



**NILF**

Norwegian Agricultural  
Economics Research Institute

Discussion paper  
No. 2010–9

## European Rural Policy: Old wine in Old bottles: is it Corked?

*John Bryden*

Research Professor II, NILF

Norwegian Agricultural Economics Research Institute  
P.O. Box 8024 Dep,  
NO-0030 Oslo, Norway  
Corresponding author: [john.bryden@nilf.no](mailto:john.bryden@nilf.no)

This version: October 2010  
(Please do not quote without permission from the author.)

1. This discussion paper was prepared as a keynote address for the Nordic Rural Futures Conference in Sweden, May 3-5, 2010. It deals with the contemporary debates about EU Rural Policies after 2013, when the current policies come to an end.
2. There are key challenges to future EU rural policies. These concern such things as modulation (shifting funds from Pillar 1 to Pillar 2), the priority given to different Axes and Measures, payment for public goods and penalties for public 'bads', the location of rural policies in Brussels (in Agriculture or Regional Policy?), agricultural competitiveness, implementing the water framework directive, and dealing with 'new challenges' including Climate Change and the Financial and Economic Crisis.
3. The paper discusses these challenges and how they may play out in the next few years of preparation for post-2013 policies.

Copyright © by the Author. All rights reserved. Readers may take verbatim copies of this document for non-commercial purposes by any means, provided that this copyright notice appears on all such copies.

Papers in this series are meant for stimulating discussions. The authors would welcome all kinds of responses to this paper. The interpretation and conclusion in this paper are those of the author(s).

This discussion paper may have been submitted to a journal and have entered the journal's review process. Should the journal decide to publish the article the paper no longer will have the status of a NILF Discussion Paper and will be withdrawn from this website. From then on a link will be made to the journal in question referring to the published work and its proper citation.

Copies of this discussion paper are available at  
<http://www.nilf.no/Publikasjoner/DP/En/2010/DP-2010-09.pdf>

# **European Rural Policy: old wine in old bottles: is it Corked?<sup>1</sup>**

**John Bryden**

## **Introduction**

Two years ago, I made the following three propositions in the context of northern rural areas in Europe at the Nordregio conference on rural policies:-

1. Economic and Social life in the more rural regions of Scandinavia and in other parts of especially Northern Europe was largely underpinned by the idea of human – social, economic and political – rights and the related policies to ensure equivalent access to public services as well as means of livelihood no matter where a person lived. Here I drew – and still draw – on Ottar Brox’s pathbreaking work, as well as on that of our late friend and colleague Lars Olaf Persson, Erik Westholm and other notable Scandinavian scholars. This offers a large contrast to the situation in the USA.
2. In contrast, what has become known as ‘rural policy’ since the start of the new Millennium has had the opposite effects – as the recent ESPON work (Shucksmith et al, 2006) has confirmed, CAP spending in both Pillars has anti-cohesion (and hence anti-equivalence) impacts. It now largely comprises measures that have been around since at least 1993, and in many cases since 1975.
3. At the same time, the commitment to equivalence has steadily weakened in most countries, especially since the Reagan-Thatcher period. This is discussed in greater detail in a workshop paper for this conference, so I say less about it here.

In this paper, I want to elaborate on some of these points and then consider the current debates on rural policy in the EU and where these might lead after 2013. Here I am drawing largely on recent work on the TOP-MARD research project with colleagues in 11 European countries including Norway and Sweden, and on-going work on the issue of citizen equivalence. Karen Refsgaard will present some of the TOP-MARD work in greater detail in the workshop today. This work has been written up as a book to be pub-

---

<sup>1</sup> This paper draws on previous work on the dynamics of rural areas in Europe (Bryden & Hart 2004), on the dynamic interrelationships between territorial rural development and multifunctionality in agriculture (Bryden et al 2010f, Refsgaard et al, 2010), and on the ideas of

lished by Routledge New York in December 2010 or January 2011. This book is titled: *Towards Sustainable Development in Rural Europe: Using System Dynamics to Explore the Relations between Farming, Environment, Regional Economies, and Quality of Life*.

## **Agriculture and Rural Policy**

It is important to stress that **Agricultural Policy in the European Union was not conceived as Rural Policy, but as a sectoral policy** aimed strictly at agriculture, and especially food production and productivity. This much is clear from the Treaty of Rome onwards. *Rural Policy* proper in the European Union started off as **a policy for territorial cohesion**. It was at that point multi-fund, integrated in conception and at least in principle in implementation as well. It was based on territorial or regional programming and horizontal-vertical partnerships. It was not aimed at sectors, but rather at all small enterprises, both farmers and non-farmers, local government, infrastructure and some services. It was targeted at the most needy regions. The policy was inspired by the needs of rural people in general, even if the trigger was southern enlargement and the Single European Market, which Jacques Delors (then EU President) knew only too well would weaken the weakest regions in the absence of appropriate policies. We have recently been reminded of this key goal of cohesion policies in the Samecki report (Samecki, 2009). It was this policy, and the ideas underpinning it, that produced that most innovative and interesting ‘Community Initiative’, namely LEADER, a local, integrated, bottom up programme supported by the three cohesion Funds (Regional, Social and Agricultural Structures), in 1990.

## **Rural Policy after 2000**

This policy was almost completely destroyed in the period following Agenda 2000, and replaced by something called ‘Agricultural’ rural policy, ultimately with its own fund, EAFRD, the European Agricultural Fund for Rural Development. This new European agricultural rural policy (EARP) focused mainly on farmers and the environment managed by them – Axis 1 (agricultural competitiveness) and Axis 2 (land management, esp. environmental) absorb around 80% of the Pillar 2 budget for the current programming period, while LEADER (Axis 4) absorbs only 6%. The new EARP was also mainly about the continuity of measures formerly included in Agricultural Structures Policy as

---

equivalence in rural policies (Bryden et al, 2008; Bryden & Refsgaard, 2010; Bryden, et al 2010)

it developed from the 1972 regulations onwards, and hardly at all about measures aimed at non-farmers<sup>2</sup>. It is a single fund programme, it is not integrated, and it is not targeted on the most needy people or regions. It is largely implemented by Ministries of Agriculture, and it sometimes claims to be about ‘multifunctionality’. The desired outcomes of the policy are at best unclear, and the monitoring indicators shed little light on these. In the current programming period the implementation rate is abysmal, reflecting the complexity of procedures as well as applicant burn-out.

We are simply unable to say reliably how this policy has made rural Europe more viable, more sustainable or more environmentally friendly, or how it has afforded rural people a higher quality of life. The poor monitoring indicators mean that the evaluations will not be very helpful either. At the moment the policy is just not working. Not surprisingly, DG Agri has had some difficulty defending this policy in the budget review.

At EU level, it is vital to note the **growing complexity and diversity of rural regions** as a result of both economic and social changes and successive enlargements of the EU. In addition, **rural policy issues have become more complex**, with the addition of new concerns and objectives, most recently those concerning adaptation to - and mitigation of - climate change and the impacts of the financial and economic crisis.

One can view the development of programmes and plans for rural regions, the ‘bottom up’ locally led programmes of LEADER, the articulation of Rural Development ‘Axes’ for the Pillar 2 of the CAP, and the adoption of a ‘Menu approach’ allowing some freedom to select between measures at regional levels in part as a response to this growing complexity and diversity.

### **EU Policy Context and Challenges**

Include ongoing issues of recovery from the financial and economic crisis, especially seeking a more sustainable overall development path in the context of growing BRIC competition, global resource scarcities, and climate change. Unfinished global policy

---

<sup>2</sup> Ax 1 34%; Ax 2, 44%; Ax 3 13%; Ax 4, 6%. Measures include Farm Modernisation, Early Retirement, Training, and young farmer support, all started first in 1972; the Less Favoured Areas scheme started in 1975; The agri-environment scheme and agro-forestry schemes started in the late 1980s and reinforced in the MacSharry reforms of 1992. These measures absorb the majority of the Pillar 2 budget.

business includes reforming the financial system, the Copenhagen non-agreement on Climate Change, and the Doha Round, all of which will affect rural regions.

Territorial Cohesion challenges have intensified as a result of enlargement and the financial crisis, which has demonstrated that some national and regional economies are extremely fragile. Evaluations of the Cohesion policies for 2000-2006 demonstrated the value of the regional programming and co-management approach but identified problems of coordination of both EU and national policies. The outgoing Commissioner Samecki's report on Future Orientations for Cohesion Policy at the end of last year stated that "the potential dividends between cohesion policy and other Community and national policies are not being fully realized. It is therefore necessary to review existing coordination mechanisms and overcome divisions between functionally divided systems in order to ensure adequate policy coordination among a multiplicity of actors and institutions."

Later in the Orientations paper, Samecki argues that *"It is also necessary to enhance complementarity between rural development and cohesion policy. A strategic vision for the coordinated use of the funds is often missing. The common part of the intervention logic of ERDF and EAFRD (related to economic diversification, improvement of quality of life in rural areas and local development) increased the risk of overlap between funds and led to the emergence of 'grey areas' not supported by either fund.*

*Cohesion policy plays a vital role in the development of rural areas through a wide spectrum of infrastructure and productive investments. Shifting axis 3 and 4 of EAFRD (supporting 'quality of life in rural areas and diversification of the rural economy' and 'Leader' respectively) to cohesion policy would allow for comprehensive development approaches and more effective interventions in terms of integrated sustainable development of rural areas. It would also allow for enhanced urban-rural linkages and interactions."*

In response to the criticisms of poor policy coordination, Samecki also argues for re-integrating the Cohesion Fund, and, by implication, rural development into the Structural Funds framework.

By way of contrast to the Samecki paper, the discussion paper from DG-Agri on WHY DO WE NEED A COMMON AGRICULTURAL POLICY? (Also December 2009)

seems to have little new to say, and focuses very much on agriculture, food and environment, including meeting the costs of the water framework and the new issues of climate change. One might note in passing that a focus on fixing the water pollution problems from agriculture will inevitably shift resources to the most intensively farmed regions which are also commonly rich rural regions.

### **Policy Choices**

There are clearly policy choices to be made, especially:-

- \* between agricultural and other EU policies including Regional and Cohesion policies;
- \* between Pillar 1 and Pillar 2;
- \* between the Pillar 2 Axes if these are maintained;
- \* about the menu of measures within Axes,
- \* concerning the coordination of different EU and National policies ‘on the ground’ and
- \* concerning the related sub-instruments of modulation, capping etc.

### **Results of TOP-MARD**

While our work on the TOP-MARD project informs these choices, it gives no ‘quick-fix’ answer to choices between Axes or Measures at the EU level, because of the different interactions between agricultural, regional, demographic and environmental sub-systems, and hence outcomes, in different contexts. The 'behaviour' or 'performance' of the system as a whole, incorporating these other elements or sectors, and recognising region to region variations becomes much more important in a 'rural development policy' than in an agricultural policy. Moreover, as I have already argued, the objectives of agricultural and rural policy have become more complex at the same time as Europe itself has grown in diversity and complexity. Recently, climate change has been added as a ‘new concern’ of European rural development policy, with adaptation and mitigation issues relating to such things as renewable energy, water supplies and utilisation, water quality, phosphate recycling from human waste, new animal diseases, afforestation, and emissions reduction taking a much higher profile<sup>3</sup>. Equally, the food price ri-

---

<sup>3</sup> See for instance the background paper for the Cyprus rural development conference in 2008 at [http://ec.europa.eu/agriculture/events/cyprus2008/brochure\\_en.pdf](http://ec.europa.eu/agriculture/events/cyprus2008/brochure_en.pdf), as well as the plenary speech by then Commissioner for Agriculture and Rural Development Mrs Marianne Fischer-Boel on ‘Prospects for rural development policy’.

ses of 2008 as well as the projections for food demand and supply to 2025 and beyond<sup>4</sup> have renewed concerns over food security. In most if not all of these new concerns, rural regions differ in terms of their starting points, resources, constraints and opportunities. For example, climate change will have variable effects, increasing water supplies in some regions and reducing it in others (Ciscar, 2009), while the scope for different kinds of renewable energy production clearly varies from region to region as well<sup>5</sup>.

These features of policy goals mapped on to rural complexity and diversity inevitably mean an increasing focus on **finding local solutions** to particular challenges and opportunities in each region, and a lesser focus on global solutions, decided centrally in Brussels, for the whole of Europe. Even if the logic of responses to the world trade negotiations since the incorporation of agriculture in the Uruguay Round and related ‘realpolitik’ did not force reductions in Pillar 1 support and its transfer to a more trade-neutral Pillar 2, then the logic of growing complexity and diversity and new policy goals would do so. And even if the need for national funding contributions for Pillar 2 and the overall goals of ‘subsidiarity’ did not cause greater devolution in the contents of Pillar 2, the growing differences in national and regional ‘starting points’ and in regional goals, challenges and opportunities would demand this.

Clearly, there are pressures to reduce agricultural budgets, and especially the Pillar 1 budget, arising from the budget review, and the competing demands of other EU policies. Our research suggests that reduction of Pillar 1 payments, whether modulated or not, will have greater effects – in terms of farm incomes, employment, land use and commodity production - in some (mainly the extensively farmed) regions than in other (mainly more intensive) ones. This suggests that this type of policy reform should not be undertaken in a “horizontal” fashion, although the problems of defining different agricultural regions or territories are not under-estimated, nor the difficulties of budgetary adjustment that will be posed as countries and regions experience net gains or losses. Such practical (and related political) difficulties, as well as our own analyses of the choices between Axes, suggest that a second best approach would be to vary the amount

---

<sup>4</sup> For an early review of the debates which subsequently intensified see the lecture by Alex McCalla of the Consultative Group on Agricultural Research (CGIAR) “Agriculture and Food Needs to 2025: Why We Should Be Concerned” Sir John Crawford Memorial Lecture, October 27, 1994.

<sup>5</sup> See, for example, the maps of renewable energy resources in Europe at <http://www.geni.org/globalenergy/library/renewable-energy-resources/world/europe/index.shtml>, accessed 25 March 2010



of funding reallocated to Pillar 2 on more rational criteria than that of historical payments at Member State level.

Focus on Axis 2, i.e. payments for environmentally friendly land management, may seem promising in terms of continuing support for farming in extensive regions, but the implications for more intensive regions are mixed, and there are also the looming costs of implementing the water framework directive. Some proportion of such areas would benefit, e.g. from organic methods or transfer of farmland to desirable forestry and nature reserves, but there might be (further) intensification on the remaining farmland area. The importance of such environmental measures also varies according to the starting point on the quality of the environment linked to farming practices, as well as on the priorities at regional level. A devolved “territorial” approach could meet these challenges by making the necessary farm-level (or field-level) consideration easier to operate, and more acceptable to the farmers and other rural residents, as well as recognising different starting points and priorities.

Similar effects seem observable if funding is shifted to Axis 3 or to general regional support, e.g. for agriculture, although no doubt the situation in extensive areas will depend on whether their farms will be maintained alongside the new types of financial assistance that would then be possible in the effort to promote diversification. This depends on the ability to provide accessible and good quality work in the remoter areas where farm household pluriactivity is and will remain the norm if farms are to survive there.

The results of our research reinforce and support the need to recognise these dimensions of diversity and complexity by yet further devolution of responsibility of policy content, and greater freedom of manoeuvre with respect to that content. They also reinforce the need for more effective policy delivery at regional level, and better coordination between, for example policies affecting the ‘supply’ and ‘quality’ of public goods and those seeking to transform them into regional quality of life and economic competitiveness.

### **Discussion / Implications**

Several important and currently debated issues are raised by these conclusions. First of all, the constraints imposed on regional decisions by the construction of ‘Axes’ and the establishments of maxima or minima funding proportions between these, as well as the

determination of ‘Menus of Measures’ at EU level must be recognised. It would surely be better to encourage each rural region to establish its own priorities and measures, with the EU laying down only the overarching (sustainable development) goals and outcomes which it expects the policy to deliver, and against which *ex ante* interim and *ex post* evaluations can be constructed?

Secondly, there the recognised problems of policy coordination at EU, National and Regional levels. As I have said, one solution to this problem, discussed by Samecki and others, is to take ‘rural development’, by which is meant Axis 3 and 4 of Pillar 2, back into cohesion policy, so that the relevant measures can be better coordinated with regional development spending on things like infrastructure and business enterprise, leaving the two first Axes which have always been mainly if not wholly directed at farmers with DG Agri. However, apart from the danger that such a transfer would simply lead to a disappearance of rural development as a result of probable budget reductions, the problem which our research highlights is the greater ‘distance’ between the protection and generation of ‘public goods’ and their transformation into regional quality of life and competitive advantage, and the related probability that this will lead to less effective rural development processes and outcomes. Moreover, the problem of ‘horizontal coordination’ between policies is, as has been long recognised, best ‘solved’ at local and regional levels where the actors have the necessary knowledge and other resources to make most effective use of the different streams of policy resources, and where the relevant detailed objectives and priorities for development policy are best set. The main weakness at EU level is not the issue of policy coordination **there**, but providing the simplified and consistent funding structures and rules that would facilitate local and regional level coordination, rather than making it more difficult.

The contextually specific impacts and outcomes of different policy measures suggests that much of what is now agricultural policy should perhaps increasingly become a part of territorial cohesion or regional policy, and so adopt the concerns of territorial policy for social and economic cohesion. Agricultural policy now has a mandate not only to deal with traditional concerns of farm incomes, food security, food quality, and reasonable prices to consumers, but also to deal with other functions, especially functions in relation to the environment and territorial (regional, sub-national) development and quality of life. As such, it can be argued (and is argued by some) that agriculture should be

dealt with as one of several sectors within a territorial policy for rural regions, rather than dealing with policy for such regions as a subsidiary part of agricultural policy. Nevertheless, one significant danger of moving that part of agricultural policy dealing most obviously with ‘rural development’, notably Axes 3 and 4 of Pillar 2, is that the linkages between farming and rural (regional) economies and societies would be lost. If the issue is really about effective policy implementation rather than about content and control by different DGs at EU level, then our research suggests that it is preferable to seek (and facilitate) coordination between different EU policies (and indeed National policies) at local and regional levels.

It does seem to me that this solution is equally viable whatever the location on ‘rural development policy’ in Brussels. The key points seem to me to be:-

1. There must be effective regional (NUTS 3) institutions with an holistic mandate and sufficiently autonomous powers and fiscal means. This means strong local government with a democratic mandate, and not an unholy partnership involving a weak local government and a motly of national agencies with regional presence. Scandinavia is in better shape here than much of the rest of Europe, and certainly than the UK and many of the new Member States.
2. Brussels must radically overhaul and simplify its financial regulation, and ensure that the rules and procedures of the different Funds are more coherent and consistent, and that coordination with each other as well as with national and regional policies is made much more feasible.
3. National governments, as well as the EU, must learn to trust the locals and relax central control and direction, relying much more on improved monitoring and outcome indicators, and better ex post evaluation!

## **Conclusions**

A key finding from our research is that the outcomes of any policy change will vary from region to region, as well as by the particular outcome considered or the priority given to the elements in a set of complex outcomes. These differences are explained by different economic, social and environmental starting points, and (related) variations in priority given to different economic, social and environmental outcomes, as well as variations in the effectiveness with which policies are delivered at regional level.

Our research therefore has little general advice to offer about the choices between Pillars, Axes and Measures at EU or even national levels, as these clearly depend on particular circumstances in each region. However, the results do reinforce the calls for greater devolution to, and freedom of policy construction and implementation at, regional (NUTS 3) levels. They therefore suggest that consideration be given to abolishing the 'Axes' and the laying down of maxima/minima spending by Axis, and the 'Menu of Measures' at EU level. Rather, the EU level should focus on clarifying and articulating policy objectives and desired outcomes, and on the evaluation of regional outcomes (*ex ante*, *ex post*) against these.

As to policy coordination, it is clear that better coordination is needed at - and between - all levels. However, our research reinforces the view that the best place for such coordination is the local and regional level where actors have the required knowledge of goals, opportunities, resources and constraints. The task of the EU and indeed national governments is to facilitate this coordination in a more effective way, especially through harmonisation of funding rules and systems and better articulation of overall national and EU policy goals and desired outcomes for rural regions mentioned above.

An important point to make here is that it is mainly national policies for citizen equality and equivalence that provide the bedrock for the survival of rural settlements, and not agriculture! This is especially so in Scandinavia, and most especially in northern Scandinavia! Local government structures and financing play a critical role here. So too do national measures for ensuring access to livelihoods in rural regions. This is an important reason for ensuring much improved coordination at regional and local levels.

Finally let me return to address my own rhetorical questions in the Title. Is EU rural policy 'old wine in old bottles'? Yes, definitely! Many measures go back as far as 1972, and the majority of spending is on agricultural measures going back to at least 1992. Are they 'corked'? Well in a sense yes. This is of course a 'double-entendre'. The 1996 Cork Conference, did make some useful proposals, but these were mainly lost in the Agenda 2000 proposals and subsequent rural development policy.

There I rest my case. Yes we need a territorial rural development policy in Europe. This should not be an agricultural policy, but it must include agriculture within it. Yes we need better policy coordination. The only place where this can be done well is at Regio-

nal and local levels. The task of Brussels and national Governments is to ease back on their centralization of decisions, on their funding rules and regulations, and on their own efforts to dictate regional priorities.

---

## Further Reading

- Brox, O. (2006). *The Political Economy of Rural Development: Development Without Centralisation*, Delft, the Netherlands: Eburon.
- Bryden, J M (2008) *Changes in Rural Policy and Governance, The Broader Context Continuity or Transformation?* Chapter in Copus A (ed) *Perspectives on Rural Policies in the Nordic Countries - Nordregio*, Stockholm, January 2008
- Bryden, JM., Johnson, TG., Thomson, KJ., Ferenczi, T. (2010). Modelling Multifunctionality, Territorial Development, and Policy Scenarios in Rural Europe: An Alternative Perspective on CAP Reform Debates. *Eurochoices*. In press.
- Bryden, JM., Refsgaard, K., Westholm, E., Vihinen, H., Voutilainen, O and Tanvig, H. (2010) "Equity, Equality, and Territorial Equivalence and their Significance for Rural Development and Inclusion: the Nordic Case" Nordic Rural Futures Conference, Uppsala, Sweden. May 2010 *Workshop: Nordic Politics of the Rural*.
- Bryden, JM., Refsgaard, K (2010) "The concept and practice of territorial equivalence and its significance for holistic rural development, inclusion and education". Paper for the Working for inclusion: National conference focussing on: How to develop good and holistic welfare models for working with children in a rural county? Northern Research Institute Bodø, Norway: January 28th and 29th 2010.
- Bryden, J.M. and Hart, J.K. (2004). *A New Approach to Rural Development in Europe: Germany, Greece, Scotland and Sweden*. Lampeter, UK: Edwin Mellen.
- Bryden, JM., Efstratoglou, S., Johnson, TG., Ferenczi, T., Knickel, K., Refsgaard, K., Thomson, KJ. Eds. (2010f) *Towards Sustainable Development in Rural Europe: Using System Dynamics to Explore the Relations between Farming, Environment, Regional Economies, and Quality of Life*. Routledge. In press.
- Ciscar, J-C (2009) Climate change impacts in Europe: Final report of the PESETA research project. European Commission Joint Research Centre.
- European Commission DG Agriculture (2009) WHY DO WE NEED A COMMON AGRICULTURAL POLICY? DISCUSSION PAPER BY DG AGRICULTURE AND RURAL DEVELOPMENT, December.
- OECD (2006). *The New Rural Paradigm: Policies and Governance*. Paris: OECD.
- OECD (2008). *Multifunctionality in Agriculture: Evaluating the Degree of Jointness, Policy Implications* (Workshop Report). Paris: OECD.
- Refsgaard, K., Johnson, TG., and Bryden, J (2010) Challenges in modelling policies for sustainable rural development. Paper for the Nordic Rural Future Conference, May.
- Samecki, P (2009) ORIENTATION PAPER ON FUTURE COHESION POLICY. DG-Regio. December.
- Terluin, I. and Post, J. (2000). *Employment Dynamics in Rural Europe*. Wallingford, UK: CABI.