the coping mechanisms needed for managing the ‘consumption countryside’ for the benefit of urban consumers. Both these models “for the social management of rural nature” tend to marginalize nature, whether through the production process or through a highly materialist conception of the consumption process (p.10). Moreover, “both have their own socio-spatial expressions. In many rural regions in Europe they overlap across rural space and affect change in dual ways,” each relying on market and state governance structures to manage the unsustainable conditions which they create (p.12). However, Marsden does not elaborate on these spatial patterns.

Marsden does argue, though (p.13), that it is in those regions least exploited by either the agro-industrial or the post-productivist model, ie. “peripheral rural regions”, that an emergent sustainable rural development model may instead hold out greater hope. This model he sees as based on local food production through “re-embedded local food supply chains”, with a truly sustainable development dynamic offering “pathways out of contradiction”. This is also “marked by a different set of organising principles which place nature, labour, region, value and quality in a different set of equations” as new forms of food governance emerge on an ad hoc and grassroots basis. While originating among the largely ‘bottom-up’ initiatives associated with empowering rural communities (such as LEADER), this dynamic “is now a much broader and more diffuse church; one which can incorporate renewed ideas of former agricultural practices and social ecology” (p.18). Of critical importance, he continues, is the degree to which this dynamic can assemble at the micro-scale legitimate governance and regulatory structures and processes which are integrative and robust, and which can work vertically with overall strategy and funding mechanisms. However, we cannot expect the impetus

to come from national governments or corporate firms because of the inherent conflict of this model with the agro-industrial model and the “super-productivist hands of global agribusiness” (p.20).

### An urban-rural meta-narrative

An alternative perspective prioritises urban-rural interactions in explaining change, using typologies of rural areas according to spheres of urban influence, generally measured in terms of Euclidian distance or travel-to-work areas. According to the final report of ESPON 1.1.2 (Urban-Rural Relations in Europe) “commuting is one of the biggest forces of change in the countryside.” One detailed investigation of this approach is the SERA report (Copus et al., 2006), which drew attention to two large scale processes of change: a long established “urbanisation” trend drawing population and economic activity out of more remote rural areas into urban and accessible rural areas, and a more recent “counter-urbanisation” flow out of urban regions into accessible rural areas. As a result of these two flows, the report argued, the accessible parts of the OECD’s Significantly Rural (SR) group of regions represent a zone of growth, with an economic structure increasingly similar to that of the Predominantly Urban (PU) regions. By contrast the Predominantly Rural (PR) regions, especially in the more remote parts of the EU are still being depleted of population and economic activity through cumulative self-perpetuating cycles of decline – a reference back to Myrdal’s cumulative causation thesis.

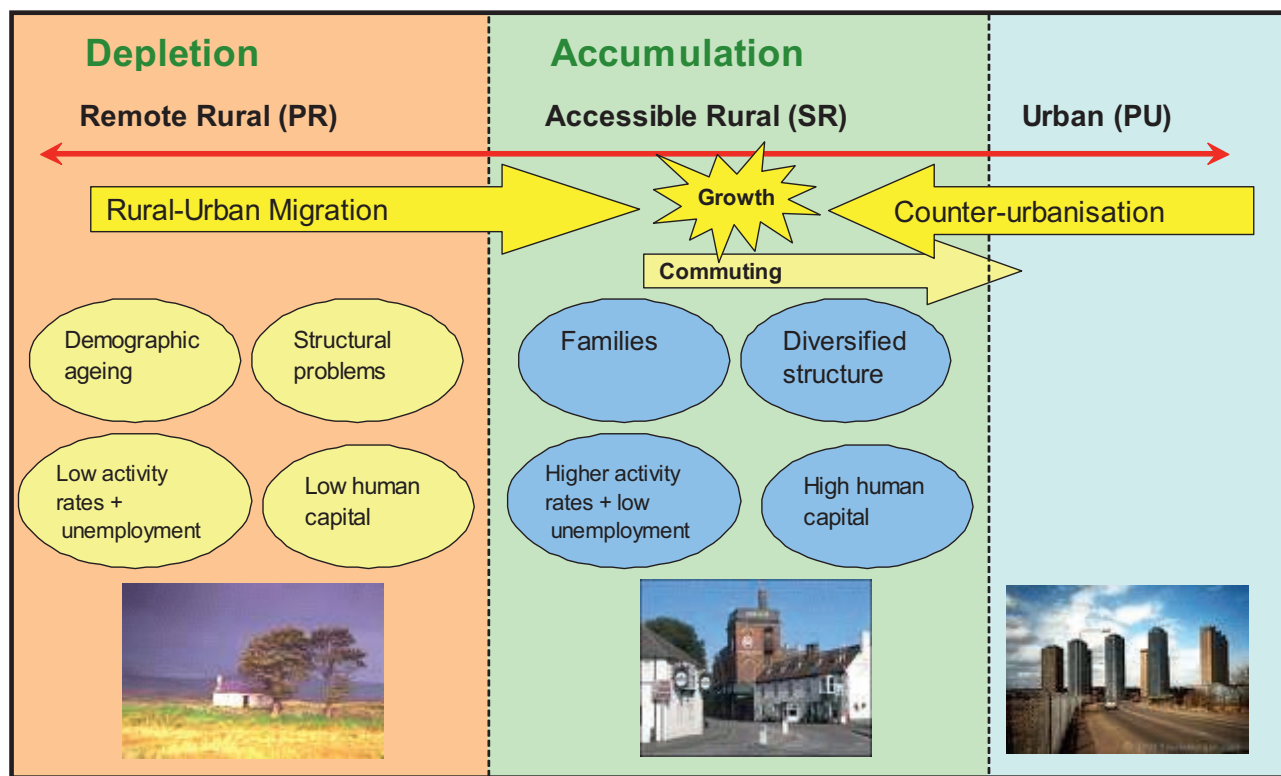
Of course, these tendencies are modified by many intervening variables. “Overlaying this broad pattern are various North-South, and East-West differences, based upon natural environment, cultural, social and political traditions. These include contrasts in age structures, gender differences in economic activity, and patterns of human capital. It is extremely important to recognise and to take account of the fact that well known problems, such as demographic ageing, although evident, to some extent throughout rural Europe, are quite variable in their severity.”

The urban-rural narrative has some affinities with concepts of peripherality, as hinted above, and this concept is also discussed by Copus (2001). Peripherality is a concept which “incorporates two main causal elements; distance from sources of goods and services, and an absence of agglomerative economies. Associated with these are ‘contingent’ disadvantages, such as the high cost of service provision, low rates of entrepreneurship, and a range of associated problems, such as slow adjustment of sectoral structure, poor local infrastructure, and so on.” Ultimately, peripheral regions are thought to have less ‘economic potential’,

a suggestion echoed in the recent Barca report. Peripherality is thus viewed as a “consequence of the location of a region in relation to all other regions, and their economic size/importance. Quite simply, a region

which is close to centres of economic activity will have a range of advantages over one which is located further away, and vice versa.” This narrative has been summarised by Copus et al., (2007), shown in Figure 1.

Figure 2: Zones of Accumulation and Depletion



Source: Copus et al. 2007

In a later paper, Copus (2010) has called into question much of our established thinking about urban – rural relations, showing how little evidence basis there is for the ‘stylised fallacy’ that growth originates in urban centres and trickles out to rural hinterlands.

### A meta-narrative of economic competitiveness and global capital

Across a range of social science disciplines, a large number of researchers have sought to explain countries’ and regions’ economic performance and associated social and economic changes in terms of their economic competitiveness and attractiveness to global capital, particularly under a global neo-liberal regime. Porter (1996, 1998) has been prominent in his advice to governments on how to compete internationally, for example, as was Friedmann and the Chicago School before Porter.

Much recent writing in rural sociology has employed the concepts of ‘late modernity’ (Giddens, 1991) and ‘risk society’ (Beck, 1992) to help understand the complex and less certain world in which we live at the start of the 21<sup>st</sup> Century. Giddens has identified

particular features<sup>3</sup> of modernity which have fostered an international division of labour within a global system of nation-states operating in a world capitalist economy. These forces have transformed rural and urban areas alike, through the pace, totality and interconnectivity of change (Woods, 2005).

Sociologists and geographers have written about the globalisation of production, the move towards flexible specialisation and a global division of tasks across huge distances. A core of workers is highly paid, while others (often working abroad) are made ‘flexible’ through low wages, insecure contracts, and casualisation. The key orientation is towards flexibility and the production of tailored, specialised products using ‘just-in-time’ production systems. For any given locality in late modernity (rural or urban), future prosperity may be profoundly affected by the manner in which global capital seeks to exploit local resources such as land and labour, unless local capital itself is able to underpin development. Rural areas characterised by low wages, a compliant, non-unionised workforce,

<sup>3</sup> Time-space distanciation; the disembedding of social relations out of local contexts of interaction, notably through trust in money and expertise; and reflexivity – examining, questioning and reviewing one’s behaviour.



and lower levels of regulation, may be particularly prone to exploitation by international capital, leading to increased dependency and peripherality. On the other hand, rural areas with highly educated and skilled populations, strong institutions and social capital may be sites of innovation, prosperity and security. In the US, Florida (2002) has shown that some areas may attract a 'creative class' whose presence then underpins these fortunate areas' economic performance: there is some evidence that accessible rural areas of England might be characterised in this way (Hepworth, 2006), although empirical evidence is less clear about the benefits to rural areas' economic performance (Willets, 2009). The post-Soviet transition of the NMS has capitalist penetration very clearly at its heart, such that rural regions in the NMS have been fundamentally affected by the ways in which global capital have sought to exploit their resources and their developing markets. A radically different scenario is that local, rather than global, capital may underpin successful local economies, seeking to develop products which depend upon a local identity for their market niche, so 'selling the local to the global'. These dimensions of capital are, in principle, independent of distance to urban centres and of reliance on agriculture, although in practice there may be historically contingent associations with these factors.

It should be noted that writers who emphasise the role of capital and competition in the differential performance of places, regions and countries have opposite views on the merits of such processes. Free market economists may argue that such processes will ultimately lead to the greatest good, whereas many sociologists and geographers are more critical of what they see as capitalist exploitation. Woods (2005, 33) has stated, for example, that "globalisation is therefore, in essence, about power – about the lack of power of rural regions to control their own futures, and about the increasing subjection of rural regions to networks and processes of power that are produced, reproduced and executed on a global scale." However, as Woods also recognises, people and policy-makers in rural areas are not entirely passive in the face of global forces, with many opportunities to resist and negotiate these forces, so seeking to exert agency and remain competitive in a globalised world. This, in essence, is the challenge of connectivity.

This emphasis on global competitiveness in a world where localities are increasingly interconnected and interdependent is also the main thrust of the EU's Lisbon Strategy and of many member states' economic policies.

*"The whole of the Union faces challenges arising from a likely acceleration in economic restructuring as a result of globalisation, trade opening, the technological revolution, the development of the knowledge economy and society, an ageing population and a growth in immigration." (CEC 2004, p.2)*

The Lisbon Strategy accordingly sets out the EU's aspiration to become the most competitive and dynamic knowledge-based economy, capable of sustainable economic growth with more and better jobs and greater social cohesion, and rural areas of Europe are expected to contribute to, and benefit from, this strategy.

From this perspective, the CAP is largely irrelevant to the future of rural regions (European Court of Auditors 2006). Lowe (2006) has argued that while agri-environment payments to farmers may help to provide the broader conditions for sustainable rural development, by maintaining a region's landscape and habitats, they do not directly promote the economic competitiveness of rural areas. This is because, as the OECD (2006) puts it in its report calling for "A New Rural Paradigm", these and other payments under the CAP are predominantly recurrent *subsidies* rather than investments, and they are *sectoral* rather than territorial in their nature. "If the goal is to widen the base and vitality of the economies of rural areas, it is surely important that the crucial, consistent and largely non-agricultural drivers that are revitalising rural economies are supported" (Lowe, 2006, p.42).

## How to promote rural growth

Each of these competing perspectives offers different explanations of the changes affecting rural areas and leads to slightly different conclusions about how to promote rural growth. The question of how to promote growth in rural areas has been the subject of a recent study, the Dynamics of Rural Areas (DORA), which explored the factors underlying the differential economic performance of rural areas across Europe (Bryden and Hart, 2004). The study compared eight matched pairs of study areas in Scotland, Sweden, Germany and Greece, focusing both on tangible and less tangible factors. Six themes were found to underlie differences in economic performance: cultural traditions and social arrangements; peripherality and infrastructure; governance, institutions and public investment; entrepreneurship; economic structures and organisation; and human resources and demography. Similar conclusions were reached in the RUREMPLO project (Terluin and Post, 2000; Terluin, 2003).

The principal conclusion is that successful local responses to globalisation derive essentially from cultural

and social factors, though these can be encouraged/discouraged by styles of governance, institutional arrangements and forms of organisation that encourage or undermine self-determination, independence and local identity. Policy should focus on the improvement of governance and economic structures, and facilitating community and individual action. More specifically, “local enterprise can be stimulated by:

- Widespread or community ownership of land and housing;
- Good local institutional autonomy and governance;
- Investment in appropriate public goods;
- Strong local identity and market positioning;
- Good education, health and other service provision and access; and
- Cultural and environmental attributes and a ‘can do’ entrepreneurial approach. (Bryden and Hart 2004).

These are the very arguments now embraced and proposed by the OECD’s Territorial Development Working Group in their ‘New Rural Paradigm’ report (OECD 2006).

Of course, these three ‘meta-narratives’ of change are not mutually exclusive – indeed there are overlaps between their accounts. They are best understood as alternative perspectives on rural change, three different analytical viewpoints on what is happening in rural Europe, all within the overarching context of increasing interdependence and connexity between places in an increasingly networked society. Interestingly, each maps to some extent on to the competing policy perspectives of different elements of CEC policy, namely the CAP (DG Agriculture and Rural Development), the structural funds (DG Regional Policy), and the Lisbon agenda respectively.

## Two Key Issues – Assets and the Interaction Between Places

Two inter-related issues emerge from these discussions as key to understanding the changes affecting rural areas in Europe, and the spatial differentiation which is occurring. These are, first and foremost, the nature of the *interaction between places*, and, second, the ‘assets’ on which people can draw in ‘shaping’ the future of their place in relation to other places.

The importance of the interactions between places is apparent in the processes of economic restructuring, migration, commuting, access to services and the other drivers of change and is inherent too in the overarching concept of connexity. The crucial

question emerging from the account of the three meta-narratives is whether the most important interaction is *between rural and urban places*, implying spatial differentiation is primarily structured around settlement hierarchies and accessibility/remoteness from centres of population, with distance from urban centres the defining asset/handicap. Or alternatively is the most important interaction *between the local and the global*, or at least between local places and places elsewhere, implying spatial differentiation is primarily according to the locality’s other assets – its institutional capacity, education, entrepreneurial spirit, social networks, identity and ability for collective mobilisation as well as its natural and cultural heritage? Clearly the answer to this question is crucial in guiding policy intervention, as well as in constructing any spatial typology.

Our conclusion is that *both* types of interaction are important in understanding the differential performance of rural places in Europe, although the latter may be expected to grow in significance as relational space eclipses Euclidian space in its importance. In many areas of Europe it is clear that proximity to cities has allowed a transformation of rural areas into commuting zones of comparative affluence, involving pervasive social and political changes, and often some loss of freedom as they merge into the city’s zone of influence. These types of interaction were highlighted by the SERA study, among many others, and indeed are well-established. However, this is an insufficient explanation of the spatial differentiation in rural change, since evidence exists of rural areas remote from cities which are also performing well, and sometimes even outperforming more accessible rural areas. One example is the Isle of Skye, amongst the regions studied in EDORA. To understand the success, and the potential, of such rural areas it is necessary to go beyond explanations couched in terms of rural-urban interactions. The evidence here points to the importance of cultural and social factors in a locality’s interaction with other places (near and far), though these can be encouraged/discouraged by styles of governance, institutional arrangements and forms of organisation that encourage or undermine self-determination, independence and local identity, as suggested by the EDORA study. These are very different forms of asset from physical proximity to cities, often less tangible and certainly less easy to measure and to map. The type of interaction between places (Euclidian or relational) that is seen as more important in explaining rural change should lead to a different focus for state intervention. We return to appropriate policy approaches in section 4.

## Other Significant Issues

The EDORA Theme Papers and Exemplar Regions reports raised a number of other issues for the development of rural areas which were insufficiently addressed by the heuristic device of meta-narratives of change. These were 'continuity and change', 'resilience', and 'the people and places left behind', each of which is now outlined in turn.

### Continuity and change

A fundamental challenge in fostering sustainable rural communities, in economic, social and environmental terms, is to manage the tension between change and continuity (Arnason, Shucksmith and Vergunst, 2009). For example, many rural communities seek to attract in-migrants and return migrants (who bring new ideas, start businesses, and maintain the viability of services) but fear an attendant displacement of local people and practices, especially those fundamental to cultural and environmental sustainability. The neo-liberal tendency toward deregulation has depleted the state's ability to manage these tensions in the interests of sustainability, so heightening such difficulties (Shucksmith and Rønningen, 2011). This lack of control is exemplified by acquisition of houses and small farms by absentee owners as second homes, as much as by the centralisation and withdrawal of privatised services of general interest. It is apparent that the state, and its partners in multi-level governance, require stronger powers and a fuller set of policy 'tools' with which to seek to manage these tensions.

Shucksmith (2009) has recently argued that sustainable rural development requires the state to exercise generative power to stimulate action, innovation, struggle and resistance, to release potentialities, to generate new struggles and to transform governance itself. While this should be founded upon deliberative processes and collective action, the mobilisation of actors (especially the least powerful) to develop strategic agendas in such a context of diffused power and 'nobody-in-charge' will be a crucial challenge. It is likely to play on a dialectic between continuity and change, and will be a process of negotiation (or an arena for struggle) between maintaining valued aspects of society, economy and environment and fostering and embracing new approaches to them. This process of 'taking the past into the future' will present a huge challenge to social actors in rural development, and its realisation will depend partly on the institutional capacity of these actors in terms of knowledge resources, relational resources and mobilising capabilities.

### Resilience

Another theme which emerged concerns the resilience - or vulnerability to 'shocks' - of rural areas. These include, for example, the disruptions associated with the collapse of the Soviet hegemony and the post-Soviet transition, amongst which possibly the most traumatic has been the loss of full employment. Other 'shocks' which have affected many rural areas include the closure of major employers, the loss of key services, and the effects of economic recession. A recent report to the European Parliament (Shucksmith, 2010b) has documented the sharp rise in youth unemployment across rural areas of Europe since 2008, for example.

In terms of spatial differentiation, the importance of the post-Soviet transition may be highlighted in terms of the distinctive pathways experienced by rural areas in eastern Europe and the ways in which these still constrain options and strategies today. These aspects of path dependency and the challenges facing many rural areas in the NMS have been mentioned as a recurring theme throughout this report. This is especially important in view of the evidence that rural areas in the NMS have by far the lowest levels of material welfare and quality of life in the EU-27 (Shucksmith et al., 2009), and the concern that a cohesion policy directed towards the Lisbon agenda might fail these regions because of the greater potential apparent in the main cities of NMS. "Features of many rural areas in the poorer countries, such as low education levels and IT usage, and the legacies of de-industrialisation, might militate against these being seen as suitable locations for Convergence investment, despite their high levels of disadvantage" (ibid).

Several of the exemplar regions, for example, had been subject to significant 'shocks' in the recent past, including the collapse of mining, or of communism. Not all shocks have negative consequences – some have brought positive development trajectories, as in Ostrołęcko-Siedlecki (Poland) and Osrednjeslovenska (Slovenia). For others, the shocks have been deep crises throwing the regions into negative spirals and, while some are beginning to recover, the base for their development trajectories is very low. Thus, for example, Teruel (Spain) and Chelmsko-Zamojski (Poland) both suffered long-term problems that compounded until recently when strategies have at last begun to support their positive development.

### The people and places 'left behind'

The discussions of change and connexity have perhaps underplayed the position of the people left behind in

these processes. The spiral of decline that some rural places enter has already been noted, but even without such depressing prospects there are many rural places where people are 'trapped'. This term is used therefore to convey both the lack of opportunity that some people face, and their lack of mobility (see Urry 2010). These two aspects, that is poverty *of* rural places and poverty *in* rural places, are highlighted in the report commissioned by the Directorate General for Employment, Social Affairs and Equal Opportunities on Poverty and Social Exclusion in Rural Areas (Bertolini and Peragine, 2009). There is a need for further research on both aspects of poverty and exclusion across rural Europe.

The ageing nature of much of the rural population is important in this regard, especially when coupled with the decline in rural services, and the problems of rural transport. There are also problems

for excluded groups about being able to afford local housing in areas attractive to incomers. People working in land-based industries are low-paid, and have poorer employment prospects: they tend to be less formally qualified than their urban counterparts and less likely to undertake training, sometimes because of a lack of transport options. There is evidence of such people part-time working, multiple job holding or entering self-employment but still being under-employed. In this context there is an increased dependency on the household, family and friends. Many elderly farmers no longer have the opportunity of phasing out of the farm business by handing it on to one of the next generation: the young people have left the rural areas and the practice of farm succession is declining. Many of these issues are exacerbated in the remoter areas, and in poorer areas of eastern and southern Europe.

## Conclusion

Rural areas of Europe are experiencing fundamental changes which pose challenges for EU territorial cohesion, as summarised above in terms of the economic, social, political and environmental processes which lead to spatial differentiation. These processes are complex and manifold, and researchers offer competing explanations for these trends. In reviewing these explanations we have found it helpful to characterise these in terms of three heuristic meta-narratives, namely an agri-centric meta-narrative, an urban-rural meta-narrative, and a meta-narrative of economic competitiveness and global capital. Each of these sits beneath a common and overarching context for change which is the increasingly interconnected and interdependent world in which we live, and the tensions this brings.

Two inter-related issues emerged as key to understanding the changes affecting rural areas in Europe, and the emerging spatial differentiation. These are, first and foremost, the nature of the *interaction between places*, and, second, the *'assets'* on which people can draw in 'shaping' the future of their place. The importance of the interactions between places is apparent in the processes of economic restructuring, migration, commuting, access to services and the other drivers of change reviewed.

We concluded that two types of interaction were *both* important in understanding the differential performance of rural places in Europe. The interaction *between rural and urban places* causes spatial differentiation around settlement hierarchies and accessibility/ remoteness from centres of population, with distance from urban centres the defining asset/

handicap. Of equal and growing importance, however, is the interaction *between the local and the global*, or at least between localities and places elsewhere, implying spatial differentiation is primarily according to the locality's relational interactions and its other relevant assets – its institutional capacity, education, entrepreneurial spirit, social networks, identity and ability for collective mobilisation as well as its natural and cultural heritage. In terms of the development of a typology of rural regions this might suggest development of distinct dimensions of economic structure and performance alongside the standard urban-rural typologies.

In terms of policies, it was noted above that whichever type of interaction between places is seen as more important in explaining rural change will suggest a different focus for state intervention. Thus, if rural areas' spatial differentiation were explained primarily in terms of proximity to cities, governments might be expected to prioritise investment in transport infrastructure and physical accessibility to bring more rural areas within urban zones of influence, encouraging a greater reach of commuting into urban labour markets. On the other hand, if rural places are seen to have their own endogenous potentialities in interacting with places near and far, drawing on their social, cultural and institutional assets, then governments might instead engage in a much broader range of interventions: building institutional capacity and social capital; investing in education, training and digital inclusion; and fostering local entrepreneurial spirit. Again, our conclusion is that both types of intervention are vital, but that the second has been relatively neglected in many rural areas, notwithstanding the high profile (but little funding)

given to the LEADER approach. Furthermore, the breadth of the range of interventions required in many rural areas represents a challenge for the coordination

and integration of policies among the plethora of agencies engaged, not only horizontally within the area but vertically through multi-level governance.

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# Chapter 2

## Macro Scale patterns of differentiation (spatial generalisations)

Andrew Copus

### Introduction

This chapter picks up some of the key ideas presented by Shucksmith, Talbot and Lee in Chapter 1, but shifts the focus from rural change to geographical patterns of rural differentiation. It begins with some reflections on the tension between the emphasis upon differentiation and the uniqueness of rural areas as an asset, and the continuing demand for spatial generalisations as a starting point for macro-scale policy targeting. It then describes the development of a suite of three typologies of the “non-urban” regions of the ESPON space. It concludes with some simple statistical analysis of the relationships between the three typologies, illustrating their potential as a framework for socio-economic “triangulation” of rural Europe.

#### Increasing Rural Diversity

The oft-lamented increasing uniformity commonly associated with globalisation is in marked contrast with the view advanced by number of rural development theorists; that current trends are leading to increasing diversity in rural areas. The following quotations illustrate this:

*“...Apparently similar areas demonstrate quite different characteristics in terms of key indicators, like net migration, commuting, deprivation, new enterprise formation, the degree of social cohesion or fragmentation, and so on... the character and complexity of rural uneven development has shifted profoundly.” (Marsden, 1999).*

*“...while all rural localities are touched by global networks and global flows in some way, the intensity of the connections forged, the extent of change effected to the*

*locality, and the degree of manifestation of characteristics of the global countryside, all vary considerably. Globalization, it appears, is more significant in remaking some rural places than others. This differential geography in part reflects structural factors that moderate the exposure of rural communities to global networks and processes...” (Woods, 2007).*

There is thus a “post-modern” thread through the recent literature on rural and regional development which stresses the need to acknowledge diversity, and to accommodate it in policy design. This has often been associated with a preference for interpretation, based on qualitative methods and idiographic approaches, rather than the pursuit of positivist explanation and generalisation derived from quantitative analysis. This of course reflects a broader paradigm shift in the social sciences generally.

The assumption of increasing rural diversity has become commonplace in the policy literature too, - it is for example fundamental to the rationale of the EDORA project’s Technical Specification. In parallel, there has been a move away from “equalisation” (of regional incomes, quality of life, etc) towards an ethos of endogenous development enabling each region to fulfil its potential by mobilising a broad range of local assets. This line of thinking has supported the argument that it is in the very diversity of rural areas that much of their potential for development lies. The sub-title of DG Regio’s 2008 Green Paper on Territorial Cohesion (EC 2008); “Turning Diversity into Strength” is totemic of this view.

These assertions beg the question whether there is a continuing role for generalisation in rural development research, and rural policy design, and if

so, what is it, and how can researchers ensure that their generalisations are “useful” in a policy context?

### Valid Generalisations and Unjustified Stereotypes?

The rural development policy literature is populated by many generalisations, some being more or less representative and accurate, and others being anachronistic stereotypes with an inadequate evidence-base, which Hodge (2004) has dubbed “stylised fallacies”. The latter are sometimes perpetuated by powerful interest groups.

Such rural stereotypes have often been quite negative, and have included, for example:

- The *agrarian countryside*, in which the role of land-based industries is overestimated at the expense of other forms of economic activity which are of greater and increasing importance to socio-economic development.
- The *“rural exodus”*: characterised by out-migration and demographic ageing. This ignores the fact that many rural areas show in-migration, population increase and relatively young age structures.
- Rural *“dependency culture”* – an attachment to policy supports and compensation for disadvantage as the main policy option. In reality many rural areas, even remote ones, show evidence of dynamism, innovation and growth, even without policy support.
- Rural labour markets are commonly associated with *segmentation*, in which a dominant “secondary” component, characterised by low levels of human capital, insecurity, low activity rates (especially for females), disguised unemployment, and high levels of self-employment. All of these characteristics are certainly present in some (but by no means all) rural areas.
- Similarly, sparsity of population is often perceived as a barrier to entrepreneurship, due to an absence of agglomerative economies. As a result, the *impacts of globalisation* processes are believed to be predominantly negative in rural areas. Nevertheless it is important to recognise that information and communication technology (if associated with appropriate human capital conditions) are facilitating new forms of economic activity which enable some rural areas to sidestep these handicaps.

### Phenomenology and Generalisation as Tools for Policy Formulation

Clearly rural change is an extremely complex and nuanced phenomenon; the more that policy makers can understand of the details of the local experience, and the more intervention can accommodate the full range of regional differences, the more effective it will be. Recent trends in policy design and implementation have introduced a greater degree of flexibility to meet local circumstances, through menu-based approaches, neo-endogenous paradigms and so on (Copus and Dax, 2009).

Nevertheless, whilst it is not desirable that one set of “stylised fallacies” be replaced by generalisations which, although they are closer to contemporary realities, introduce a new set of inflexibilities, it is also apparent that the debate concerning policy options for “non-urban” Europe cannot be sustained by phenomenological approaches alone. Broad generalisations have an important role to play. It is crucial that the debate begins to move away from anachronistic stereotypes, and is informed by generalisations which are soundly based upon up-to-date evidence.

The EDORA project has sought to play a role in the long-overdue task of refreshing the images of different kinds of rurality which underlie policy design and implementation. Chapter 1 has already described the development of more appropriate “meta-narratives” of change. In this chapter, although subject to a range of limitations in terms of available data, and weaknesses associated with the regional framework, the meta-narratives will (at least in part) be given a tangible geographical manifestation in the form of regional typologies.

The meta-narratives are a form of generalisation about common “ensembles” of processes of change. They are neither exhaustive or inclusive of all the ways in which individual regions experience change. Neither is it possible to associate one meta-narrative with one particular type of region. All three, (and others which we have not described) may be at work, to some extent, in any individual region. What then can helpfully be said about macro-scale geographical patterns across rural Europe? Again, as with the preceding discussion of processes of change, the following attempt to outline broad socio-economic patterns is not viewed as an end in itself; but as a means by which policy may be better informed by, and attuned to, contemporary rural realities.



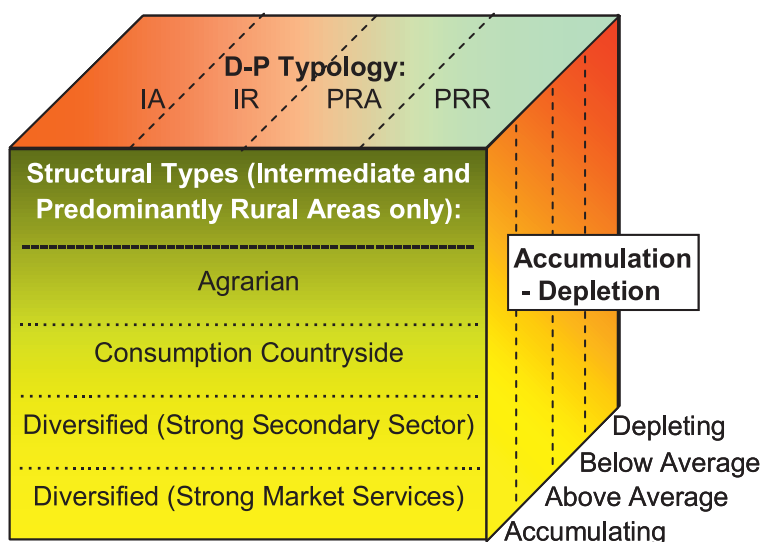
# The EDORA Cube

A single typology cannot easily encompass the salient aspects of differentiation of rural regions. Unlike most rural typologies (Boehme et al., 2009, Bengs and Schmidt-Thomé K., 2006) the EDORA cube takes us beyond the issue of rurality, and into the realms of rural economic structure and performance. This is crucial in terms of the usefulness of the framework in supporting policy analysis.

The EDORA analytical framework (the “EDORA cube”) comprises three typologies, the choice of which was constrained, both by the Technical Specification of the project, and by (NUTS 3) data

availability issues. Whilst the cube represents an advance, no claim is made that the three typologies reflect all socio-economic characteristics which exhibit systematic macro-scale patterns of differentiation across Europe. Neither is it claimed that the three aspects represented by the typologies are technically orthogonal to each other, they may be described as distinct dimensions of variation, broadly aligned to the meta-narratives, which are best considered separately. In an ideal world, with more balance regional databases there would certainly be a number of additional issues to explore.

Figure 3: The EDORA Cube – a 3 dimensional framework for analysis



Note: IA = Intermediate Accessible,  
 IR = Intermediate Remote  
 PRA = Predominantly Rural Accessible  
 PRR = Predominantly Rural Remote

The EDORA typologies are implemented at NUTS 3, and (in terms of the OECD classification) cover all Intermediate and Predominantly Rural regions. This accommodates the inclusion of the Dijkstra-Poelman (D-P) modified OECD typology (Dijkstra and Poelman 2008), as required by the technical specification of EDORA. It also reflects the theoretical arguments for not separating rural areas from the adjacent small and medium-sized towns with which they interact within local and regional economic networks. The first typology (the D-P classification according to rurality and accessibility) relates, in broad terms, to the Rural-Urban meta-narrative. It covers the EU27 plus Norway and Switzerland (see figure 4).

## The Dijkstra/Poelman Typology

The full methodology for the D-P typology is described in Dijkstra and Poelman (2008). The first step is to classify all “local units”<sup>4</sup> within each NUTS 3 region as urban or rural, using a criteria of population density of 150 inhabitants per square kilometre. Predominantly Urban (PU) regions are those in which less than 15% live in local units which are rural. Intermediate regions are defined as those in which between 15% and 50% live in rural local units. Predominantly Rural (PR) regions have more than 50% of their population living in rural local units. Each of these three categories are further divided into accessible and remote groups. A region is placed in the accessible group “if more than half of its residents

<sup>4</sup> These are either LAU 1 or LAU 2 varying between Member States.

can drive to the centre of a city of at least 50 000 inhabitants within 45 minutes. Conversely, if less than half its population can reach a city within 45 minutes, it is considered remote.” (Dijkstra and Poelman, 2008, p.3)

## Structural and Performance Typologies:

### Data Sources

The starting point in the search for “raw” data which could be used for the Structural and Performance dimensions of the EDORA analysis framework was the Eurostat REGIO database. The list of 34 variables provided in Table 2 shows that the data derives from ten different REGIO tables. Several additional (non-REGIO) sources are cited. Two of these trace their roots to REGIO, and one has been generated by analysis carried out by DG Regio for the Territorial Cohesion Green Paper. National sources have been used to provide data in Norway and Switzerland.

Of the thirteen European sources used, eight provide data at NUTS 3 region level, two provide data only at NUTS 2 level, and one contains NUTS 3 data for all MS except Germany, where the level is NUTS 2. The use of NUTS 2 data has thus been minimised. The only way to use such data is to apply NUTS 2 ratio indicators

to all constituent NUTS 3 regions. This carries with it a strong risk of “blurring” differences between urban and rural regions, since many NUTS 2 are composed of regions in more than one D-P category.

Almost all the tables have some missing data in the most recent available year (which varies from 2006 to 2008). In order to minimise the number of “missing data” cells in the database, each of the columns of raw data combines data for the most recent year available for each Member State (MS).

The raw data variables extracted from REGIO and the other sources have thus been “enhanced” to create a NUTS 3 database with the minimum number of missing data cells.

Few of the variables are available for regions in non-EU27 MS. The D-P typology currently extends to Norway (NO) and Switzerland (CH) only. Turkey’s (TR) regions are classified in the OECD (PU/I/PR) typology, but not with the D-P subdivision according to access to a city. It has therefore proved possible to include Norway and Switzerland in all three typologies (but on the basis of fewer indicators and simplified criteria). Turkey has also been included in the Structural and Performance typologies (although with lower “confidence levels”).

Table 2: The “Raw Data” Variables used to generate the Typology Indicators

No.	Short Name	Description	Units	Source	Base Year/Period	No. of Missing Data Regions*	Comments
V1	TOTPOP	Total Population	'000's	Regio: Table reg_d3avg	2007	0	
V2	TOTPOPNU2S	Total Population of NUTS 2 Region	'000's	Calculated from ESPON (2008)	2001-05	0	The Mig. and N.I. rates given in ESPON 2008 were applied to V2
V3	MIG	Net Migration	'000's	Calculated from ESPON (2008)	2001-05	0	ditto
V4	CHILD	Persons <15 years	'000's	Regio: Table reg_d2avg	2005	0	The percentage of total population at NUTS 2 was applied to the NUTS 3 total population.
V5	PENS	Persons >65 years	'000's	Regio: Table reg_d2avg	2006	0	ditto
V6	WAP	Working age population (15-65)	'000's	Regio: Table reg_d2avg	2006	0	ditto
V7	GDP(PPS)	GDP (PPS)	€mio.	Regio: Table reg_e3gdp	2006	26	NO data (1998, 2006) estimated by apportioning NO total (reg_e3gdp) to regions on the basis of regional figures (in NOK) extracted from <a href="http://www.ssb.no/fnr_en/">http://www.ssb.no/fnr_en/</a> 1995-2006 is base period, shorter periods used according to data availability by region
V8	GDPCH	Average annual change in GDP	%	Regio: Table reg_e3gdp	1995-2006	26	
V9	TOTGVA	Total GVA	€mio.	Regio: Table reg_e3vabp95	2006	45	Defined as NACE A-P
V10	TOTGVA(PR)	Total Private Sector GVA	€mio.	Regio: Table reg_e3vabp95	2006	45	Defined as NACE A-K
V11	PRIMGVA	Primary Sector GVA	€mio.	Regio: Table reg_e3vabp95	2006	45	Defined as NACE A-B
V12	C-E GVA	Secondary Sector GVA	€mio.	Regio: Table reg_e3vabp95	2006	45	Defined as NACE C-E
V13	C-F GVA	Secondary Sector GVA (inc. Constr.)	€mio.	Regio: Table reg_e3vabp95	2006	45	Defined as NACE C-F
V14	G-K GVA	Market Services GVA	€mio.	Regio: Table reg_e3vabp95	2006	45	Defined as NACE G-K
V15	G-P GVA	Service Sector GVA	€mio.	Regio: Table reg_e3vabp95	2006	45	Defined as NACE G-P
V16	TOTEMP	Total Employment	'000's	Regio: Table reg_e3empl95	2006	0	Defined as NACE A-P. CH data extracted from <a href="http://www.bfs.admin.ch/bfs/portal/en/index/regionen/regionalportraits.html">http://www.bfs.admin.ch/bfs/portal/en/index/regionen/regionalportraits.html</a>
V17	TOTEMPPt	Total Private Sector Employment	'000's	Regio: Table reg_e3empl95	2006	26	Defined as NACE A-K
V18	PRIMEmp	Primary Sector Employment	'000's	Regio: Table reg_e3empl95	2006	0	Defined as NACE A-B; CH data extracted from website above
V19	C-E EMP	Secondary Sector Employment	'000's	Regio: Table reg_e3empl95	2006	0	Defined as NACE C-E; CH data extracted from website above
V20	G-K EMP	Market Services Employment	'000's	Regio: Table reg_e3empl95	2006	26	Defined as NACE G-K
V21	G-P EMP	Service Sector Employment	'000's	Regio: Table reg_e3empl95	2006	0	Defined as NACE G-P; CH data extracted from website above
V22	TOTEMPCH	Avg. annual change Total Employ.	%	Regio: Table reg_e3empl95	1995-2006	28	1995-2006 is base period, shorter periods used according to data availability by region
V23	UNEMP	Unemployed persons	'000's	Regio: Table reg_f3pers	2008	203	
V24	AWU	Annual Work Units	AWU	Regio: Table reg_ef_r_nuts	2007	68	DE data is for NUTS 2
V25	SBSSEMP TOT	Total Persons Employed	No.	Regio: sbs_r_nuts03	2007	28	NUTS 2 data
V26	SBSHOTCAT	Employed in Hotels and Catering	No.	Regio: sbs_r_nuts03	2007	28	ditto
V27	BP	Bed Places	No.	Regio: Table tour_cap_nuts3	2006-08	15	Average of 2006-08
V28	ANA	Access to Natural Areas	Combined	Territorial Cohesion Green Paper EC	2008	30	NO regions have been given the same score as the nearest SE region
V29	NSRES	Nights Spent by Residents	No.	Regio: tour_occ_nin2	2008	47	Nuts 2 data
V30	NSNON	Nights Spent by Non-Residents	No.	Regio: tour_occ_nin2	2008	60	ditto
V31	NSTOT	Nights Spent (Total)	No.	Regio: tour_occ_nin2	2008	60	ditto
V32	PCOGA	% of holdings with OGA	%	Rural Development in the EU Chapter 3	2005	44	NO data supplied directly by Eurostat.
V33	L74ESU	Number of holdings <4 ESU	No.	Regio: Table reg_ef_r_nuts	2007	29	DE data is for NUTS 2
V34	TOTESU	Total holdings (ESU size dist.)	No.	Regio: Table reg_ef_r_nuts	2007	27	ditto

**Notes**  
\* Calculated for EU27+NO+CH. (0 missing data = data for 1349 regions)

## The Typology Indicators

The 34 raw data variables (Table 2) were used to generate 23 ratio indicators, which are listed in Table 3.

Table 3: The Typology Indicators

No.	Short Name	Description	Variables used	Base Year	Intermed. and PR Mean	PU Region Mean	EU27 Mean
Ag1	PCPrimeE(Tot)	% Employment in Primary Activities	V18,V16	2006	10.45	1.65	7.60
Ag2	PCPrimeE	% Private Sector Employment in Primary Activities	V18,V17	2006	13.94	2.36	10.19
Ag3	PCPrimeG(Tot)	% GVA from Primary Activities	V11,V9	2006	4.78	0.85	3.51
Ag4	PCPrimeG	% Private Sector GVA from Primary Activities	V11,V10	2006	6.23	1.12	4.57
Ag5	AWUPEmp	AWU as a % of Total Private Employment	V24,V16	2007	13.12	2.02	9.76
CC1	HotCat	% of employment in Hotels and Catering	V26,V25	2007	9.57	9.85	9.66
CC2	BPPC	Bed Places per Capita	V27,V1	2006-8	86.36	35.65	69.93
CC3	NSRES	Nights Spent by Residents per capita	V29,V1	2008	342.75	284.79	323.90
CC4	NSNON	Nights Spent by Non-Residents per capita	V30,V1	2008	232.41	145.18	204.16
CC5	NSTOT	Nights Spent (Total) per capita	V31,V1	2008	575.33	431.96	528.89
CC6	ANA	Access to Natural Areas	V28	2008	125.92	91.50	114.79
CC7	PCOGA	% of holdings with OGA	V32	2005	37.40	37.94	37.57
CC8	LT4ESU	% of Holdings <4 ESU	V33,V34	2007	48.31	39.27	45.46
NR1	CEGKGR	Ratio of GVA from NACE CE to GK	V12,V14	2007	0.61	0.52	0.58
NR2	CEGPGR	Ratio of GVA from NACE CE to GP	V12,V15	2007	0.39	0.34	0.38
NR3	CFGPGR	Ratio of GVA from NACE CF to GP	V13,V15	2007	0.51	0.42	0.48
NR4	CEGKEMP	Ratio of Employ. in NACE CE to GK	V19,V20	2007	0.67	0.47	0.60
NR5	CEGPEMP	Ratio of Employ. in NACE CE to GP	V19,V21	2007	0.36	0.27	0.33
AD1	NETMIG	Net Migration (rate)	V3,V1	2001-05	0.25	0.31	0.27
AD2	GDPpercap	GDP per Capita	V7,V1	2007	19,067	28,918	22,257
AD3	GDPCh	Average annual change in GDP	V8	1995-2006	4.10	3.88	4.03
AD4	TotEmpCh	Average annual change in Employment	V22	1995-2006	0.43	0.70	0.52
AD5	Unemp	Unemployment Rate	V23,V6	2008	5.44	5.57	5.48

## Methodology

The Structural typology (figure 5) derives its rationale in part from the second and third meta-narratives described in Chapter 1; i.e. those which speak of the transformations affecting the agrarian economy and society, and of the increasing impact of global economic forces. It draws on the discourse regarding territorial and sectoral policy, and the shift from productivism towards new functions highlighting the importance of countryside public goods and the concept of “consumption countryside”. In a historical perspective, the long-term evolution of economic structures in non-urban areas (away from primary and secondary activities and towards the expansion of market services) can be seen as the most recent phase of a long process of global/spatial division of labour. The four types of non-urban region which are proposed reflect the constraints imposed by the availability of NUTS 3 data. A simple and transparent multi-criteria approach is used to sequentially define the four groups of regions:

The first type, the *Agrarian regions* is defined as those which exceeded the EU27 average for three indicators; share of GVA derived from the primary sector, share of employment in the primary sector, and agricultural Annual Work Units (AWU) as a percentage of total private sector employment.

The second type, “*Consumption Countryside*”, is defined as those regions in which at least one indicator in two out of three thematic groups exceeded the EU27 average. The three groups of indicators relate to

capacity for and intensity of tourism activity, access to natural areas, and the importance of peri-productivist farming styles<sup>5</sup>.

The third type, “*Diversified (Strong Secondary Sector)*” are identified (from the residual after the first two were defined) as those in which GVA from secondary sector activities exceeded that from private services.

The final type “*Diversified (Private Services Sector)*” were the residual after the first three had been defined. In other words they do not have a strong dependence upon agriculture, little evidence of strong “Consumption Countryside” activities, and a larger share of GVA from market services than from the secondary sector.

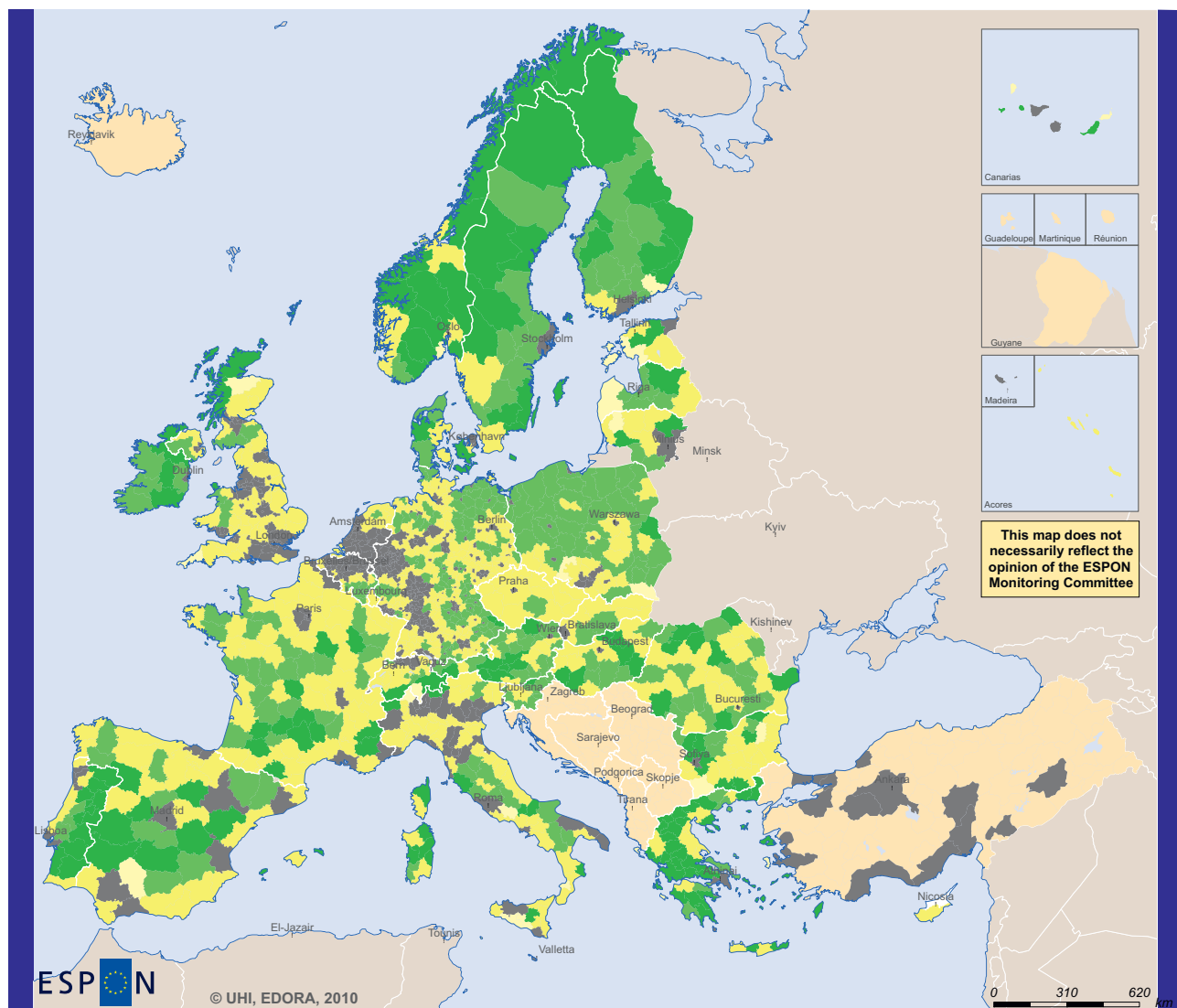
The Performance typology (figure 6) is in a sense independent of the meta-narratives, and places regions on a continuum between “depletion” and “accumulation” of various kinds of capital (human, financial, fixed, and so on). The first step in the classification is to create a synthetic performance indicator, an unweighted average of normalised “Z” scores of five indicators. These are net migration rate, GDP per capita, annual percentage changes in GDP and employment, and unemployment rate. This continuous variable is then presented in four categories, defined by the EU27 average, and +/- 0.5 Standard Deviations.

The Structural and Performance typologies cover the EU27, and use a simplified procedure to ensure inclusion of Norway, Switzerland and Turkey.

<sup>5</sup> There is a small degree of overlap between Agrarian and Consumption Countryside definitions (mainly in the South of Europe). In these cases the regions are placed in the Agrarian group.

Figure 4: The Dijkstra-Poelman Urban-Rural Typology

# Dijkstra-Poelman Typology of Rurality



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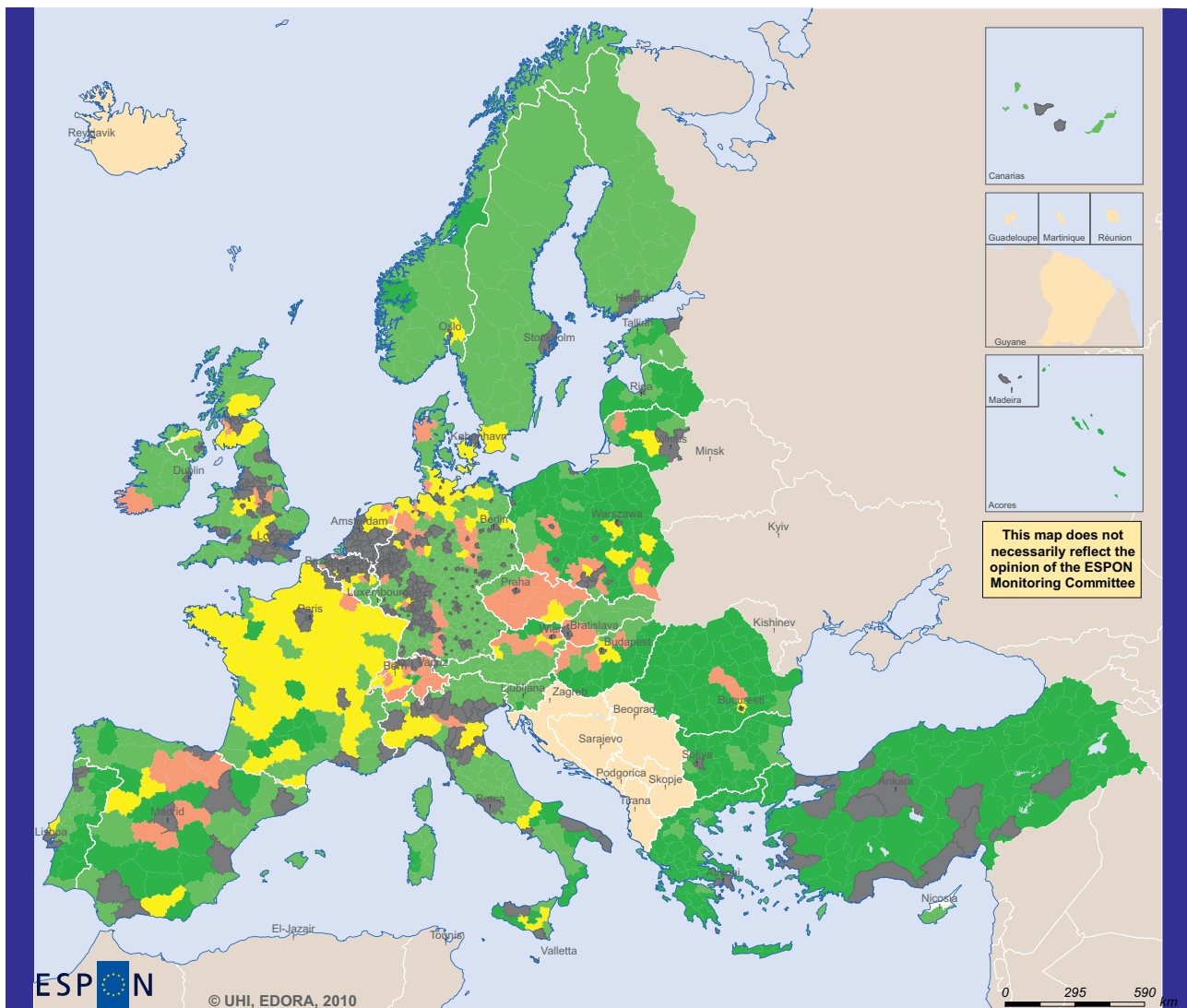
Regional level: NUTS 3  
Source: EDORA Database, 2010  
Origin of data: Eurostat REGIO Database, and other sources, various years (centred on 2006).  
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## Urban-Rural Types (NUTS 3 Regions)

- No Data
- Predominantly Urban
- Intermediate Close to a City
- Intermediate Remote
- Predominantly Rural Close to a City
- Predominantly Remote

Figure 5: The Structural Typology

# EDORA Structural Typology



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Regional level: NUTS 3  
Source: EDORA Database, 2010  
Origin of data: Eurostat REGIO Database, and other sources, various years (centred on 2006).  
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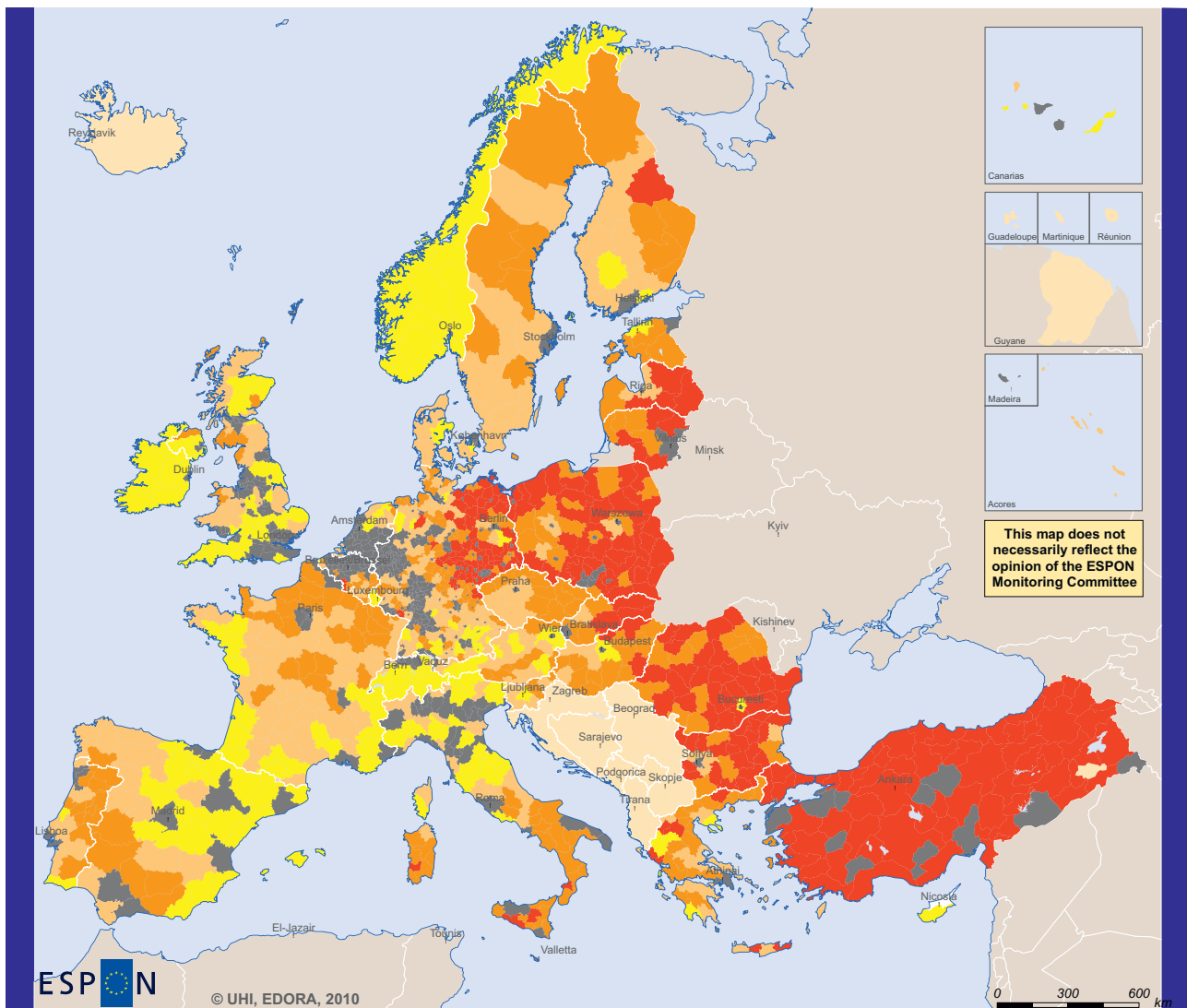
## Structural Types (Intermediate and Predominantly Rural NUTS 3 Regions)

- No Data
- PU Regions
- Agrarian
- Consumption Countryside
- Diversified (Strong Secondary Sector)
- Diversified (Strong Private Services Sector)

Note: A simplified classification procedure was necessary in CH and TR, due to missing data. However it is anticipated that acquisition of a wider range of indicators would not materially change the outcome.

Figure 6: The Performance Typology







# EDORA Performance Typology




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Regional level: NUTS 3  
 Source: EDORA Database, 2010  
 Origin of data: Eurostat REGIO Database, and other sources, various years (centred on 2006).  
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## Performance (A-D) Types (Intermediate and Predominantly Rural NUTS 3 Regions)

-  No Data
-  PU Regions
-  Depleting
-  Below Average
-  Above Average
-  Accumulating

Note: The type allocation to TR and CH is based upon a reduced set of indicators, and should not be considered fully comparable with the typology for the EU27.

## The Broad Patterns Revealed

The geographical distribution of the four Structural types reveals (in very broad-brush terms) a degree of association with peripherality. The Agrarian regions occupy an arc “on the edge of Europe”, from Finland, south through the Baltic States, Poland, Slovakia, Romania, Bulgaria and Greece, and then through Southern Italy, South West France, and into the southern and western half of the Iberian peninsula. The Consumption Countryside regions occupy most of the Nordic Member States, much of Germany, Slovenia, Austria, parts of Italy, Southern France, coastal Spanish and Portuguese regions, and the more rural parts of the UK and Ireland. The Diversified regions tend to be more accessible. Those in which Secondary activities are dominant are found in the Czech Republic, Hungary, Slovenia, around Madrid and in the north of Spain, in parts of Germany and the

English Midlands. Diversified (market Services) regions are rather conspicuous in northern and central France, but are also scattered across Northern Germany, Northern Italy, parts of the UK, and close to national capitals in the New Member States. The geographical pattern of performance scores shows a very clear concentration of Depleting regions in the eastern New Member States, the New German Länder and Turkey. Below average scores are also found in southern Italy, western Spain, Portugal, central and North East France, and the northern parts of the Nordic Member States and UK. The highest rates of “accumulation” are found along the Mediterranean coast of Spain, and north of Madrid, in Ireland (clearly unlikely to stand once more recent data is available), Southern England and Northern Netherlands. Above average performance is widespread among the French and German regions, Austria, Northern Italy, and adjacent New Member States, such as the Czech Republic and Slovenia.

## Triangulating Rural Europe

Beyond the comparison of the three maps as described above, a number of simple descriptive statistical exercises based upon the three typologies can be quite revealing about the characteristics of contemporary rural Europe. We begin by comparing the relative size or “weight” of the different types, continue with some simple cross-tabulations, and finally test for significant differences in performance across the typologies of Rurality and Economic Structure.

### Comparing the Relative Size and “Weight” of the D-P and Structural Types

The left hand column of pie charts in figure 7 illustrates the relative size or “weight” of the four Intermediate and Predominantly Rural types in the Dijkstra-Poelman typology. (Predominantly Urban regions are excluded from this analysis<sup>6</sup>).

It is immediately apparent that the *Intermediate Accessible* (IA) group of regions dominate the Intermediate and PR areas of Europe, accounting for

almost exactly half the regions, more than a third of total area, and almost two-thirds of population. The population of these accessible and “mixed” or “rurban” regions is also relatively productive and wealthy, since they account for more than two thirds of GDP. The relatively fertile and productive capability of the land in these regions is illustrated by the fact that although they account for just 38% of total area, they boast 46% of agricultural land.

At the other extreme (in terms of “weight”) are the *Intermediate Remote* (IR) regions, of which there are only 23. They account for only 2% of land area, the same proportion of agricultural land, and of population and GDP.

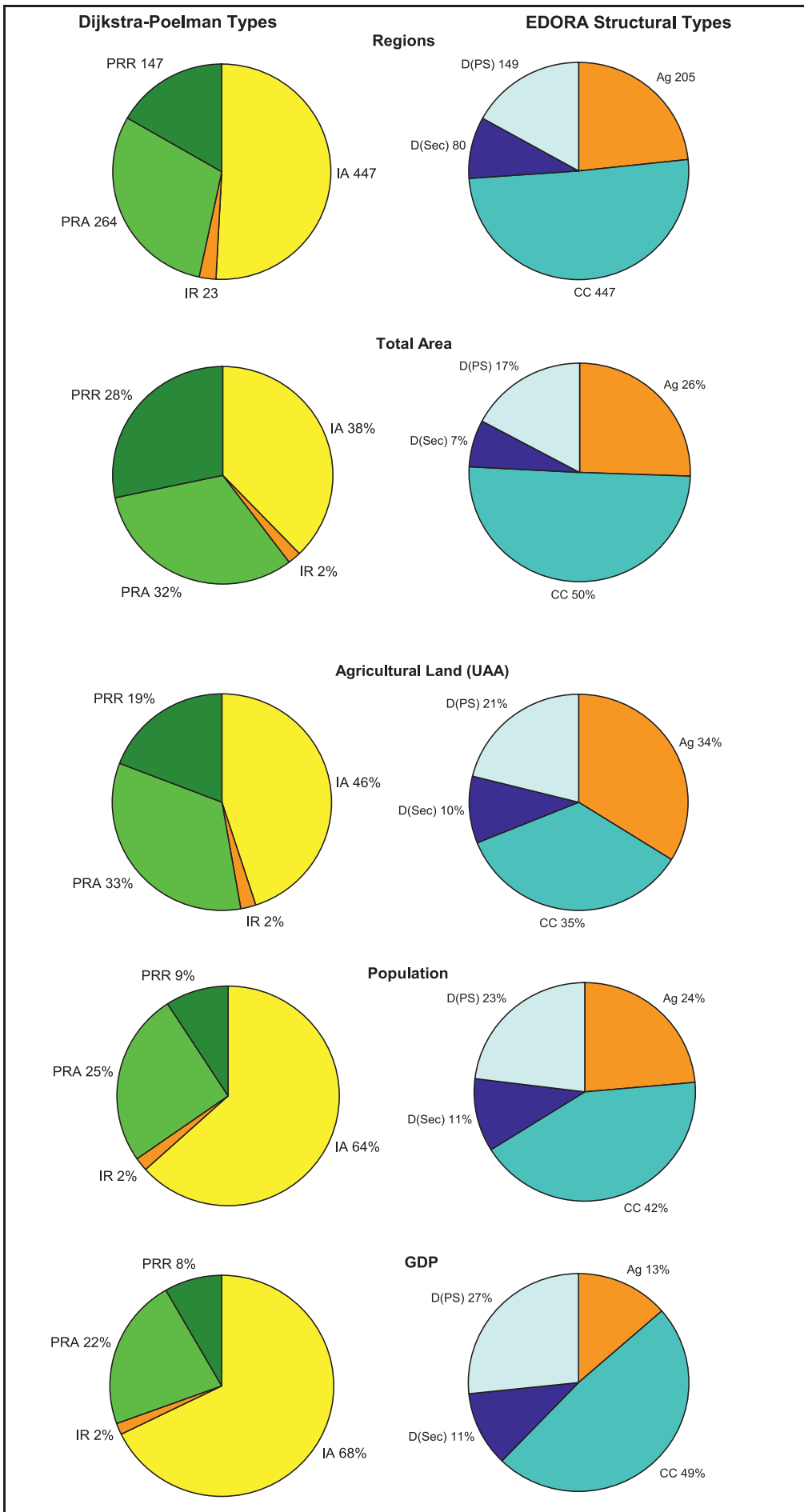
The *Predominantly Rural Accessible* (PRA) group is the second largest (264 regions). It accounts for roughly a third of both total area and of agricultural land. However these regions contain only a quarter of the “non-urban region” population of the EU, and produce only 22% of its GDP.

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<sup>6</sup> These graphs also exclude Turkey (TR), Switzerland (CH) and Norway (NO).



Figure 7: The Relative Size and “Weight” of the D-P and Structural Types



Finally, 147 regions are classified as *Predominantly Rural Remote* (PRR). These regions occupy 28% of the total non-urban area, but have less than a fifth of the total farmland. Their share of population is just 9%, and they produce only 8% of non-urban GDP.

In the right-hand column of Figure 7 the same information is provided for the four types in the EDORA Structural Typology. Here the “slices” of the pie charts are rather more even in size, signifying a less “skewed” distribution of size and “weight” between the types.

The largest group of regions (447) is the *Consumption Countryside* (CC) type. This group accounts for 50% of area, and 42% of agricultural area. Over 40% of the non-urban population lives in these regions, and they account for almost a half of non-urban GDP.

The Agrarian (Ag) type applies to 205 regions, 26% of land area and 34% of agricultural area. This group’s share of population is smaller, at 24%, and its share of non-urban GDP only a little over half that, at 13%.

The *Diversified (Private Services)* group has fewer regions (149), and just 17% of area, but accounts for a rather larger share of population (23%). At the same time it generates a much greater share of (non-urban) GDP, at 27%.

Finally the *Diversified (Secondary)* group contains 80 regions, and accounts for 17% of total area, and 21% of agricultural area. Just over one-tenth of the non-urban population lives in these regions, and they account for an equivalent proportion of GDP.

## Cross-Tabulating the Types

One of the most informative uses of the three “dimensions” of the EDORA analysis framework is through cross-tabulation, which reveals relationships between rurality, structure and performance. In the following section cross-tabulation will first be carried out between the Dijkstra-Poelman and the EDORA Structural Types. Subsequently the relationships between rurality/structure and performance (Accumulation-Depletion) will be explored.

The first cross-tabulation presented (Table 4) simply shows the number of regions in each combination of the Dijkstra-Poelman and EDORA Structural types. The main features of the table are as follows:

- By far the largest number of regions is in the Intermediate Accessible/Consumption Countryside combination.
- There is also a large number of regions in the Intermediate Accessible/Diversified (Market Services) combination.
- Predominantly Rural Accessible regions are also commonly in the Consumption Countryside type, although a significant proportion are Agrarian.
- Of the Predominantly Rural Remote regions a large number are in the Agrarian structural category, and almost as many in the Consumption Countryside group.
- At the other extreme very few regions combine the Remote categories in the Dijkstra-Poelman typology with the two Diversified structural types.

Table 4: Cross Tabulation of D-P and Structural Types: Number of Regions

<b>Structural Types →</b>		<b>Consumption</b>	<b>Diversified</b>	<b>Diversified (private</b>	<b>All Structural</b>
<b>Dijkstra-Poelman ↓</b>	<b>Agrarian</b>	<b>Countryside</b>	<b>(Secondary)</b>	<b>services)</b>	<b>Types</b>
Intermediate Accessible	49	227	59	112	<b>447</b>
Intermediate Remote	9	11	2	1	<b>23</b>
Predominantly Rural Accessible	71	145	17	31	<b>264</b>
Predominantly Rural Remote	76	64	2	5	<b>147</b>
<b>All Intermediate and Rural</b>	<b>205</b>	<b>447</b>	<b>80</b>	<b>149</b>	<b>881</b>

Perhaps more informative that the simple cross-tabulation of counts of regions are distributions of population and GDP. A simple way to combine and compare these distributions is by calculating “location quotients” (Table 5). The interpretation of these

quotients is simple: A quotient of 1 indicates that the Type’s share of GDP matches its share of population. A quotient less than 1 indicates a smaller share of than population, and vice versa.

Table 5: Cross Tabulation of D-P and Structural Types: Location Quotients (GDP/Population)

<b>Structural Types →</b>		<b>Consumption</b>	<b>Diversified</b>	<b>Diversified (private</b>	<b>All Structural</b>
<b>Dijkstra-Poelman ↓</b>	<b>Agrarian</b>	<b>Countryside</b>	<b>(Secondary)</b>	<b>services)</b>	<b>Types</b>
Intermediate Accessible	0.55	1.15	1.06	1.18	<b>1.07</b>
Intermediate Remote	0.64	1.07	0.46	0.86	<b>0.78</b>
Predominantly Rural Accessible	0.53	1.14	1.04	1.03	<b>0.88</b>
Predominantly Rural Remote	0.68	1.18	0.75	1.10	<b>0.88</b>
<b>All Intermediate and Rural</b>	<b>0.57</b>	<b>1.15</b>	<b>1.03</b>	<b>1.16</b>	<b>1.00</b>

The most striking feature of Table 5 is the very low quotients for the Agrarian regions (regardless of D-P type). This underlines the fact that the regions of Europe where the primary sector continues to play an important role in the economy (many of these are in the NMS12) are characterised by a low level of GDP. Similarly, Diversified (Secondary) regions which are remote show GDP location quotients of less than 1.

At the other extreme all the Consumption Countryside combinations generate between 7% and 18% more GDP than the average for all non-urban regions. Intermediate Accessible regions which are in the Diversified (Market services) structural type are another exceptionally productive combination.

In Table 6 the rows represent the D-P “Rurality” types, and the columns the four “performance categories”. The figure in each cell of the table shows the percentage of the total population in that D-P type which is in regions with that level of performance. The final column sums the percentage population across the two positive A-D types, providing an overall indicator of performance for that D-P category. Thus in the Intermediate Accessible group of regions the largest share of population was in Above Average regions, and overall 60% of the population was in “Above Average” or “Accumulating” regions. It is noticeable that this is the only Rurality type in which a majority of the population was in regions in the positive performance types. In the Intermediate Remote category three-quarters of the population lived in Depleting or Below Average regions. However, as we have seen, relatively few regions are in this category. In both the Predominantly Rural region types roughly 60% of the population lived in the two negative performance types.

Table 7 shows a similar cross-tabulation, this

time the rows show the structural types. The relatively negative situation in the Agrarian regions is graphically illustrated by the fact that almost half the population is found in Depleting regions. A further 40% lives in below average regions, and only a tenth lives in regions in the two positive performance categories.

It is rather interesting to see that the structural type with the largest share of population in regions in the two positive performance categories (over 67%) is Consumption Countryside. Very close behind is the Diversified (Market services) category, in which two thirds of the population is in the positive categories. The Diversified (Secondary) category has almost 56% in the “above average” group, but more than 20% of its population in each of the below average performance categories.

### Significant Differences in Performance between Dijkstra Poelman Types.

In Chapter 1 Shucksmith, Talbot and Lee reflected upon the relative importance of interaction (whether rural-urban, or rural-global) and local assets, as determinants of regional performance. The importance of this question lies in the contingency of different kinds of policy intervention – to enhance interaction or to support the utilisation of local assets. They concluded both are important. The EDORA typologies provide an opportunity to carry out some simple statistical analysis to test the statistical relationships between “performance” and; (i) rurality and accessibility (which may be assumed to be associated with levels of interaction), and (ii) degree of economic restructuring (assumed to be associated with strength of at least some local assets).

Table 6: Cross Tabulation of D-P and A-D Types: Percentage of Population

A-D Types →					% in Positive
Dijkstra-Poelman ↓	Depleting	Below Average	Above Average	Acumulating	Types
Intermediate Accessible	13.03	26.60	33.22	27.16	<b>60.37</b>
Intermediate Remote	30.23	45.31	12.45	12.00	<b>24.46</b>
Predominantly Rural Accessible	32.24	28.53	25.56	13.67	<b>39.22</b>
Predominantly Rural Remote	22.12	34.73	31.82	11.33	<b>43.15</b>
<b>All Intermediate and Rural</b>	<b>19.10</b>	<b>28.23</b>	<b>30.71</b>	<b>21.95</b>	<b>52.67</b>

Table 7: Cross Tabulation of D-P and Structural Types: Percentage of Population

A-D Types →					% in Positive
Structural Types ↓	Depleting	Below Average	Above Average	Acumulating	Types
Agrarian	47.36	40.63	9.26	2.74	<b>12.01</b>
Consumption Countryside	9.77	23.08	36.50	30.65	<b>67.15</b>
Diversified (Secondary)	22.05	22.36	34.37	21.22	<b>55.59</b>
Diversified (private services)	5.57	27.58	40.60	26.26	<b>66.86</b>
<b>All Structural Types</b>	<b>19.10</b>	<b>28.23</b>	<b>30.71</b>	<b>21.95</b>	<b>52.67</b>

Table 8: Probability Matrix, showing the results of t-tests to assess the difference between D-P Rurality types in terms of the Performance Index.

	IA	IR	PRA	PRR
IA	1.00			
IR	0.53	1.00		
PRA	0.00	0.46	1.00	
PRR	0.05	0.83	0.27	1.00

Table 8 shows the results of a series of t tests to assess the statistical significance of differences in the mean of the synthetic performance index, for each of the 10 possible combinations of the five D-P urban-rural types. The values in the matrices are essentially the probabilities that the indicators in the two types (column and row headings) came from a population with the same mean. Thus the four values in the diagonal are 1, since when a type is compared with itself there is a 100% probability that the sample is from the same population. Elsewhere in the table a result of >0.1 (shaded red) is indicative that there is a probability of >10% that the two types do not represent distinct populations in terms of the synthetic performance indicator. Combinations shaded pink have a probability of between 5% and 10%.

The results suggest that how rural, and how accessible to a city a region is, is a relatively poor predictor of socio-economic performance. Four out

of the six valid combinations show no significant difference at the 90% level. The PRA and IA types show a significant difference at the 95% level, and the IA and PRR types show a significant difference at the 90% confidence level.

The same testing procedure was applied to the Structural Typology (Table 9). The results suggest that the latter is rather better at discriminating between regions in term of performance. Only one of six valid combinations (Agrarian and Consumption Countryside) fails to show a significant difference at 90%. One other combination (CC and Diversified Secondary) fails at the 95% level.

This analysis suggests that degree of rurality, or accessibility, is not insufficient to explain differences in socio-economic performance of non-urban regions. The broad sectoral structure of the regional economy appears to be a much better explanatory variable.

Table 9: Probability Matrix, showing the results of t-tests to assess the difference between Structural types in terms of the Performance Index

	Ag	CC	Dsec	DPServ
Ag	1.00			
CC	0.28	1.00		
D(S)	0.02	0.07	1.00	
D(PS)	0.00	0.00	0.00	1.00

## Conclusion

As explained at the beginning of this chapter, it is generally argued that rural areas are becoming increasingly diverse, and some have suggested that it is this very diversity which is the basis of its future prosperity. Nevertheless, the three typologies, especially those relating to Economic Structure and Performance, have shown that some broad-brush geographical patterns persist. One possible explanation of this paradox could be that the patterns we have identified are subject to a degree of inertia, and to some extent reflect the processes of change of an earlier phase. In this case the continuation of the processes described

in Chapter 1 may increasingly lead to the disruption of the current geographical patterns, not only in terms of economic structures but also in terms of the associated performance. This would imply that existing macro-scale patterns of rural differentiation are a kind of “palimpsest”; in the process of being over-written by increasingly fragmented patterns, based upon localised assemblages of territorial capital. For example it seems likely that the concentration of Agrarian and Depleting regions in the New Member States is a product of political history, rather than current conditions, and that it will gradually moderate over the coming decade.

The policy implications of this are profound. At the very least they point to an increasing role for Local Development policy approaches, instead of “horizontal” forms of intervention. However, for the present at least it appears that persistent macro-scale patterns justify geographical targeting of “horizontal” EU Cohesion policy to support poorly performing macro-regions in reaching their full potential. Simultaneously, Local Development policies are the most appropriate way to respond to the increasing micro-scale differentiation

which is increasingly superimposed upon the broad-brush patterns captured by the typologies. This “two-tier” policy rationale will be further developed in Chapter 7.

In Chapter 3 Morcillo and Noguera will further explore patterns of differentiation, by applying the typologies to a range of socio-economic statistics at the Member State level, and for several “Macro Regions” defined as groups of Member States.

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# Chapter 3

## Analysis of the Diversity of European Regions

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### Introduction

Rural Europe is heterogeneous, spanning a wide variety of rural areas encompassing many different socio-economic structures, demographic processes, spatial and landscape features, and cultures and traditions. In order to be able to compare and contrast the various types of Euro-rural regions one of the key tasks of the project became the elaboration of ‘country profiles’, for each of the ESPON territories.

These country profiles are developed as national and supranational perspectives of the diversity of rural regions, based on different rural standard categories (typologies), classified according to available indicators and data provided by reliable sources and the “local and expert knowledge” of partners. According to this description, country profiles aim to define national and supranational “pen-portraits” of different rural standard categories. This information should allow for a comparative analysis of rural Euro-regions that would provide information about the idiosyncrasies of rural territories in Europe and their relationship with their surroundings and/or other types of regions.

The procedure used to create the country profiles

began with the production of standard tables of data and open qualitative questions by the lead partner, both of them structured according to the same themes as the literature review described in Chapter 1 (i.e. demography, employment, rural business development, rural-urban relationships, cultural heritage, service of general interest, farm structural change, institutional capacity, and climate change). Based on this information, each partner created a draft profile report for their country with comments on the available data and questions. All drafts were then compiled and analysed by the responsible partner to allow for comparisons between types of rural regions in each member state and across Europe. The analysis was undertaken at the regional, national and supra-national levels. The rural categories that have guided the definition of regional groups are those defined by the EDORA Typologies. Both the individual country reports, and the synthetic overview report (Noguera and Morcillo 2010) are available from the EDORA project website (<http://www.nordregio.se/edora>).

### Methods

The methodology has been designed to capture the variability of rural regions in the countries covered and the differential behaviour of relevant groups of regions in the EDORA themes. In doing so, a combination of quantitative data analysis and qualitative assessment by experts has been used. Data was organised in subject areas, then classified and analysed according to the EDORA regional typologies (Chapter 2) and various groupings of EU countries (i.e. macro regions). The need to collect standardised and comparable

quantitative data for all ESPON countries was one of the main challenges. For this purpose, groups of standardised indicators were selected from the EDORA Database. Indicators helped in shaping the rural profile of each country and allowed the comparison between rural regions across Europe. Starting from the complexity of the information needed to shape a real picture of the rural regions the analysis was separated into different subject areas according to the EDORA thematic heading.

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The indicator data was taken from the *EDORA database*, a database specifically created for the project and covering 32 countries in Europe. The database was built by the von Thunen Institute (Neumeier, 2010) from these sources: Eurostat, the European Union Rural Development (RDEU): Report 2007, ESPON public database, and the SERA project (Copus et al., 2006). From the indicator selection, several product outputs (maps, tables and graphics) were created to facilitate the analysis of the diversity of European regions and to serve as an illustrative compilation of results for the country profiles, differentiated into the aforementioned subject areas. Based on this information, four types of comparative analysis in respect of the relevant data and indicators were carried out based on the following categorisations:

- Thematic analysis on the diversity of rural regions based on the EDORA Database. This included, for each of the EDORA headings for which there was data available, the following analysis:
  - by country (average value data for the EU27)
  - by non-exclusive groups of countries. The criterion for the selection of the groups of countries was the definition of relatively homogeneous supranational areas or, at least, areas sharing common rural and regional dynamics.
  - by categories in the Dijkstra-Poelman Typology.
  - at regional level (NUTS 3), expressed in maps, in relation to the D-P typology. The information drawn by the analysis of maps is relevant to

identifying trends and processes at the regional level. Furthermore, it offers a clear spatial dimension to the diversity of European regions according to the urban-rural characteristics.

- Analysis of the diversity of European regions based on the *EDORA typologies*. The EDORA cube is a triangular typology exercise aimed at identifying ruralities in the EU context. It comprises three different kinds of typologies, classified according to different criteria (see chapter 2 on EDORA typologies). This included the following analysis:
  - Comparative analysis of the three EDORA Typologies for the EU27 countries
  - Analysis of the three EDORA Typologies in each of the EU27 countries
  - Analysis of the three EDORA Typologies by non-exclusive groups of countries

Despite of the amount of quantitative data collected information gaps nevertheless emerged due to problems with the availability of relevant indicators on reliable sources for all the EU countries and for all the subject areas. In this light, some of the missing data was obtained qualitatively through a questionnaire of 10 thematic standard questions, answered by the national partner experts: Questions for instance such as; is the D-P typology correlated to the reality of the country? Do variations exist between the classification rural-urban in the D-P typology map and the reality of the profile regions? Hence, national expert knowledge made possible the understanding of some regional rural dynamics in the EU context.

## Results

The limited scope of this chapter cannot do justice to the plethora of results produced in EDORA (all of which are available from the project website), and its more limited aim is to provide a broad overview of the diversity of European regions: through, on the one hand, a comparative analysis of the three EDORA typologies for the EU27 countries, and on the other, an analysis structured according to a set of (non-exclusive) groups of countries.

### Comparative Analysis of the EDORA Cube in the European Member States

This analysis focuses on the extent to which the 'EDORA cube' typologies offer a different picture of rural classification. The central questions for this analysis are as follows: do the typologies offer similarities in their consideration of rural categories and

rurality in Europe? What are the main differences and commonalities in relation to territories, categories and indicators considered? This analysis has been undertaken using EU countries, considering the rural categories in each typology, and for the following indicators: number of regions, total land, population and GDP.

### The distribution of regions among rural types and "differentials" in relation to total land

Table 10 analyses the distribution of NUTS3 regions of the EU27 according to the categories of the Dijkstra-Poelman typology (hereafter D-P). Special attention is given here to the categories 'intermediate' and 'predominantly rural', while reducing the attention given to the category 'predominantly urban' due to the research focus of EDORA on rural areas.



Only a few countries have a significant percentage of their NUT3 regions in the PU category. These are smaller countries in which the urban component is dominant either due to its administrative function (Netherlands or Belgium) or where the capital dominates a single NUTS 3 region (Malta). Relatively large countries also have a significant percentage of urban regions. This is clearly the case for the UK (61.6%) due to the existence of a dense and balanced urban fabric, and Germany (44%) which combines a dense urban fabric with a NUT3 size that allows for a more effective identification of urban regions. Most remaining countries are located in values ranging from 31% in Italy to 0% in countries like Cyprus and Slovenia.

Higher percentages of accessible regions (70-80%), according to the D-P definition, can also be found in a number of smaller countries, mainly located in central Europe (the Czech Republic, Slovakia, Hungary, Slovenia) while larger countries have high percentages of accessible regions, either because they possess a dense urban fabric (France) or due to their favourable geomorphologic conditions (Poland). Countries with higher percentages of remote regions (about 40) are clearly within the geographical periphery of the EU and, in some cases, have large territories (Sweden, Finland, Greece, Portugal). On the other hand, rurality is concentrated in countries that combine a larger area and a peripheral geographical position. Thus, there are rates of over 70% of PRR in Finland, Sweden, Ireland and Greece. Furthermore, Austria is over 70% due to the dominance of mountainous areas.

Table 11 shows the percentage of EU27 NUT3 regions located in each of the categories of the EDORA structural typology. The structural typology classifies regions according to their economic settings. According to this typology, regions can have an economic base focused on primary activities, be focused on the 'consumption countryside', or have diversified economies dominated by secondary activities or by private services. The analyses carried out on the EDORA typology and those made elsewhere in this

report shows that regions with an agricultural economy and to a lesser extent, those focused on 'consumption countryside' concentrate the main problems associated with rural decline. In contrast, rural regions with diversified economies have better economic and demographic indicators.

Rural regions whose economies are primarily agriculture-based match peripheral areas that have kept less modernised agricultural structures and means of production. Moreover, social modernisation has only been carried out partially and, therefore, there are still few opportunities for economic diversification in rural areas. As such, most countries with the highest percentages of rural areas under the category 'agriculture' (more than 50%) are located in the NMS. We need, however, to bear in mind that these agriculture-based rural regions include a variety of types ranging from areas of subsistence farming in Romania and Bulgaria to industrialised agricultural production complexes in Poland and elsewhere.

Regions defined as 'consumption countryside' are characterised a variety of activities, related to the provision of countryside public goods, typically geared to the demands of nearby urban populations (access to environmental assets, tourism capacity, and farm diversification). Consequently, there is not only one type of rural area but many rural profiles that have an orientation to urban consumption, usually in forms of tourism, in common. Most countries show significant percentages of their regions in this category. Due to the diversity of sub-categories implicit in the 'consumption countryside' category we cannot however speak of uniformity; each region in this category may have different economic settings with the common denominator simply being their orientation to 'urban consumption'. Only two conditions seem to be implicit in these type of regions: on the one hand, the relatively low importance of agriculture as an economic activity and employment provider; on the other hand, a mature urban demand that makes possible the consumption of rural goods beyond a critical threshold.

Table 10: Dijkstra-Poelman Typology. Number of regions (in % of MS total)

Regions	D-P Typology							% of MS Total
	PU	IA	IR	PRA	PRR			
Austria	5,71	22,86	0,00	48,57	22,86			
Belgium	61,36	22,73	0,00	15,91	0,00			
Bulgaria	3,57	50,00	7,14	14,29	25,00			
Cyprus	0,00	100,00	0,00	0,00	0,00			
Czech Republic	7,14	85,71	0,00	7,14	0,00			
Germany	44,06	35,43	0,00	20,05	0,47			
Denmark	27,27	27,27	0,00	18,18	27,27			
Estonia	50,00	40,00	20,00	0,00	20,00			
Spain	25,71	37,29	5,08	15,25	22,03			
Finland	5,00	5,00	5,00	45,00	40,00			
France	13,00	50,00	0,00	24,00	13,00			
Greece	1,96	17,65	7,84	9,80	62,75			
Hungary	5,00	40,00	0,00	25,00	30,00			
Hungary	12,50	0,00	0,00	50,00	37,50			
Ireland	0,00	42,06	4,67	11,21	10,28			
Italy	10,00	40,00	10,00	20,00	20,00			
Lithuania	0,00	100,00	0,00	0,00	0,00			
Luxembourg	16,67	16,67	16,67	33,33	16,67			
Latvia	0,00	0,00	0,00	0,00	0,00			
Malta	100,00	0,00	0,00	0,00	0,00			
Netherlands	67,56	30,00	0,00	2,50	0,00			
Poland	18,18	27,27	3,03	50,00	1,52			
Portugal	0,00	26,67	0,00	10,00	40,00			
Romania	2,38	42,86	0,00	35,71	19,05			
Sweden	4,76	9,52	0,00	42,86	42,86			
Slovenia	0,00	25,00	8,33	58,33	8,33			
Slovakia	12,50	62,50	0,00	25,00	0,00			
United Kingdom	61,65	28,57	1,50	3,76	4,51			

Source: EDORA Typology  
Key: Green: 20-40%  
Yellow: 40-60%  
Red: > 60%

Table 11: Structural Typology. Number of regions (in % of MS total)

Regions	Structural Typology				% of MS Total
	Ag	CC	D(Sec)	D(PServe)	
Austria	8,57	60,00	17,14	8,57	
Belgium	2,27	18,18	4,55	13,64	
Bulgaria	78,57	17,86	0,00	0,00	
Cyprus	0,00	100,00	0,00	0,00	
Czech Republic	0,00	28,57	57,14	7,14	
Germany	0,00	41,96	6,06	7,93	
Denmark	0,00	45,45	9,09	18,18	
Estonia	20,00	60,00	0,00	0,00	
Spain	22,03	40,68	11,86	5,08	
Finland	8,00	23,00	1,00	55,00	
France	80,39	17,65	0,00	0,00	
Greece	50,00	20,00	20,00	5,00	
Hungary	0,00	75,00	12,50	0,00	
Hungary	12,15	40,19	1,87	14,02	
Ireland	0,00	20,00	10,00	10,00	
Italy	50,00	20,00	0,00	0,00	
Lithuania	0,00	100,00	0,00	0,00	
Luxembourg	66,67	16,67	0,00	0,00	
Latvia	0,00	0,00	0,00	0,00	
Malta	0,00	0,00	0,00	0,00	
Netherlands	0,00	2,50	10,00	20,00	
Poland	53,03	7,58	13,64	7,58	
Portugal	33,33	40,00	0,00	3,33	
Romania	88,10	2,38	4,76	2,38	
Sweden	0,00	90,48	0,00	4,76	
Slovenia	16,67	83,33	0,00	0,00	
Slovakia	0,00	62,50	25,00	0,00	
United Kingdom	0,00	26,32	3,01	9,02	

Source: EDORA Typology  
Key: Green: 20-40%  
Yellow: 40-60%  
Red: > 60%

Table 12: Performance Typology. Number of regions (in % of MS total)

Regions	Performance Typology			% of MS Total
	Deplet.	Below	Above	
Austria	0,00	25,71	34,29	
Belgium	2,27	22,73	11,36	
Bulgaria	75,00	14,29	7,14	
Cyprus	0,00	0,00	0,00	
Czech Republic	0,00	71,43	21,43	
Germany	15,15	14,45	21,45	
Denmark	0,00	9,09	45,45	
Estonia	0,00	60,00	0,00	
Spain	0,00	10,17	25,42	
Finland	5,00	25,00	50,00	
France	1,00	25,00	42,00	
Greece	13,73	39,22	35,29	
Hungary	15,00	55,00	20,00	
Hungary	0,00	0,00	0,00	
Ireland	3,74	23,36	21,50	
Italy	50,00	40,00	0,00	
Lithuania	0,00	0,00	0,00	
Luxembourg	50,00	16,67	16,67	
Latvia	0,00	0,00	0,00	
Malta	0,00	0,00	0,00	
Netherlands	0,00	5,00	20,00	
Poland	56,06	21,21	4,55	
Portugal	0,00	40,00	30,00	
Romania	69,05	26,19	0,00	
Sweden	0,00	33,33	61,90	
Slovenia	0,00	41,67	50,00	
Slovakia	37,50	37,50	12,50	
United Kingdom	0,00	6,77	12,78	

Source: EDORA Typology  
Key: Green: 20-40%  
Yellow: 40-60%  
Red: > 60%

Within 'diversified rural economies' the EDORA structural typology differentiates between two situations: on the one hand, areas where secondary activity (industry and construction) is the most relevant and on the other, areas where private services constitute the main economic activity. Diversified rural economies with strong secondary sectors may refer to the implementation of diffuse processes of industrialisation in intermediate rural areas (i.e. Marshallian districts in Spain or Portugal). It may, on the other hand, be the remnants of industrial specialisation associated with the communist era (Hungary, the Czech Republic, Slovakia, Poland) reinforced in recent years by the relocation of large industrial plants from other less competitive locations in cost terms. For these areas, industrial 'know-how' accumulated during the twentieth century and the lower costs of land and labour, along with the EU 'umbrella' are the main potentials. However, the maintenance of an industrial activity of this sort does not guarantee an easy path to long term, sustainable development unless work is properly embedded in the industrial fabric, usually exogenous, in the local development strategy. The situation is also similar for rural regions where agriculture is not relevant due to land or climate constraints and they have managed to develop or attract industrial activity.

Rural areas with diversified economies that have a powerful private services sector are at the forefront of the New Rural Economy. Attention should also be focused here on a set of regions in France, Denmark and the Netherlands. The territorial diversity of these countries, the presence of consolidated urban markets, or the counter-urbanisation processes that have brought urban populations back to rural areas may be explanatory factors.

Table 12 shows the percentage of rural regions of the EU27 countries for each category of the EDORA performance typology. The EDORA performance typology is calculated from a regional composite performance indicator from 5 indicators (net migration, *per capita* GDP, average annual change in GDP, average annual change in total employment, and unemployment rate). The composite indicator is calculated as the average of the normalised (Z) scores for the five indicators. More or less pronounced, the NMS concentrate higher percentages of depleting regions. Thus, Romania and Bulgaria are the countries with the highest percentages (over 70%) but are closely followed by Latvia (66%), Poland (59%) and Lithuania (50%). These low regional yields are associated with a set of elements that, in this case, refer to population dynamics, wealth and its evolution, and the strength and dynamism of the labour market. The percentage of depleting regions in the EU15 is very low. It is however worth highlighting the German figure of 14% here

a figure which is related, primarily, to the adjustment problems of the Eastern *Länder*, as well as the figure of 12% for Greece, which relates to problems associated with isolation and rurality.

The set of rural regions 'below average' includes areas with some weakness in the indicators used (emigration, wealth and employment) which sees them perform below the European average. Though these regions are in a weak position their situation is not as pronounced as in the case of the depleting regions. We find here a high percentage of rural regions from the NMS (primarily from the Czech Republic, Slovakia, Estonia, Hungary and Lithuania) and somewhat lower percentages of other NMS whose highest percentages are located in the 'depleting' areas. Unlike the previous category, a number of EU15 countries also have percentages of rural regions here that are around 20-30% (Austria, Belgium, Finland, France) rising above 40% in Portugal and Sweden. When we accumulate the percentages of the regions below the mean ('depleting' and 'below average') we get a truer picture of the situation that reinforces the above arguments. Ten of the twelve NMS countries see percentages above 60% of their rural regions in these categories with the figures rising above 80% in Romania, Bulgaria and Lithuania.

As for areas that are placed above the average, most are located in the 'above average' category with only a relatively small percentage in the 'accumulating' category. In any case, it is noteworthy that most of these regions are concentrated in countries with higher GDP *per capita* (i.e. the EU 15). Furthermore, the highest percentages of rural regions in the category 'accumulating' are located in small countries (Cyprus and Luxembourg) and in countries that, at that point in time, were under the influence of an explosive development of the building and associated sectors (Ireland and Spain).

Differentials have been calculated between the percentage distribution of the number of regions and that of total area to check whether the differences between the two distributions. These are shown in Tables 13, 14 and 15. The differential result in a percentage that ranges from 0% to the extent that the number of regions and the total area match. A high differential (over 10%) indicates a significant heterogeneity in the size of the regions of a member state. Table 13 shows that the largest positive differential (i.e. a percentage of regions greater than the percentage of geographic area) relates mainly to urban and, to a lesser extent, intermediate regions. Thus, the urban regions of the United Kingdom, Germany and Denmark show differentials over 20% while the urban regions of Latvia, Poland, Portugal, Estonia and Ireland, are above the threshold of 10%. By contrast, rural areas are those that accumulate wider negative differentials, mainly due

to their larger size. This is the case in Poland, Denmark, Portugal, Finland and Sweden. The countries where differentials are lower and thus where there is a greater balance in the size of the regions are Bulgaria, Spain, Greece, Hungary, Italy, Romania and Slovenia.

Differentials between the number of regions and the total area for the structural typology are shown in Table 15. The vast majority of relevant differentials (>10%) occur in the negative side (i.e. rural regions usually accumulate more land per unit of measure and this is the reason why most negative differentials are in the agriculture and consumption countryside regions). The largest differentials are: in the case of rural regions with a dominant agricultural economy, Poland (-27%), Portugal (-23%), Latvia (-17%) and Spain (-13%). In rural regions dominated by 'consumption countryside' the largest differentials occur in the United Kingdom (-31%), Denmark (-16%), Germany (-15%), Slovakia (-12%) and Estonia (-12%). Rural regions with diversified economies and a dominant secondary sector show differentials in both the positive and negative sides. The former refers to Poland (11%) while the latter refers to the Czech Republic (-13%). Rural regions with

diversified economies and a dominant private services sector show significant negative differentials in France (-13%).

Differentials between the number of regions and the total area for the performance typology are shown in Table 6. These differentials are mostly negative. The reason for this is the exclusion from the analysis of urban regions and the empirical evidence that rural regions are more extensive. Important differentials are not recorded in the case of 'depleting' regions as is highlighted in the cases of Latvia (-17%) and Slovakia (-14%). Differentials in 'below average' regions are more significant. Here we have Finland (-24%), Estonia (-22%) and Sweden (-20%). On the positive side, Slovenia shows a differential of 12%. In the case of regions 'above average' differentials are shown both in positive (Sweden (17%) and Finland (14%) and negative (Denmark (-25%) and the United Kingdom (-20%). As in case of 'depleting regions', the areas of differential accumulation are not elevated. The UK (-15%) and Ireland (-11%) can be used here to highlight negative differentials while Estonia (10%) is highlighted for its positive differential.

Table 13: Dijkstra-Poelman Typology. % Number of Regions - %Total area (in % of MS total)

	D-P Typology										% of MS Total
	PU	IA	IR	PRA	PRR						
Austria	4.35	2.66	0.00	0.92	-7.93						
Belgium	6.50	2.09	0.00	-8.59	0.00						
Bulgaria	2.36	-3.36	-1.72	1.26	1.46						
Cyprus	0.00	0.00	0.00	0.00	0.00						
Czech Republic	6.51	-5.04	0.00	-1.47	0.00						
Germany	34.57	-9.12	0.00	-15.37	-0.08						
Denmark	23.70	3.60	0.00	-20.40	-5.84						
Estonia	12.30	-6.07	-5.48	0.00	-0.75						
Spain	6.28	-0.06	2.29	-5.76	-2.75						
Finland	3.00	1.78	3.35	8.64	-16.76						
France	8.56	2.77	0.00	-12.05	0.72						
Greece	-0.93	-3.79	6.09	-1.58	0.20						
Hungary	4.44	-1.47	0.00	-3.71	0.75						
Ireland	11.18	0.00	0.00	-8.05	-3.13						
Italy	6.38	-1.88	0.75	-4.93	-0.31						
Lithuania	-4.90	-5.51	3.34	4.86	2.22						
Luxembourg	0.00	0.00	0.00	0.00	0.00						
Latvia	16.20	-5.87	-4.39	1.01	-6.95						
Malta	0.00	0.00	0.00	0.00	0.00						
Netherlands	11.38	-11.07	0.00	-0.31	0.00						
Poland	15.08	22.44	3.03	35.74	-3.84						
Portugal	14.75	4.96	0.00	0.01	-19.73						
Romania	2.28	-1.77	0.00	1.39	-1.91						
Sweden	3.22	1.20	0.00	11.72	-16.14						
Slovenia	0.00	0.55	3.18	-6.94	3.20						
Slovakia	8.31	-1.09	0.00	-7.22	0.00						
United Kingdom	34.35	-21.19	-0.05	-7.36	-10.10						

Table 14: Structural Typology. % Number of Regions - %Total area (in % of MS total)

	% of MS Total					
	Ag	CC	D(Sec)	D(Pserve)		
Austria	-2.98	-2.41	-2.24	3.27		
Belgium	1.09	-5.28	0.58	-2.90		
Bulgaria	-1.17	-1.18	0.00	0.00		
Cyprus	0.00	0.00	0.00	0.00		
Czech Republic	0.00	8.57	-13.10	-1.98		
Germany	0.00	-14.93	-4.39	-5.26		
Denmark	0.00	-16.35	-7.66	1.31		
Estonia	-0.75	-11.55	0.00	0.00		
Spain	-12.62	9.96	-1.99	-1.62		
Finland	0.00	-3.00	0.00	0.00		
France	0.80	3.44	0.17	-12.97		
Greece	-2.18	3.11	0.00	0.00		
Hungary	-8.07	2.21	3.30	-1.87		
Ireland	0.00	-6.19	-4.99	0.00		
Italy	0.14	-7.06	0.51	0.04		
Lithuania	2.96	1.00	3.34	-2.39		
Luxembourg	0.00	0.00	0.00	0.00		
Latvia	-17.17	0.97	0.00	0.00		
Malta	0.00	0.00	0.00	0.00		
Netherlands	0.00	-2.45	0.73	-9.65		
Poland	20.95	-7.06	10.91	7.58		
Portugal	22.08	7.02	0.00	0.92		
Romania	-3.95	-0.59	0.53	1.72		
Sweden	0.00	-5.41	0.00	2.19		
Slovenia	2.89	-2.89	0.00	0.00		
Slovakia	0.00	-11.92	3.61	0.00		
United Kingdom	0.00	31.07	0.28	-7.90		

Table 15: Performance Typology. % Number of Regions - %Total area (in % of MS total)

	Performance Typology			% of MS Total	
	Deplet.	Below	Above	Accum.	Total
Austria	0.00	-1.33	-5.22	2.19	
Belgium	-0.79	-4.23	-2.86	1.37	
Bulgaria	8.38	-8.08	-2.66	0.00	
Cyprus	0.00	0.00	0.00	0.00	
Czech Republic	0.00	8.36	-14.88	0.00	
Germany	-8.86	-5.72	-8.17	-1.82	
Denmark	0.00	7.73	33.02	2.60	
Estonia	0.00	-22.69	0.00	10.08	
Spain	0.00	-7.83	-4.99	6.54	
Finland	-2.23	24.33	14.13	9.42	
France	0.73	-10.61	1.45	-0.12	
Greece	2.68	-3.09	2.05	-0.72	
Hungary	-1.58	-5.27	4.29	-1.87	
Ireland	0.00	0.00	0.00	0.00	
Italy	1.00	-5.57	3.71	-5.51	
Lithuania	5.01	-0.10	0.00	0.00	
Luxembourg	0.00	0.00	0.00	0.00	
Latvia	-12.78	-4.39	0.97	0.00	
Malta	0.00	0.00	0.00	0.00	
Netherlands	0.00	1.94	-8.14	-5.18	
Poland	-7.20	-12.43	4.55	0.00	
Portugal	0.00	-10.31	-3.79	-0.65	
Romania	-0.95	-3.04	0.00	1.72	
Sweden	0.00	0.00	17.19	0.00	
Slovenia	0.00	12.51	-8.24	-4.27	
Slovakia	-13.85	2.22	3.32	0.00	
United Kingdom	0.00	-3.40	20.68	-14.62	

Source: EDORA Typology  
 Key: Dark blue: >20%  
 Light blue: 10 to 20%  
 Yellow: -10 to -20%  
 Orange: < -20%

## The distribution of population among rural types and 'differentials' in relation to GDP per capita

This sub-section presents the distribution of the population and the GDP of NUTS3 in the three EDORA typologies: D-P, Structural and Performance. This is done in two ways: first, the percentage of the total population under each category in each typology; second, the differentials between the percentage of total population in each category and the percentage of GDP representing these regions. The differential result is a percentage that goes from 0% to the extent that the population and GDP match. A high differential (over 10%) indicates a significant concentration of GDP in one or more typology categories. Tables 16, 17 and 18 present the percentage of the population of NUTS3 regions of the EU27 for each EDORA typology. Tables 19, 20 and 21 show differentials between the percentage of total GDP in each category and the percentage of the population representing these regions.

Table 16 analyses the population of the NUTS3 regions of the EU27 in accordance with the categories of the D-P typology. The analysis of population distribution among the categories this typology allows the isolation of the percentage of each country's population that resides in PU regions. Predominantly urban regions account for a significant proportion of the population of small countries without complicated terrain like Malta (100%), Belgium (85%) and the Netherlands (83%). This is also the case for the United Kingdom (70%) and is associated primarily with the existence of a dense urban system which connects the country, aided by a 'friendly' physical environment without major barriers. At a second level are some of the largest countries (territorial and demographically) in which PU regions also account for a significant percentage of the population thanks to the existence of dense and well organised urban systems. This is the case for Germany (58%), Italy (54%) and Spain (48%). Surprising, however, is the small percentage of the population in the urban areas of France (30%) as a result of the network of intermediate cities only headed by Paris and a handful of metropolitan area (Lyon, Marseille, Lille, Toulouse and Bordeaux).

Accessibility is one of the main parameters used to measure population settlement. If we add up the population living in accessible areas (IA-PRA), without the PU population, results indicate that there is a clear

concentration of population in accessible areas to the detriment of remote areas. If we then add to this figure the population of PU regions almost all countries show over 80% of the population in the resulting sum. Consequently, few countries maintain significant portions of their population in remote areas: Greece (32%), Ireland (28%), Denmark (26%), Latvia (24%) and Finland (22%). The reasons are diverse but are related to their geography: the complicated terrain of Greece, the strong peripherality of the northern Nordic area or Ireland's urban macrocephaly.

The above analysis does not imply that predominantly rural regions have been emptied demographically. The relationship between rurality and population operates under different parameters than those explaining accessibility. In the case of D-P categories, the population in predominantly rural regions (PRA-PRR) is still significant in a number of countries. More than half of the population live in predominantly rural regions in 6 countries of the EU27: Ireland (72%), Estonia (65%), Finland (62%), Slovenia (57%), Sweden (51%) and Denmark (50%). It is evident that those are not economically weaker countries but territories with geographic peculiarities that have a significant percentage of their land in categories of rurality which implies a high percentage of rural population.

Finally, it is worth noting the behaviour of the variable 'population' when combined with low accessibility and high rurality. This also applies to the category 'predominantly rural remote' (PRR). In this case it is clear that both variables (accessibility and rurality) are operating effectively to reduce the intensity of human occupation. In 15 of the 27 EU countries PRR regions do not reach 10% of the population in their respective states. Comparatively, only 10 countries of the 27 member states have less than 10% of their territory in this category. Interestingly, remote rural residence is not located primarily in the NMS but in countries with specific geographical constraints that limit accessibility to parts of their territories, mainly because they are islands or for other reasons of geography.

Table 17 shows the total population of the NUT3 regions of the EU27 located in each of the categories of the EDORA Structural Typology. Regions dominated by an agrarian economy (category 'agriculture') host more than 50% of the population only in the case of 3 countries: Romania (78%),

Table 16: Dijkstra-Poelman Typology. Population (in % of MS total)

	D-P Typology						% of MS Total
	PU	IA	IR	PRA	PRR	Total	
Austria	27.7	30.87	0.00	35.19	10.52	10.52	
Belgium	84.71	11.06	0.00	4.22	0.00	0.00	
Bulgaria	16.18	52.37	6.88	9.23	15.35	15.35	
Cyprus	0.00	100.00	0.00	0.00	0.00	0.00	
Czech Republic	11.61	83.43	0.00	4.96	0.00	0.00	
Germany	57.77	29.27	0.00	12.77	0.20	0.20	
Denmark	52.55	20.83	0.00	23.60	26.31	26.31	
Estonia	12.76	64.75	12.02	0.00	10.47	10.47	
Spain	48.50	35.81	2.23	7.37	6.08	6.08	
Finland	57.59	8.67	3.48	42.43	19.31	19.31	
France	29.99	53.66	0.00	12.97	3.81	3.81	
Greece	52.15	25.31	2.16	6.77	29.61	29.61	
Hungary	16.90	42.02	0.00	21.89	19.19	19.19	
Ireland	27.39	0.00	0.00	44.09	27.95	27.95	
Italy	54.14	34.02	2.61	6.31	2.92	2.92	
Lithuania	57.77	50.13	5.15	10.66	8.94	8.94	
Luxembourg	0.00	100.00	0.00	0.00	0.00	0.00	
Latvia	0.00	15.44	13.39	29.04	10.50	10.50	
Malta	100.00	0.00	0.00	0.00	0.00	0.00	
Netherlands	82.85	15.88	0.00	1.26	0.00	0.00	
Poland	29.78	29.78	2.34	45.49	0.81	0.81	
Portugal	52.31	26.76	0.00	5.83	15.10	15.10	
Romania	9.01	50.29	0.00	27.49	13.20	13.20	
Sweden	27.77	29.89	0.00	29.35	19.61	19.61	
Slovenia	0.00	37.27	5.30	53.78	3.65	3.65	
Slovakia	11.28	63.48	0.00	25.24	0.00	0.00	
United Kingdom	69.56	27.24	1.17	1.48	0.54	0.54	

Source: EDORA Typology  
 Key: Green: 20-40%  
 Yellow: 40-60%  
 Red: > 60%

Table 17: Structural Typology. Population (in % of MS total)

	Structural Typology				% of MS Total
	Ag	CC	D(Sec)	D(PServe)	
Austria	6.61	39.10	21.20	9.67	9.67
Belgium	0.46	4.71	1.98	8.14	8.14
Bulgaria	64.14	19.68	0.00	0.00	0.00
Cyprus	0.00	100.00	0.00	0.00	0.00
Czech Republic	0.00	20.86	56.53	11.00	11.00
Germany	0.00	29.43	6.37	6.43	6.43
Denmark	0.00	40.96	14.81	14.97	14.97
Estonia	10.47	0.00	0.00	0.00	0.00
Spain	11.24	30.58	5.78	3.90	3.90
Finland	0.00	73.88	0.00	0.00	0.00
France	2.37	15.41	0.45	52.22	52.22
Greece	44.71	19.13	0.00	0.00	0.00
Hungary	40.92	15.95	14.45	11.79	11.79
Ireland	0.00	57.39	14.65	0.00	0.00
Italy	7.35	25.70	1.27	11.53	11.53
Lithuania	33.34	16.38	5.15	20.91	20.91
Luxembourg	0.00	100.00	0.00	0.00	0.00
Latvia	51.82	16.55	0.00	0.00	0.00
Malta	0.00	0.00	0.00	0.00	0.00
Netherlands	0.00	1.67	4.27	11.21	11.21
Poland	48.68	7.61	13.53	8.62	8.62
Portugal	13.33	30.96	0.00	3.40	3.40
Romania	79.72	3.33	6.57	1.37	1.37
Sweden	0.00	65.83	0.00	13.03	13.03
Slovenia	8.61	91.39	0.00	0.00	0.00
Slovakia	0.00	65.32	23.40	0.00	0.00
United Kingdom	0.00	21.04	2.45	6.94	6.94

Table 18: Performance Typology. Population (in % of MS total)

	Performance Typology			% of MS Total
	Deplet.	Below	Above	
Austria	0.00	11.52	26.33	38.73
Belgium	1.39	7.99	5.35	0.56
Bulgaria	51.58	22.90	9.34	0.00
Cyprus	0.00	0.00	0.00	100.00
Czech Republic	0.00	65.38	23.01	0.00
Germany	9.31	10.08	18.48	4.35
Denmark	0.00	0.79	57.94	12.01
Estonia	0.00	48.27	0.00	38.96
Spain	0.00	8.31	16.89	26.29
Finland	1.59	16.92	44.11	11.26
France	0.69	19.38	32.35	18.03
Greece	5.04	22.45	31.91	4.44
Hungary	12.98	43.62	14.71	11.79
Ireland	0.00	0.00	0.00	72.04
Italy	1.52	18.18	11.17	14.99
Lithuania	28.06	46.82	0.00	0.00
Luxembourg	0.00	0.00	0.00	100.00
Latvia	38.43	13.39	16.55	0.00
Malta	0.00	0.00	0.00	0.00
Netherlands	0.00	1.24	10.09	5.82
Poland	52.67	21.26	4.51	0.00
Portugal	0.00	19.56	21.62	6.51
Romania	60.57	29.04	0.00	1.37
Sweden	0.00	18.01	60.85	0.00
Slovenia	0.00	28.29	46.62	25.09
Slovakia	41.32	36.29	11.11	0.00
United Kingdom	0.00	2.01	8.19	20.23

Table 19: Dijkstra-Poelman Typology. % Population - %GDP (in % of MS total)

	D-P Typology										% of MS Total	
	PU	IA	IR	PRA	PRR						Total	
Austria	-6,68	-3,77	0,00	8,22	2,23						-1,74	
Belgium	-5,29	3,69	0,00	1,61	0,00						3,10	
Bulgaria	13,82	8,93	2,14	2,99	3,08						0,00	
Cyprus	0,00	0,00	0,00	0,00	0,00						0,00	
Czech Republic	11,83	0,00	0,00	0,75	0,00						0,89	
Germany	-9,23	6,11	0,00	3,07	0,05						2,04	
Denmark	-8,08	-3,30	0,00	1,39	9,99						3,61	
Estonia	5,53	-13,41	3,81	0,00	4,07						0,00	
Spain	-5,14	2,16	0,59	1,21	1,19						0,59	
Finland	-9,31	0,29	-0,07	5,35	3,75						0,00	
France	-9,84	6,19	0,00	2,78	0,86						6,58	
Greece	13,92	4,23	0,50	1,42	7,11						0,00	
Hungary	-20,40	7,17	0,00	6,45	6,78						1,89	
Ireland	13,84	0,00	0,00	4,18	8,66						0,00	
Italy	-5,54	3,11	0,77	1,12	0,54						0,53	
Lithuania	13,22	5,49	0,92	3,82	3,04						0,83	
Luxembourg	0,00	0,00	0,00	0,00	0,00						0,00	
Latvia	-23,50	7,93	3,07	8,60	3,90						0,00	
Malta	0,00	0,00	0,00	0,00	0,00						0,00	
Netherlands	-1,14	0,85	0,00	0,29	0,00						2,18	
Poland	13,42	4,31	0,86	10,87	0,34						1,01	
Portugal	-8,09	3,88	0,00	1,15	3,05						0,39	
Romania	13,37	0,17	0,00	7,02	3,78						-1,15	
Sweden	-7,49	1,50	0,00	4,00	1,98						1,40	
Slovenia	0,00	-8,69	-0,09	7,94	0,84						0,00	
Slovakia	13,92	9,97	0,00	5,02	0,00						0,00	
United Kingdom	-5,14	4,14	0,36	0,46	0,18						0,60	

Source: EDORA Typology

Key:  
 Dark blue: >20%  
 Light blue: 10 to 20%  
 Yellow: -10 to -20%  
 Orange: < -20%

Table 20: Structural Typology. % Population - %GDP (in % of MS total)

	Structural Typology				% of MS Total	
	Ag	CC	D(Sec)	D(PServe)	Total	
Austria	2,70	4,09	1,62	-1,74	-1,74	
Belgium	0,15	1,48	0,58	3,10	3,10	
Bulgaria	16,88	0,26	0,00	0,00	0,00	
Cyprus	0,00	0,00	0,00	0,00	0,00	
Czech Republic	0,00	4,09	7,59	0,89	0,89	
Germany	0,00	6,16	1,03	2,04	2,04	
Denmark	0,00	-2,62	7,09	3,61	3,61	
Estonia	4,07	-9,60	0,00	0,00	0,00	
Spain	2,57	2,39	-0,40	0,59	0,59	
Finland	0,00	9,31	0,00	0,00	0,00	
France	0,53	2,62	0,12	6,58	6,58	
Greece	11,50	1,76	0,00	0,00	0,00	
Hungary	13,69	4,32	0,50	1,89	1,89	
Ireland	0,00	15,42	-2,58	0,00	0,00	
Italy	2,75	2,46	-0,20	0,53	0,53	
Lithuania	10,88	0,64	0,92	0,83	0,83	
Luxembourg	0,00	0,00	0,00	0,00	0,00	
Latvia	20,09	3,40	0,00	0,00	0,00	
Malta	0,00	0,00	0,00	0,00	0,00	
Netherlands	0,00	0,36	-1,40	2,18	2,18	
Poland	13,51	0,46	1,41	1,01	1,01	
Portugal	2,02	5,68	0,00	0,39	0,39	
Romania	13,73	-0,91	-0,69	-1,15	-1,15	
Sweden	0,00	6,09	0,00	1,40	1,40	
Slovenia	2,67	-2,67	0,00	0,00	0,00	
Slovakia	0,00	15,32	-0,34	0,00	0,00	
United Kingdom	0,00	3,99	0,55	0,60	0,60	

Table 21: Performance Typology. % Population - %GDP (in % of MS total)

	Performance Typology			% of MS Total	
	Deplet.	Below	Above	Accum.	
Austria	0,00	3,57	5,28	-2,17	
Belgium	0,81	3,26	1,17	0,05	
Bulgaria	13,82	4,39	-1,08	0,00	
Cyprus	0,00	0,00	0,00	0,00	
Czech Republic	0,00	10,85	1,73	0,00	
Germany	3,43	2,72	3,21	-0,13	
Denmark	0,00	0,21	12,64	-4,77	
Estonia	0,00	16,57	0,00	2,71	
Spain	0,00	2,53	2,60	0,02	
Finland	0,48	3,31	5,40	0,12	
France	0,26	3,93	4,43	1,22	
Greece	1,07	6,51	4,58	1,10	
Hungary	4,99	13,50	0,00	1,89	
Ireland	0,00	0,00	0,00	12,84	
Italy	0,67	5,70	0,95	-1,78	
Lithuania	9,04	4,22	0,00	0,00	
Luxembourg	0,00	0,00	0,00	0,00	
Latvia	17,02	3,07	3,40	0,00	
Malta	0,00	0,00	0,00	0,00	
Netherlands	0,00	0,37	1,45	-0,68	
Poland	13,61	4,07	-1,29	0,00	
Portugal	0,00	5,17	3,14	-0,22	
Romania	8,90	3,22	0,00	-1,15	
Sweden	0,00	2,17	5,32	0,00	
Slovenia	0,00	5,63	5,36	-10,98	
Slovakia	12,15	2,12	0,71	0,00	
United Kingdom	0,00	0,54	2,19	2,41	



Bulgaria (64%) and Latvia (52%). Not far from these percentages are four other countries: Poland (49%), Greece (44%), Hungary (40%) and Lithuania (33%). Three other countries exceed 10%: Portugal (13%), Estonia (10.5%) and Spain (10.3%). Based on this data we can argue that the population stays in rural areas dominated by an agrarian economy in the case of societies where agriculture is not yet completely modernised, either because of the general state of the economy, or because of the geographical constraints that limit accessibility and make it difficult if not impossible to implement this process of modernisation. Population in 'consumption countryside' regions is relevant in virtually all countries in accounting for rural territories that benefit from the demands of urban markets. Most countries show significant percentages of their rural population in this category. Due to the diversity of sub-categories implicit in the consumption countryside we cannot speak of uniformity; each region under this category may have a different economic setting with the common denominator being their orientation to urban consumption. In the case of diversified rural economies, higher percentages of population can be found in the Czech Republic (57%), Slovakia (23%), and Austria (21%). Percentages in the remaining countries are much lower, mostly below 10%. Rural population in regions with diversified economies that have a powerful private services sector is relevant only in a few regional environments of France (52%) and Lithuania (20%).

Table 18 shows the percentage of the total population of the EU27 countries for each category of the EDORA Performance Typology. The total population in the 'depleting' category involves more than 50% of the total in 5 of the new member states: Poland (63%), Latvia (63%), Bulgaria (66%), Romania (70%) and Slovakia (51%). Close to these values is Lithuania (45%). It is relevant to point out that 1/4<sup>th</sup> of Germany's rural population is also classified under this category, matching the eastern *Länder*. These are the areas suffering most from problems of emigration, unemployment and lower income levels. Population concentrated in regions 'below average' is relevant, especially in the new member states. As in the analysis of the distribution of NUT3, 'below the average' and 'depleting' areas are located in the less modernised economies of Europe. In contrast, the above average and 'accumulation' areas are mainly located in countries with stronger economies and higher income levels.

The rural population distribution according to the categories of the performance typology reinforces the arguments presented thus far. The rural population is concentrated in categories below the European average ('depleting' and 'below average') mainly in the NMS and the countries that formerly constituted the European periphery. Thus, the rural population

in 'depleting regions' is more than half of the total in Romania (61%), Poland (53%), Bulgaria (52%), and also displays significant percentages in Slovakia (41%), Latvia (38%) and Lithuania (28%). The category 'below average' is relevant in most of these same countries and in the other NMS as well as in Greece. In contrast, the rural population is concentrated in regions above the European average ('above average' and 'accumulation') in countries with higher levels of economic development.

Differentials between the percentage of the total population of regions and their share of GDP with reference to the D-P typology are shown in Table 19. The differential results in a percentage that goes from 0% to the extent that the share of regions and the share of GDP match. A high differential (over 10%) indicates a significant heterogeneity between the population and the allocation of GDP in the regions of a member state. Differentials show, firstly, that urban areas concentrate a greater share of GDP than the percentage of the population area they represent. This general trend is more pronounced in Latvia (-23%), Hungary (-20%), Bulgaria (-17%) and Poland (-16%). The other four categories of the D-P typology (IA, IR, ARP and RRP) show very little differential and most values are close to zero. In those cases, the demographic weight of regions is very similar to their economic 'weight' and, therefore, regional imbalances are expected to be less relevant.

In the structural typology case (Table 20), all differentials between population and GDP in each category are positive. This means that, in most cases, rural areas have less economic than demographic weight (i.e. the share of GDP is lower than the share of population). This trend is exacerbated in less favoured rural areas (i.e. agrarian areas). One would expect that diversified rural economies would do better in retaining GDP in accordance their demographic size. Although this is to some extent true the positive sign in most countries reflects an extension of the same trend (i.e. there are gaps also in diversified rural areas between their bigger demographic size and their relatively smaller economic size).

Differentials between the percentage of the total population of the regions and the percentage of GDP for the performance typology case are shown in Table 21. Again, the vast majority of differentials between population and GDP in each category of the performance typology are positive. This means that, in most cases, rural areas have less economic rather than demographic weight. This exacerbates the implications for territorial planning and the management of public resources in systems where funding allocation is based on population size, because in most countries there is a further gap between population and economic capacity. Depending on the distribution of rural areas

in categories, and the characteristics of rural settlement in each country, the differences are more or less relevant for each country and rural type. For example, in the case of depleting, 'below average' and above average' areas, differentials are always positive (more population than economic relevance) and more important in the NMS.

In the case of 'accumulation' regions differentials are more equilibrated with positive and negative values. Negative results (Estonia -22%; Slovenia -11%) indicate rural areas where the share of GDP is larger than it should be according to their actual population.

## Analysis of the EDORA Cube by non-exclusive groups of countries

This section presents a systematic analysis of the three typologies that make up the "EDORA Cube" considering non-exclusive group of countries<sup>8</sup>. The analysis is aimed at identifying commonalities and differences between cohesive groups of countries in relation to the distribution of key variables among categories of each typology. The purpose of the analysis is to know to which extent conditions associated to supra-national regions (i.e. common features in territorial organisation, productive systems, culture, institutional system, democracy traditions, etc.) influence the relevance, dominance and distribution of rural types.

### Distribution of NUTS3 regions

The number of NUTS3 regions of the EU27 according to categories of the D-P typology is shown in figure 8. The analysis shows a percentage breakdown with the following characteristics: Central and Western European countries contain, overall, the highest percentages of regions in Predominantly Urban regions (PU), in this case, 43%. Adding the Intermediate Accessible Regions the percentage of urban or peri-urban regions amounts to three quarters of the total (77%). Conversely, the Scandinavian countries show the lowest percentages of regions concentrated in these categories. Thus, only 9.6% are Predominantly Urban regions (PU) and the percentage is only 21% if we add the Intermediate Accessible regions. In between are the Mediterranean countries and the NMS. In the first case, about one in four regions are 'predominantly urban'.

<sup>8</sup> The defined groups of countries are as follows: (i) EU 15 (Belgium, Denmark, Germany, Greece, Spain, France, Ireland, Italy, Luxembourg, Netherlands, Austria, Portugal, Finland, Sweden, United Kingdom); (ii) New Member States (Bulgaria, Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Romania, Slovenia, Slovakia); (iii) Mediterranean countries (Greece, Spain, Malta, Italy, Portugal, Cyprus); (iv) Central-West European Countries (Belgium, Germany, France, Ireland, Luxembourg, Netherlands, Austria, United Kingdom); (v) Nordic Countries (Denmark, Finland, Sweden, Norway). The criterion for the selection of the groups of countries has been the definition of relatively homogeneous supranational areas or, at least, areas sharing common rural and regional dynamics. Furthermore, it should be noted that these are not mutually exclusive groups.

This percentage rises to 56% when we include the 'intermediate accessible regions'. The NMS also record a rate of 50% in the sum of PU and IA regions although in this case the internal distribution of both categories is different because the IA regions account for 40% and PU regions only 10%. Finally, the behaviour of the EU15 is closer to the countries of Central and Western Europe, with 70% of urban or peri-urban divided into 37% in PU regions and 33% in IA regions. On the other hand, the 'rural' regions, represented by those that are 'predominantly rural' (accessible or remote), show the largest percentages in the Nordic countries, in the NMS and in the Mediterranean countries. In the Nordic countries, the two PR categories' percentages are identical and very high. Thus, 76% of Nordic regions are 'predominantly rural' either remote or accessible. In the case of the NMS the highest percentage of rural regions is accessible (PRA), while remote regions are considerably less common. Finally, in the Mediterranean countries the most significant percentage corresponds to remote rural areas (PRR) (27%). These differences are mainly due to geographical features. Thus, both the Nordic (due to their size) and the Mediterranean countries (due to their orography) show areas where accessibility is low and, therefore, are located in the 'remote' category. The opposite occurs in the NMS where rurality is high but accessibility is better. This distribution indicates that patterns of territorial occupation are clearly differentiated in the EU27. Countries of the EU15 have percentages of urban and peri-urban regions significantly greater than those recorded in all the NMS.

Figure 9 shows the number of NUT3 regions of the EU27 that are located in each of the categories of the EDORA structural typology. According to this classification, regions dominated by an agrarian economy (category 'agriculture') are located mainly in the NMS (30%) and in the Mediterranean countries (13%), while in the remaining categories are hardly present at all. It is, as noted previously, regions dominated by an agrarian economy in the case of societies where agriculture is not yet completely modernised, either

because of the general state of the economy, or because the geographical constraints that limit accessibility and make it difficult or impossible to implement this process of modernisation. This could also be the case with agro-productive complexes with high levels of competitiveness (e.g. some fruits and vegetables in the Mediterranean countries or modernised continental agriculture spaces), but more often involves areas where agriculture dominates because of the absence of economic alternatives (Mediterranean remote areas or regions of semi-subsistence farming in some of the NMS). By contrast, ‘consumption countryside’ regions

can be found in all country groups except for the NMS, to account for rural territories that benefit from the demands of urban markets. Diversified regional economies with a strong secondary sector are located mainly in the NMS (48%) and the Nordic countries (42.5%) but significantly also present in all other categories of countries. Diversified regional economies with a strong private service sector are mainly to be found in the countries of Central and Western Europe and the EU 15 while their presence is much smaller in the case of the Nordic countries and the NMS.

Figure 8: Dijkstra-Poelman Typology. Percentage of regions in each category, by non-exclusive groups of countries

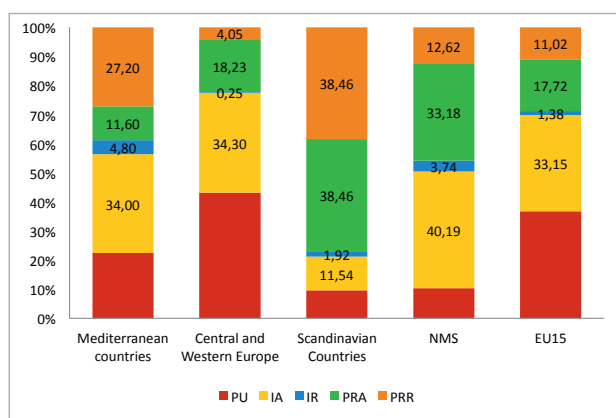


Figure 9: EDORA Structural Typology. Percentage of regions in each category, by non-exclusive groups of countries

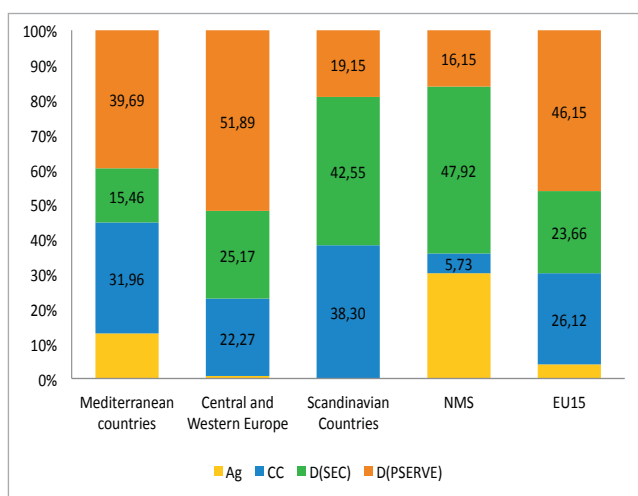


Figure 10: EDORA Performance Typology. Percentage of regions in each category, by non-exclusive groups of countries

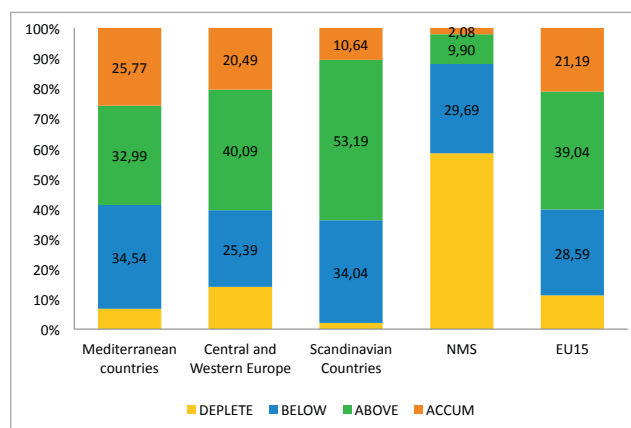


Figure 10 shows the number of regions (as a percentage of the total) of the EU27 countries for each category of the EDORA performance typology. Depleting regions are located mainly within the NMS, where they represent 58% of the total. These are largely the territories from which there has been a continuous process of migration and a loss of economic activity. This type of region is also present in the other groups of countries considered, although to a much lesser

extent. Thus, the rate falls below 15% in all other groups of countries and, contrary to what might be expected, areas of Central and Western Europe contain a greater proportion of depleting regions (14%) than the Mediterranean regions (7%). On the other hand, the percentage of regions ‘below average’ is an almost constant share of between 25% and 35% in all groups of countries.

The sum of the percentages for regions termed

‘depleting’ and ‘below average’ gives us an idea of the prevalence of regions with the greatest difficulties. This percentage is much higher in the case of the NMS group where the sum of these two categories accounts for 88% of all regions. All other groups of countries have percentages of the sum of these two categories at about 40%. By contrast the regions ‘above average’ (including ‘accumulation’) account for more than 50% in all the groups of countries except the NMS.

### Distribution of population

According to the D-P rural-urban typology (Figure 11) population concentrates in urban and peri-urban regions to a greater extent than total area and number of regions. The highest percentages of population in ‘predominantly urban regions’ (PU) are in the Central and Western European countries (54%), the EU15 (52%) and the Mediterranean countries (50%). On the other extreme, the Nordic countries and NMS show lower percentages (25% and 17% respectively). Adding in the ‘intermediate accessible regions’, the percentage of urban or peri-urban regions amounts to 85% of the total in all groups of countries except the Nordic countries and the NMS.

In relation to the ‘rural’ population (represented by ‘predominantly rural’, ‘accessible’ or ‘remote’), larger percentages can be found in the Nordic countries (53%) and in the NMS (36%). In all cases, the percentage of population is much lower than the territorial relevance of rural regions. These differences are mainly due to geographical features. Thus, both the Nordic (due to their size) and Mediterranean countries (due to their orography) show areas where accessibility is low and, therefore, are located in the category of ‘remote’. The opposite occurs in the NMS where rurality is high but accessibility is better.

The structural typology classifies regions according to their economic settings (Figure 12). The percentage of population in regions dominated by an agrarian economy (category ‘agriculture’) is higher in the NMS (22%) and in the Mediterranean countries (7%), while in the remaining categories it hardly registers. In contrast, the percentage of population in ‘consumption

countryside’ regions is relevant in all country groups except for the case of the NMS, to account for rural territories that benefit from the demands of urban markets. Population in diversified regional economies with a strong secondary sector attains a higher share of the total in the NMS (54%) and Nordic countries (35%) but, significantly, is also present in all other categories of countries. Population in diversified regional economies with a strong private service sector attains higher shares of the total mainly in the countries of Central and Western Europe and the EU15, while its presence is much smaller in the case of the NMS.

Figure 13 shows the percentage of total population of the EU27 countries for each category of the EDORA performance typology. The percentage of total population in ‘depleting’ regions is larger for the NMS, where it represents 55% of the total. This is largely the territories from which there has been a continuous process of migration and a loss of economic activity. Population in ‘depleting’ regions is also present in the other groups of countries considered, although to a much lesser extent. Thus, the rate falls below 10% in all other groups of countries and, contrary to what might be expected, areas of Central and Western Europe contain a greater proportion of population in ‘depleting’ regions (7%) than the Mediterranean regions (4%). On the other hand, the percentage of population in regions ‘below average’ is an almost constant share of between 25% and 30% in all groups of countries.

The sum of the percentages of regions ‘depleting’ and ‘below average’, gives an idea of the prevalence of regions with greatest difficulties. This percentage is much higher in the case of the NMS groups where the sum of these two categories accounts for 87% of the population living in these types of regions. All other groups of countries have percentages of the sum of these two categories at about 30%.

Therefore, the number of ‘below average’ regions is most significant in the NMS. ‘Below the average’ and ‘depleting’ areas are located in the less modernised economies of Europe. Consequently, the regions ‘above average’ (including ‘accumulation’) contain between 60% and 70% of the total population in all categories of countries with the exception of the NMS.

Figure 11: Dijkstra-Poelman Typology. Percentage of total population in each category, by non-exclusive groups of countries

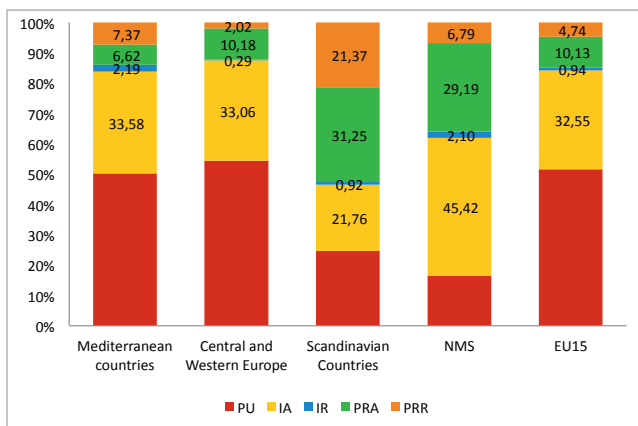


Figure 12: EDORA Structural Typology. Percentage of total area in each category, by non-exclusive groups of countries

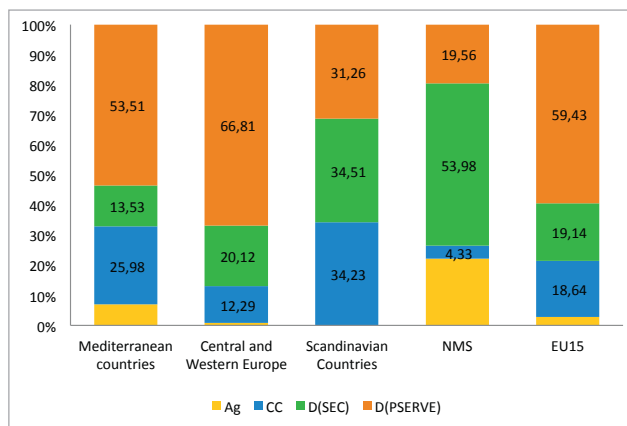
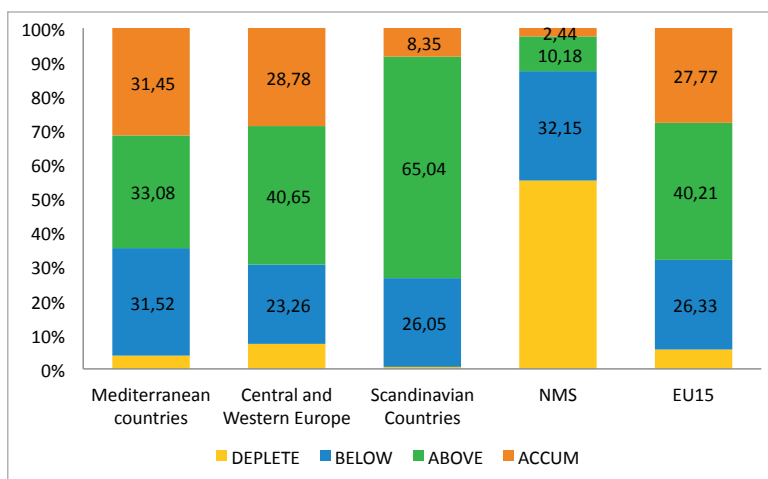


Figure 13: EDORA Performance Typology. Percentage of total population in each category, by non-exclusive groups of countries



### Distribution of GDP

GDP concentrates in urban and peri-urban regions to an even greater extent than total area, number of regions or population (an almost constant addition of 6-7% to the percentage of population). The highest percentages of GDP in 'predominantly urban' regions (PU) are in Central and Western European countries (62%), the EU15 (59%) and the Mediterranean countries (56%). On the other extreme, the Nordic countries and the NMS show lower percentages (33% and 31% respectively). Adding the 'intermediate accessible regions', the percentage of urban or peri-urban regions amounts to 85-90% of the total in all groups of countries, except the Nordic countries and the NMS.

The percentage of GDP in 'rural' regions, represented by 'predominantly rural' (accessible or remote), shows the largest percentages in the Nordic countries (45%) and in the NMS (26%). In all cases, the percentage of GDP is much lower than the territorial significance of rural regions, and lower

than the percentage of population (about 6-7% less). These differences are mainly due to geographical features. Thus, both the Nordic (due to their size) and the Mediterranean countries (due to their orography) show areas where accessibility is low and, therefore, are located in the 'remote' category. The opposite occurs in the NMS where rurality is high but accessibility is better. The structural typology classifies regions according to their economic settings. Figure 15 shows the percentage of GDP of the NUTS3 regions of the EU27 located in each of the categories of the EDORA structural typology, by non-exclusive groups of countries. The largest percentage of GDP in regions dominated by an agrarian economy (category 'agriculture') is located mainly in the NMS (15%) and in the Mediterranean countries (5%), while in the remaining categories it barely registers. In contrast, GDP in 'consumption countryside' regions is relevant in all country groups - except for the case of the NMS - in accounting for rural territories that benefit from the demands of urban

markets. The Nordic countries account for the largest share of total rural GDP (35%) while the Mediterranean countries score 26% and the EU15 19%. Diversified regional economies with a strong secondary sector are located mainly in the NMS (58%) and in the Nordic countries (31%) but are also significant in all other categories of countries. GDP in diversified regional economies with a strong private service sector is relevant in the countries of Central and Western Europe (66%) and the EU15 (59%), but is also important in all other groups of countries.

Figure 16 shows the percentage of GDP of the EU27 countries for each category of the EDORA performance typology, by non-exclusive groups of countries. The 'depleting' regions are located mainly within the NMS, where they represent 46% of the total, some 10% less than the equivalent territory. These are, largely, the regions from which there has been a continuous process of migration and a loss of economic activity. This type of region is also present

in the other groups of countries considered, although to a much lesser extent. Thus, the rate falls below 5% in all other groups of countries. On the other hand, the percentage of regions 'below average' is an almost constant share of between 25% and 35% in all groups of countries.

Again, the sum of the percentages of regions 'depleting' and 'below average', gives us an idea of the prevalence of regions with the greatest difficulties. This percentage is much higher in the case of the NMS groups where the sum of these two categories accounts for 80% of all regions. All other groups of countries have percentages of the sum of these two categories at about 25-30%. Therefore, the number of 'below average' regions is mostly relevant in the New Member States. 'Below the average' and 'depleting' areas are located in the less modernised economies of Europe. Consequently, the regions 'above average' (including 'accumulation') are more than 70% in all categories of countries with the exception of the NMS.

Figure 14: Dijkstra-Poelman Typology. Percentage of GDP in each category, by non-exclusive groups of countries

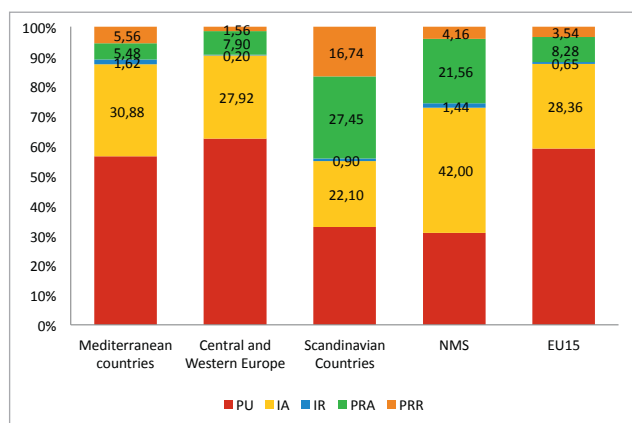


Figure 15: EDORA Structural Typology. Percentage of GDP in each category, by non-exclusive groups of countries

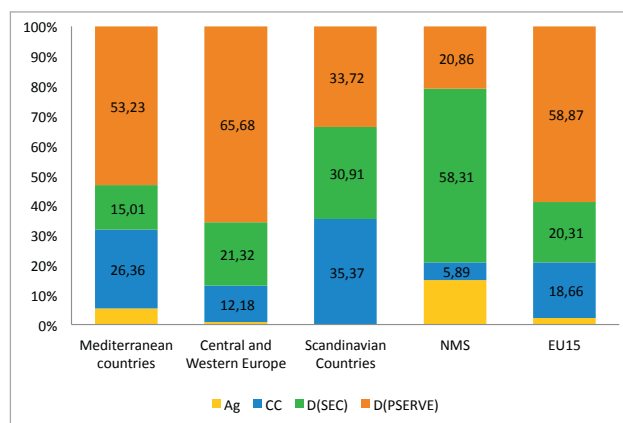
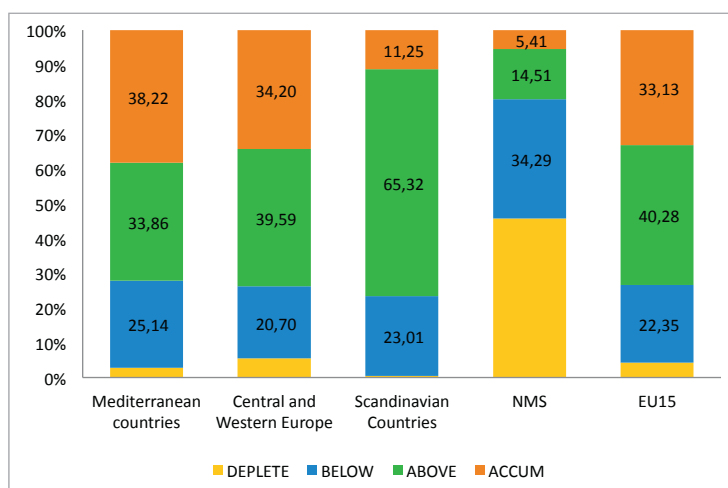


Figure 16: EDORA Performance Typology. Percentage of GDP in each category, by non-exclusive groups of countries



# Conclusion

The analysis carried out in the context of the EDORA country profiles has provided us with an extensive range of knowledge on the features of countries and regions in relation to the EDORA headings. This chapter has focused on those parts of the country profile report chosen for their explanatory relevance. The main conclusions of the analysis are as follows:

- Urban regions (D-P Typology) are relevant in number in few European countries: smaller countries (Netherlands, Belgium, Malta; relatively large countries with a dense and balanced urban system (UK 61.6%), or those where the dimension of NUTS 3 units allows a more effective identification of urban or city regions.
- Accessible regions (D-P Typology) belong mainly to the smaller and/or central-European countries. Accessibility is also high if favourable geomorphologic conditions exist (Poland). On the contrary, peripheral regions (in terms of accessibility) are clearly within the geographical periphery of the EU (Sweden, Finland, Greece, and Portugal)
- Rurality (D-P Typology) is concentrated in countries that combine larger areas, a peripheral geographical position and mountains (Finland, Sweden, Ireland, Spain, Greece, Austria).

In relation to the characteristics of the economic structure (structural typology), agricultural regions match peripheral areas (mainly in the NMS) that have maintained less modernised agricultural structures and means of production and, therefore, show reduced opportunities for economic diversification. On the other hand, the 'consumption countryside' (structural typology) is relevant in most countries. These are areas dominated by one or more services typically geared to the urban population. Finally, diversified rural economies (structural typology) involve 2 types of regions: regions with a strong secondary sector (industrial districts in the Mediterranean or reviving remnants of industrial specialisation in the NMS) and regions with a strong private services sector (non-urban regions in which the NRE is more developed).

The economic performance (performance typology) of rural regions is lower in the NMS case which sees a concentration of higher percentages of depleting regions. Regions 'below average', with weaknesses in terms of demography, wealth and the labour market, are also mostly to be found in the NMS. The more dynamic rural regions ('above average' and 'accumulating') are concentrated in countries with higher GDP *per capita* and well developed urban markets.

Remoteness and rurality act as inverse functions for the allocation of population and GDP. The more remote and rural a region, the less population and the less GDP it has. This principle is also true for the allocation of GDP and, in most cases (with the exception of non-modernised agricultural regions), for the population.

There are then clearly differentiated patterns of territorial occupation in the EU27. Countries of the EU15 have percentages of urban and peri-urban regions significantly greater than those recorded in the NMS. The productive structure of regions also varies in relation to the groups of countries involved. For instance, less advantageous regions are, according to the structural typology (agricultural), located in the NMS and the Mediterranean countries, while more advantageous regions (diversified rural economies) belong mainly to Central and Western Europe. Finally, the economic performance of rural regions also registers a geographical pattern: the number of 'depleting' and 'below average' regions is relevant primarily in the NMS. These areas are located in the less modernised economies of Europe. Conversely, more dynamic rural regions ('above average' and 'accumulating') are more than 50% in all categories of countries with the exception of the NMS.

Wealth (share of GDP) and population tends to concentrate in accessible and urban areas. With the exception of the Nordic countries and the NMS, more than 85% of the total population concentrates in PU and IRA regions. Most rural population (80%) lives in 'below average' and 'depleting' regions in the NMS while only 30% of the rural population of the remaining groups of countries live in these types of regions.

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# Chapter 4

## Rural Europe in a Global Context: Using foresight to consider future development trajectories

David Meredith

### Introduction

Rural socio-economic change can be conceived as an on-going, iterative process involving the interplay between developments within the agri-food industry on the one hand, and the non-farm economy, on the other (Commins and Keane, 1994). These two forces can be considered the dominant structural drivers of rural change. Although clearly distinct from one another, they are inter-linked, particularly when one considers their effects at supraregional scales (McHugh, 2001). It is recognised, however, that a further group of drivers of future change overlay and shape rural restructuring processes. Woods (2005) combines these drivers under the heading of globalisation. This is conceptualised as the advanced interconnection, and interdependencies of localities across the world.' (p.32). Interconnections are not simply conceived of as movements of goods, people or capital. They speak of relationships of all types whether they are natural (climatic or biophysical), human (as reflected in social organisation) or economic. Interdependencies reflect the symbiotic or synergistic nature of developments or actions in one region that have the capability of impacting, either positively or negatively, on other regions. Globalisation is therefore multifaceted in that it, simultaneously, reshapes social, economic, cultural and environmental conditions (See Chapter 1). From a regional perspective, the combination of these conditions is spatially variable with the result that global processes are differentiated in terms of their place specific impacts. However,

rather than conceive of rural regions as passive players responding to external forces and events, contemporary rural change, commonly referred to as neo-endogenous rural development, is considered to be mediated by a region's territorial capital and the regulatory frameworks and existing social and economic structures at the local / regional scale which shape it (See Chapter 7). The way in which, and pace that, regional resources are reconfigured in response to 'global' drivers of change reflects the dynamic capacity of rural regions.

One of the core objectives of the EDORA project was to explore how these dominant drivers might influence the future development of rural regions in Europe. Rather than taking a short-term view, this chapter explores, using foresight techniques, four different scenarios of the future and their implications for the different types of region identified in the EDORA typologies, (see Chapter 2). To guide this research three primary questions are posed; what are the dominant forces that will most influence rural development trajectories, how might these shape development trajectories and, finally, what are the potential implications of these scenarios for the different types of regions identified in the EDORA typologies? In developing this analysis this chapter follows a structure where each of these questions is considered in turn. Before answering the first question the foresight method used in this research is outlined.

# Foresight: A brief introduction

The research questions posed above fall firmly into the area of future studies and, more specifically, foresight. Foresight is defined as systematic activities embracing critical thinking concerning long-term developments, debate and effort to create wider participation in decisions, and shaping the future, especially by influencing public policy and strategic decisions (Grol, 2005; Faroult, 2006). Conventionally, foresight exercises are used to develop perspectives of the future, attain consensus on which perspectives are likely to come to pass and to highlight critical issues that need to be considered if preferred perspectives are to be realised. Whereas, in the past, foresight initiatives placed considerable emphasis on identifying a single perspective of the future and, from this, developing an assessment of threats and opportunities, contemporary foresight exercises are broader in terms of the range of issues considered, and highlight a number of possible or alternative futures. Increasingly, the objective of foresight initiatives is the identification of issues that will play an important role in shaping change rather than trying to predict/forecast specific future outcomes in detail.

Internationally the growing appreciation of the risks associated with uncertainty has led policy makers to adopt future orientated studies as a means of providing a framework to guide strategic development initiatives (Martin, 2010, p.1439-1441; Havas et al., 2010, p.92). The area of foresight research has developed in response to this demand (Martin, 1995; Martin and Johnston, 1999). Foresight initiatives are generally used as part of strategic business planning and, increasingly, policy development as a means of considering the longer-term implications of contemporary trends and issues (Eaves, 2007). Whilst foresight first became popular within the private sector, increasingly public sector bodies including state agencies and third sector groups use foresight initiatives to consider future needs and their policy implications (cf. Teagasc, 2008; Williams and Shaw, 2009). This trend is largely explained with reference to the growing recognition of the interplay between a large number of factors shaping current and future options (Calof and Smith, 2010). Economic forecasting is constrained by the absence of sufficient, quality data with which to undertake detailed projections. Where such data are available, forecasts are generally limited to specific sectors and relatively short time horizons (Colwell and Narayanan, 2010). There is also the risk in such studies to overemphasise recent development trends as a means of predicting the future. The increasing popularity of foresight also reflects the spatially extended and uneven geography of disruptive impacts and the associated

human, social, financial and environmental costs, of unanticipated events i.e. the global financial crisis and associated sovereign debt crisis.

The EU FOREN Project, amongst other objectives, sought to develop “a set of pragmatic guidelines on how foresight activities at the European level should be conducted so that they can make a substantial contribution to policy development” (Grol, 2005, p.6). A review of different approaches to foresight was undertaken and four broad types identified. These include ‘informative’, ‘instrumental’, ‘technological driven’ and ‘society driven’. The European Commission report on ‘Using foresight to improve the science-policy relationship’ provides a succinct definition of each approach:

- Informative foresight studies are those that focus on producing information for decision-makers and stakeholders.
- Instrumental foresight initiatives emphasise the production of specific recommendations pertaining to particular issues or policies.
- Technology driven foresights are those that emphasise the development, dissemination and uptake of new technologies.
- Finally, social foresight takes as the departure point future issues in a particular area and explore how technological and social developments may and should interact. (Faroult, 2006, p.10).

The FOREN project found that combinations of social and instrumental foresights are commonly used in projects considering issues of sustainability. As the EDORA project is fundamentally concerned with balanced regional development (sustainability) and policy issues, the latter combination of approaches is considered most appropriate to this research. Having identified an appropriate foresight approach, attention now turns to the choice of means of developing future perspectives.

Reviews of different approaches by Conway (2006) and, more recently, Slaughter (2008) found that four broad methods of implementing foresight are identifiable. These include linear, systematic, critical and integral methods. Linear methods tend to be strongly quantitative in form and require extensive data covering a sufficiently long time period to produce robust analysis. These methods, drawing heavily on econometrics, have been applied extensively in a variety of settings. Whilst originally used by the military to formulate strategy they are most commonly associated with technological approaches (Faroult, 2006, p.7). More recently they have

also been successfully implemented in policy settings, (see, for example, the ESPON TipTap project, Camagni et al., 2010).

Systematic, critical and integral methods are more qualitative in nature. They accept that technological and societal developments do not follow pre-defined pathways but are non-linear or chaotic. Socio-economic development is not considered predictable beyond a generic level. The use of narrative scenarios to sketch out the potential implications of current trends and possible future events is common to these methods. A systematic foresight involves a number of sequential tasks including exploration of current trends and the development of understanding of the possible implications of contemporary trends (Bhimji, 2009, p.3). When undertaken in policy development environments a third stage, applying or implementing the findings of the first two stages, is the ultimate goal. Critical and integral methods are more recent developments that view foresight initiatives as culturally embedded processes. They are generally applied within foresight exercises involving diverse groups of stakeholders and foreground the experiences and perspectives of those leading the initiative and the stakeholders. Critical and integral methods are also useful when the foresight involves a large, interdisciplinary team as they create a space for reflexive thinking on different epistemological approaches.

### Foresight within EDORA

In the context of developing future perspectives as part of the EDORA project a number of issues arise from the review of approaches and methods presented

above. The development of future perspectives is, in this instance, a single element in a much larger project. This aspect of the EDORA project has, consequently, limited resources to engage in the complete range of activities commonly associated with conventional foresight, particularly participatory activities. Exclusion of these activities, fundamental in distinguishing foresight from other futures-oriented studies, risks placing this work outside the frame of a foresight project (Keenan et al., 2006. p.14). The structure of the EDORA project, however, enabled (modest) participatory activities to be incorporated into scenario development. By incorporating the views of key partners and the Expert Group it was possible to undertake elements of a foresight to develop future perspectives. These include specification of the foresight's focus, design of the framework for considering future perspectives through the use of scenarios and the engagement with an, albeit limited, group of stakeholders. This latter constraint is perhaps the most significant issue as contemporary foresights are defined by their inclusion of not just subject experts and policy makers but also other stakeholders, representing a variety of views and opinions. In order to overcome these issues it was decided to apply a foresight approach based on systematic methods. These are perhaps the most widely applied of all foresight techniques and involve, amongst other activities, systems analysis and scenario building (Slaughter, 2008 p.11). Within the EDORA project, emphasis is placed on scenario building as this forms the basis from which to develop future perspectives. Before doing so it is necessary to specify the context within which the foresight scenarios could be developed.

## Contextual Framework underpinning scenario development

Vandermotten (2006) sought to assess the implications for EU Cohesion Policy of the development pathways resulting from interconnections and interdependencies between a large number of social, economic and environmental factors. Twenty thematic scenarios were drafted and from these four key forces were identified: the impacts of climate change, the ageing of Europe's population, a passage to a new energy paradigm and the rising importance of globalisation. (p.15). Whilst these forces are interrelated, at a global if not an EU scale, they operate relatively independently of each other i.e. the EU has yet to reach a stage where, for example, the transition to a low carbon society affects dominant demographic trends. What unites them is their potential

to shape EU and national initiatives in the near term. One of the most important early contributions from the EDORA Expert Group was the emphasis that, within the 20 year time span covered by these future perspectives, it is not so much the actual impact of particular drivers, i.e. climate change, but rather the anticipation of these changes, in advance of any actual effect, that would shape future development trajectories. This point was made on several occasions in relation to a range of drivers including climate change, peak oil and (economic) globalisation. In relation to other issues, most notably demographic change, a view was expressed that because these were considered by society as a whole, to be 'natural', gradual and on-going, there

would be very little pressure for radical responses. This gives rise to specific challenges for those regions where such issues, i.e. population decline through both out-migration and natural decrease, are prevalent.

Discussions with the project partners and the Expert Group concerning which forces are likely to shape the future development trajectories of rural regions were wide-ranging in their scope. Topics that received most attention included the implications of climate change, peak oil and the opportunities for the renewable energy sector, the growing significance of food security issues and consumer concerns regarding traceability, the medium term impacts of the global financial crisis and subsequent sovereign debt crisis and the continued undermining of social-democratic principles. Broadly, these issues can be grouped into; (i) an environmental theme, dominated by climate change but also containing food and energy issues, and (ii) a group broadly concerned with social and economic issues, including the on-going restructuring of rural economies and societies, the implications of the global economic recession for rural regions, the potential implications of the sovereign debt crisis on public spending in rural regions, and the regionally uneven economic performance that characterises economic development and is of central significance to EU cohesion policy.

### The climate change context

Climate change, as a driver, was discussed at length. Climate change is of fundamental importance to rural regions not simply because of the direct affects but also because of the implications of societal responses in the form of mitigation strategies, i.e. CO<sup>2</sup> reductions, and adaptation measures, i.e. shift to renewable energies and bio-fuels. The 4<sup>th</sup> International Panel on Climate Change (IPCC) report details 11 key future impacts and vulnerabilities for Europe and outlines adaptation measures that might be considered (Parry et al., 2007). Of these 11 issues most have direct implications for rural regions. Several relate to geographic areas that are typically classified as rural i.e. coastal, mountains and sub-Arctic regions. The report also highlights land-uses that predominate in rural regions i.e. forests, shrublands, grasslands and wetlands. Agriculture and fisheries, key elements of some rural economies are also specifically mentioned.

The significance of climate change as a driver of change is also reflected in a range of other ESPON sponsored research, including Regions at Risk of Energy Poverty (ReRISK), which focuses on the diverse regional consequences of increased average temperatures and greater frequency of severe weather events. ReRISK relates, through consideration of the

impacts of climate change on energy demands and energy poverty, to the ongoing ESPON Climate Change and Territorial Effects on Regions and Local Economies (CLIMATE) project. Although considering the broad aspects of climate change this project highlights several issues pertinent to rural regions. These largely focus on the implications of increased mean temperatures for natural resource based industries. The work of both these projects, ReRISK and CLIMATE focuses, to a large extent, on longer term, 60+ years from now, implications of climate change. In this regard they are of limited use in the development of the EDORA Future Perspectives, which explore potential scenarios to 2030. The significance of both of these projects to EDORA rests in their central premise and emphasis on the need for action to mitigate against and/or adapt to climate change. The pace at which society engages with this necessity is, however, in question. The uncertainty surrounding the answer to this question therefore forms one dimension to be considered by the Future Perspectives. It can be envisaged that a gradual response to the implications of climate change would be more conducive to a continuation of a social and economic system not unlike the present. If, however, the response of society was to pre-empt the most significant affects of climate change then it is possible that national legislators and, in some instances international bodies, would be called on to design and implement strategies preparing for such eventualities.

### The governance issue

The second group of drivers considered by the Expert Group are highly interrelated. These have their roots in contemporary trends and developments that are reshaping governance approaches to economic development in general and rural development in particular. Despite the global economic crisis and the questions it raises regarding the theoretical and empirical basis of neo-liberal approaches to development, many Member States continue to withdraw from the provision of public supports and public services. For rural regions, particularly those with very low population densities, this has a range of implications foremost of which is the concentration of services in key towns or their discontinuation altogether (Higgs and White, 1997, p.441). This shift away from direct State involvement in the provision of services is compounded by three crises that are simultaneously, undermining the capacity for State and EU intervention; the continued decline in primary sector related employment in response to increasing economies of scale driven by growing global competition at both production and processing levels, and rapid evolution of food supply chains; the impact of the global economic recession on rural regions;

and, the implications of sovereign debt concerns for individual Member States and the EU more broadly.

The Expert Group, in discussions concerning the EDORA typology and the Future Perspectives, highlighted a feature of economic restructuring common to all types of rural region is the continued decline of employment in the primary sector and consolidation of remaining enterprises. Whilst this process may be considered endogenous, it is in large part, driven by exogenous forces. These include changes in EU policy deregulating food markets and the growing scale of food producers both within the EU and globally. For those regions that are highly dependent on agriculture, forestry and fishing related employment, classified as 'Agrarian Economies' within the EDORA typology, this process has undermined their overall economic performance. Compounding this are changes in manufacturing activities that have seen consolidation of food processing enterprises and withdrawal of low value-added activities to urban regions in Eastern Europe or, relocation to other countries i.e. China or India. These processes give rise to a number of related issues including rural emigration, particularly of younger people, and limited capital for investment in new enterprises. For many governments, such developments raise serious questions regarding the sustainability of rural regions given the costs associated with the continued provision of public services and supports, and the reluctance of enterprises to locate in these regions.

The current economic downturn is also reshaping the economies of some rural regions in different ways. Research in Ireland, the UK and Spain highlights the impact of the 'Credit Crisis' on their construction sectors (Meredith, 2009; CRC, 2009; Chamberlin and Yueh, 2009). Construction was an important source of employment, particular for males with low skill levels (Meredith, 2009). Whilst the collapse of this industry has affected all regions it has particularly impacted those classified as Diversified (with important Secondary Sector). Increased unemployment has resulted in greater demands on State welfare services which, at a time of declining exchequer returns, necessitates either raising funds through the sale of public assets, greater sovereign borrowing or cuts in other areas of public spending.

A third outcome to the global economic downturn is the emergence of sovereign debt crises and, perhaps more significantly, the perception that particular countries are at risk of sovereign debt default i.e. Ireland, Spain, Portugal. The latter issue has also impacted on countries with limited risk of default but with high borrowing needs e.g. the UK. The net result is many EU countries face significant constraints in accessing debt markets, particularly longer-term debt.

As a consequence, member states are faced with the need to implement significant cuts to their national spending programmes and are also inclined to restrict the overall budget of the EU. These developments have resulted in significant cuts in public spending across the EU which has contributed to reductions in economic activity and provision of services.

For rural regions each of the three crises has direct impacts. The restructuring of the primary sector and related processing activities is most evident in Agrarian Economies. The general absence of significant alternative employment opportunities in these regions results in two dominant trends, outmigration and limited succession on farms. The consequences of these developments include a rapidly ageing population and underperformance of the primary sector. Taken together, these outcomes have a negative impact on social and economic development. Whilst other types of rural regions are also experiencing similar trends, the outcomes are somewhat different. The availability of alternative sources of employment in manufacturing and service-related employment assists in maintaining rural populations. In these regions, as with those classified as 'Consumption Countryside', the opportunities for and capacity to diversify the rural economy are greater.

The impacts of the current economic downturn are as pervasive as the decline of the primary sector in that all types of regions are affected. The sector-specific nature of the recession has, however, resulted in spatially differentiated outcomes. Regions with workforces concentrated in construction, manufacturing and consumer services i.e. tourism, have been particularly adversely affected by the economic downturn. Whilst 'Agrarian Economy' regions have experienced outflows of manufacturing enterprises the consequences of such developments are most readily evident in Diversified regions in terms of increased unemployment. Consumption Countryside regions are also likely to have been negatively impacted by declining demand for construction resulting from the international credit crisis. There are other, indirect, impacts of the economic recession in these regions. The economies of Consumption Countryside regions are reliant on the sale or provision of high value added products and services. Constrained consumer spending has seen a decline in demand for many of these goods and services with consequent implications in terms of increased business failure rates and unemployment.

The consequences of the sovereign debt crisis are, from a spatial perspective, somewhat harder to assess. The introduction of strong deficit reduction fiscal policies by national governments in response to external financial pressures from banks and investors has led to significant cuts in exchequer spending. In the worst affected countries, i.e. Portugal, Ireland, Italy,

Spain and Greece, cuts in spending have resulted in reductions in capital spending programmes, transfer spending programmes and gross capital formation. Recent changes in the UK budgetary policy suggest that a similar approach will be taken to deficit reduction. Evidence from Ireland indicates that rural regions, in addition to disadvantaged groups, experience significant cuts in public sector expenditure. This arises from dependence of the rural economy on public sector related employment, capital spending to support construction related employment and social transfers, particularly in those regions with high elderly dependency ratios.

Taken together the three crises combine to constrain the ability of member states to respond to

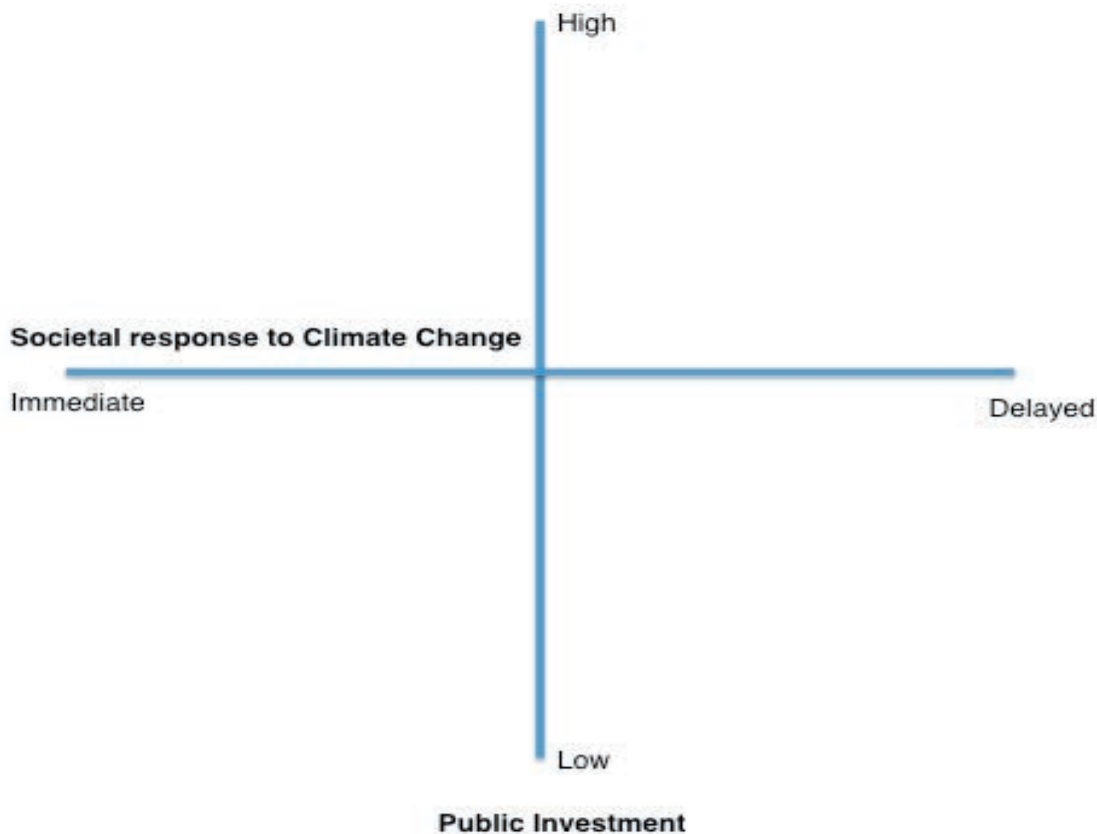
contemporary and future challenges. These constraints have the capacity to reshape regional development trajectories which, in turn, hold important implications for territorial cohesion. Conditioning which trajectories become dominant is the extent to which States are in a position to support strategic socio-economic development and thereby further core EU objectives. If, however, one accepts that public finances will be constrained in the short to medium-term, governments are left with a limited set of choices, including greater regulation to achieve key objectives i.e. increased taxes on consumption, or delegation of resource allocation to the market place through privatisation of national assets and greater deregulation of markets.

## The Scenario Framework

Based on the forgoing assessment, a review of recent foresight studies, discussions with the Expert Group and input from other EDORA partners, the response of society to the threats posed by climate change, and capacity of Member States to direct strategic development were selected as key drivers of future change conditioning rural development in the coming years. This later driver is referred to as 'Public Investment'. These themes are represented as two

structuring assumptions on the horizontal and vertical axes of Figure 17. This diagram attempts to capture the variety of approaches open to society in developing strategies and initiatives to overcome the challenges associated with climate change or, the perception that the climate is changing. The response to climate change is represented on the horizontal axis whilst State / EU (dis)investment are represented on the vertical axis.

Figure 17: Conceptualising the interrelationship between responses to climate change and Capacity of Public Investment



The scenarios outlined below are alternative descriptions of possible futures for rural regions in the EU. As snapshot scenarios, rather than chain scenarios, they do not consider the individual, and highly complex processes that bring about these futures. They are not forecasts nor predictions of the future based on analysis and extrapolation from past trends, - these types of activities are more in keeping with linear foresight activities. The future perspectives are tools that assist reflection on the implications of contemporary and known issues within a medium – longer-term perspective. It is also important to note that, though policy assessment activities are incorporated into the EDORA project, they are not part of the future perspectives.

Within the EDORA project, scenarios were not presented as dichotomous choices but rather as points along a spectrum of possible outcomes. The approach is predicated on the concept of uncertainty that is inherently unquantifiable and gives rise to the prospect of several plausible alternative futures that cannot be ranked by probability and through numbers, but all have to be prepared for or anticipated in some way (Keith et al., 2009). Use of largely quantitative approaches would have the affect of limiting the number of issues that could be considered, given the need for sufficiently robust data, and thereby limit the scope of the potential scenarios. This issue is of particular significance within the context of the ESPON, which has previously funded a number of foresight studies that utilised quantitative approaches. The present study represents an approach that is, quite literally, qualitatively different. Another issue associated with this approach is the risk of identifying extreme scenarios which, whilst possible are not probable. The four scenarios outlined below represent probable future socio-economic environments. These are based on potential outcomes from interaction between contemporary trends, outlined below, and the drivers of future change.

The review of contemporary trends and how they might impact on the development of rural regions provides a general context for the future perspectives. In line with the framework depicted in Figure 1, these represent four different climatic and governance environments:

- Scenario 1: Gradual response to climate change combined with low levels of State – EU supports (divestment).
- Scenario 2: Gradual response to climate change combined with high levels of State – EU supports (investment).
- Scenario 3: Rapid response to climate change combined with low levels of State – EU supports (divestment).

- Scenario 4: Rapid response to climate change combined with high levels of State – EU supports (investment).

These will now be described, the use of the past-tense emphasising the fact that these are imagined retrospective views from 2030.

### Scenario 1: Gradual response to climate change and limited State/EU support

The opening decade of the new millennium saw the emergence of financial markets as the primary means of allocating resources in EU member states and heightened awareness of the implications of climate change. Despite the global crisis of 2007 – 2010, financial markets continued to function without significant regulation. Innovations in estimating risk allowed markets to account for, and communicate, this risk. Though financial markets continue to be cyclical they have not, as of 2030, experienced a repeat of the 2007 – 2010 crisis. Climate change has been gradual; some regions, particularly those in South, East and Central Europe, witnessing increases in mean temperatures and decreased in precipitation. Regions in the North and West of Europe also experienced increased temperatures, particularly during winter months. The incremental nature of these developments allowed the market, with limited State/EU supports, to lead the adjustment to the new conditions. More obvious signs, more intense heat waves and flood events led to a renewed emphasis on securing a legally binding successor to the agreement reached at the Copenhagen Conference on Climate Change. This new agreement paved the way for the introduction of a global cap and trade market based system of regulating greenhouse gas emissions.

Rural regions, which at the end of the first decade of the new millennium were increasingly socially and economically differentiated, continued to diverge, at both national and EU levels. Long-term demographic developments saw those regions in peripheral areas, distant from or inaccessible to urban regions, lose population through age specific migration of younger cohorts and natural decline. Conversely, accessible and urban regions experienced population increases particularly amongst older age cohorts. These developments underpinned the continued evolution of the rural economy. On one level, the market based response to climate change and the threat of peak oil resulted in energy production vying with agriculture, fisheries and other primary sector activities for resources, particularly land (sea). The rapid growth of the energy economy had a wide variety of impacts on rural regions. In those regions with a strong primary sector, growth

of the energy sector occurred through endogenous development. In regions with limited territorial capital, particularly human and financial capital, national and multinational corporations developed renewable energy opportunities. However, few of the benefits, other than limited direct employment in the initial construction and subsequent maintenance of energy installations, accrued to these regions.

Agriculture underwent profound changes during this period. The rapid growth of the energy sector, driven by increasing prices for fossil fuels, competed with farming for land and capital. In those regions characterised by what Crowley, Walsh and Meredith (2008) term the “para-productivist” style of farming (large scale, high technology “agri-business”) the reduced availability of land, combined with the need to minimise the environmental impacts of food production, particularly greenhouse gas emissions, resulted in further industrialisation of food production. Climate change, which resulted in more variable growing conditions, led to demands from the agri-food industry for greater adoption of biotechnologies, particularly genetically modified crops. These were designed to be robust, capable of surviving prolonged droughts and highly efficient at converting nitrogen to yield. In regions where “peri-productivist” (small scale, pluriactive, multi-functional) agricultural structures predominated there was considerable consolidation of land ownership. This, in turn, facilitated the development of the renewable energy sector including solar, wind, wave and tidal systems.

Aligning with the ‘Global Economy’ scenario from the Future of Manufacturing in Europe 2015–2020 foresight study (Geyer et al., 2003, p. 7), manufacturing within the EU is subject to significant restructuring as “consumers have pursued personal utility without paying too much attention to environmental and social impacts of production and consumption. The free market has been considered the most effective way to allocate resources and to achieve sustainable development. The World Trade Organisation, WTO and the interests of large multinational companies shape international trade policies. The European Union’s and Member States’ influence on global level is rather weak. Policy-making principally aims to strengthen market mechanisms and competition. Policy objectives have been set on specific levels with little emphasis on the integration across institutions or policy fields.” (ibid. p.7). These forces contributed to the decline of manufacturing employment as labour intensive activities relocated to lower cost regions outside of the EU, or labour requirements were reduced through technological advances including process and production automation. Rural regions with high levels of dependence on low value-added manufacturing were particularly affected

by this restructuring. Some regions, however, were able to capitalize on existing physical and human resources and become important centres for product design and research and innovation. This is particularly true in the area of consumer goods where the trend towards individualization was supported by advances in software design; two areas where ‘local’ knowledge is fundamentally important. Links between manufacturing activities and service industries were strengthened and the boundaries between them blurred.

The primary growth areas within the services sector included financial, information intensive and personal services. These contributed to significant expansion of the tertiary sector. Much of this development, dependent on access to highly skilled and educated labour, was dispersed across more accessible regions. Though still important, the significance of location has been diminished as a consequence of advances in telecommunications. The balance between quality of life, access to virtual networks and local support networks proved to be a key factor in deciding which regions develop. Those rural regions lacking sufficiently high capacity broadband connections in 2015 failed to develop the necessary basic support milieu and have consequently lagged behind in terms of development of the services sector.

## **Scenario 2: Gradual response to climate change and high levels of State/EU support**

Following the collapse of financial markets in 2007–2008 and the subsequent, long-term, cost of supporting national financial systems there was a demand for much greater regulation of capital and commodity markets. Throughout the EU, but particularly amongst Southern and Eastern member states there was a strong move towards greater regulation of capital markets. At the EU level, changes to the operation of the Euro resulted in greater restrictions on the functioning of financial markets. These developments set the framework governing social and economic development up to 2030.

The relative lack of capital, due to greater restrictions on private equity markets and higher taxes, to repay monies borrowed to recapitalise national and international banking systems, suppressed private sector growth. These developments resulted in greater need for State and EU resources to support strategic objectives. The limited access to capital resulted in an inability of many Member States, particularly those affected by the sovereign debt crisis in 2011, to cope with a number of issues including the consequences of climate change, greater global competition in the manufacturing of goods, and the provision of services, demographic



developments, and increasing energy costs.

Climate change, though gradual, resulted in significant disruption of social and economic activities as a consequence of society's slow response to this issue. Floods and droughts particularly impacted on, food production and settlement patterns. Volatility in food production saw greater demands on the EU to manage commodity price risks. Related to this issue, concerns over periodic food shortages led to the introduction of strategic EU food reserves. In the years following 2020 energy costs increased in response to greater demand for dwindling stocks of fossil fuels. These costs further suppressed private sector led economic growth. In response to the resultant energy crisis Member States invested heavily in nuclear power generation.

Rural regions experienced very challenging social, economic and environmental conditions throughout this period. The growing dominance of nuclear power undermined the potential of a green dividend supporting economic growth and diversification in rural regions. Some regions did benefit from increased construction related employment associated with the building of new nuclear power plants. Due to public unease concerning environmental and safety issues Member States chose to locate these investments in areas with existing nuclear installations. Rather than change regional development trajectories, this strategy re-enforced trends already present in 2010.

Concentration of public spending on overcoming strategic resource crises including water, food and energy and the constricted nature of private capital markets hinders rural economic diversification. As a result, this scenario foresees a continuation of dominant trends evident during the early years of the new millennium. The consolidation of agriculture, driven by the need to reduce financial risk associated with significant fluctuations in commodity yields arising from extreme weather events, had has a range of impacts. At one level it drives further penetration of capital into the agri-food sector resulting in continued increases in the scale and intensity of food production. The consolidation of land ownership and management of agri-food businesses leads to a dis-embedding of agri-industry supply chains from local and regional economies. Overall, these changes limited employment opportunities for younger cohorts of the rural population thereby contributing to rural out-migration.

Whilst some manufacturing activities experienced a limited revival as a consequence of changing comparative advantages in the face of increasing domestic and international transportation costs, these gains were undermined by relocation of pharmaceutical and high-tech production in lower cost regions. Blurring of the boundaries between these two sectors occurred with the increasing use of nano-technology in

healthcare. Agglomerative advantages accrued to global regions with pre-existing knowledge capacity preventing the emergence of additional global integration zones. The tertiary sector remains important but has had relatively little capacity for expansion in the face of limited capital availability and reduced consumer spending. Key growth areas include financial, information intensive and personal services. Whilst these have contributed to the expansion of the tertiary sector, they have not offset declines in those activities that are amenable to 'off-shoring' including education, healthcare, accounting and basic legal services.

### **Scenario 3: Rapid response to climate change and low levels of State/EU supports**

The period from 2010 to 2030 has seen an accelerated response to the challenges associated with climate change that has severely disrupted established patterns of social and economic activity. The pace and scale of change was such that it caused a fundamental rethinking of the role and value of particular resources and economic activities. Land was increasingly viewed not simply as a means of production but also as a key resource in mitigating the impacts of extreme weather events. This, combined with rapid increases in the costs of food and energy, gave rise to unprecedented public and private investment in renewable energy and bio-technology enterprises.

The transition to low carbon economy occurred over a 10-year period as member states moved to limit output of greenhouse gases and towards an economy and society that is not dependent on fossil fuels. The rapid transition, combined with an inability to bring sufficient nuclear or renewable energy on-line in a short period, gave rise to significant demand for bio-fuels production. Private equity funds and others with access to capital accumulated significant land holdings as a means of capturing a significant proportion of the economic return from food and energy production. Member states also engaged in the accumulation of land in key areas to manage flooding and improve water conservation through introduced vegetation, i.e. forestry, and technological solutions. These developments gave rise to land shortages in key areas, resulting in intensification in agricultural production through adoption of bio-technologies and further development of integrated production systems. Nutrient management and recycling, including those from human waste, became critical to maintaining soil productivity. Whilst there was significant economic activity in rural areas the wealth generated was increasingly concentrated in larger corporations who own the land and production technologies. Production,

and the risks associated with it, was undertaken by those who lease the land and technologies.

These developments were largely driven by, and contributed to, further growth of the tertiary sector of the economy. Research and development, financial services and the 'experience economy' were the most important growth areas. These activities were largely concentrated within gateway urban centres and accessible rural regions. The development of the 'experience economy' was of some benefit to rural areas but much of the added value was returned to firms located outside rural regions.

#### Scenario 4: Rapid response to climate change and high levels of State/EU supports)

The social, economic and environmental challenges resulting from climate change led to an EU wide debate on how best to respond. It became clear that the general population, whilst not trusting political leaders, did not wish the societal response to be conditioned or determined by private enterprise. This agreement resulted in the development of initiatives that supported the transition to a low-carbon society through sustainable production and consumption.

Nuclear power was the preferred energy option as renewable sources were not considered capable of meeting demand in the short to medium term. Significant state expenditure was directed to support development of commercial Thermonuclear Fusion Reactors following successful operation of the ITER (International Thermonuclear Experimental Reactor). Construction of nuclear power plants ensured that most land was available for productive use. The state stringently regulated land-use with the result that new

residential development in the open countryside only occurred in exceptional circumstances. Rural settlement was increasingly concentrated into existing towns and villages.

Certain regions, particularly those in South, Central and Eastern Europe witnessed substantial depopulation. Northern and Western Europe were the preferred destinations of these migrants. Whilst younger cohorts migrated to urban regions to avail of employment opportunities in the public and secondary sectors older cohorts from both rural and urban regions chose to 'retreat' to rural regions.

In an effort to reduce greenhouse gas emissions the use of fossil fuels in transportation was phased out over the course of ten years with urban regions ceasing use within seven years. This transition was supported through investment in public transportation to settlement centres and the provision of, private or community, transportation links to these nodes using electric vehicles. Fossil fuel use, in the short-term was prioritised to support food production, particularly tillage crops. Agricultural activities giving rise to significant GHG emissions, rice cultivation and protein production in particular, was restricted using market instruments. By 2030, the EU, through a refocused CAP, reached its goal of 80% self-sufficiency in food, energy and water, which was established as part of extensive review of all EU policies in 2020. This objective was achieved through the promotion of local and regional food systems.

The reorientation of public policy towards achieving sustainable production and consumption reinvigorated the primary and secondary sectors, particularly through the exploitation of import substitution opportunities. The tertiary sector, whilst continuing to be important, did not grow at the same pace as the primary and secondary sectors.

## Implications of the Future Perspectives for Rural Regions

An assessment of the implications of the scenarios outlined above was undertaken using a participatory approach. Researchers involved in the early stages of the EDORA project, in addition to members of the Expert Group, were asked to complete the assessment. This group was selected because they are familiar with the background to the project and, most importantly, the structure of the EDORA typology. None of the individuals who completed the evaluation were involved with the design or development of the scenarios. The evaluation form comprised a summary of the EDORA

typology and an outline of the scenarios. Following each scenario the participants were asked to assess what they thought were the impacts on the four types of rural region identified by the EDORA typology. Impacts were scored as ranging from very positive (+2), positive (+1), neutral (0), negative (-1) or very negative (-2). Participants were also asked to provide comments explaining their assessment of the scenario. Two additional questions were included in the evaluation. The first asked which of the four scenarios the participants thought most likely to unfold over the course of the next 20 years and

which was, in their opinion, preferable. The evaluation form was circulated to 15 researchers in addition to the members of the Expert Group. From this population there were nine responses. The assessments relating to each scenario were compiled and their potential impact on rural regions evaluated through an analysis of the frequency of the scores.

In order to develop a better understanding of the differences between preferences expressed for likely and preferred scenarios, the second phase of the Future Perspectives assessment focused on exploring scoring within each scenario. Once more the frequency of scores were assessed and modal values identified. This approach facilitates a more detailed assessment of the potential regional or spatial impacts of the scenarios. By way of linking the future perspectives to those aspects of the EDORA project concerned with policies to promote competitiveness and cohesion in rural Europe, consideration is given to how each scenario might impact on territorial cohesion. Rather than identification of scenarios that result in more or less cohesion, the approach here is to suggest that territorial cohesion may be more evident at particular spatial scales under different scenario conditions i.e. at local and neighbourhood levels rather than the development of additional global integration zones. This approach avoids replicating work undertaken as part of the ESPON Spatial Scenarios research programme<sup>9</sup>.

Scenario 1 is considered to have negative or very negative implications for the 'Agrarian Economies' regions identified in the EDORA typology. Five of the eight assessments scored this scenario as having an adverse influence on the future development of these regions. The scenario was thought to have neutral or positive implications for 'Consumption Countryside' and 'Diversified (with important Secondary Sector)' regions and highly positive impacts on 'Diversified (with important Market Services Sector)' regions. On the basis of this assessment it is likely that this scenario would give rise to territorial cohesion at the continental scale with increasing convergence between Member States but not between regions.

The qualitative assessment of this scenario by the evaluators emphasises the general loss of competitiveness for the EU and some of the implications for rural regions. Overall, the EU is considered to lose competitiveness relative to other global regions. This leads to several consequences, including the growth of small enterprises in rural areas producing goods to replace imports and migration of people from urban to rural regions to take "refuge". Whilst all regions can benefit from the growth of micro and small scale

manufacturing, regions benefiting most from migration include consumption countryside and diversified areas. The rationale underpinning this assessment relates to the strategies adopted by, in particular, the middle classes. These populations, seeking to escape from the deleterious impacts of repeated economic crises on their lifestyles, actively engage with "green lifestyles... [which] mask the decline in social mobility" (Evaluator 1). These comments suggest that the nature of consumption changes for many people with greater emphasis on self-created products and experiences.

The agriculture sector is seen to benefit from a "strong bushel-barrel correlation" as energy prices lead to higher commodity values (Evaluator 2). A number of the comments nuance the spatial impacts associated with this scenario. There is a general view that agrarian economies, though benefiting from the development of the 'green economy' initially, will lose out in the longer-term as goods and hence profits produced from these investments are repatriated to corporations external to these regions (Evaluator, 2, 3, 5). It should be noted that 'profit repatriation' will not necessarily be to 'urban' regions but rather to those regions with the capacity to develop or capitalise on knowledge to create innovative products and services. These could well be diversified or Consumption rural regions.

A number of commentators also highlight the potential for future developments to result in the transition of regions from one type to another. In Scenario 1, several of the commentators indicated that the emergence of competing agri-food and agri-energy sectors could result in a reversal of the trend towards the declining significance of agri-businesses within Consumption countryside regions (Evaluators 4 and 5).

Scenario 2 divided the evaluators into two distinct groups, those that thought the impacts will be largely positive and those that did not. There were equal numbers of positive and negative scores for 'Agrarian Economies' regions whilst 'Consumption Countryside' and 'Diversified (with important Private Services Sector)' regions were considered to experience negative impacts under this scenario. Only 'Diversified (with important Secondary Sector)' regions were thought to benefit from the developments associated with Scenario 2. In assessing these results we explored the possibility that evaluators from particular areas of the EU shared common perspectives of the scenarios. The respondents were grouped into three categories; New Member States, Southern Member States and Western European Member States. No clear pattern was discerned. Given these results, it is difficult to assess this scenario's implications for territorial cohesion. However, given that it foresees a general continuation of contemporary socio-economic trends, albeit within a challenging framework for non-urban regions, it is

<sup>9</sup> See here for the final Spatial Scenarios Report:

[http://www.espon.eu/export/sites/default/Documents/Projects/ESPON2006Projects/CoordinatingCrossThematicProjects/Scenarios/fr-3.2\\_final-report\\_vol1.pdf](http://www.espon.eu/export/sites/default/Documents/Projects/ESPON2006Projects/CoordinatingCrossThematicProjects/Scenarios/fr-3.2_final-report_vol1.pdf)

likely that territorial cohesion could occur along two trajectories; greater cohesion between rural and urban regions at the sub national scale and between gateway cities at the European level. With regard to integration of rural and urban regions, the nature of this integration is likely to be driven by extension of the urban into rural rather than through balanced development. The extent to which this could be classified as territorial cohesion is therefore questionable.

The qualitative assessment offered by the evaluators reflected their division between those that saw this scenario as being largely positive and those that did not. Whilst many of the comments pertaining to Scenario 1 focused on agriculture and spatial impacts, the role of the State and regulation of markets were the most commonly referenced themes. Of those evaluators that think this scenario will have negative implications should to come to pass, Evaluator 4, captured the essence of their concerns:

*“Regulations and financial restrictions will result in fossilization of the agrarian economies as there will be little impetus, either public or private for change. The consumption countryside will not be consumed in an intensive way as a consequence of de-valorisation of key features or characteristics of these regions. There will be a conflict between sustaining the diversity of rural regions and which limits the possibilities for development (instead of sophisticated revalorisation of traditional rural characteristics with modern possibilities of development. Diversified (Market services sector) regions will face significant challenges in adjusting to a regulated market environment whilst diversified (Secondary) regions will not be capable of developing to their potential as a consequence of increased regulation regardless to the consequences of climatic change.”*

Contrasting this perspective are those of Evaluators 2 and 3. These assessments suggest that, a foregrounding of the CAP as one of the primary means of mitigating the challenges of responding to climate change, could result in more balanced development. This outcome is not a consequence of more rapid growth of less developed regions but rather the differential impacts of Scenario 2. These are considered to have greater consequences for regions that are highly integrated into global economies e.g. Diversified and Consumption Countryside regions. The resulting ‘negative growth’ is thought to change their relative position compared to other regions and hence give rise to ‘balanced’ development.

Scenario 3 provided a relatively clear result with ‘Agrarian Economies’ and ‘Consumption Countryside’ regions considered to experience largely negative

impacts whilst ‘Diversified’ regions benefited from the developments associated with the scenario. Evaluator 4 noted that rapid response to climatic challenges would necessitate a highly coordinated response, which is difficult to achieve through a deregulated market. Here the evaluator points to the tragedy of commons by way of exemplifying their point and suggests that this scenario would be “devastating” for Agrarian Economies and Consumption Countryside regions. All evaluators scored positive (6) or very positive (2) impacts for ‘Diversified (with important Market Services Sector)’ regions. The comments of evaluators suggest that the capacity of these regions to participate in technology and knowledge creation necessary to deal with rapid climatic change combined with advantages in exploiting the ‘experience economy’ should deliver significant benefits. The impacts on ‘Diversified (with important Secondary Sector)’ regions are less clear-cut with three ‘Neutral’ and three ‘positive’ assessments. The extent to which global transportation is affected by rapid responses to climate change challenges and the shift from fossil to alternative energy based transportation is considered to offer both opportunities and challenges to these regions. One comment may explain the distribution of neutral and positive assessments. Evaluator 5 stated that the capacity for diversified (market) regions to respond to the emerging opportunities and challenges will be conditioned by their geographic location in general and proximity, rather than accessibility, to key markets. Overall then, this assessment suggests that territorial cohesion might be delivered by supporting the development of Gateways and Hubs with these places enhancing their links with surrounding regions. The development of local services, particularly in the areas of food, water, extreme weather event management and leisure activities, might form the focus of policy interventions linking rural regions with those containing Gateways and Hubs.

Scenario 4 is similar to the assessment of Scenario 1 in that there is general agreement between the evaluators regarding the spatial impacts of this scenario. In this instance, however, five of the eight respondents rated the impacts on ‘Agrarian Economies’ and ‘Consumption Countryside’ regions as being positive. The implications of Scenario 4 for ‘Diversified (with important Private Services Sector)’ and ‘Diversified (with important Secondary Sector)’ regions were generally less positive. A distinction is drawn between the assessments of the impacts on these two groups of regions. ‘Diversified (with important Private Services Sector)’ areas are considered by the assessors to experience either negative or neutral trends arising from this scenario. No positive outcomes were considered to emerge from Scenario 4 for these regions. The assessment of ‘Diversified (with important

Secondary Sector)' regions divided the evaluators. Four of the respondents rated the impacts as being negative whilst three thought them positive; one assessor scored the impact as neutral.

The re-grounding of food supply systems is the central benefit arising from this scenario according to comments from several of the evaluators. The development of regional food systems, in response to the need for increased food self-sufficiency, has positive benefits for all regions (Evaluator 1, 2, 4 and 6) but particularly for agrarian economies and Consumption

countryside regions (Evaluator 2 and 6). The generally negative implications for diversified regions relates to their higher exposure to non-agricultural industrial sectors which would need to restructure to serve local – international (largely within the EU) rather than global markets. This scenario suggests that territorial cohesion might be most evident at local scales with networks of rural and urban regions developing complementary products and services. These would be targeted, in the first instance, at local levels and, in the second instance, at the EU level.

## Conclusion

This chapter presented the research and results associated with the development of future perspectives for rural regions in Europe that take into consideration the next 20 years. It provided an overview of the approach taken in the development of the perspectives and presented four scenarios of future rural change conditioned by the pace of climate change response and the dominant form of economic governance. Nine researchers and experts with a detailed knowledge of contemporary rural development trends, policy developments, issues and research assessed these scenarios. It is worth reiterating at this stage that there is no 'right' or 'correct' scenario. The scenarios developed in this work offer four alternative perspectives of the future for the four regional types identified in the EDORA typology. The assessments of the spatial implications of these scenarios vary. This variance reflects differences in the individual perspectives of the evaluators, informed by their personal milieu and lifetime experiences, and their professional consideration of the potential outcomes to highly complex interactions between a range of environmental, political, social, economic and cultural factors.

The assessment of future perspectives highlights differences in the spatial impacts and implications of each of the scenarios. Scenario 1 sees three of the four region types benefiting; from the developments associated with this perspective, 'Agrarian Economies' being the exception. If this scenario accurately reflects the dominant development trajectories of the coming years then there will be a clear need for territorial cohesion policy measures targeted at 'Agrarian Economies' regions.

Scenario 2 has, with the exception of Diversified (with important Secondary Sector), negative implications for all other region types. In this respect it may be, perversely, considered the most equitable. There are two critical issues with this conclusion. Firstly, as the impacts in each of the regions are considered to be 'negative'

rather than 'very negative' it is possible that there is no redistributive affect associated with this scenario. This is unlikely given that the consequences of negative impacts on development would not be experienced similarly in different types of region; a point central to the EDORA approach. This gives rise to a second issue. Given the move to a highly regulated market envisaged in this scenario it is possible that there would be greater demands on national and supranational regulators to respond to the negative impacts developments. How these institutions responded, in general, and the types of initiatives implemented, in particular, would have a significant impact on the process of adjustment foreseen in this perspective.

Scenario 3 presents an alternative view with the 'Diversified' regions advancing whilst Agrarian and 'Consumption Countryside' regions experience negative impacts. Once again, this would have a redistributive affect but in this instance it implies further weakening of already weak regions, this is particularly true of Agrarian regions, which are considered to be 'very negatively' affected by these developments. Whilst the issues arising from these developments in 'Consumption Countryside' regions might be tackled through strengthening of Urban – Rural linkages, different initiatives would be required in the case of 'Agrarian Economies' regions.

Scenario 4 is interesting in that it suggests that 'Agrarian Economies', and to a lesser extent 'Consumption Countryside', regions would benefit whilst the 'Diversified' regions would lose out. This scenario has the effect of redistributing development and could give rise to convergence between different types of rural region in the EU.

In summary there is no single future perspective that foresees positive outcomes for all regions under the framework developed in this research. There are however scenarios that may have a balancing affect on regional development and thereby give rise to greater

territorial cohesion within the EU. Equally there are scenarios that would give rise to further imbalanced development. These may be considered preferable and policy initiatives put in place to ensure the negative impacts in particular regions are mitigated. One of the central points emerging from the research is that

territorial cohesion could occur at a number of spatial scales. The key challenge then is to develop initiatives at local, national and EU scales that contribute to balanced regional development at all levels.

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# Chapter 5

## Policy Perspective – The evolution of EU Rural Policy

Thomas Dax and Petri Kahila

### Introduction

Since the early 1990s rural economic and social sustainability has emerged as an increasingly important European policy objective. It is important to make clear from the outset that in this chapter we are using the term ‘rural policy’ in its broad sense (Vihinen, 2007), to include all interventions which have an impact upon the rural economy and quality of life. The core focus of the remarks below will however be upon *rural development policy* (CAP Pillar 2), *regional* and *cohesion policy* and parallel *Member State interventions*. This chapter describes the various policy arrangements, and the evolution of conceptual, institutional and organisational approaches to rural policy (in this broad sense). It thus sets the scene for a more in-depth discussion of recent policy debates on territorial cohesion and the future of rural policy (in Chapter 6) and the more specific policy rationale which is elaborated in Chapter 7.

Rural policy evolution can be viewed as a response to the considerable social, economic and environmental change over the course of the past few decades. Without going into detailed discussions about the origins and linkages of “rural” and “spatial” policies in the European context, it should be emphasised that several key trends have had a significant impact on the elaboration and reformulation of these policies. The following core issues of the emerging policy consensus link the discussion of rural policies to the recent more general discourse about territorial cohesion:

- Diversification of economic activities as a main driving force for rural and regional development.
- An increasing emphasis on entrepreneurship and innovation.
- More systemic concepts on the complexity of development processes, underscoring the relevance of multi-level governance.
- Integrated policies are often seen as addressing the shortcomings/deficiencies of sector policies.

- The increasing territorialisation of regional and rural policy focuses attention on the valorisation of local specificities, and subsequently shapes the territory itself.

This account of rural policy evolution draws upon a synthesis of research undertaken as part of the EDORA project, together with findings from the EU Framework 7 project RuDI (Assessing the impact of rural development policy). The latter considered the development of policy rationales and implementation styles at the member State level, as an important reference in assessing rural policy performance.

As we saw in Chapter 2 there is always a danger that policy reflects persistent stereotypes, and that progress is hindered by institutional inertia. The crucial question is thus; to what extent EU rural policy structures and approaches have evolved in step with changing realities and demands? We argue that while there has clearly been a discernable shift in the nature and content of rural policy, a real (and sufficient) strategic change has not yet been implemented. From its inception EU rural policy has been closely connected to agriculture, and rural development actions were originally intended as complements to CAP market measures. More recently as the ‘broad’ view of rural policy has gained wider acceptance, it has become increasingly related to broader EU (Lisbon) objectives, and recognised as having particular relevance to ‘territorial cohesion’. It is for this reason that the development of regional policy is an important part of the background narrative presented in this chapter.

The analysis presented in this chapter confirms that the linkages between theory and practice in EU rural policy (both CAP and Regional) have so far remained partial at best. New perspectives for this policy field become visible little by little. This divergence has emerged in the context of various “meta-narratives”

(Chapter 2), which tends however to be largely ignored by the general discourse and by decision-makers. The meta-narratives reflect changing rural characteristics which necessitate that a territorial approach pays closer attention to the diverse constraints, opportunities and demands experienced by rural areas. In the discussion below of the drivers of rural change, future challenges and the current policy debate, with regard, in particular, to the Fifth Cohesion Report, the Territorial Agenda update and the Europe 2020 strategy (including DG Agri's "CAP towards 2020" document, EC 2010b), we aim to take account of the emerging model of regional development, focused on place-based potentials and local participation in addressing these assets.

This chapter will therefore present in the next section a brief overview of the cornerstones of "rural

development" policy evolution, including references to the varying integration of rural issues into Structural Funds programmes. Subsequently the main strands of EU policy will be assessed in terms of their ability to address the key rural issues. The next section will highlight the discussion of territorial cohesion and underscore the need to integrate territorial aspects in rural policy and take account of territorial cohesion objectives. The chapter will conclude with a set of observations on shaping a strategic approach in rural policy that more explicitly takes account of cohesion issues (to be explored in more detail in chapter 7 of this book) and how the on-going policy shift could be more precisely orientate towards rural change and contemporary needs.

## Rural policy evolution

Until the 1980, rural policy was rarely viewed as a distinctive policy field, but manifested itself as part of agricultural policy. From the foundation of the European Community the importance of the farming sector was central to the construction of Europe, and as a consequence the creation of the Common Agricultural Policy (CAP) became in some senses the most important common policy. The role and objectives of the CAP were widely accepted by society as a whole at that early stage. Later on, with technological and structural changes, socio-economic developments and successive enlargements this sector approach was increasingly

viewed as too restrictive to respond adequately to emerging countryside problems. However, it took a long time to address these challenges, and most policy analysts would point to the late 1980s as the critical period of change towards significant/distinctive rural development approaches. In the following timeline diagram (Figure 18) the various periods, influential "events" and documents in the process of the rural policy evolution are highlighted through focusing on inputs from the two main policy fields, agricultural policy and spatial, i.e. regional policy.

Figure 18: Evolution of Cohesion and Rural Policy in the European Union

Period	Cohesion Policy	Date	CAP
Current Framework	Territorial Agenda 2020	<b>Period 2007-2013</b> 2011 Europe 2020 2010	CAP Towards 2020
	Green Paper: Territorial Cohesion	2008 2007	Leader Mainstreaming; EAFRD
RD: Multi-Pillar CAP	Territorial Agenda  ESDP	<b>Period 2000-2006</b> 2006 2003 1999 Agenda 2000	CAP Health Check
Integration of RD policy	“Objective Areas” (1-5)  Structural Funds Reform  1988: EC-document “The Future of Rural Society”	<b>Period 1994-99</b> 1997 1996  <b>Period 1989-93</b> 1992 1988	Buckwell report Cork Conference  Objective 5b area; Leader CAP reform (MacSharry)
The precedents of rural policy	Integrated Mediterranean Programmes  ERDF	1985 1981 1975 1962 1958	CAP Perspectives Green Paper  LFA regulation EAGFL Common Agricultural Policy (CAP)

### The ‘precursors’ of rural policy

In this preparatory phase we can recognize first elements of discussion on spatial/territorial issues from both policy origins. The slow emergence of the two separate policy fields visualized at the bottom of the timeline signifies some key decisions in EU policies that would only reveal their relevance much later on. Although the instruments installed in this first period only disposed of minor funds and thus had a very restricted relevance in the policy discourse, they constitute the first elements of what would later become core instruments for rural development policies.

Already at the beginning of the CAP the modernisation of agricultural structures was conceived as a necessary accompaniment to the market policy, and thus vital to the proper functioning of agricultural activities impacting on the development of rural areas. The foundation text of the CAP clearly recognised

the diversity of rural areas in terms of agricultural structures by stating that;

*“In working out the common agricultural policy [...] account shall be taken of the particular nature of agricultural activity, which results from the social structure of agriculture and from structural and natural disparities between the various agricultural regions” (Treaty of Rome, Article 39, paragraph 2).*

However the territorial aspects of the CAP were hardly taken into account and the diverse needs of rural areas not effectively addressed at that time. Only in 1975 the Less Favoured Areas (LFA) scheme of the CAP was set up to rectify this. The LFA programme (Dir. 268/75/EEC) aimed at compensating farmers for the production difficulties of farming in mountainous and

other “less favoured areas”. Thus the nationally designed “Compensatory Allowances” came to constitute the first element of direct income support to farmers. The LFA legislation also referred in its objectives to the tight inter-relationship between agriculture and the environment, an issue that has since been taken up as a major aspect of agricultural reform and the territorial linkage. The journey, however, from the introduction of LFA support to a more general appreciation of agriculture’s impact on environmental performance (within the context of Agenda 2000 decisions) was a rather long one.

Similarly, the origins of regional policy in Europe date back to a period prior to significant European policy development. For these type of activities one can refer to national policies which were first shaped as a response to depressed regions, induced by structural/sectoral crises in the 1920s (Artobolevskiy 1997, 32). For many decades after that such interventions were relatively small scale and mainly addressed social objectives. In most West European states specific geographic regions, such as the Mezzogiorno in Italy, Northern peripheral areas in Scandinavia and mountain regions in several Alpine countries, were given the highest priority. Many of these regional problem areas implicitly had a strong rural bias since large regional support areas covered regions with deeply rural characteristics. With rising criticism of regional policy in the 1970s and 1980s focus shifted towards policy priorities for increasing economic efficiency of the country. In many developed countries this led to a partial curtailment of regional policy and a reorientation from social to economic objectives. At that time, regional policy started to be perceived “as a crucial instrument for the identity of a European model of society, and for the legitimacy and viability of the whole political process of integration (Manzella and Mendez 2009, 9). The creation of the European Regional Development Fund (ERDF) in 1975 did not significantly change the national approaches of regional policy as Member States retained direct control over almost every aspect of the Fund’s management and implementation. Moreover it represented only 5 percent of the Community budget. The most interesting element, both from the amount of funds and its conceptual base was the extension of possibilities for regional support through the introduction of “integrated development programmes” (in 1979), which were shaped in particular to the needs of the Southern European member states through the Integrated Mediterranean Programmes (in 1981). In the north-west the Integrated Development Programme for the Western Isles (Scotland) shared similar objectives and style. These were important because they demonstrated the value of a concerted approach (involving all sectors of the economy, not just agriculture, and a range of

different forms of intervention) to the development of lagging rural regions.

All these instruments had a very limited budget and were only applied to a specific, small set of regions or specifically classified areas. As such they achieved little to improve living conditions in less-favoured areas or rural regions and were alluded to later as a preparatory phase for the coming developments of rural policies. Consequently they have been referred to as “the period of implicit debate” (Delgado and Ramos 2002, 3f.) which raised recognition of the changes which were beginning to take place in rural regions. The increased interest in addressing the new challenges and achieving greater legitimacy for the CAP are exemplified by the European Commission’s presentation of the CAP Perspectives Green Paper (EC 1985). Few concrete policy changes followed from this attempt to reform the CAP, but it seems worth highlighting that for the first time the regulations for the environmentally sensitive areas were laid down through Regulation 797/85 (Article 19). This clearly points to the growing concern at that time regarding the degradation of the environment.

### **Integration of Rural Development policy**

The reform of the Structural Funds in 1987 added “economic and social cohesion” to the EU Treaty and made clear that the EU “shall aim at reducing disparities between the levels of development of the various regions and the backwardness of the least-favoured regions.” This Article (130a) was amended in the 1992 Maastricht Treaty which added the words “including rural areas”, thereby underpinning the need for rural development policies and foreshadowing the concept of “territorial cohesion”, which has gained particular relevance in EU Regional Policy debate (EC 2008) since that time.

Rural policy gained momentum as a specific European issue in 1988 with the presentation of the EC communication on “The future of rural society” (CEC 1988). Together with the Structural Funds this document is viewed as the genesis of genuine rural development policy in the newly established framework of the EU. The emergence to prominence of the rural issue at this time must however be viewed in combination with the new approach adopted to the role of agriculture focusing increasingly on the objectives of multi-functionality, sustainability and environmental quality while greater relevance was also being attributed to the social aspects of agricultural activities. Following the reform discussion of the second half of the 1980s with regard to the need for a much more powerful regional policy, the European Commission began to speak of a “new era” for Cohesion policy.

It aimed at transforming the Structural Funds “from an essentially intergovernmental budgetary transfer to that of a genuine regional development tool with the potential to provide effective solutions to the problems faced by the Community’s regions” (Manzella and Mendez 2009, p. 13). Two-inter-related factors reinforced the case for this strategy: the internal market programme and the Iberian enlargement. As the accession of Spain and Portugal brought two poorer countries into the Community the interests in favour of territorial cohesion and a reformed regional development policy were strongly underpinned. As a consequence the Structural Funds intervention received a doubling of the budget for the 1989-1993 period. The key policy instruments for delivering the new policy were the three Structural Funds, i.e. the European Regional Development Fund (ERDF), the European Agricultural Guidance and Guarantee Fund – Guidance Section (EAGFL-G) and the European Social Fund (ESF). The new era in the Cohesion policy was characterized by four main principles which, incidentally, continue to constitute the cornerstones of SF policy (Manzella and Mendez 2009, 14f.):

- The *concentration* on a set of 5 priority objectives, of which three were spatially restricted on the basis of Community-based eligibility criteria;
- The principle of *programming*, involving a shift from project assistance to supporting multi-annual programmes;
- The focus on an enhanced *partnership*, which required the involvement of relevant local and regional stakeholders in programme formulation and implementation; and
- *Additionality* of funds, which was required as confirmation that EU expenditure is not substituting national expenditure.

The Structural Funds programmes had particularly strong implications for rural regions: Large parts of all the spatially defined ‘objective areas’ included rural regions, with the objective 5b-areas being set up explicitly to enhance “facilitating the development and structural adjustment of rural areas”. In addition the Community Initiative Leader was introduced in 1991 to strengthen innovation and local development within rural regions.

The potentially wide scope of rural activities led to a consensus on the need for integrative development approaches in rural areas. Appropriate policy measures were subsequently transferred to Structural Funds and regional policy development throughout the 1990s with the Objective 5b programmes (1989-1999) being particularly important in this respect. Large parts of many Objective 1 regions (whose objective was

“promoting the development and structural adjustment of regions whose development is lagging behind”) were, moreover, situated in rural areas.

The next major reform of the Structural Funds in 1993 did not alter the support framework structure, but applied some fine-tuning changes. It was principally inspired by the deepening of European integration (through the completion of the internal market and the preparation for the Economic and Monetary Union), and further enlargement of the European Union. This led to an increase in the scale of the Structural Funds resources and interventions. The main elements of the reform were:

- The introduction of a new instrument, the Cohesion Fund, to support infrastructure and environmental projects in the poorer Member States (Greece, Ireland, Spain and Portugal).
- A new objective (6) was added to take account of the problems of sparsely populated regions, situated in Northern Europe (following the accession of Sweden and Finland in 1995).
- The coverage of the objective areas increased from 42 percent to 52 percent of the Community population.

It is interesting that the programme structures conceived at the beginning of the 1990s have become an enduring conceptual framework which remains influential to this day. Even after a considerable makeover the main thrust of these programmes is still visible in today’s regional programmes and has subsequently been adopted for Rural Development Programmes too.

Simultaneously to the application of integrative programmes for rural regions, the CAP also experienced significant reform. Agricultural development was closely linked to the framework of the Structural Funds through the Objective 5 in that period: Under Objective 5a rural development was promoted by “speeding up the adjustment of agricultural structures in the framework of the reform of the common agricultural policy”, whereas Objective 5b aimed at spatially targeted programmes for rural regions.

The continuing demand for changes in the agricultural support system culminated in the more fundamental ‘MacSharry’ reform of 1992, - named after the Commissioner for Agriculture who initiated it. The most important element of this reform was the shift away from an ‘indirect’ (price) support mechanism for production, in favour of direct aids for producers. The so-called ‘accompanying measures’ introduced support for environmental conservation, afforestation aid, and an early retirement scheme for farmers aged over 55. These measures, together with interventions to improve agricultural structures and the general rural

development support of the objective 5b programmes, became the core elements of the current ‘menu’ of rural development support.

During this period the debate on the design of EU rural development policies was stimulated by international collaboration within the OECD, which sought both a policy framework that reflected the increasing challenges of rural areas, and an international consensus about the definition of types of rural region (OECD 1994). The simple hierarchical definition of rural areas which was devised at that time, (essentially based upon population density), which classified regions as Predominantly Urban, Intermediate and Predominantly Rural, has since become a standard framework for international comparison also within the EU. Recent adjustments (Dijkstra and Poelman references) have not altered the basic principles of the classification.

The application of the integrated programmes (in rural regions) and the great vitality of the discourse led to an increase in rural research and further considerations on policy development. The European Conference on Rural Development in Cork in 1996 highlighted the widespread support for a more integrated EU rural policy, and provided a strong impetus for the institutional re-organisation of rural development of future periods. The ‘Cork Declaration’ made a plea for a transfer of financial resources from the EAGGF-Guarantee Section towards rural development programmes and at the same time supported the claim of the CAP as the policy field responsible for rural development issues. An Expert Group confirmed that stance and concluded that there was a need for a reformulated ‘Common Agricultural and Rural Policy for Europe’ (CARPE), a concept that has provided orientation and targeting for CAP reforms ever since. The report “*stressed throughout that rural development and rural policy involve more than agriculture and agricultural policy alone*” (Buckwell *et al.* 1997). Although the following reform discussions addressed the need for a policy shift, the reform process has taken much longer than was originally envisaged in the Buckwell Report.

## Rural Development: The Second Pillar of CAP

The main principles for the reform of a number of EU policies at the beginning of the 21<sup>st</sup> century were negotiated between 1997 and 1999 within a package of proposals called “Agenda 2000”. At the outset of the debate rural policy in the EU was seen as “a juxtaposition of agricultural market policy, structural policy and environmental policy with rather complex instruments and lacking overall coherence” (EC 1997, 2). The final outcome of the discussion reflected the

Cork Declaration’s principle by introducing Rural Development Programmes as a second Pillar of CAP. These apply to all rural areas of the EU, and detailed measures available under this rural development policy were to be planned by Member States. The process of programme formulation, monitoring and evaluation was envisaged as similar to that of the Structural Funds regulations. It was envisaged that each Member State (or the regions responsible for programme formulation) would elaborate a targeted plan which would be to some extent unique and reflect the different needs of rural territories (Talbot *et al.* 2007, 17f.). However, the reform failed to define the objectives to match the problems of specific areas or to give explicit priority to the territorial dimension within rural development measures. Nevertheless, CAP support was fundamentally restructured, separating Rural Development interventions as Pillar 2, and thereby indicating their complementary function to Pillar 1 (market support).

This shift is seen as an essential part of the new ‘European agricultural model’ which aims at putting in place a consistent regulatory scheme guaranteeing the future of rural areas and promoting the maintenance and creation of employment. The measures available through the Rural Development Programmes (Reg. 1257/1999) comprised;

- the former three “accompanying” measures (the agri-environmental measures, the early retirement scheme and the support for the afforestation of agricultural land);
- the less-favoured areas support (as a fourth “accompanying” measure);
- interventions previously supported under Objective 5a (like investment in agricultural holdings, setting up of young farmers, agricultural training and improving processing and marketing of agricultural products);
- measures to promote the adaptation and development of rural areas (called Art. 33 measures, which had been previously applied under the regional Objective 5b-programmes).

Since the Agenda 2000 reform Rural Development Programmes (RDPs) have been guided by the following principles:

- the *multi-functionality* of agriculture,
- a multi-sectoral and *integrated approach* to the rural economy,
- flexible aids for rural development, based on *subsidiarity* and promoting decentralisation,
- and transparency in drawing up and *managing programmes*.

The main innovation in Agenda 2000 was to implement all Pillar 2 measures within national/regional Rural Development Plans (RDPs) following the programming methods which had been developed within the context of the Structural Funds programmes. All agricultural and rural development policy schemes, (except the Community Initiative Leader, which was called Leader+ at that period), were implemented through the CAP, either Pillar 1 or Pillar 2. However Pillar 2 accounted, on average for only 10-15% of the CAP budget during this period. This does not reflect the importance of rural development in the policy debate. Furthermore ex ante evaluations pointed out that implementation through Rural Development Programmes was not accompanied by significant changes in priorities. In general the selection of measures adopted in the new RDPs reflected previous national/regional experiences rather than objective appraisals of rural needs (Dwyer et al. 2002).

The Mid-Term Review (MTR) of 2003 continued the slow shift towards rural development measures, and was also intended to provide a perspective for the coming enlargement. The accession of 10 countries to the European Union in 2004 was the largest enlargement to date, and the countries involved had important agricultural sectors, presenting a particular challenge for the CAP system. The long phasing-in period for agricultural support and the possibility to develop and apply rural development measures prior to EU-accession, through the SAPARD programme, was intended to ease the accession/integration process. In addition to accommodating enlargement the MTR laid out a plan for CAP reform for the following period (2007-2013) which was already implemented from 2005 onwards.

To some extent integrating measures into Rural Development Programmes reduced the demand for a rural focus in other policies, in particular Structural Funds policy. Interest in Regional policy measures explicitly targeted on non-urban areas decreased through a 'silo effect', as national administrations demanded a clear (and separate) attribution of instruments *either* to RDPs *or* Structural Funds programmes. Regional interventions were still, of course, partly applied in rural regions and strongly affected spatial developments (see below). However there was little monitoring or research on the distribution of programmes in different types of regions. At the same time, interest in the assessment of territorial impacts, the quest for spatial coordination of policy, and discussion of the concept of territorial cohesion continued (Dühr et al. 2010). As with "rural development" aspects, mentioned previously, there was throughout the 1990s, an "implicit EU Territorial Agenda" (Faludi 2009a, 12) which eventually led to the articulation of the "European Spatial Development

Perspective" (ESDP, EC 2009a). This highlighted the specificities of different types of regions (including rural regions), the increasing importance of urban-rural relationships, and the need for sustainable use of natural resources. These three themes shaped the subsequent discussion of regional planning and coordination.

The search for common action based on the ESDP recommendations underlined the need for an improved evidence base relating to spatial development across the European Union. A stronger cooperation and networking of spatial development analysis and enhanced understanding of spatial dynamics were the main objectives for the establishment of the "European Spatial Planning Observation Network" (ESPON). As ESPON had been set up to provide the analytical base for amplifying the ESDP agenda, it also led to a concern that a more precise and agreed action programme would be required for the continuation of European collaboration, which came to fruition with agreement on the Territorial Agenda in 2007 (EC 2007a). A review of the "Territorial state and perspectives of the European Union" (EC 2007b) supported arguments for territorial development policies to harness region-specific "territorial capital" more effectively, and served as a background document to the "Territorial Agenda" itself (EC 2007a). This document drew attention to the main territorial challenges, the need to make better use of the territorial diversity, and presented an outline of territorial priorities for future actions. The Territorial Agenda documents refer to rural regions in the context of discussions of urban-rural partnerships, integrated development approaches for different geographic areas, and their consideration of the need to integrate the territorial dimension within the EU policy processes. Later, (within the current period 2007-2013), the assessment and discussion of spatial trends and priorities would intensify and focus on territorial cohesion.

### The current framework of RDPs (period 2007-2013)

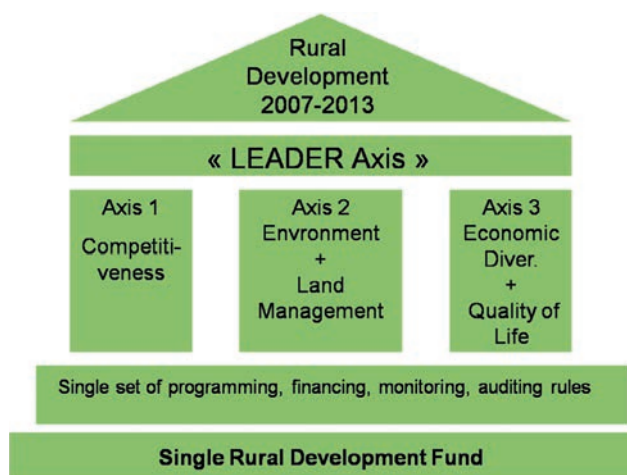
Following on from the 2003 to 2005 CAP reform decisions the three core objectives set for the current programming period 2007-2013 (EC 2006, p. 3) are:

- Improving the competitiveness of agriculture and forestry
- Supporting land management and improving the environment, and
- Improving the quality of life and encouraging the diversification of economic activities

RDPs remain closely linked to CAP Pillar 1 policy. Decoupling, cross-compliance and modulation (i.e.

the transfer of funds from the 1<sup>st</sup> to the 2<sup>nd</sup> pillar), are implemented as obligatory elements of the CAP from 2005 onwards, accentuating the complementarity of the two pillars. Within Pillar 2 Member States can choose the mix of measures and priorities most appropriate to each rural areas' needs and strategic considerations. The menu of rural development measures is structured according to three thematic axes corresponding to the three objectives mentioned above (figure 19). These axes are complemented by a "methodological" axis dedicated to the Leader approach (Leader axis). A minimum proportion of funding for each axis is required in each RDP to ensure overall balance in the programme (10% for Axis 1; 25% for Axis 2; 10% for Axis 3 and 5% for the Leader Axis, [or 2.5% in the new Member States]).

Figure 19: The framework of the rural development regulation



Source: EC 2006, p.7

With the formulation of Strategic Frameworks for policy application, targeting of the programmes was enhanced and, through mainstreaming of the former separate Community Initiative Leader, the territorial dimension has received a new emphasis. Despite extensive high level discussion on the policy changes required, in practice the new intervention priorities were delivered primarily by means of small adaptations within the member states themselves. This confirms findings on the prevalent inertia towards policy changes (Dwyer et al., 2007). The thresholds set for the minimal funding levels of the axes did not generally necessitate strategic changes. At EU-27 level, Axis 1 (including Leader actions contributing to this objective) represents 33% of the total EAFRD contribution, while Axis 2 gets the lion's share with 47%. Only 17% are spent on Axis 3 (EC 2010c, 139).

Mainstreaming of the Leader-concept necessitated a budget increase by at least 3 times for

most programmes. At the same time, however, the new administrative prescriptions as implemented in most European regions overstretched the capacity of many Local Action Groups to the extent that the innovative character of local actions has been jeopardised (Strahl et al., 2010). Thus, although the LEADER concept has been hailed as the primary arm of local development in rural regions, significant concern exists over the future of the approach. In a sense the recent focus on "mainstreaming" seems to have turned attention away from the discussion of cooperation and coherence between the activities of different sectors in the regions.

Achieving the specified balance between the three objectives of RDPs required some adjustments in the distribution of funds for most Member States. As the requirements of the minimum portion of funding per axis have been reduced during the negotiation process for the EC regulation adaptations were much smaller (in relative terms) than for Leader measures. Only the threshold to attribute 10% of RDP funds to Axis 3 measures led to a significant increase in many countries or regions (Dax, 2005). The other elements of the regulation required only adaptations to some extent. Nevertheless it can already be observed that there is wide variety of priorities selected for the programmes across the EU. From analysis carried out by the RuDI project it appears that current approaches in the implementation of RDPs continue to follow national/regional policy traditions (Copus and Dax, 2010). Path dependency is thus very influential, and this remains a problem for the New Member States in particular who generally have a legacy of a weakly developed set of measures or level of intervention. The orientation of programmes in the New Member States and Southern European countries is particularly strong on Axis 1 measures, targeting on modernization and investment measures.

Overall largest share of funds is allocated to the Axis 2 measures. More specifically, agri-environment measures are the most important form of intervention for the 2007-2013 programming period (with 23.1% of total RDP funds, EC 2010c, 142). These are obligatory measures, but it is clear that countries with more experience in their application and a high priority for them are allocating considerably more than the legal minimum. This is the case particularly in North West European countries where up to about half the programme funds are devoted to agri-environmental measures.

As rural development in its narrow sense (i.e. closely linked to agricultural support) is viewed as a major concern in many countries, the potential for stronger coherence with regional development issues is rarely realised. RDPs are largely understood as the main (or only) policy relevant to peripheral and other non-urban regions. In practice there are few additional,



national elements of rural development policy since the strategic focus in the implementation of the RDPs of most MS is simply the “maximal use” of EU financial resources.

It seems fairly clear that insofar as they perceive a need to elucidate the rationale for their programmes the member states generally prefer to reiterate the arguments and “buzz words” to be found in the European Commission’s strategic policy documents. It would appear (on the surface at least) that the evolution of rural development design and implementation in the EU member states is to a large extent led by EU Commission regulations rather than by academic research (Copus and Dax, 2010). Indeed it is interesting to note that the apparently dominant rationale (multifunctionality) is one which originated in the policy arena as a means of justifying continued support for agriculture. Although alternative paradigms for rural development have been put forward in recent years these approaches, such as neo-endogenous development or a stronger reliance on interrelation and cooperation as well as a more direct reference to rural amenities and regional assets, seem as yet to have had little impact on policy implementation.

Rural policy analysts consequently suggest that, despite recognition of the need for stronger coherence and the emergence of a better understanding of what rural development now entails, progress in terms of rural policy reform remains slow. Indeed a series of “missed opportunities” are evident due, in the main, to the existence of substantial “institutional inertia” at several levels of the policy design and implementation process (Copus and Dax 2010, p. 65). This has been highlighted as a major deficiency in the current Rural Development support system through CAP Pillar 2 which leaves substantial parts of the innovation potential and the local assets of rural regions untapped (Dwyer et al., 2007).

In a more comprehensive analysis of policies affecting rural areas one has also to take account of measures in non-agricultural policies. Application of Structural Funds programmes in the period 2000-2006 underscores that European Regional development Fund (ERDF) support for rural areas was substantial and can be compared in terms of its financial resources to CAP Pillar 2, in many regions even exceeding that support (see below). Case studies of several major European countries (Spain, France, Germany, Poland etc.) have shown that about a quarter of ERDF funds were targeted at rural areas, supporting both endogenous and exogenous development strands (Metis, 2009, p.89ff.). A similar regional distribution of funds is estimated for horizontal measures of European Social Fund (ESF) programmes and for national/regional support. As for the current period a comprehensive (and up-to-date) assessment of the relevance and

targets of all these policies for rural areas remains to be produced. Nevertheless one can conclude that the spatial distribution of funds through the respective programmes has not altered dramatically in this period.

Some commentators highlighted the concern that the strategic concentration on Pillar 2 weakened the aspirations of regional development to consider the needs of rural areas in Structural Funds programmes (Jouen, 2009). Such a retreat of regional policies from the substantive type of rural regions would have a detrimental effect on territorial cohesion aspects and is opposed strongly by stakeholder groups for rural regions, in particular those focusing on areas with geographic specificities (peripheral areas, mountains, islands, outermost regions etc). The recent debate on Territorial Cohesion policy integrates these concerns. This discussion has led to the inclusion of territorial cohesion in the Treaty of Lisbon (Art. 3). The Green Paper on Territorial Cohesion (EC 2008) continues this process of orientation towards a more pronounced integration of territorial concerns in the different policies. It argues that the territorial diversity of the EU is a vital asset that can contribute to the sustainable development of the EU as whole.

With the Europe 2020 Strategy (EC 2010d) the Commission proposes to address priorities for action across a range of policy fields. The framework highlights three mutually reinforcing priorities, smart growth (developing an economy based on knowledge and innovation), sustainable growth (promoting a more resource efficient, greener and more competitive economy) and inclusive growth (fostering a high-employment economy delivering social and territorial cohesion). Territorial cohesion is hence addressed as a key concept in the inclusion strategy of the EC. It is proposed that within the EU strategy specific European targets are set, and specific initiatives proposed that should help to achieve these targets. It seems crucial that the territorial dimension is included in the national response to this approach. This would reflect the spirit of the Territorial Cohesion discussion and the search for a strategy to make use of the specific regional assets in all types of regions. This approach is particularly important for non-urban areas. It also reflects a more general concept for a new approach to regional policy that is summarized by the OECD (2009b) as “moving from subsidising business and employment in poorer regions to promoting growth in all types of regions”.

The recent update of the Territorial Agenda intends to take account of changes following to the financial and economic crisis of 2008-09. The Territorial Agenda 2020 (EC 2011) is thus a further step towards taking account of the challenges and potentials for territorial development. Besides dealing with the current challenges, it puts a strong emphasis on both

urban and rural regions, and focuses on activities to utilise territorial potentials. As such it support a more strategic approach to enhancing territorial cohesion. With regard to rural policy it highlights the specific

integrative character of “Cohesion Policy and also Rural Development Policy” indicating the cross-sector nature of policy instruments in both policies.

## Diversity within and Interactions between European and National Policies for Rural Areas

The above account has sought to emphasise the historical stages of development in European ‘rural policy’ (in the widest sense). It is helpful also to briefly consider the diversity of implementation between Member States and cross-cutting relationships between different ‘strands’ of rural policy.

### Diversity within CAP Pillar 2 Programmes

All Member State Rural Development Programmes operate under the same EU regulation and are approved by the European Commission. It would be wrong, however to assume that this implies any degree of uniformity or standardisation. There is in fact a considerable range of differentiation in the balance and style of implementation of the different programmes.

This variation is not primarily a response to variations in ‘need’. Indeed Shucksmith et al (2005) demonstrated that the pattern of Pillar 2 expenditure did not support cohesion objectives but was instead largely determined by national policy traditions.

Differentiation between Rural Development Programmes was further explored by the EU FP 7 project RuDI (Assessing the Impact of Rural Development Policies, including Leader). This found that in very few, if any, of the Member States, was the Pillar 2 rural development framework introduced into a vacuum, - and national policy traditions played a key role in determining their character (Copus and Dax 2010). Full implementation of the CAP Pillar 2 policy framework from 2007 was a challenge to the New Member States, although SAPARD had, to some extent, strengthened institutional capacity. Even in the most recent accession states, Bulgaria and Romania, the SAPARD transition programme built upon previous interventions of the Communist era. By contrast, in several other New Member States, the years immediately following the fall of communism – or, in the Baltic States, following independence, - were characterised by national economic decline, in which context rural development could not take a high priority, and by rapid change in rural land ownership structures through restitution to private owners, and so on. This period can be seen as a discontinuity, clearly separating the old

socialist policies from the transition to the EU Pillar 2 regime.

In the EU15 Member States pre-Pillar 2 rural development traditions seem to have been rather variable. In France, for example, the nature and strength of the agrarian rural development tradition is perhaps explained by the relatively late urbanisation and rise of manufacturing and service employment. By contrast the earlier-industrialised UK had a pre-EU tradition of rural development which was less sectoral, and focused on diversification of the rural economy. In the Netherlands extreme competition for space meant that rural development was more concerned with land use and spatial planning. In Sweden the style of implementation of Pillar 2 was influenced by both the “aborted” liberalisation of agricultural policy of the early 1990’s, which was reversed on accession, and which rendered a strong Axis 1 less palatable to the predominantly urban electorate, and by strong regional policy and welfare state traditions, which meant that rural disparities in standard of living were very small, and apparently left little scope for Axis 3 interventions. In Spain, Italy, and Germany the issue of (national policy) path-dependence seems to have been eclipsed by the fact that regional implementation represented a “fresh start” in each region, perhaps allowing greater scope to respond to current and local needs and potentials.

The debate over reforming agricultural policy in the EU-15 member states has revealed two groups of countries with contrasting traditions and development paths on rural policy. The first group has focused on preserving the position of the CAP within the EU budget and paid less attention to rural development measures (in a wider sense). The second group has emphasised to some extent a position oriented more towards market liberalisation. The first group has been led, primarily, by France and the second supported particularly by the UK (Lowe et al., 2002). With the introduction of the requirement to elaborate national rural development strategies for the preparation of the current RDPs (2007-2013) specific national contexts received more attention. It remains the case however that innovativeness within the application of the RDPs is still rather weak, primarily due to institutional conservatism. Dwyer et al (2007,

p.885) concluded that “the key role must be played by institutional adaptation to a new style of policy making in the pursuit of sustainable rural development in Europe, drawing particularly upon prior experience from other policy arenas”.

## Relations between EU and National Rural Development Policies

The relationships between *nationally* conceived and funded policy measures and programmes and Pillar 2 Rural Development Programmes is also rather different across the EU member states. The review carried out within the RuDI project (Copus and Dax 2010, p.55-57) suggested two common models; ‘absorption’ and ‘coordination’. ‘*Absorption*’ describes rural development policy structures in which all pre-existing interventions have been adapted to EU rules so that they can be co-funded by EAFRD resources. This seems to be the situation (for example) in Italy, Bulgaria, and Lithuania. Partial absorption seems to have taken place in Belgium and Austria. The *coordination* approach allows nationally funded interventions to coexist with those funded by the EU, either in order to fill ‘gaps’ in the range of activities, which are outside the scope of the EU regulation, or to (in effect) add national resources beyond those available from the EU. Sometimes such coordination is made explicit and given legal force through some form of ‘Grand Plan’ legislation. Examples of EU-National coordination were found in France, Spain, Portugal, Ireland, Germany, UK, Poland, Estonia, Romania, Latvia, and Slovenia and the Czech Republic.

## Regional policy and CAP Pillar 2

As explained above, the formal relationship (in terms of legislative basis and administrative structures) between EU Regional Policy and Rural Development Policy changed quite sharply with the Agenda 2000 reforms. During the earlier programming periods there was (in theory at least) a degree of integration between the two strands of policy within the structure of the 5 (later 6) ‘Objectives’. However the administrative complexity of running area-based programmes comprised of three separate Structural Funds (ERDF, EAGGF and ESF), each with their own (separate) complex financial systems, led to calls for simplification. The post-Agenda 2000 arrangement delivered this simplification essentially by assigning (small scale) rural diversification and quality of life interventions for delivery through Axis 3 of CAP Pillar 2 RDPs, on the one hand, and (larger scale) infrastructure and business development via Cohesion Policy (Objectives 1 and 2, and later Convergence and Competitiveness) on the other. This removed the complexity of local implementation associated with

multi-fund programmes, but at the cost of encouraging a ‘silo mentality’ at all administrative levels, arguably right up to the Commission Directorates.

However, it would be quite wrong to assume that EU Rural Policy may now be equated with CAP-funded interventions. A study of selected ERDF programmes of the period 2000-2006, commissioned by the European Commission (Metis, 2009), revealed a substantial level of activity in rural areas. In the five Member States examined, (France, Germany, Poland, Spain and Sweden), some 28% of ERDF funding in Objective 1 and 24% in Objective 2 was spent in ‘rural’<sup>10</sup> areas (Metis, 2009, p.57). Similar shares were spent in urban areas (20% of Objective 1 and 35% of Objective 2). The rest was dedicated to intermediate areas. If one compares these funding shares to the population in rural (18%) and urban (36%) regions it becomes evident that some priority was placed on rural regions in the ERDF programmes of these countries. In addition to this general picture the distribution within each country varied widely according to the national contexts and priority setting. Particularly weak (rural and intermediate) regions with Objective 1 status were supported with a high intensity of ERDF expenditure per head in Spain, Germany and Poland. The main priority was fostering business development with growth potential, including certain sectors closely associated with rural areas, such as agro-food production, renewable energy and the environment, as well as science parks which focused on rural issues and enterprises that ‘articulate local production systems’. Other priorities included investments in the transport infrastructure to enhance accessibility, the telecommunications and energy infrastructures, supporting research and development, innovation, measures strengthening rural entrepreneurship, and environmental and social infrastructure. Only a very small share of these funds were made available for what were explicitly termed ‘projects promoting the adaptation and the development of rural areas’. Examples included: land improvement, setting up of farm relief and farm management services, the marketing of quality products, basic services, renovation and the development of villages and rural heritage as well as diversification, tourist and crafts activities (Metis 2009, 73). Many of these overlap with EAGGF activities through Pillar 2 measures and the respective case studies suggested that Pillar 2 (and also ESF) support seems to be more effective for this type of action. This chimes with the Saraceno’s assertion that the establishment of a parallel (CAP Pillar 2) support structure restricted the rural aspirations of Regional Policy (Saraceno 2004).

It is thus possible to discern a kind of ‘task distribution’ between the different funds during the

<sup>10</sup> According to the classification of that study.

2000-06 period: The ERDF was generally used for infrastructure projects in the field of transport and the environment, and for supporting enterprises. 'Soft measures' in the field of human capital such as capacity building, education and training were mainly carried out through the ESF programmes, while the EAGGF remained oriented towards the target group of farmers and the agricultural sector in most regions. From the Metis study it was clear that the programmes analysed reflected diverse regional conditions, leading to support for both endogenous and exogenous development strands, and assuming either a more urban or rural focus, depending on the context and national/regional strategies. Effectiveness of action was considerably influenced by the regional delivery system, and varied considerably. There was no great commitment to coherence between the different policy strands that interact within the same territory.

It seems that (since the Agenda 2000 Reforms at least) the CAP (Pillar 2) has not really been regarded as a truly *rural* policy (in the broad sense) but rather as a sectoral intervention. It has not adopted the wholehearted territorial approach which one would expect in fully fledged *rural* policy. Therefore the development of EU rural policy has, in relation to regional policy, taken a step back after its implementation was tied to common programming within the CAP. A focus on territorial development and partnerships has not proved applicable, as Pillar 2 was essentially focused on one sector. Less favourable regions have also suffered to some extent as EU rural policy has become exclusively associated with the Rural Development Programmes.

To counter this increasing decoupling of Rural and Regional policy, it would be necessary to improve the complementarity between the intervention logics of the Rural Development Programmes and Cohesion Policy. Combining the development possibilities of Axis 3 and the Leader-actions with Cohesion Policy would make available more wide-ranging development measures for rural areas. The level of diversity displayed by rural areas makes it rather difficult for the central level administrative authorities to take account of the specificities of rural areas. Nevertheless, the regulatory frameworks for the Rural Development Programmes do not inhibit territorially based delivery. During the 2007-13 period some EU member states (Germany, France, and Spain) have utilised this possibility to address the territorial dimension and constructed regionalised

implementation of Rural Development Programmes.

### The Need for a Wider View

The mainstream rural policy debate recent years has tended to focus mainly on the division of responsibility between agricultural and regional policies. The OECD's national/regional Rural Policy Reviews illustrate very clearly the need to consider a wider range of policy domains. For example, the recent report on the province of Québec in Canada (OECD 2010) is particularly rich in policy recommendations relating to diverse facets of rural society and economy, touching on governance issues, local capacity building, managing community transition, forest products, renewable energies, cultural activities, longevity as an opportunity, broadband connection, active labour market policies, migration and service delivery, and environmental issues. There have also been a few specific studies and evaluations which have considered the potential role of other policy domains. The ESPON TIP-TAP project (Camagni et al 20??), which examined the spatial impacts of both agricultural and transport policies provides a good illustration of the conceptual and methodological demands of this kind of analysis.

### Calls for a new Style of Intervention

Many recent policy reviews underline the need to better understand the changing nature of the social environment for rural development, shifting attention from weaknesses (to be compensated) towards potential to be exploited, and the need to take into account the implications of local capacity, human capital and "soft skills". The expert report on the role of Community research policy (Soete et al., 2009) addresses this need for knowledge development in respect of territorial development, mirroring the approach of the Barca (2009) report, by claiming: "The recent debate on European cohesion policies sees the main purpose of such policies less in terms of redistribution than in terms of triggering institutional change" Further, it concludes that this "can come about only through an exogenous public intervention which can improve things by upsetting the existing balance. However, for this intervention to be ultimately effective, it will need to be accompanied by increased local involvement and sufficient local involvement can only be achieved through locally relevant activities" (Soete et al., 2009, p.37).

# Some Theoretical Issues Arising

The foregoing overview of the evolution of European rural policy, both through the CAP and in the context of Regional Policy, raises some cross-cutting issues which are briefly noted here, before proceeding (in the next chapter) to focus upon the particular aspects of spatial development and territorial cohesion.

## The widening gap between policy and theory

Over the past two decades the gap between the academic discourse on rural development and European policy practice, has steadily widened (Copus and Dax, 2010). The latter has broadened its horizons, embracing a range of new concepts and approaches, while the former has retained a rather narrow sectoral focus (Dax et al., 2010, p.10). Key issues for the research literature have included governance, and the role of innovation and creativity.

Underlying governance processes have been a particularly strong element in the work of various regional development research communities and the debate within international organisations on spatial development issues. Indeed, there is a long-standing general debate in many OECD countries on the effectiveness of regional support systems and the specific place of rural policy in government. In its perspective on “The New Rural Paradigm” the OECD concludes that “promoting integrated rural development poses numerous policy and governance challenges. It requires a less ‘defensive’ approach to rural policy and

stronger coordination across sectors, across levels of government, and between public and private actors. It also requires a new focus on places rather than sectors and an emphasis on investments rather than subsidies” (OECD 2006, p.3). The same document also suggests “important changes in how policies are conceived and implemented to include a cross-cutting and multi-level governance approach” (OECD 2006, p.106).

In addition particular emphasis is placed on enhancing creativity and innovation in rural areas. There are examples of regions that followed an explicitly innovative strategy through a long-term commitment to creativity and fostering the regional image. Such an approach requires a place-based strategy that includes the different pillars of the regional economy, society and culture (Dax and Fidschuster, 2009, p.61ff.).

## Rural Policy to reflect the Meta Narratives

The gap between policy and theory reflects a more serious disconnect between the realities of rural change and the nature of the policy response. One way to more systematically identify the policy requirements implied by observable rural change is to use a simple matrix to ‘map out’ the specific challenges and opportunities associated with the three meta-narratives (see Chapter 2) and then to consider what the appropriate policy responses would be. Table 22 illustrates this procedure (although it is obviously not intended to be exhaustive or universal in application).

The various different policy rationales suggested

in the fourth column tend to be implemented within separate policy domains (fifth column). This highlights the rather weak coherence and inadequate integration between these domains, and hence the substantial coordination effort required by a truly place-based approach to rural policy.

Obviously some policies are much more relevant

in a rural context than others, and more emphasis is placed on them than in an urban environment. Such priorities also reflect both national and regional contexts and institutional frameworks. An impression of the range of forms of intervention, and the complexity of the policy landscape may be gained from the EDORA Exemplar Region reports (Copus et al., 2011, Annex 1)

Table 22: Policy domains as a response to rural challenges and opportunities

<b>Meta Narrative</b>	<b>Challenges</b>	<b>Opportunities</b>	<b>Concepts/Rationales</b>	<b>Policy Domain</b>
<b>agri-centric meta-narrative</b>	agricultural competitiveness; provision of positive external effects; environment and territorial effects	Diversification, Quality products, Public goods provision	Multi-functionality, Farm restructuring	Agriculture, Rural Development policy, Competitiveness, Education and training, Land use, e.g. forestry
<b>urban-rural meta-narrative</b>	difficulties due to location (remoteness) and sparsity of population; remote areas; development gaps; functional divisions; types of areas	Functional specificities, Rural amenities, quality of Life aspects, Information technology	Regional governance, Endogenous growth, Neo-endogenous development, local economy approaches	Infrastructure, Telecommunication, Spatial Planning, Public services, Transport, Mobility, Regional economy
<b>meta-narrative of economic competitiveness and global capital</b>	innovation and regional growth; demographic changes; employment development; income distribution; global cultural changes; climate change	Human and social capital development, Networks, Clusters, Consumption countryside, Global cultures	Globalisation, Networks, Post-productivism, Ecological modernisation, Sustainable development	Demography (migration), Social inclusion and gender empowerment, Equality, Employment, Tourism, Heritage, Energy, Environment
<b>overarching context of 'connexity'</b>	institutional change; coordination mechanisms; regional strategies and 'connexity'	Cooperation, Network structures, Relational space	"holistic" and integrated approaches, Systemic concepts	Regional policy, Territorial Cohesion policy

Source: Dax et al., 2010, p.9

The sheer breadth and variety illustrated by Table 19 raises two practical implementation issues:

- (i) The first is diagnostic: How is the appropriate mix of policies to be identified? This is an issue to which we shall return in Chapter 7, where we recommend the development of regional auditing procedures designed to assess the level of different kinds of territorial assets.
- (ii) The second is the need to avoid conflict or duplication of effort

between different policy domains. In a territorial cohesion context coherence between different policies should be managed by explicit networking and coordinating action. These should address and integrate, in a context-specific manner, the relevant issues and priorities, enhancing a continuous and participatory monitoring process, linked to strategy revision.

## Rural Policy and Territorial Cohesion

The evolution of Rural Development Policy occurred very much in parallel with the development of regional policy in the EU. As we have already seen, however, it would be wrong to conclude that this reflected any significant collaboration between the two policy spheres. On the contrary, in many regions they seem to be treated more or less separately and, despite the increasing call for policy coherence, actors remain focused on their own restricted policy “worlds”. Although, for a period during the 1990s (mainly within the context of Objective 5b) some integration did take place, it has had only a limited legacy effect within more recent programme periods.

Nevertheless, calls for greater coherence and territorial, rather than sectoral, approaches, have continued (Saraceno, 2005; Copus and Dax, 2010), and have been strengthened by the increasing attention given to the concept of territorial cohesion. This is a subject which we will explore in greater depth in Chapter 6, but it is nevertheless helpful to introduce and define it here, since in a way it typifies the ‘politically correct’ context of the current rural policy debate.

Aware of the need to establish a common understanding of the territorial cohesion concept, Ahner (2010) identified the following elements:

*“Territorial cohesion is about*

- *ensuring harmonious, sustainable and polycentric development.*
- *enabling citizens and enterprises*
  - *To make the most of the inherent features of different territories in a sustainable way*
  - *To benefit from and contribute to European integration and the functioning of the Single Market wherever they happen to live or operate.*

*Territorial cohesion is facilitated through an integrated approach including:*

- *Coordinating the territorial dimension and impacts of sectoral policies at each level from local to European.*
- *Vertical coordination between levels in a multilevel governance scheme.*
- *Cooperation between territories to allow functional approaches.”*

In simple terms, the ultimate aim of territorial cohesion is to reduce regional disparities, by making sectoral policies which have spatial impacts, and regional policy, more coherent. The European Spatial Development Perspective (ESDP, EC 1999) and the Territorial Agenda of the EU (2007) can be considered as the main documents addressing the cohesion issue before its official inclusion in the Treaty in 2008. The sub-heading ‘Turning territorial diversity into strength’ chosen for the Green Paper on Territorial Cohesion (EC 2008)

is indicative of the perception that the diversity of the European Union could be the asset upon which territorial cohesion would be built. Consultation on the Green Paper began in late 2008 and was starting point much of the subsequent policy debate on shaping territorial cohesion policy. There were a series of major relevant contributions to that discourse, revealing its policy priority and intensity, which is currently at a decisive stage. The notion of “making use of the territorial potential” of all regions and aiming at a place-based approach has been deepened in a series of conferences held by different European institutions and through their respective reports. The most intensive discussions took place in the context of the preparation and publication of the Barca report (2009). Here the asset base of rural regions takes on a particularly significant position. This relates to the need to identify, for each region, the specific opportunities open to them while putting in place an adapted policy strategy.

The challenges visible in rural regions specifically address the Europe 2020 Strategy (EC 2010d) targets. All the targets of this EU strategy, the increase of the employment levels, the greater investment in R&D, energy targets, higher education and poverty reduction, have a significant territorial dimension. Regional policies thus can be of decisive influence in the orientation towards these targets and selecting territorially differentiated activities. Obviously this is of high concern for rural regions, and rural policy as well. The proposed EU2020 flagship initiatives underpin the need for a place-based approach, and it is crucial that the territorial dimension is included in the national responses. This would reflect the spirit of the Territorial Cohesion discussion and the search for a strategy to make use of the specific regional assets in all types of regions. This approach is also particularly important for non-urban areas. It reflects a more general concept for a new approach to regional policy that is summarised by the OECD (2009) as “moving from subsidising business and employment in poorer regions to promoting growth in all types of regions”.

An enhanced understanding of the complex inter-relationships between policies and ‘actors’, and the need for differentiated policy application calls for a thorough conceptualisation of multi-level governance going well beyond traditional distinctions between top-down and bottom-up approaches.

A further aspect of the current debate on cohesion relates to changes in the understanding of the “urban-rural narrative” first introduced by the Spanish Presidency (2010). Its contribution highlights the need for a thorough investigation of urban-rural relationships and spatial trends in conceptualising the new pattern of spatial relations, becoming visible through increased flows and implying analysis beyond the conventional core and

periphery paradigms.

Another important dimension in the discussion is the increasing focus on sustainability issues as exemplified by the Review of the EU Strategy for Sustainable Development (2009). Though it does not include any section specifically dedicated to territorial issues there are several territorial indications and it presents cross-cutting challenges of significant spatial impacts. In particular it forges links with the Lisbon Agenda and Social Inclusion aspects as well as natural resources and provides an interesting input to current considerations on territorial cohesion implementation.

This discussion, moreover, provides an important

input into the process which began with the Europe 2020 Strategy (EC 2010d) and the update of the Territorial Agenda that was adopted in May 2011 (EC 2011). Following the presentation of the Fifth Cohesion report in November 2010, the discussion is likely to intensify with the proposal for the European Union's Financial Provision (in 2011). The preparation for this and particularly the more balanced presentation of urban and rural challenges in the Territorial Agenda 2020 undoubtedly raises concerns in respect of various territorial cohesion aspects and includes the analysis of the role of rural regions in cohesion policy more explicitly than before.

## Conclusions

The account of the evolution of European rural policy presented above shows that it is difficult to identify a clear and consistent vector of development; the Agenda 2000 reforms, in particular, represent a distinct change of direction. Furthermore it has repeatedly underlined the need for greater coherence between the two principal intervention structures (CAP and Regional Policy) and national policies. Equally important is the inadequate degree to which Pillar 2 in particular has moved away from a sectoral compensation ethos to an approach based upon local potentials and place-based assets. This is emphasised by the fact that a number of quantitative RDP regional impact assessments (e.g. Psaltopoulos et al., 2011) reveal the contrast between the relatively modest (sectoral) policy effects, and the increasing opportunities for innovative and diversified rural economies (e.g. Garcilazo et al., 2010).

We would like to reiterate some key points which derive from the above account of the development of rural policy and which would have to be acknowledged as important elements in respect of any future formulation 'Rural Cohesion Policy'.

**Firstly;** the evidence that has emerged within the context of this project stirs up deeply rooted images and convictions about rural issues and good practice. As such we really need a *realistic assessment* that includes a thorough analysis of the quantitative and qualitative effects of existing rural policies and alternative models to these. This concerns not just RDPs, but also (EU and National) Regional Policies together with other policy domains with important impacts for rural regions. The recent discussion on the future of rural development policy and the Structural Funds shows an increased concern for addressing the urban-rural linkages and overcoming the separate discourses of urban and rural domains. The global influences on non-urban regions call for a much deeper investigation of the emerging

aspects of the overarching narrative of 'connexity'.

**Secondly;** rural area policies show signs of beginning to adopt *strategic* concepts which herald a significant shift towards an asset-based approach. However, this conceptual change is only weakly translated into the financial distribution of policy measures. This is reflected (for example) in the distribution of the financial resources of the RDPs (Copus, 2010) with their focus on environmental and farm capital investments. A much more active policy towards capacity-building and addressing untapped assets and local capabilities needs to be applied in the different policy fields, in order to make better use of regional strengths.

**Thirdly;** the development of rural policies are also beginning to reflect a concern to take explicit account of the territorial dimension. Such an approach is esteemed both necessary to respond to the specific territorial challenges and useful to provide programmes that make use of place-based assets and achieve effective regional results. Looking back on the policy implementation of the last two decades, we could conclude that the spatial orientation of programmes was stronger in the 1990s, and less explicit in the application of sectoral policies since 2000. Nevertheless the *territorial* approach remains a crucial issue for rural policy. The application of this approach includes an increasing focus on complementarity and coherence between different policies impacting on non-urban regions and contributing to the overall objective of territorial cohesion.

**Fourthly;** the two last programming periods are characterized by the shaping of the Rural Development Programmes, established within the sectoral administrations and depicting the current institutional framework. Any consideration of a stronger representation of cohesion objectives in rural policies



involves a stronger engagement of other policies, particularly regional policy, in this debate and policy process. Above all, *regional policies* would have to address the different types of rural regions as fundamental part of their political objectives and the territorial impact of all cohesion policy activities on non-urban regions is to be assessed. The recent policy debate includes some signals of the increased identification/recognition of the diverse needs of these areas and a more balanced view on urban and rural interrelations.

Looking ahead, it is encouraging to speculate that the progress towards territorial integration of policies which took place under the policy structures of the second half of the 1990s (and was to some extent reversed by 'simplification' in 1999) could be recovered

in the coming years as a consequence of the increasing urgency to operationalise the new treaty objective of territorial cohesion. The EDORA project undertook a review of the driving forces of rural change and diversity (Chapter 2), together with comprehensive assessment of the spatial contexts (Chapters 3 and 4) in order to derive a set of guiding principles for intervention. These are envisaged both as the logical response to the patterns and trends of rural change, and as the outworking of the recent theoretical and policy discourse on Territorial Cohesion. In Chapter 6 the latter will be explored in greater detail, whilst Chapter 7 presents the 'policy rationale' which is the final outcome of the EDORA project.

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# Chapter 6

## Territorial Cohesion as an Emerging Rural Policy Concept

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### Introduction

The EDORA project has highlighted the complexity of rural change and patterns of rural differentiation in Europe on the basis of a conceptual, empirical and policy-oriented approach. One of the foundational insights of the research effort has been the observation that EU rural policy has, in recent years, simply not responded adequately to the broader structural and socio-economic changes observable across rural Europe. Instead rural policy has effectively become embedded in a discourse on socio-economic development which has been, at least in part, structured around outdated generalisations. One of the key tasks for the project was therefore to synthesise and present available evidence of the way in which rural economies and societies are changing in the new century. This is reflected in Chapters 1-4 above. In Chapter 5 the policy context, and the ‘development paths’ of key European policies which impact upon rural areas was presented. In the current chapter the focus is upon current and recent policy debates, especially relating to rural policy and to the concept of territorial cohesion, with the intention of preparing the reader for Chapter 7, which will draw together the implications of both the empirical context and the policy discourse, and propose an appropriate rationale and guiding principles for what may be termed ‘rural cohesion policy’.

The chapter begins with a brief account of the various policy processes and debates which have in recent years confronted the issue of territorial cohesion from a rural perspective. These may be divided into two

broad groups:

- (i) The first are high level strategic policy and institutional processes, relating to the treaties which govern the EU and legitimise its structures, agencies and roles, or to broad strategies which are intended to enhance coherence between individual policy instruments and the activities of the various Directorates General. More specifically we refer to the Lisbon Treaty, Lisbon Agenda and its successor, the EU2020 strategy, the Territorial Agenda (and its recent update) and DG Regio’s Territorial Cohesion Green Paper. It is significant that several of these were established under the ‘Open Coordination Method’ (OCM) governance arrangement.
- (ii) The second group of policy processes relate to the scheduled revision of ‘mainstream’ Commission policies, carried out under the conventional ‘community method’ of governance. Here we focus upon the CAP, and the recent consultation paper ‘CAP towards 2020’ and Cohesion Policy, as reflected in the Fifth Report on Social and Economic Cohesion. The latter may only be understood in the context of the cohesion policy rationale provided by the Barca Report, a brief overview of which is provided.

In the second half of the chapter we reflect upon how rural areas and rural policy are accommodated within the context of the policy processes of territorial cohesion, and consider the implications for ‘rural cohesion policy’.

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# Key Policy Processes and Debates Relating to Territorial Cohesion

Territorial cohesion as a concept has been introduced in Chapter 5. In essence, it is concerned with equity regardless of location, developing local potential (rather than compensating for disadvantage), and implies policy coordination, and cooperative governance.

Barca (2009 p3) elaborates on the Lisbon Treaty wording as follows:

*“...Both the efficiency and the equity dimensions of development are ... contained in the objective of reducing disparities and backwardness of regions: all regions must be given the opportunity to achieve their full potential (efficiency), and all citizens must be given the opportunity to live a life worth living independently of where they are born (equity)... The general reference to the action and condition of fitting together, embodied in the word “cohesion”, is qualified by the Treaty through specific reference to three dimensions: “economic”, “social” and (in the draft new Treaty explicitly) “territorial”. Harmonious development and the reduction of disparities must therefore be pursued through an action, and by creating a condition, where: economic relations are dense and fluid; social relations are open and participatory; and territorial effects are taken into account and monitored (for all policies).”*

Similarly, the updated Territorial Agenda (2011 p4) states that: “territorial cohesion is a set of principles for harmonious, balanced, efficient, sustainable territorial development. It enables equal opportunities for citizens and enterprises, wherever they are located, to make the most of their territorial potentials. Territorial cohesion reinforces the principle of solidarity to promote convergence between the economies of better-off territories and those whose development is lagging behind...Territorial cohesion complements solidarity mechanisms with a qualitative approach and clarifies that development opportunities are best tailored to the specificities of an area. Regions might need external support to find their own paths of sustainable development, with particular attention paid to those regions lagging behind. Regional interdependencies are increasingly important, which calls for continued networking, cooperation and integration between various regions of the EU at all relevant territorial levels.”

In very general terms territorial cohesion has entered the EU policy discourse in the context of several initiatives which were carried out under the OCM model.

In other words the strategic principle originated in the Council of Ministers, to be translated into initiatives which were voluntary at the intergovernmental level. Only later was it enshrined in European law, through inclusion in the Treaty of Lisbon (signed 2007, in force 2009), so becoming an obligation for Community policies administered by the European Commission. This history, together with the intrinsic vagueness and ambiguity of the concept has very much increased the complexity of the discourse and the policy process relating to EU rural policy in recent years. This has been exacerbated by a sophisticated form of ‘turf war’ between the two Directorates General (Agriculture and Regional Policy) which has been further inflamed by the implications of the need to re-balance the EU budget, in order to accommodate new responsibilities implied by the Lisbon Treaty, and to live within post-recession resources.

## The ESDP and the Territorial Agenda

*The Territorial Agenda* (European Commission 2007) was adopted by the member state ministers responsible for spatial planning at the informal ministerial meeting in held in Leipzig in May 2007. The Territorial Agenda was the consummation of a longer policy process which began in 1999 as the European Spatial Development Perspective (ESDP) (European Commission 1999). The ESDP process elaborated the concept of territorial cohesion for the first time. During the creation of the ESDP the Commission supported the Member States and their work in the ‘Committee on Spatial Development’, but under the OCM arrangement had no legislative or managerial power (Faludi 2010). Thus the ESPD essentially remained no more than a set of guidelines for spatial planning in the member states, though it did engage them, for the first time, in the common consideration of broader regional development policy issues in Europe (Schön 2005).

In relation to rural areas, the ESDP carried a key message for processes of change in peri-urban areas as it clearly noted that the development prospects of urban, peri-urban and rural areas are intertwined. The ESDP underlined the fact that rural areas surrounding large cities are bound up in a mutual two-way dynamic, such that there is a need to integrate cities and surrounding rural and peri-urban zones within spatial development strategies.

Conceptually, the Territorial Agenda built upon the key steps taken by the ESDP and ‘fleshed them

out' in the context of the Lisbon Strategy and the EU 2020 Strategy (see below). The Territorial Agenda had six main 'territorial priorities' (European Commission 2007):

- (i) Stronger polycentric development and innovation through the networking of cities.
- (ii) New forms of partnerships and territorial governance between urban and rural areas.
- (iii) Promotion of regional clusters regarding competition and innovation in Europe.
- (iv) Strengthening and extending of Trans-European Networks (TENs).
- (v) Promotion of trans-European risk management including the impacts of climate change.
- (vi) Stronger ecological structures and cultural resources as added value for development.

Fulfilment of the six priorities was envisaged as supporting the balancing of national economies through the promotion of growth centres as economic engines. The distribution of economic growth potential to smaller cities and regions, in order to avoid unbalanced development, was also strongly targeted here (Schön 2005).

The *Green Paper on Territorial Cohesion* (European Commission 2008) and the subsequent consultation process, was part of the same debate. (However, its worth pointing out that it occupies a position outside the Territorial Agenda OCM structure, and paved the way for the inclusion of territorial cohesion in the Lisbon Treaty). It deepened the debate among the member states, regional and local authorities, civil society organisations and research institutions as well as among individual citizens on how to develop a common understanding of the concept of territorial cohesion. Some of the contributions from the green paper debate referred to the need for a strict and uniform definition across the EU while others denied this and instead highlighted the desirability of a common understanding of the key principles attached to the concept (Servillo 2010). In fact the Green Paper further argues that, in reality, a common understanding of territorial cohesion is already in place within the context of EU regional policy. The common territorial knowledge base, the importance of territorial cooperation, the cross-sectoral coordination aspects and multi-level governance attached to this, the territorial content programming documents, the local-regional approach and functional structures related to administrative borders can all be mentioned as the shared anchors of the concept which are not in need of further definition.

Building on the Green Paper and the Territorial Agenda the '*Action Plan of the Territorial Agenda*': was coordinated by the Czech Republic (Jan 2009-Jun 2009)

and subsequently followed up by the Spanish Presidency (Dec 2009-Jun 2010) Within this Action 1.1a 'Urban-rural relations within the framework of the EU's Territorial Agenda' resulted in a report on "*Urban and rural narratives and spatial development trends in Europe*."<sup>12</sup> The aim of this report was to start a strategic debate among experts with the goal of better understanding how spatial development trends modify old paradigms such as the urban-rural, and the core-peripheries dichotomies. The report provides an overview of EU policy documents and their specific contributions to the topic of urban-rural issues.

The update of the Territorial Agenda (TA2020) was agreed on the 19<sup>th</sup> May 2011. From a rural point of view the most interesting change is the fact that there is much less an emphasis upon rural-urban cooperation and urban areas as the drivers of growth. Instead (p8) urban-rural linkages are described as mutually beneficial, whilst endogenous potential, and the importance of a full range of territorial assets are recognised:

*The development of the wide variety of rural areas should take account of their unique characteristics. Rural, peripheral and sparsely populated territories may need to enhance their accessibility, foster entrepreneurship and build strong local capacities. Some rural areas tend to be vulnerable territories rich in cultural and natural values. We support the safeguarding and sustainable utilization of this territorial capital, the ecological functions and services it provides. Special attention may need to be paid to underdeveloped peripheral rural and sparsely populated areas where disadvantaged social groups often suffer from segregation. Territories facing severe depopulation should have long-term solutions to maintain their economic activity by enhancing job creation, attractive living conditions and public services for inhabitants and businesses. In rural areas where agriculture and forestry are still important forms of land use, modernisation of the primary sector through resource-efficient investments in new and alternative sectors and preservation of high quality arable land and ecological functions are essential. (Territorial Agenda 2020, 2011, p7).*

The specific needs of regions with particular "geographic endowments", such as coastal zones, islands, mountains, areas which suffer from "severe or permanent natural or demographic handicaps, outermost regions, are noted, and it is argued that "specific potentials can be unleashed and problems tackled jointly by actors from different states or regions in an integrated way." Ibid p8. Multi-level governance and territorial coordination of policies are strongly supported. Thus:

<sup>12</sup> More information can be found at the Spanish Presidency website: [www.mcrit.com/urban\\_rural/](http://www.mcrit.com/urban_rural/)

*“Efficient interplay of sectoral policies can be supported by their coordination at each territorial level. Territorial coordination should be supported by instruments such as assessment of territorial impacts, coordinating planning mechanisms and territorially sensitive monitoring. We emphasize that EU policies can contribute to the implementation of the territorial priorities of the EU to different extents and in different ways....” (Ibid p10).*

In terms of policy means to achieve the strategic end of territorial cohesion, it is very significant that Rural Development Policy is given equal weight with Cohesion policy as “*key instruments for encouraging the balanced territorial development of the European Union*” (Ibid p10. Integrated local development approaches, involving regional and local actors where appropriate, are strongly supported.

### The Lisbon Agenda and the ‘Europe 2020’ Strategy

Another example of the use of the OCM approach was the Lisbon Agenda, adopted by the European Council in 2000. The agreed objective was to “make Europe, by 2010, the most competitive and the most dynamic knowledge-based economy in the world”. However the strategy soon ran into trouble, perhaps partly as a result of the bursting of the ‘dot-com bubble’, and also due to the inherent weakness of the OCM arrangement, in which the Commission has no power to impose sanctions in case of default. The majority of MS failed to meet the complex set of performance targets. It was relaunched in 2005, but by 2009 it was widely acknowledged to have failed.

In 2010, the EU adopted a new long term strategy, Europe 2020 (European Commission 2010a). The Europe 2020 Strategy was launched in the spring 2010 with the objective of reinforcing economic policy cooperation through the promotion of sustainable growth in the EU. It builds on the objectives of the Lisbon Strategy 2000-2010 and the revised Lisbon Strategy of 2005. The Europe 2020 Strategy stresses innovation, employment and social inclusion and, like the Lisbon Strategy, it is focused on competitiveness concerns and the support for growth, sustainability and productivity. Environmental challenges and climate change are also included in the strategy in order to meet its objectives.

The Europe 2020 Strategy includes seven flagship initiatives: innovative Europe, youth on the move, a digital agenda for Europe, resource-efficient Europe, and an industrial policy for the globalisation era, modernising labour markets and a European platform against poverty. The flagship initiatives will integrate

actions at the EU level and commit the member states more strongly to the fulfilling of the strategy. The member states are expected to report to the EU annually on the proceedings and the Commission will propose, in accordance with these reports, country-specific recommendations. The EU will thus have a greater role in relation to the previous Lisbon Strategy to monitor how well the member states have implemented the flagship initiatives.

### The Lisbon Treaty

As a result of the Territorial Agenda process territorial cohesion was added to the objectives of economic and social cohesion in the Lisbon Treaty. Article 158 of the Lisbon Treaty refers directly to the development of rural areas and notes that special attention has should be paid to rural areas, and in particular those regions which suffer from natural or demographic handicaps:

*“Among the regions concerned, particular attention shall be paid to rural areas, areas affected by industrial transition, and regions which suffer from severe and permanent natural or demographic handicaps such as the northernmost regions with very low population density and island, cross-border and mountain regions.” (EC 2010)*

Basically this means that any region suffering from the above-mentioned problems should be eligible to receive support from EU regional policy. With the adoption of the Lisbon Treaty the question arises, should the question of restricting regional and cohesion policy to less advantaged regions be reconsidered. The Lisbon Treaty for instance allows, in Article 107, regional aid for certain regions if it does not significantly change the basis for competition.

We now turn from high level strategic documents relating to the overall EU policy context, to more focussed issues, relating to the two key policies which relate to rural areas, i.e. Cohesion Policy and CAP (Pillar 2).

### The Barca Report, the Fifth Cohesion Report and ‘Place-Based Policy’

It is important to preface our account of the Fifth Cohesion Report by summarising some key points from the Barca report (Barca, 2009). The report was requested by Danutere Hübner Commissioner for Rural Policy, partly as a rejoinder to the Sapir Report (Sapir 2003), which argued in favour of ‘spatially blind’ policies and free market mechanisms to deal with regional economic inequalities. The Barca Report provides the policy rationale which remains largely implicit in the Cohesion



Report, encrypted in the codewords of ‘place-based policy’. It will be helpful to elaborate this rationale, since it has much in common with the ideas presented in the findings of EDORA, but also some surprising ‘conceptual baggage’ which is not consistent with the ideas set out in Chapter 7.

Barca acknowledges (2009, p.4) that place-based policy’ has much in common with the OECD’s ‘new paradigm of regional policy’, and with the term ‘territorial development policy’. However he argues that the term ‘place based’

*“stresses its intentional focus on three features: the place-specificity of natural and institutional resources, and of individual preferences and knowledge, the role played by the (material and immaterial) linkages between places; and the resulting need for interventions to be tailored to places.”* (Barca, p.4).

It is important to be aware why Barca uses the term ‘place’, rather than ‘region’ – he has a very specific concept in mind. He defines a place as:

*“a social concept, a contiguous/continuous area within whose boundaries a set of conditions conducive to development apply more than they do across boundaries (i.e. relative to other places): natural and cultural circumstances and the preferences of people are more homogeneous or complementary, the knowledge of people is more synergetic, and positive externalities and formal and informal institutions are more likely to arise. The boundaries of places are thus independent of administrative boundaries, endogenous to the policy process and can change over time.”*<sup>13</sup>

Building on this foundation Barca (2009, p.5) characterises ‘place based policy’ as follows:

- *“a long-term development strategy whose objective is to reduce persistent inefficiency (underutilisation of the full potential) and inequality (share of people below a given standard of well-being and/or extent of interpersonal disparities) in specific places,*
- *through the production of bundles of integrated, place-tailored public goods and services, designed and implemented by eliciting and aggregating local preferences and knowledge through participatory political institutions, and by establishing linkages with other places; and*
- *promoted from outside the place by a system of multilevel*

<sup>13</sup> This rejection of both administrative regions and pre-defined ‘functional regions’ creates some obvious challenges for practical implementation. Whilst it cannot be ignored this does not make the subsequent theorising less interesting or important.

*governance where grants subject to conditionalities on both objectives and institutions are transferred from higher to lower levels of government.*

He further emphasises (p.6) the fact that policy should be place-based because the causes of differences in ‘efficiency’ and ‘equity’ which it addresses are place specific, and can only be successfully tackled by utilising local knowledge and local preferences.

In the second chapter of his report Barca anticipates and answers various questions and challenges. These are summarised in the bullet points below:

- The most basic question is why should the EU spend a substantial share of its budget on a place-based cohesion policy. The answer is essentially that large differences in regional income and quality of life would threaten political support for the Union (in the words of the 1973 Thomson Report “no one should have cause to doubt the common will”). This point is illustrated by an account of the evolution of EU regional policy
- The second question relates to the nature of the efficiency goal, and the most appropriate instrument to achieve it. The goal of increasing efficiency (through place-based policy) is to fully utilise local capacity or potential in all ‘places’. This (Barca argues) can only be achieved by an “*exogenous, spatially-aware public intervention...*” (2009, p.20). He favours “conditional grants” rather than financial transfers (such as the fiscal equalisation arrangements used by several EU MS), in order to avoid rent-seeking behaviour by ‘local elites’. The latter, he argues, do not always have the best interests of their own regions at heart (Barca, 2009, p.21). He further suggests (p.22) that exogenous intervention is required to break local path dependency, and to enable lagging regions which lack human and social capital or institutional capacity to climb out of ‘institutional traps’. Finally, he argues that ‘spatially aware’ interventions are superior to ‘spatially blind’ ones (as suggested by the Sapir Report), because agglomeration (which he conceives as the principal driver and facilitator of economic growth) rarely occurs without the support of public policy of some kind.
- The third question concerns the nature of the intervention, or more precisely, what should be purchased by it. Barca argues (p.25) “*that it should not focus on financial transfers to firms and individuals but rather on the provision through conditional grants of integrated bundles of public goods and services. These comprise goods and services traditionally provided by the public sector due to market failure, such as law and order, education, training, basic research, water supply and waste disposal, business*

support, transport and healthcare. The peculiarity of the place-based approach is that they are provided in (integrated) bundles as a result of an exogenous intervention.” This he argues will lead to a general improvement in the quality of life, business environment, and institutional capacity of the ‘place’, thus stimulating growth.

- The next issue concerns the delicate balance between the need to address local specificities and preferences<sup>14</sup> and the need to bring in know-how (general principles) and funding from outside (Ibid, p.26). “This is where the place-based concept allows a step forward to be taken from traditional development policies. It does not assume that the exogenous State knows better. Instead, it allows for information being incomplete and designs a method for reducing the degree of incompleteness. It requires local knowledge to be “elicited and aggregated” and then combined with global knowledge (the routines and engineering know-how embodied in the provision of any public good or service).”
- Turning to the equity objective of Cohesion Policy, Barca spends some time explaining the concept of social inclusion, and then states that a place-based policy should address it through the provision of public goods and services. This gives rise to questions about the necessity for exogenous intervention, the focus on public goods and services, and the preference for leaving “adaptation and implementation” of the policy to local actors. The answers to these questions broadly parallel those given to the same questions in relation to the efficiency objective (above).
- Barca concludes his account of the conceptual foundation for place based policy by considering the relationships between the efficiency and equity elements of Cohesion Policy, arguing that although there are complex interactions between them they should be pursued through separate interventions, whilst carefully monitoring the balance between them.

The second chapter of the Barca Report discusses the degree to which current EU Cohesion Policy matches up to the place based policy model, whilst the third presents “The need for a sharp change of direction”. This reflects Barca’s view that whilst the current Cohesion Policy framework is a good starting point for creating the sort of place-based policy he envisages, it has a number of weaknesses as it stands. These include a certain lack of focus and strategic planning, inadequate linkage between contractual control and evaluation of results, a lack of political debate, an over-confidence in what market forces can deliver, and an excessive proportion of funding delivered through nationally<sup>14</sup> ...without reinforcing the position of rent-seeking local elites, which Barca blames for the ineffectiveness of spatially blind policies.

designed and administered schemes (without ‘place-based’ inputs). This leads Barca to call for ‘a reform of priorities and governance’, guided by the following five principles:

1. “Concentrating resources.
2. Orienting grants to results.
3. Mobilising and learning.
4. Strengthening the Commission.
5. Reinforcing political checks and balances.” (Barca, 2009, p.111)

The remaining two chapters of the report discuss the priorities in greater detail, and set out ten ‘pillars’ of reformed governance. Space will not allow further detail to be provided here. However it is worth reiterating some observations about the report in general:

- (a) The assumption of a close link between ‘growth’ and urbanisation is implicit throughout the report. Although the fact that some rural areas may exhibit growth is acknowledged (Barca, 2009, p.18) it is assumed that this is not the result of endogenous processes, but facilitated by good linkages to successful urban areas.
- (b) The focus upon provision of ‘bundles of public services’ seems to raise complex practical questions of subsidiarity and additionality, which are not fully acknowledged or discussed.
- (c) Another question which arises (but is not answered) is how to distinguish, in practice, between the ‘local elite’ with their rent-seeking behaviour and inherent inertia, and the local actors who are required to be mobilised in the adaptation and implementation process. The authors of the report are clearly in favour of shifting the control of regional policy away from MS governments, towards the Commission on the one hand, and down to the ‘place’ level on the other. However the implication of the discussion of ‘efficiency traps’, and ‘social exclusion traps’ seems likely to alienate both national and local actors whose cooperation would be necessary for implementation.
- (d) The assertion that ‘places’ (rather than regions) are the appropriate arena for intervention is logical, but its very hard to see how it could be implemented in practice.

The *Fifth Cohesion Report* (European Commission 2010b), which outlines the Commission’s approach to regional policy in the context of the new programming period after 2013, contains many ‘echoes’ of the Barca

report.

The Report argues that that while the overall degree of economic disparities has been reduced over the past few years, variation in performance within some MS has increased. In this sense, the 5th Cohesion Report demonstrates that the need to improve economic, social and territorial cohesion remains. The Cohesion Report also considers the contributions of the regions to reaching the targets of the Europe 2020 Strategy underlining the fact that they cannot be reached by policies formulated at the EU or national level alone. Rather, close cooperation and participation at the regional level are required for this to work properly. This view is summarised in the introduction as follows:

*“...the Europe 2020 headline targets cannot be achieved by policies formulated at EU or national level alone. Such an ambitious agenda can only succeed with strong national and regional participation and ownership on the ground... the regional diversity in the EU, where regions have vastly different characteristics, opportunities and needs, requires going beyond ‘one-size-fits-all’ policies towards an approach that gives regions the ability to design and the means to deliver policies that meet their needs. This is what Cohesion Policy provides through its place-based approach.”*( EC 2010b p.XI).

The bulk of the Report is concerned with presenting empirical analysis of regional socio-economic patterns, and assessing the impact of past Cohesion Policy. A short section entitled “Conclusions” sets out some broad principles which Commission proposes should guide the development of future policy. The following shed light upon DG Regio’s view of rural policy and territorial cohesion:

- Under the general heading of “Enhancing the European added value of Cohesion Policy” there are specific proposals to “reinforce strategic programming” (EC 2010b pXXIV), involving a three tier structure, consisting of:
  - (i) A ‘common strategic framework’, which translates Europe 2020 targets and objectives into investment priorities.
  - (ii) A ‘development and investment partnership contract’ setting out in more detail the allocation of resources between investment priorities, areas and programmes, targets and ‘conditionalities’.
  - (iii) Operational programmes, setting out the details of the individual programmes.

The key point here is that the common support framework (which would presumably be compiled at

the MS level) is planned to cover all four Funds (ERDF ESF, EAFRD, and EFF). This is extremely important, since it creates a vehicle for integration of Regional and Rural Development policies. Sadly, however, such cooperation is not envisaged at the two lower levels of policy management, which are specific to the ERDF programmes.

- Under the general heading of “Strengthening Governance” the report discusses the introduction of territorial cohesion as “a third dimension” (EC 2010b p.XXVIII-XXIX). It is interesting to note that this is interpreted as a “particular emphasis on the role of cities, functional geographies, areas facing specific geographical or demographic problems and macro-regional strategies”. This is followed by a passage beginning “Urban areas can be the engines of growth and hubs for creativity and innovation...” and calling for “an ambitious urban agenda”. Whilst on the one hand the recognition of the particular development challenges of sparsely populated, mountain and island areas by the Lisbon Treaty is specifically referred to, on the other, rural areas (also noted in the treaty) are ignored. Finally it is stated that “Territorial cohesion also means addressing urban-rural linkages in terms of access to affordable and quality infrastructures and services...(EC 2010b p.XXIV). Sadly there is little here to suggest an appreciation of the possibility of rural regions to exhibit endogenous development potential, or the concept of ‘rural cohesion policy’ explored in Chapter 7 below.
- Finally there is a brief mention of the possibility to develop ‘local development approaches’ for supporting, for example ‘active inclusion’, ‘social innovation’, ‘innovation’ or ‘regeneration strategies’. The significance of this is that it is acknowledged that these should be “closely coordinated with similar actions supported under rural development and maritime policies” (EC 2010b p.XXX). This is a proposal to which we will return in Chapter 7.
- The broad principles for the future of Cohesion Policy as set out in the Fifth Cohesion Report are currently being refined and turned into specific policy proposals through various consultation meetings, and specific legislation proposals are due to be published during the summer of 2011. One of the main objectives of the Fifth Cohesion Report is to outline how the Europe 2020 Strategy, and Cohesion Policy can be more closely integrated at the EU, national and regional levels. Thus any reader searching for a specific set of policy proposals in the Report is likely to be disappointed. The broad ‘theoretical’ implications of the Report are discussed later in this chapter, whilst one of

its more specific policy concepts (multi-fund local development) is discussed in Chapter 7.

## The Commission Communication 'The CAP towards 2020'

In recent years discussion on the structure of the CAP after 2013 has intensified, focussing particularly on the future of direct payments and the provision of public goods, notably environmental public goods. This is not surprising since direct payments account for around 70% of CAP expenditures while their original legitimacy as compensation for price cuts is now viewed as increasingly problematic. Rural development in a territorial sense (going beyond agriculture) has not however played a significant role in these CAP discussions.

In November 2010, the European Commission presented, in its communication *The CAP towards 2020: Meeting the food, natural resources and territorial challenges of the future* (European Commission 2010c), its preliminary thoughts on the likely shape of the post-2013 CAP. Discussion on this issue has however been rather intensive, focussing in particular on the future of direct payments and the provision of public goods, notably environmental public goods. This is not surprising since direct payments account for around 70% of CAP expenditures and their original legitimacy as compensation for price cuts is becoming increasingly less convincing. Territorial balance is – besides food security and climate change – one of the three challenges mentioned in the communication. The envisaged rural development policy approach seems however to be very much oriented towards current instruments.

Territorial balance is – besides food security and climate change – one of the three challenges mentioned in the communication (European Commission 2010). Although the first sentence in the paragraph explaining this challenge stresses the importance of non-agricultural factors for rural development, the reminder is strongly sector-oriented towards agriculture. "Balanced territorial development" is listed as the last of the three objectives of the future CAP and further differentiated into two non-sectoral sub-goals ("to support rural employment and maintaining the social fabric of rural areas", "to improve the rural economy and promote diversification..."), and one agricultural sub-goal ("to allow for structural diversity in the farming systems..."). The sub-chapter on "future instruments" calls for a continuation of the current orientation of the rural development policy, which shall contribute to the competitiveness of agriculture, the sustainable management of natural resources and balanced territorial development. Within this framework, environment, climate change and innovation should be

the guiding themes. The delivery mechanisms should become more efficient, among other things by setting quantified targets at EU and programme level and by strengthening coherence between rural development policy and other EU policies. Therefore, a common strategic framework for EU funds may be envisaged. The envisaged rural development policy instruments seem to be oriented towards current instruments. In addition, a toolkit for risk management, quality and policy promotion should also become a part of rural development policy.

The Commission adheres to the two pillar structure of the CAP. The communication briefly describes three broad policy options (1-3), which could be labelled "modified status quo", "greened CAP" and "more radical reform". From the structure of the communication it is obviously that the Commission favours the second option. With regard to Pillar 2, the first option calls for maintaining the health check orientation towards climate change, water, biodiversity and renewable energy as well as innovation. The second option mentions also the need "to enhance regional/local initiatives", risk management and income stabilisation and suggests "some redistribution of funds between member states". Under the third option, rural development measures "would be mainly focused on climate change and environment aspects."

The communication is rather vague in many respects containing numerous incompatibilities and inconsistencies and, thus, still provides room for different interpretations which hampers our ability to conduct a fuller assessment. Due to this general level of vagueness and to a lack of quantitative indications on the importance of Pillar 2 versus Pillar 1 it is not certain whether the Commission intends rural development to become a larger, more central component of the CAP (Adinolfi et al., 2010). The communication does nevertheless strongly signal that within the context of rural development policy more emphasis should be placed on the provision of environmental public goods and on a number of new measures addressing the agri-food sector. Thus, it is likely that the importance of "territorial measures" going beyond the agri-food sector will decrease. It is symptomatic that "territorial balance" in the communication is discussed primarily from an environmental and agricultural point of view and that a key issue like "demographic change" which imposes a huge challenge for many, particularly in peripheral rural areas is only mentioned once in the introduction but not picked up on later. There is also no indication whether measures supporting a balanced territorial development should focus on specific rural regions. Moreover, the distribution of rural development funding across the member states based on objective criteria while "limiting significant disruptions" (European Commission 2010)

is only 'recommended' rather than mandated.

The communication contains a few incontrovertible statements in favour of the current distribution of competencies between the EU and the member state level, but no convincing arguments that there is no room for improvement by placing more emphasis on the principles of subsidiarity and financial equivalence. According to Tangermann (2011) one can summarise: "The communication is focused on maintaining direct payments as the backbone of the CAP and fails to make the next step forward in the process of strategic CAP reform." A strategic CAP reform should also answer the still open question, what role should Pillar II play: Is it only that:

*"the two pillars work together in a complementary way towards the CAP objectives, with rural development responding to needs for structural adjustment generated by reforms in the 1st pillar. ... the structural measures offered in the 2nd pillar complement the more general income support in the 1st pillar and open alternative employment opportunities in rural areas, while more targeted environmental measures in the 2nd pillar allow farmers to go beyond the compulsory requirements in the 1st pillar."*  
(DG Agriculture and Rural Development 2011, p. 3)

From the perspective of the territorial challenges and balanced territorial development, rural development policy should respond to the need for the structural adjustment of a rural region regardless of whether these are generated by reforms in Pillar 1 or caused by other factors. Rural development policy should be much less

sector-oriented. The new policy approach of the CAP necessitates a more harmonised structure of support, in which subsidies to farmers will no longer be based on traditional rules and attitudes. This has, for instance, created significant differences between the old and new EU member states.

Pillar 2 was previously directed to deal with the territorial rather than the sectoral dimensions of the policy approach. It lost, to some extent, its territorial remit as rural development policy was included as a part of the CAP and separated from cohesion policy. However, the territoriality of Pillar 2 did not disappear completely within the new programme structure, because the *Leader*-method remained focused on regional action plans covering a wider area. On the other hand, Pillar 2 measures implemented within the CAP offered, at least to some extent, a territorial approach in Pillar 1. One of the most important challenges here is to expand the Pillar 1 approach from direct income support payments towards flat rate direct payment. In July 2010, the European Commission organised a conference with various stakeholders to discuss the future directions of the CAP. Discussion on Pillar 1 focused on the use of the CAP to provide public goods in line with society's demands. The relationship between the Pillars was also set out more clearly. Pillar 1 should comprise policy measures to reconcile the economic, social and territorial dimensions while Pillar 2 could comprise measures that can be applied to modernise farms, support innovative actions and promote rural diversification (Vihinen and Kahila 2010).

Again the broad implications of this perspective on the CAP are explored below, whilst a specific issue (geographical targeting of direct payments) is discussed in Chapter 7.

## Rural Policy in the context of the Territorial Cohesion Debate: Some observations

The above brief summary of key policy initiatives and documents, although far from comprehensive, gives some impression of just how stormy the context for European Rural Policy has been over the past decade. The objectives are complex and shifting, there are numerous and varied stakeholders, and the course of the debate has become deflected by exogenous shocks (such as the bursting of the dot-com bubble, and the global recession/sovereign debt crisis). Wider issues relating to the 'European Project', such as the implications of the Lisbon Treaty, and the pressure to 'rebalance' the EU budget have also played an important role. Obviously the full implications of all this, whilst fascinating, and

impossible to ignore, lie well outside the scope of this book. It is necessary to focus the following observations upon one key aspect; the emerging arguments in favour of territorial cohesion becoming a central rationale for European Rural Policy.

- It is important to acknowledge the significance of the incorporation of territorial cohesion as an EU goal in the Lisbon Treaty. This fundamentally 'changes the game' by shifting it out of the 'experimental' and voluntary realm of the OCM, and making it a legal obligation which must be incorporated into community policies, enforceable

by sanctions.

- This serves to reinforce the importance of the preparation for the new programming period as an opportunity for the CAP, Regional Policy, and other relevant EU policies, for a more thorough reform, both in terms of genuinely paying regard to territorial cohesion principles, and of strengthening the coordination and coherence.
- As far as the authors can tell at present, however, it is likely that changes will be modest and incremental. On the positive side, the strong emphasis in the Barca and Fifth Cohesion Reports upon place-based approaches, and the need to move towards more endogenous methods of policy design, gives some cause for optimism.
- Nevertheless the absence of specific policy proposals in the report raises doubts that this aspiration will be turned into practice to a significant extent within the next programming period. What ‘clues’ which may be gleaned from the Territorial Agenda process, together with DG Regio’s research activities<sup>15</sup> suggest a focus upon the concept of ‘urban-rural cooperation’ (see below).
- As regards CAP Pillar 2, as we have seen, political and institutional inertia, and the influence of traditional agrarian interest groups (particularly at the member state level) remain substantial hindrances to radical adjustment, and ‘territorial balance’ seems likely to be interpreted in a narrow sectoral sense.
- Although there has been a dialogue between the two DGs concerned and it seems likely that some form of coordination will emerge with respect to ‘local development’ initiatives, it seems likely that Rural Development and Regional policy will continue to operate within separate ‘silos’ during the coming period. At risk of over-simplification, if Pillar 2 remains sectoral (based principally upon a justification founded on compensation for providing environmental public goods), and Regional Policy majors on urban-rural cooperation, this will represent, at best a partial response to the new obligation to support territorial cohesion in rural Europe.
- The strand of the discourse which promotes rural-urban cooperation/linkages as a means of addressing disparities in socio-economic development has academic antecedents stretching back into the 1950s (Copus 2010), but emerged in its current form, in association with the normative concept of polycentrism, via the ESPD, ESPON, INTERREG and the Territorial Agenda (Wegener 2008, Copus 2010). However since the Lisbon Treaty legitimised the territorial cohesion objective DG Regio has become closely aligned with this approach.
- Polycentric development was introduced as a strategic policy tool primarily to support the (global) competitiveness of smaller EU cities and towns in the face of perceived over-concentration in core conurbations. Nevertheless, right from the start there was an association between “a balanced and polycentric urban system with a new urban-rural partnership” (EC 1999) Some would question the compatibility of polycentricity, urban-rural cooperation and territorial cohesion, on grounds that it is hard to focus simultaneously on competitiveness and solidarity objectives.
- Furthermore, whilst the urban-rural cooperation model may have potential to improve territorial cohesion in terms of a range of social, environmental and governance aspects (relating to commuting, provision of services, access to countryside public goods, land use management and planning) the assumptions about the economic spillover benefits for rural areas are very much open to question (Copus, 2010, see also Chapter 7).

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<sup>15</sup> DG Regio have launched a ‘preparatory action’ (which will lead to the preparation of reports, and dissemination activities) to explore the potential of rural-urban cooperation as an object of policy intervention.

# Conclusions

Territorial cohesion, as a normative concept, with its logic of tailoring support to local or regional situations, and realising potential rather than compensating for disadvantage, is clearly a very appropriate response to the increasing diversity, and mixed ‘performance’ of rural regions which was described in the early chapters of this book. Furthermore, it appears that in some ways the EU could be at a turning point, where a range of events and factors have come together to render a radical shift, away from territorial rural development and compensation for disadvantage, towards a more appropriate form of ‘rural cohesion policy’ both more urgent and (in some senses) more feasible. As the above review of recent policy development and debate suggests, the balance

between the permissive and the hindering factors is (sadly) probably in favour of the latter. It is frustrating that this is exacerbated by an unhelpful emphasis upon urban-rural cooperation, rather than a broader concept of neo-endogenous development with the objective of extending the diversified New Rural Economy to rural areas which have yet to participate in this development. This implies acknowledgement that even remote and peripheral regions may participate, because the NRE is characterised by global as well as local linkages. It also recognises the crucial role played by local “intangible assets”. These issues, and the policy rationale for which they are the foundation, are explored in the next chapter.

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# Chapter 7

## A more appropriate rationale for Rural Territorial Cohesion Policy

Andrew Copus and Thomas Dax

### Introduction

The ultimate objective of the EDORA project was: “... to examine the process of differentiation, in order to better understand how EU and Member State policy can enable rural areas to build upon their specific potentials to achieve ‘smart, sustainable and inclusive growth.’” (Copus et al., 2011a, p1) This chapter focuses upon the second aspect, the policy options which are suggested by the patterns and trends of rural differentiation presented above. Before doing so, it will be helpful to make three basic observations, which play key roles in determining the viability and likely effectiveness of different policy options.

#### Three Underlying Principles

1. The conceptual and empirical analyses carried out by the EDORA project team have shown that rural change and differentiation processes are taking place at a range of *spatial scales*. The three Typologies (Chapter 2) and the Country Profiles (Chapter 3) have highlighted key dimensions at the *macro* level. The process of differentiation at the regional and local (*micro*) level was explored through a set of 12 case studies, and through a review of Rural-Urban Cooperation (Courtney et al., 2010) which has already been referred to in Chapter 5 and which will be further described below. European (and national) policy needs to be able to recognise and adapt to the challenges of both.

2. A second fundamental consideration for Cohesion policy for rural areas is the need to find its place within a complex *policy context*, and in relation to existing sectoral and thematic policy structures, several of which are long established, and characterised by a degree of inertia (Chapters 5 and 6). The most obvious of these is the CAP, (and Pillar 2 in particular), although a variety of other policy “domains” impact upon rural cohesion (see Chapter 5 Figure 2), and cannot be ignored. In

most of these policy domains there is also a complex interaction between EU and national policy, which varies considerably between Member States. A closely related consideration is whether interventions to support territorial cohesion in rural areas (as we have already noted above) can be simply added into the policy portfolio as self-contained measures, or whether it is more a question of adjusting existing policies through a kind of “rural proofing”.

3. This project has taken a *territorial* view of the concept of “rural areas” (and by implication rural economies) – essentially defining them as “non-urban”, (on the basis of the D-P typology). Such a view points towards a “territorial” rationale for place-based rural development, as understood by the OECD (2006) in its New Rural Paradigm. The alternative *land-use* concept, which sees the rural economy as closely related to the primary sector, and “land-based industries”, is commonly associated with the more restricted (sectoral) meaning of rural development found in the CAP’s Rural Development Regulation. These two views and approaches have confronted each other in the policy literature for many years, and have been the subject of a previous ESPON report (2.1.3, Arkleton Centre 2005). Arguably, both views are valid, and complementary. It may not therefore be necessary to choose between them; rather the EU should seek synergies and balance between them.

Our knowledge of rural restructuring tells us that many farm households, and those involved in other land-base activities, do face particular challenges in today’s market environment. They also have a cost and asset structure reflecting decades of policy support, which may not be withdrawn rapidly without consequences for their livelihoods. These issues are essentially sectoral, (rather than locational) and are therefore, (some would argue)

best addressed with “horizontal” and sectorally-targeted, forms of intervention. Nevertheless it is still important to carefully consider the form which sectoral support takes, in order to ensure that in the longer term it facilitates (rather than inhibits) structural adjustment of the rural economy. ESPON 2013 TipTap (Camagni et al., 2010) has recommended transfer (modulation) of funds from CAP Pillar 1 to Pillar 2 (Rural Development). Taking this further, the balance between the four Axes of Pillar 2 needs to be reconsidered. It is currently strongly in favour of investment to support farm competitiveness (Axis 1) and agri-environment (Axis 2), at the expense of Axes 3 and 4 which address the wider rural economy, rural quality of life and institutional capacity (Copus, 2010).

By contrast the remit of territorial cohesion policy is to support *all* economic and social activities in reaching their potential, in the light of specifically rural (locational) challenges such as sparsity, peripherality,

weak agglomerative advantages, poor communications, negative population trends (and associated labour market issues), difficulties in maintaining provision of services of general interest, and so on.

Whilst acknowledging that sectoral rural development policy may have territorial cohesion impacts where the primary sector is a relatively important component of the regional/rural economy (such as in Agrarian regions, and perhaps some Consumption Countryside regions) it is our intention in the final pages of this report, to articulate a rationale for policy to (directly) address territorial cohesion in a rural context. This will be firmly based upon the findings of the preceding sections, arguing that meta-narratives and the typologies suggest some broad priorities for macro-regions, but that it is also crucial to be responsive to regional/local/micro-scale variations in intangible assets, through local development approaches.

## The Implications of the Meta-Narratives of Rural Change

Chapter 5 (Table 22) drew attention to a wide range of opportunities and challenges for rural areas, most of which can be linked to the three meta-narratives presented in Chapter 1. The final column of the table suggests policy “domains” which may be appropriate to address these opportunities and constraints, at either EU or national level.

The first observation based on Figure 2 is that (although the examples provided are not intended to be comprehensive) the three meta-narratives point to a rather broad spectrum of opportunities and challenges, and a similarly wide range of policy domains.

The second point to be made is that each of the meta-narratives has a number of different impacts, both positive and negative, and that these are likely to vary with regional context. Thus, for example, the rural-urban meta-narrative points particularly to opportunities in the accessible rural and intermediate areas, due to counter-urbanisation, and the advance of the New Rural Economy, but to selective out-migration, accelerated demographic ageing etc. in the more remote and sparsely populated rural regions. Similarly, globalisation can bring an increase in “primary segment” employment in some areas, but a loss of competitiveness, local control, and degradation of cultural assets in others. This points to the necessity of taking account of different regional contexts. This can be carried out at various scales, from very localised to broad “macro regions”. The next section illustrates

how the EDORA typologies can be helpful at this more broad-brush level, after which we consider how this may be approached in the context of individual regions, where the key issue is the level of “intangible assets” which facilitate the response to opportunities.

### Taking Account of Macro-Scale Patterns: The Typologies

In this section we explore the potential role of “broad-brush”, “macro-regional” and “structural” patterns (as represented in the EDORA typologies) in the rationale for rural cohesion policy.

Table 23 cross-tabulates the types of the Dijkstra-Poelman and Structural typologies<sup>16</sup> against the three meta-narratives. In the body of the table the key implications relating to rural territorial cohesion of each combination of region type and meta-narrative are briefly stated. In some cases the same implications apply to more than one type of rural region. The background colour reflects the author’s overall assessment of whether the implications are mainly positive (turquoise), mainly negative (pink) or mixed and fairly balanced (yellow).

<sup>16</sup> The performance typology has been excluded from this exercise, since its types imply nothing about the reasons for differential performance and cannot be meaningfully cross-tabulated with the three meta-narratives.

Table 23: Cohesion Implications of the EDORA Meta-Narratives by D-P and Structural Type

Type/ Meta- Narrative	Agri-Centric	Rural-Urban	Globalisation
IA	Increased production efficiency (in agriculture), but reduced employment, and potential environmental issues	Increasing interaction with PU regions, counterurbanisation of both population and economic activity.	Increasing integration into the global economy brings new opportunities, and development of NRE.
IR			
PRA			
PRR	Marginalisation of small farms in remote areas, reduced employment. Shift from production to multifunctionality where access and landscape quality permits.	Continued out-migration and ageing of population leads to depletion of human and social capital. “Pump effect” of transport infrastructural improvements	Remote areas struggle with global networking, restructuring lags behind, low rates of growth, and income, high unemployment. Success depends very much on human and social capital etc.
Agrarian	Increased efficiency and competitiveness (in agriculture) of some areas, marginalisation of others. Reduced employment and environmental issues.	Increased urban demand for some products in accessible regions, but depletion of human and social capital by out-migration in remoter regions.	Globalisation of agricultural markets means smaller profit margins. Restructuring towards the NRE is slow due to human capital constraints and lack of entrepreneurial culture.
Consumption Countryside	Shift from production to multifunctionality – especially provision of rural amenities. Declining farm employment. Degree of success depends on quality of environment and accessibility.	Increasing demand for “rural amenities” from urban populations, but depletion of human and social capital by out-migration in remoter regions.	Global competition for agriculture offset by expansion of (international) demand for tourism and recreation.
Diversified (Secondary)	Increased efficiency and competitiveness, but reduced employment and environmental issues. Overall impact positive due to small role of agriculture in the regional economy.	Commuting and counterurbanisation of economic activity means that the local economy of these regions increasingly difficult to differentiate from PU regions. Prospects for growth and prosperity are also shared. Potential for environmental issues and culture/community conflicts.	Most of these regions are in NMS12. They are characterised by slow restructuring, as a result of deficits in human capital, and various other “intangible assets”.
Diversified (Market Services)			These regions are already benefitting from globalisation, they have already adapted their economic structure.

## The Dijkstra-Poelman types

With regard to the D-P typology according to rurality, it is hard to distinguish between the first three types (IA, IR, and PRA), in terms of the likely impacts of the three meta-narratives. The impact of the Agri-Centric narrative will be mixed, since increased production efficiency will be offset by negative employment impacts and (potential) environmental impacts of intensive systems. The relative importance of the Agri-centric meta-narrative will be relatively low here, since (with some exceptions in the PRA category) agriculture is a relatively small element of the regional economy.

The Rural-Urban meta-narrative seems likely to have a generally positive impact on these D-P types, as they are net gainers in terms of population and economic activity, due both to counter-urbanisation and in-migration from remoter regions. The Globalisation meta-narrative (here interpreted mainly in terms of economic restructuring effects) is also likely to have predominantly positive impacts upon these types of non-urban region.

The PRR regions are assumed to experience the meta-narratives in a generally negative way, with marginalisation of small farms in the Agri-Centric narrative, continued “rural exodus”, demographic ageing, and perverse impacts of transport infrastructure improvements under the Rural-Urban narrative, and general difficulty of participating in the benefits of globalisation, due to remoteness and inferior IT connectivity. It seems that we have to intensify our efforts to use creative ways for overcoming these challenges, sometimes linked to the perspectives which we have called “stylised fallacies” in the earlier part of this report.

## The Structural Types

The *Agrarian* region type is assumed to have a mixed, but on balance, negative experience of the three meta-narratives. Thus the Agri-Centric narrative is obviously very important here, producing increased efficiency and competitiveness, but with reductions in employment, possible environmental impacts, and the marginalisation of some areas unable to keep up with para-productivist trends. The Rural-Urban narrative suggests possible increases in (urban and sub-urban) demand for some accessible Agrarian regions, but at the same time a risk of losses of human and social capital from less accessible regions as ex-farm labour migrates to other parts of Europe in search of work. Globalisation of agricultural markets will put pressure upon the Agrarian regions either to become more competitive, or to restructure towards secondary or tertiary activities. However these regions will not be well placed for the latter in terms of human and social capital, and progress is likely to

be slow.

The *Consumption Countryside* seems likely to be affected in a mixed/balanced way by all three meta-narratives. The overall picture is one of a shift away from conventional productivist agriculture towards an emphasis upon multifunctionality, exploiting countryside amenities and public goods through leisure and tourism activities. The globalisation of tourism and recreation industries will offer new opportunities, though the ability of each region to benefit will depend upon the quality and quantity of its environmental assets. On the negative side many such regions continue to experience net out-migration, associated with ageing, and the inevitable depletion of human and social capital. Nevertheless, more positively, a shift in net migration balance seems to have taken place recently, and there are increasingly rural regions of this type which have a positive migration balance (due particularly to the international migration movements of the last decade).

The two types of *Diversified* regions seem likely to have similar *and* positive responses to the Agri-Centric and Rural-Urban meta-narratives. The negative employment impacts of the Agri-Centric narrative may easily be absorbed by other parts of the economy, since agriculture’s role is relatively small in these regions. As the Rural-Urban narrative progresses, the economies of diversified regions are increasingly difficult to distinguish from those of adjacent PU regions, and they will therefore follow similar development trajectories. The Globalisation narrative seems likely to affect the *Diversified (Secondary)* regions in a negative way. Most of these regions are in the NMS12, and having relatively low levels of human and social capital, they will adapt and adjust relatively slowly. The *Diversified (Market Services)* regions, on the other hand, are already enjoying the fruits of restructuring, and having already developed an “intangible assets” base for future global participation, seem to have a relatively bright future.

Table 24 provides a starting point for an exercise in considering what form of intervention might be best suited to respond to the cohesion implications of the meta-narratives within each type of non-urban region (table 23). Whilst this is partial and subjective, it is nevertheless illustrative of the sort of “clean sheet” or “first principles” approach which would be helpful.

The contents of each cell in Table 24 are simply (and only) a reflection of the contents of the equivalent cell in Table 23. Thus, for example, (re)training of former farm workers is a direct response to the reduction in agricultural employment associated with the Agri-centric narrative, and measures to strengthen entrepreneurship and IT aspects of human capital could be a response to the depletion issues caused by the Rural-Urban narrative in PRR regions.

Table 24: Linking Meta-Narratives, Intervention Priorities and the Typologie

Type/ Meta-Narrative	Agri-Centric	Rural-Urban	Globalisation
<b>IA</b>	Agri-environmental measures. (Re)training of former farm workers.	Land use planning. Environmental policy. Housing policy for “traditional” rural low income groups.	Support for “traditional” rural population which is left behind by the NRE (education and training, community development).
<b>IR</b>			
<b>PRA</b>			
<b>PRR</b>	Farm structures policy Local and quality products marketing LFA support? Training Diversification schemes	Broadband provision. Human capital development (entrepreneurship, IT) Business network support for SMEs Support for diversification.	Broadband provision. Human capital development (entrepreneurship, IT) Business network support for SMEs Support for diversification.
<b>Agrarian</b>	Farm structures policy Local and quality products marketing Training Diversification schemes	Local and quality products marketing. Human capital development (entrepreneurship, IT)	Support for diversification Human capital development (entrepreneurship, skills for new activities). Inward investment of NRE activities.
<b>Consumption Countryside</b>	Diversification schemes Training (hospitality services etc) Local and quality products marketing LFA support?	Diversification schemes Training (hospitality services etc) Local and quality products marketing	Diversification schemes Training (hospitality services etc) Local and quality products marketing.
<b>Diversified (Secondary)</b>	Agri-environmental measures. (Re)training of former farm workers.	Agri-environmental measures. (Re)training of former farm workers. Housing policy for “traditional” rural low income groups.	Diversification schemes. Human capital development (entrepreneurship, IT)

Two summary points may be derived from Table 24. Firstly, the analysis suggests that PRR, Agrarian, and Diversified (Secondary) regions could be considered the priority areas for rural cohesion policy. Secondly, conventional rural development measures (such as those within CAP Pillar II, Axis 1 and 2), are generally less prominent than those addressing the wider rural economy (i.e. closer to Axis 3). This is of course not unexpected or new. However, Table 24 goes further, in that it reinforces the impression that sectoral measures can play an important role in supporting territorial cohesion in Agrarian, Consumption Countryside and PRR regions, whilst in other types of regions a more

“territorial” approach would be a better response to the issues raised in Table 23. However it is also important to remember that the typologie is a simplification of reality: Agrarian regions may have substantial challenges which are not associated with the primary sector, in terms of transport infrastructure, service provision, economic diversification and so on.

The exercise presented above is not claimed to be comprehensive, further detailed analysis of the processes of rural change, and the associated challenges and opportunities, differentiating between different types of “non-urban” region (both in terms of degree of rurality and economic structure) would of course

be helpful. Nevertheless it illustrates the fact that some basic generalisations regarding the impact of the meta-narratives on different kinds of rural region are possible, and that these could play a role in a first stage of rural territorial cohesion policy design.

The following three key findings can be derived from the exercise:

- The focus of this first, “broad-brush” stage should be appropriate objectives, broad intervention strategies, and overall/indicative resource allocations for the principal types of non-urban region. This points first to a role in strategic targeting within Cohesion Policy, and secondly to the potential to influence the “shape” of Member State policies through the updated Territorial Agenda.
- The second key finding relates to the observation that the Agrarian, Consumption Countryside, and Diversified (Secondary) types of region seem to exhibit a balance towards challenges rather than opportunities, and achieving their full potential is

likely to imply a greater level of cohesion policy support. There is hence a need to further adapt our perspectives, as expressed in the presentation of the three main meta-narratives, to an up-to-date evidence base which addresses the inter-linkages of regional development appropriately.

- Our third major finding highlights that sectoral rural development interventions may have more scope to deliver territorial cohesion benefits in Agrarian regions than elsewhere, simply because the primary sector is a larger element of the economy. However, this does not mean that other forms of intervention, addressing (for example) issues of infrastructure, human capital, service provision, business development and so on, are not required in Agrarian regions. However it *is* reasonable to conclude the converse, that sectoral rural development interventions have very modest territorial cohesion impacts in regions in which the primary sector is relatively unimportant.

## Towards an understanding of Micro Scale Rural Differentiation

The EDORA Exemplar Region reports (summarised in Lee et al 2010<sup>17</sup>) provide a series of pen pictures of the empirical reality of recent development and micro-level patterns in different rural contexts across the EU. They illustrate the fact that the meta-narratives, and the patterns revealed by the (macro level) typologies are high level abstractions. Thus, although there are recurrent broad themes, the detailed reality in an individual rural region is a unique outcome of a singular development path, which is a consequence of the interaction between exogenous drivers (associated with the meta-narratives) and the local assemblage of assets and capacities.

A particular aspect of local development which has attracted considerable attention in recent years, (and hence was highlighted by the specification for EDORA), is “territorial cooperation”, especially between urban and rural areas. This theme is touched upon in a wide variety of contexts and there is a diffuse literature. The material is rather disparate and drawing it together into a coherent basis for policy was a challenging task. The discussion of the underlying concepts, relevant challenges and findings are presented in Courtney et al. (2010).

Two particular aspects seem most promising: The literature on rural business networks underlines the importance of “bridging” linkages from rural areas to

<sup>17</sup> Individual reports (Working Papers 11-22 may be downloaded at <http://www.nordregio.se/EDORA>)

the wider world as a channel for new knowledge, market information and so on, and “bonding” linkages within a locality or region which facilitate the dissemination of innovation. By contrast, a review of literature on food networks pointed to the benefits of short supply chains and “relocalisation” in terms of retaining value, enhancement of social capital, and environmental benefits. It is also possible that the relocalisation paradigm could be applied more generally to rural activities.

### The Concept of Territorial Capital








In the context of rural development the role of some of these local assets, such as transport and communication infrastructure, appropriate buildings, access to business services and training have long been recognised. More recently there has been increasing awareness of the importance of “soft” or “intangible” assets, such as human or social capital. Nevertheless, much of the theoretical literature relating to “intangible assets” comes from the fields of regional development or entrepreneurship and is (implicitly) urban in its focus. There is a rich and varied lexicon, including “externalities”, “untraded interdependencies”, “associational economy”, “institutional thickness”, “embeddedness”, “innovation systems”, “milieu”...

and so on.

There have been some attempts to synthesise, and mobilise, these ideas in a rural policy context. Two of these, the assets-based approach to development

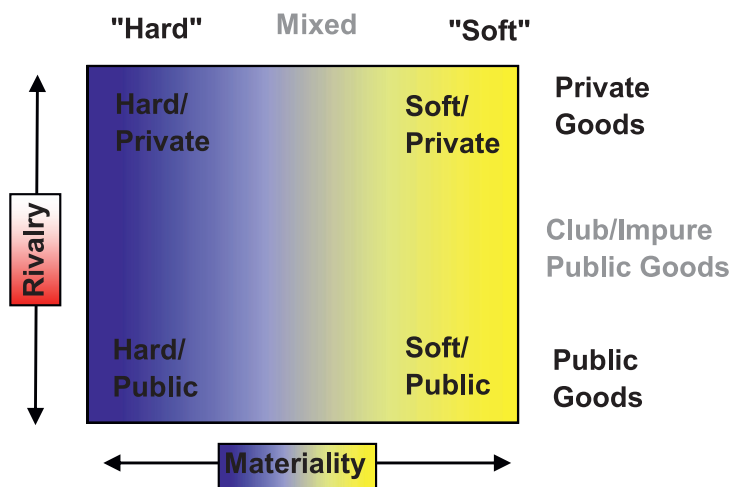
(Braithwaite, 2009), and Camagni's (2008) concept of "territorial capital", were examined by Courtney et al., (2010), in terms of their usefulness for rural cohesion policy, and it will be helpful to introduce them here.

Figure 20: The Seven forms of Capital recognised by Asset Based Community Development.

Capital	Definition	Examples and comments.
 <b>Financial</b>	Financial capital plays an important role in the economy, enabling other types of capital to be owned and traded.	The liquid capital accessible to the rural population and business community, and that held by community organisations.
 <b>Built</b>	Fixed assets which facilitate the livelihood or well-being of the community.	Buildings, infrastructure and other fixed assets, whether publically, community or privately owned.
 <b>Natural</b>	Landscape and any stock or flow of energy and (renewable or non-renewable) resources that produces goods and services, (including tourism and recreation).	Water catchments, forests, minerals, fish, wind, wildlife and farm stock.
 <b>Social</b>	Features of social organisation such as networks, norms of trust that facilitate cooperation for mutual benefit. May have "bonding" or "bridging" functions.	Sectoral organisations, business representative associations, social and sports clubs, religious groups. 'Strength' relates to intensity of interaction, not just numbers.
 <b>Human</b>	People's health, knowledge, skills and motivation. Enhancing human capital can be achieved through health services, education and training.	Health levels less variable in an EU context. Education levels very much generational. 'Tacit knowledge' is as important as formal education and training.
 <b>Cultural</b>	Shared attitudes and mores, which shape the way we view the world and what we value.	Perhaps indicated by festivals, or vitality of minority languages. Some aspects - e.g. 'entrepreneurial culture' - closely relate to human and social capital.
 <b>Political</b>	The ability of the community to influence the distribution and use of resources.	Presence of, and engagement in, 'bottom up' initiatives, the most local part of 'multi-level governance'. Relates to local empowerment v. top-down policy, globalisation.

Source: Based on Braithwaite 2009

Figure 21: Territorial Capital



Source: Based on Camagni 2008

The “assets-based community development” (ABCD) approach was recently summarised by the Carnegie Trust under the heading “Community Capitals Framework”. They stress the importance of seven forms of capital; built, financial, natural, human, social, cultural and institutional (or political). Courtney et al. (2010) emphasise that the inclusion of the latter is crucial, but they add that part of the “political asset base” required for successful neo-endogenous rural policy needs to be situated outside the locality, at a regional, national or EU level.

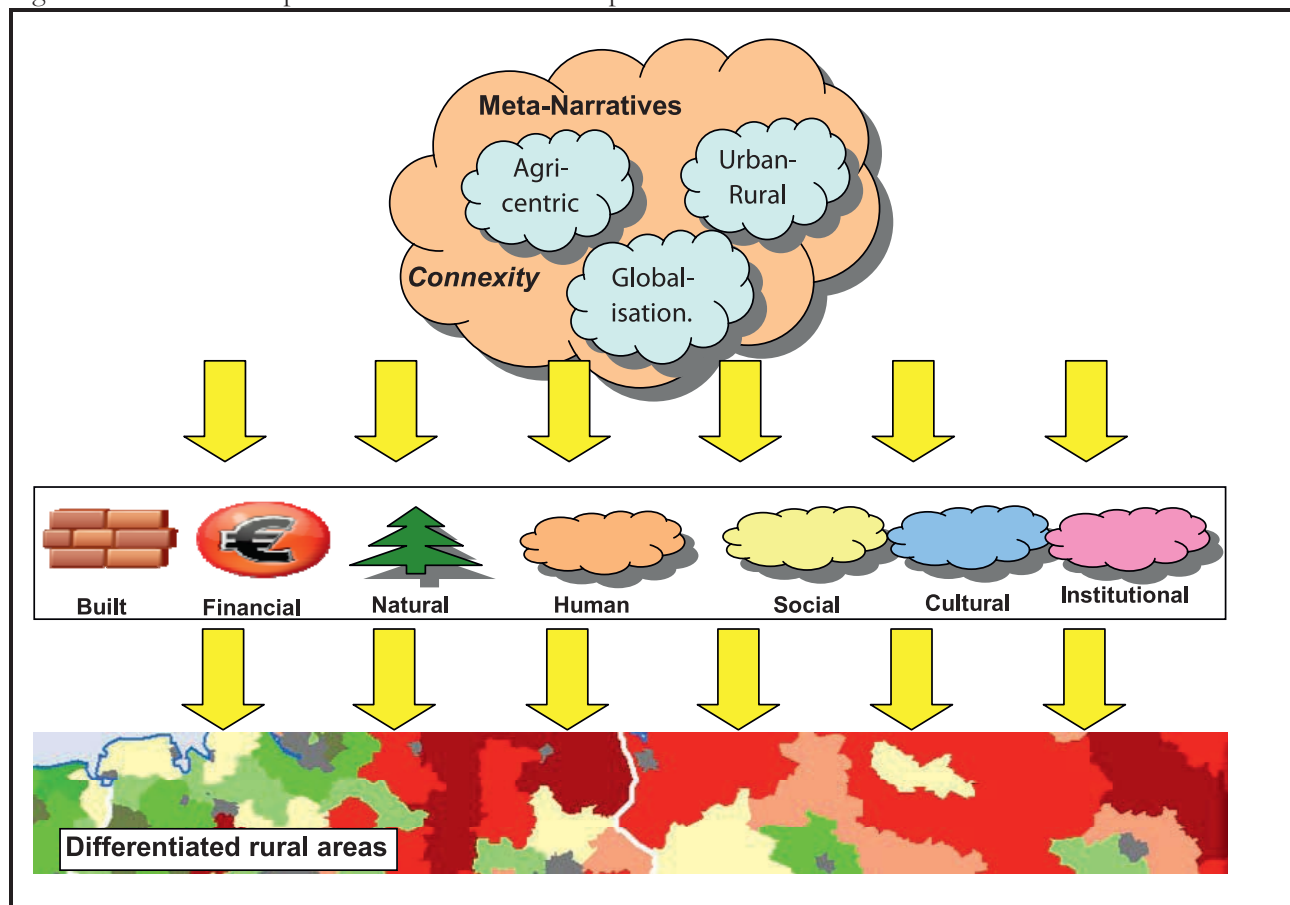
The Camagni presentation of territorial capital is extremely helpful because it pulls together, in a coherent and systematic framework, a broad spectrum of different kinds of tangible and intangible assets, showing how they relate to two dimensions; “materiality” and “rivalry” (for a more detailed description see Courtney et al., 2010, p.5). Examples of rural territorial assets on the left (hard) side of the diagram would include farm buildings and machinery, transport infrastructure and so on. The former are private goods, and would therefore occupy the top left corner, whilst the latter are “non-excludable” and would be in the bottom left corner. On the right (soft) side human capital assets would occupy

the top right (private) quadrant, whilst social capital would be located at the bottom right, being public goods. Agri-environment public goods would also be located in the bottom right corner.

A third approach has recently emerged in the findings of the EU Framework Programme 7 IAREG project (Suriñach et al., 2010). Once again, this does not specifically take rural conditions into account. Nevertheless it has much to offer in terms of drawing together a wide range of different kinds of “soft factor”, and especially in terms of considering ways to measure such phenomena in an operational way, and reviewing potential regional and national indicators.

Figure 22 is an attempt to provide a simple summary of the way in which EDORA researchers conceive the process of “micro-level differentiation” of rural areas across Europe. The meta-narratives of rural change are more or less uniform across ESPON space, and constitute widely accepted interpretations of exogenous drivers. Their impact is mediated by each rural area’s unique assemblage of territorial capital, with the result that local consequences are highly individual, and micro-level patterns exhibit strong differentiation.

Figure 22: Schematic Representation of Micro-Scale processes of rural differentiation





The exogenous drivers (meta-narratives) are the consequence of deeply-rooted global socio-economic trends which may be considered effectively immutable (in terms of policy intervention). The main “levers” for policy are therefore in the realm of territorial capital. In the past rural policy has tended to support the more tangible forms of capital, on the left hand side of Figure 21. However as the Exemplar Regions have shown, it is important to consider the full range of types of territorial capital. Whilst in some peripheral regions, and in certain New Member States, deficiencies in tangible infrastructure are still a major constraint, in the context of the North and West of Europe soft factors associated with human and social capital seem to be very important as determinants of performance. It can be assumed that the need for the development of the “soft” or intangible factors in a longer-term perspective is less frequently taken into account in peripheral regions because of the priority given to the immediate tasks of “hard” investments.

As both the Exemplar Region reports and the review of urban-rural relationships illustrated, each individual region has a unique combination of assets and capacities, both tangible (landscape, agricultural land, settlement pattern, communications and transport networks, workforce, commercial and industrial buildings etc) and intangible (human capital, social capital, institutional capacity, entrepreneurial culture etc). Upon these, various processes of rural change (summarised in the meta-narratives), and the exogenous shocks of the Future Perspectives analysis, act. As we have seen, some aspects of this nexus of regional potential and forces of change vary systematically across Europe, are measured

by widely available indicators, and can therefore be captured (at least in part) by the typologies. By contrast, most of the intangible assets, which are the key to “diagnosis” and programme design at a more detailed, individual region, level are not currently reflected in published statistics. Some are in any case “aspatial”; (i.e. not subject to systematic variation). These observations point to two requirements:

- A standardised form of regional auditing of assets (especially intangibles), in order to provide an adequate evidence base upon which to base a choice of interventions tailored to the assets and potential of each region.
- A determined and sustained effort to redress the balance of the published indicator resource, to eliminate the current agrarian bias, and to introduce innovative indicators (or reliable proxies) for key intangible assets.

Dax et al., (2010, p.24) have stated:

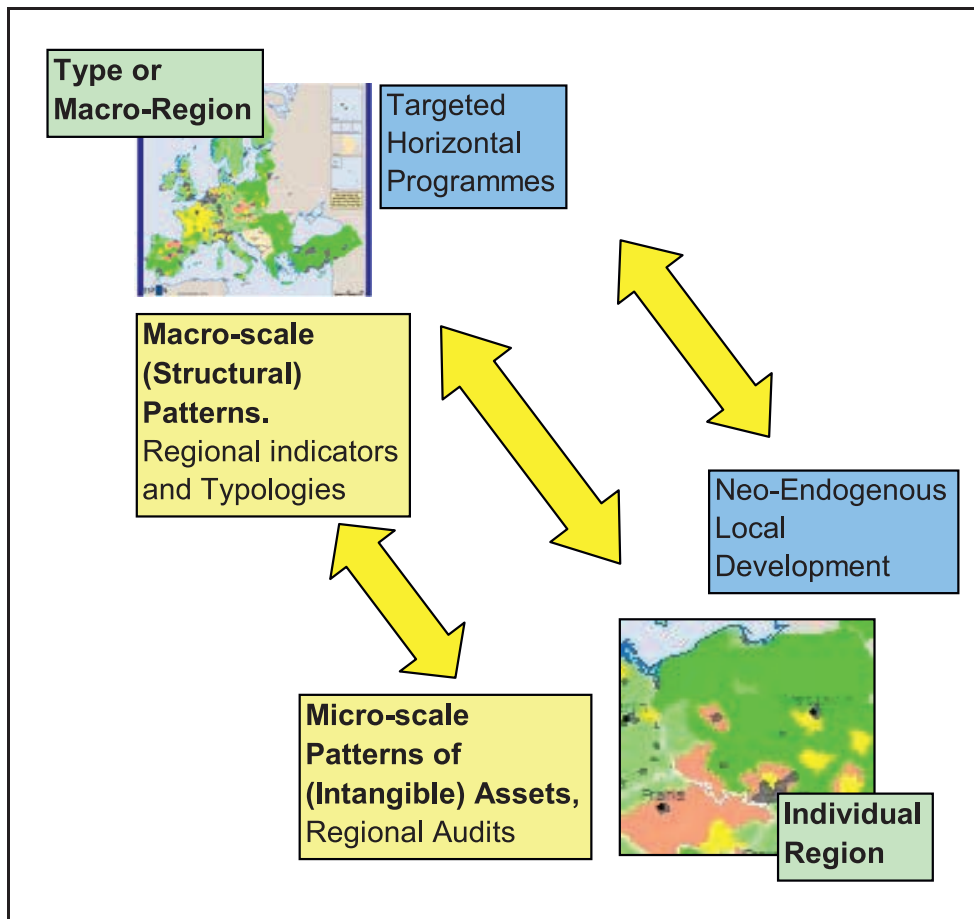
*“As the specific constellation of local and regional assets (both tangible and intangible) vary in a more unsystematic way across Europe, these would have to be assessed through local or regional audits... The proposed regional audits suggest a process to take full account of development assets and explore required and most effective activities for each region. These considerations ought to be supported by general guidelines that translate the framework of regional typologies and meta-narratives into a set of relevant intervention priorities...”*

## A Multi-Level Approach to Support Rural Territorial Cohesion

At the beginning of this chapter the ultimate aim of the project was restated, as finding ways to promote territorial cohesion by identifying ways in which “EU and Member State policy can enable rural areas to build upon

*their specific potentials”*. Clearly the rationale presented above points generally towards a multi-level approach, addressing both macro and micro-scale components of rural change and differentiation (Figure 4).

Figure 23: Multi-Level Rural Cohesion Policy



At the macro-scale level the EDORA typologies have pointed to economic restructuring and diversification as a key issue. There are clear and persistent macro-scale patterns of structural differentiation, closely associated with disparities in economic performance which seem well suited to carefully targeted horizontal forms of intervention. In terms of existing policies, Axis 3 of CAP Pillar 2, Cohesion Fund and Convergence Objective policies are the obvious vehicles. However the former is currently rather sectoral in terms of its implementation, whilst the latter could be seen as urban in focus, and particular consideration should be given to the role and needs of rural SMEs, and non-farming rural households. While there is some (wide-spread) experience with regional development processes and concepts, the relation to higher spatial strategies and the European spatial framework has only recently started to evolve. It can be expected that the demand to address these inter-regional implications will rise and thus the implications of the up-date of the Territorial Agenda of the EU (Salamin 2011) cannot be underestimated.

At the micro-scale (local/regional) level the key policy “levers” relate to various kinds of territorial capital, with an increasing emphasis upon intangible or “soft” aspects, such as human and social capital, institutional capacity, and so on. This points to neo-

endogenous forms of intervention, termed “local development” by the Fifth Cohesion Report (EC 2010), supported by standardised, comparable auditing of local assets. The LEADER Axis of CAP Pillar 2 is (despite many criticisms of the handling of “mainstreaming”) perhaps the most promising example of this form of intervention. In a regional policy context the Interreg programmes and the Trans-Regional cooperation interventions generated, in many cases, similar inspiring cooperation activities.

However EU policies such as those mentioned above can never be sufficient. A very broad range of Member State and Regionally implemented policies have an impact upon rural change and patterns of differentiation at both macro and micro regional levels. With respect to these the most realistic policy objective is to increase awareness and readiness to take account of rural impacts within the Member State policy community. The most promising vehicle for this is the Territorial Agenda (COPTA 2007). It is desirable that that the ongoing revision should take it beyond its current focus upon rural-urban linkages as the main response to differential performance, towards “rural cohesion proofing” across a wide range of Member State policy domains. In this sense it could occupy a “meso” (Member State) level in terms of implementation.

# Specific Opportunities implied by the Current Consultation Documents

The above description of the sort of policy rationale/architecture which follows logically from the findings of EDORA, (both conceptual and empirical) is of course predicated upon the assumption of “a clean sheet”, or “starting from scratch”. As such it will appear somewhat disconnected from the current debate centred upon the CAP Towards 2020 document (EC 2010a), and the Fifth Cohesion Report (EC 2010b), and the debate about the programming period beginning in 2014. Sadly the two documents mentioned above seem to portend rather limited opportunities to implement the conclusions of EDORA in the near future. Two specific possibilities were highlighted by Copus et al. (2011b) at the RSA/Regio Conference in Bled in March 2011. The first opportunity relates to targeting of the CAP, and the second to multi-fund local development initiatives under Cohesion Policy.

It is important to stress that these changes are not considered sufficient to meet the EU 2020 (EC 2010c) objectives (smart, sustainable and inclusive growth), or to fully address rural territorial cohesion issues. Rather they are illustrative of the kind of practical policy outcomes which could be derived from the above rationale.

## Better Targeting of CAP Direct Payments

The consultation document “CAP towards 2020” states very clearly that Pillar 1 direct payments “are not sufficiently targeted” (EC 2010a, p11), because at present the allocation is based upon historical levels of intervention in different Member States and regions. It is therefore seen as a policy objective “to adjust current income support instrument so that it corresponds better to the needs in diverse economic, social and environmental conditions throughout the EU and complements market income” (EC 2010a, p.11).

The consultation document proposes three policy scenarios, which are termed “Adjustment”, “Integration” and “Re-focusing”. The first essentially assumes incremental change, with the basic instruments remaining the same, but with some adjustments to address specific concerns and to render the policy more compatible with the EU2020 objectives. The second attempts to integrate the objectives of EU2020 more effectively through a more radical reform. The third refocuses the CAP on environmental and climate change objectives only.

The first scenario incorporates limited changes to Direct Payments “towards a significant harmonisation

in the level of payments throughout the EU (through a general flat rate payment or one adjusted by objective social and economic criteria)...” (EC 2010a, p.14). The second scenario goes further, and suggests a structure which could well provide a basis for rendering Direct Payments an effective tool for enhancing territorial cohesion:

*“The SPS system would be divided into a basic income component (capped to avoid large payments to single beneficiaries) and additional payments targeting environmental issues applicable throughout the EU territory through generalised, non-contractual and annual environmental actions linked to agriculture (such as permanent pasture, green cover, crop rotation and ecological set-aside) with enhanced conditioning through cross-compliance. The option would be left to Member States to commit a certain part of the financial envelope to compensate specific natural constraints and address selected economic and social challenges.” (EC 2010a, p.15)*

We would argue that the “selected economic and social challenges” could be defined in terms of the macro-scale patterns revealed by the Structural Typology (Agrarian and Consumption Countryside), and that a component of the Direct Payment be specifically associated with a territorial cohesion objective. It seems to make little sense to leave this to Member States to decide, since this would lead to strong inconsistencies across Europe. Such an arrangement would seem to offer a means to respond to the macro-scale pattern of economic restructuring revealed by the Structural typology, and the very clear and strong association with socio-economic performance.

At this point it is important to reiterate the point that in this section we are considering only the proposals set out in the CAP towards 2020 consultation document. In doing so we do not intend to give the impression that the proposals go far enough in the direction of supporting territorial cohesion. It is not possible to explore this issue in detail. However it is perhaps sufficient to note that we do not imply that enhanced Direct Payments to farmers is the ideal form of intervention to encourage economic restructuring in Agrarian regions. We would concur with the conclusions of the ESPON Tip-tap project (Camagni et al., 2010), which argued for a transfer of funds from Pillar 1 to Pillar 2. Indeed we would suggest that the reinforcement of Rural Development policy should be focused on Axis

3 and Axis 4, which support diversification, the wider economy, community capacity, and local governance.

## Multi-Fund Local Development Programmes

As the cross-tabulation analysis of the structural and performance typologies has shown, (Chapter 2) the diversified regions, especially those with a strong market services component to their economy tend to be relatively strong performers. Those in which the secondary sector is still more important than market services are often relatively poor performers. In these two types of regions in particular, it would seem that neo-endogenous development initiatives, of the type described in the previous section, would be an appropriate form of intervention.

The 5th Cohesion Report devotes several pages to local development as a form of implementation, noting its use in the URBAN II programme, ESF funded initiatives, LEADER, and Fisheries Local Action Groups. The key features of local development are described as follows:

- *“a well defined local area, usually small scale;*
- *a strong partnership with, and the close involvement of, all the relevant local actors, mobilising their unique strengths and local knowledge. This work often requires a degree of capacity building and administrative support from larger units;*
- *an integrated strategy tackling the various challenges facing the area. This strategy should be developed in close partnership between the various local public and private actors, as well as different administrative levels (local authorities and territorial units of central or regional government).”* (EC 2010c, p.236)

The main challenge with local development (EC 2010c, p.237) is thought to be the amount of effort required to stimulate local involvement. However in the conclusions to the Cohesion report the mobilisation of local communities and strengthening of partnership between different levels of governance is seen as a key benefit from local development initiatives:

*“In this context, the role of local development approaches under Cohesion Policy should be reinforced, for example, by supporting active inclusion, fostering social innovation, developing innovation strategies or designing schemes for regeneration of deprived areas. These should be closely coordinated with similar actions supported under rural development and maritime policies.”* (EC 2010c, p. XXIX)

The last sentence conveys a vision of coordinated multi-fund local development programmes which is very much in the spirit of what emerges from the rationale for Rural Cohesion policy above. Presumably these local development initiatives will be coordinated as part of the “Common Strategic Framework” mentioned by both DG Agriculture and DG Regio in their consultation documents.

*“For the sake of efficiency, it will be essential to strengthen the coherence between rural development policy and other EU policies, while also simplifying and cutting red tape where possible. To this end, a common strategic framework for EU funds may be envisaged.”* (EC 2010b, p.11).

*“...a common strategic framework (CSF) adopted by the Commission translating the targets and objectives of Europe 2020 into investment priorities. The framework would cover the Cohesion Fund, the European Regional Development Fund, the European Social Fund, the European Agricultural Fund for Rural Development and the European Fisheries Fund;”* (EC 2010c, p. XXIX).”

In this chapter we have shown how the updated “stylised facts” and generalisations presented in Chapters 1-4 may form the basis of a rationale for rural cohesion policy which is both theoretically consistent and evidence based. This has been demonstrated at both a macro- and micro-regional scale, and in terms of both a “clean sheet” approach, and a more pragmatic response to current policy consultation documents.

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[http://www.iareg.org/uploads/media/SCIENTIFIC\\_EXECUTIVE\\_SUMMARY\\_9\\_7\\_2010\\_DEF.pdf](http://www.iareg.org/uploads/media/SCIENTIFIC_EXECUTIVE_SUMMARY_9_7_2010_DEF.pdf)



# A Final Word...

As I write in June 2011 there are still many question marks hanging over the path which EU policy for rural areas will take over the next programming period. The update of the Territorial Agenda (published a few weeks ago) has yet to attract much comment. Later in the summer we anticipate the gradual unfolding of Commission proposals for CAP Pillar 2 and Cohesion Policy. It is hoped that the publication of this book may contribute to the ensuing debate by providing a carefully considered rationale for “Rural Cohesion Policy” as an alternative to established sectoral approaches, firmly rooted in contemporary interpretations of the process of rural change, and an appreciation of up-to-date empirical analysis of regional trends.

Superficially it may appear that the policy rationale of Chapter 7 above chimes with that of the Barca Report, with the emphasis upon neo-endogenous approaches to stimulate more effective exploitation of local potential, especially intangible assets. It will therefore perhaps be helpful in closing to highlight the ways in which the EDORA approach is distinctive from that of the Barca Report:

1. The EDORA typologies (Chapter 2) and the macro-region analysis (Chapter 3) assert that there is still clear evidence that some aspects of rural change exhibit large scale systematic variation across the EU space. This suggests that there is still a strong argument for macro-scale diagnosis, strategic planning and intervention. Localised, place-based policy processes will not be sufficient. A two-tier structure is more appropriate.
2. The approach proposed in this report has a fundamentally different assumption about the origins of economic growth. It is argued that rural areas, even those which are remote or sparsely populated may exhibit an endogenous economic dynamic. This goes beyond the “network effects” acknowledged by Barca (2009, p.18) which are essentially long-distance urban spillovers, and as such compatible with his view that growth is associated with agglomeration. We argue that dynamic rural areas and their New Rural Economies may be sustained by “translocal”, rather than rural-urban linkages.
3. It follows that the policy requirements of rural economies cannot be fully met by interventions designed to enhance cooperation and linkages with adjacent urban areas. Rather they should address the needs of rural businesses (across all sectors), as they seek to survive and grow in an environment of increasing “connexity”. This should include provision of “bundles of public goods and services” as argued by Barca, but the necessity to engage with individual businesses and households suggests that it is unwise to rule out support for private businesses and households.
4. These points are relatively simple. However their implications for EU policy (whether CAP Pillar 2 or Cohesion Policy) are profound. It is hoped that this book has presented them clearly and persuasively, and that it may make an effective contribution to the ongoing debate.

## References

Barca, F. (2009) An agenda for a Reformed Cohesion Policy. A place-based approach to meeting European Union challenges and expectations. Independent

Report prepared at the request of Danuta Hübner, Commissioner for Regional Policy, [http://ec.europa.eu/regional\\_policy/policy/future/barca\\_en.htm](http://ec.europa.eu/regional_policy/policy/future/barca_en.htm)









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