Chapter in Copus, A (ed)

Changes in Rural Policy and Governance: The Broader Context

John M Bryden

UHI Policy Web
Great Glen House
Leachkin Road
Inverness IV3 8NW
John.Bryden@inverness.uhi.ac.uk

1. Introduction – a short historical perspective

The key general policy issue in remote and rural regions that lie beyond the ‘commuting belt’ of our larger metropoli (100,000+) can be summarised as the struggle between the old and the new rural policy paradigm and the very different governance models associated with each.

The old rural policy paradigm is the sectoral approach, where rural development is seen as almost entirely an agricultural and land management issue, and the clients are almost entirely farmers. In this paradigm, there was no real attempt to deal formally with ‘broad’ rural policy issues, mainly because these were subsumed within an extensive welfare state system built on Marshall’s ideas of civil, social and political rights of citizens in any democratic nation. In the ideology that followed Marshall, people had rights to live where they chose because they paid the same taxes wherever they lived, participated in war or defence wherever they lived, and took part in political, civil, economic and social life wherever they lived, and thereby contributing to the general welfare - and indeed security and integrity - of the nation. In return they were given more or less equal rights as citizens to education, health care, government functions, participation in political life, electricity, telephones, public transport and so on. As several of the papers to this workshop demonstrate, this strongly egalitarian framework, especially strong in Scandinavia, was supported by fiscal equalisation schemes that ensured that services could be delivered to remote and scattered populations. Usually, and especially in more remote and sparsely populated regions and regions suffering from industrial decline, there were also regional policy efforts which focused mainly on investment in infrastructure and sometimes on propping up ailing industries like mining, ship building and steel manufacture. In the UK case, the first ‘rural’ regional development agency was


the Highlands and Islands Development Board, established in 1965 by Act of Parliament (now Highlands and Islands Enterprise). Uniquely, this agency had powers of intervention in all economic sectors as well as a social remit. However, as one of the papers at this workshop points out, most ‘regional policy’ became extremely ‘sectoral’ in approach as well.

We can date the beginning of the erosion of the ‘social contract’ or the effort to define social rights out of the concept of citizenship as enshrined in concepts of Folkhemmet fairly precisely to the Regan-Thatcher period beginning in the 1980’s and influencing all political parties since then, most especially since the fall of the Berlin Wall in 1989. I would also contend that the Lisbon accord has reinforced this tendency by making ‘cohesion’ a narrower issue of economics and competitiveness.

Equally, and more or less at the same period (or slightly earlier) we can see the growing attacks on agricultural policy and related farming practices on the grounds of environmental damage to biodiversity and to water courses and supplies, and because agriculture (and related support) was not ‘delivering’ either social cohesion or the development of rural regions. The RICap report of the early 1980’s, undertaken by Michele de Benedictis, Michel Petit and others, had the same conclusion as the recent ESPON report – the CAP spending had perverse impacts in terms of social and economic cohesion in the EU.

In the late 1980’s and early 1990’s we can see signs of a new approach, most notably in the EU through the Structural Funds Reforms in 1988 and the introduction of the LEADER programme in 1990. From a rural perspective, both of these were cross-sectoral, spatially prioritised, used a partnership approach with local and regional actors, and involved all three EU structural Funds. The 1993 Maastricht Treaty, Article 130a explicitly stated that Rural Development was a cohesion issue. This was bold, new, and challenged the old paradigm. In more or less the same period we saw the beginnings of the ‘greening of the CAP’ with the introduction of set aside, extensification, agro-environment schemes. With the MacSharry 2002 CAP reforms came the beginnings of ‘decoupling’ of farm support from production.

---

4 Regional Impact of CAP. The study was funded by DG-12 (now Regio), and the results did not please DG-16 (Agri). The parallels with ESPON are striking!
2. The new rural policy paradigm.

Only this year, the OECD produced a book which I was lucky enough to take part in called 'The New Rural Paradigm'. The OECD lists the key features defining the new paradigm as:

- "a shift from an approach based on subsidising declining sectors to one based on strategic investments to develop the area's most productive activities;
- a focus on local specificities as a means of generating new competitive advantages, such as amenities (environmental or cultural) or local products (traditional or labelled);
- more attention to quasi public goods or "framework conditions" which support enterprise indirectly;
- a shift from a sectoral to a territorial policy approach, including attempts to integrate the various sectoral policies at regional and local levels and to improve co-ordination of sectoral policies at the central government level;
- decentralisation of policy administration and, within limits, policy design to those levels; and
- increased use of partnerships between public, private and voluntary sectors in the development and implementation of local and regional policies."

These changes refer to governance as well as content and focus, and I think that they serve as a contextual frame for reading changes within the EU and in the Scandinavian Countries in particular.

3. A cautionary note

Reflecting back to my own paper for the OECD in 1999, I gave a very clear caution that the changes noted in the late 1980’s and early 1990’s were not irreversible.

"It is however important not to exaggerate the shifts which have taken place. In many countries, sectoral policies and centralised sectoral administration of them remain very important, and many of these retain the character of subsidies to maintain existing activity rather than investment to adapt to, and take advantage of, new conditions. In some cases, policies appear to have reverted to a more sectoral character in the later 1990s. Moreover, although such points may give the impression that resources for 'rural development' have been increasing, it is


7 I produced a similar list in a paper for the OECD in 1999, which also has some argumentation about the driving forces behind these trends. Bryden, J (1999) Page 3 et seq.
not clear that this is the case when looked at in ‘real’ terms. Nevertheless, the above summary represents a common understanding of the general trends.”

In my own country, our analysis reflects what seems to be the message of the EU Scandinavian papers, namely that ‘rural policy’ has been to a large extent recaptured by the agricultural interests. Among the causal factors seem to be the following:-

- Comprehension within the agricultural lobby and related interests (including departments, agencies and research institutes) that CAP reform was going to intensify, and that an increasing share of the budget would go to ‘Pillar 2’. Since one of the drivers of this is the WTO, it affects non-EU countries as well.
- The often deeply embedded post war system of governance of agricultural policy which gave farmers the main or only place at the policy-making table, complemented to some degree in recent years by the environmental lobby, but in which rural communities and the majority of non-farmers who live in them, are not represented at all.
- Comprehension that ‘multifunctionality’ was the way to continue making payments to farmers, justified by market failures in relation to alleged public goods produced by them, and (ironically) held to be disconnected with production.
- The idea of ‘simplification’ at the EU Commission level, meaning a move to ‘single fund’ arrangements for all the structural fund components, thus returning ‘rural development’ to DG Agri.
- The cuts to the European commissions proposed Pillar 2 budget for 2006-13 and the high level of carry-forward commitments, to which have been added commitments agreed in advance with farmers unions and environmental interests over LFA payments and Agri-Environment payments.
- The mainstreaming of LEADER and turning it into a single fund initiative.
- The shift in regional development thinking towards an ideology of city regions, and especially the metropolis of Europe and member states, in the interests of being ‘globally competitive’, with a corresponding focus on clusters, centralisation, innovation systems, R&D etc. This means that there is little interest in tackling development issues in rural regions, and all the talk about rural-urban relations actually means either that a kind of trickle down process is expected from the growing cities to their rural hinterlands or that the latter become ‘empty spaces’ for the real or

---

8 Sjur Prestegard and Agnar Hegrenes (paper for this workshop) argue that rural policy in Norway is essentially agricultural policy, and there are also strong links with ‘multifunctionality’. However, it is also clear that Norway has had strong ‘broad’ rural policy elements.

9 Ironically because the concept of multifunctionality usually involves joint products, at least one of which is a private good and at least one of which is a public good. Since the discourse is usually around Multifunctional Agriculture, the market good is usually food or raw materials, so that some production is presumed.
imaginary satisfaction of city interests in the form of ‘countryside leisure’ to quote the UK-Office of the Deputy Prime Minister (ODPM).

- The erosion of social rights in concepts of citizenship discussed above.
- The erosion of democracy and one of its core elements, namely ‘community’

It is clear that many of such tendencies and causal factors in policy shifts are common to most if not all the OECD countries, including Scandinavia. Do they matter? Are they based on sound reasoning and research? What outcomes are they trying to produce? How will progress towards these outcomes be measured? Are they the right outcomes? Will they lead to improvements in the economic circumstances and quality of life of all citizens, including those who live in rural areas? If the answers to at least some of these questions is ‘no’ or ‘don’t know’ then what can we as active and concerned researchers professionals and citizens in our own right, do?

4. Local Government: reform, enlargement, amalgamation

I think the Scandinavian papers for the workshop show ample evidence of the reality of almost all of the tendencies described, and also some analysis of the impacts on rural places. Thus, tendencies of centralisation in public and private services and enlargement of local government are mentioned in Sweden, Denmark, Norway, Iceland and Finland. These are also hot topics in Scotland. In the excellent paper by Frida Andersson Richard Ek and Irene Molina there is some analysis of the actual impact of regional enlargement. They argue that it has negative consequences especially for women, children and families due to the complexity of commuting to different places for nurseries, travel, different services and work etc., leading to days which are full of “press and stress” for rural people and children. They ask whether regionalisation is a self-fulfilling prophecy because of centralisation of shopping and services, and the impacts on those who do not commute. This is a question we should discuss, whilst recognising that in some countries local government remains very small scale indeed, so we must be conscious of national contexts when doing so.

5. Different ideas of ‘rural’ and their policy significance

10 See Gar Alperovitz for a critical political economy perspective from a US point of view, which stresses the importance of strengthening communities of place in efforts to reclaim the Founding Father’s ideals freedom and democracy in that country. Gar Alperovitz Thad Williamson and David Imbroscio (2002) and Gar Alparovitz (2004).
To some extent, our discussion of rural policy is hampered – as several authors point out – by our different understandings and definitions of ‘rural’. I want to say that I take a regional approach to this question, and essentially think of the OECD ‘predominately rural’ regions as those that the kind of rural policy I have discussed as the ‘new paradigm’ have been mainly applied. Such regions can contain fairly large towns, for example the Highlands and Islands of Scotland, our most peripheral and sparsely populated region, has Inverness as its de facto ‘capital’ and Inverness has around 70,000 people. Such rural cities often do have a very real connection with their hinterlands. However, I exclude the commuting belt of larger cities, and regions dominated by larger cities, where there is often a disconnection between the city and its hinterland beyond the commuting zone. I don’t think one should any longer exclude settlements of say 200 or 300 from the ‘rural areas’, as is still often done in the Scandinavian countries. To me this is really an attempt by the back door to define rural as open space or ‘land use’ as the dominant issue.

6. Governance, and ‘new governance’

Equally, our discussion of governance, and especially local government and regional government is hampered by very different systems and structures in place. Scotland has a two-level system – the Scottish parliament and the local authorities. A single local authority – Highland Council – covers most of the Highlands and some islands with an area of 26,500 sq km and a population of 214,000. The three larger island groups (Shetlands, Orkneys and the Western Isles) are fortunate in having a local government each. In the predominately rural region of SW Scotland there is one single local authority (Dumfries and Galloway) for an area of 6,440 sq km and population of 150,000. Contrast this with the Faroes or any other of the Scandinavian countries, and you’ll see the problem! I am among a minority in Scotland who think our local authorities in rural areas are far too large to be meaningfully representative of their rural citizens. However, the arguments for enlargement have been powerfully about functional and budgetary issues, and not about issues of democratic representation and user-friendly services to people. I am not aware of any ex post evaluation that has proved that enlargement does indeed save money, or improve efficiency, etc, and frankly after a certain point I really doubt it. However, the point is that local government is importantly about representation, democracy, social and political rights (and responsibilities) and coping with diversity. I think that Scandinavia has a better sense of that than we do in Scotland, although frankly in some cases

11 For an excellent discussion of ‘new governance’ see Hajer and Wagenaar, 2003.
12 The Faroes have 47 municipalities for 46,000 people, or an average of 1000 people each; in 1999 the average in Finland was 11,000, in Sweden 31,000, in Norway 10,000, in Iceland 2,300 and in Denmark 19,000. Holm, D and Mortensen, B (2004, p 200)
13 However, the recent Danish reforms will reduce the number of municipalities from 271 to 98 in January 2007 thereby more than doubling the number of inhabitants per municipality. [NIM Pedersen’s paper for this workshop].
14 See also the paper by Borch for the Norwegian debates on Municipal reform, and also the issue of separation of politics from decision-making through professionalisation and new unelected agencies of the Central State.
the local government units are so small as to be non-functional today, as several authors argue. So when I criticise local government reform in Scotland, it is not the same thing as criticising the joining of small municipalities in Iceland or Denmark, especially when the voluntary principle holds as it has to in cases where local government reform demands constitutional change (e.g. in Iceland and Faroes: it does not in Scotland).¹⁵

7. Variation in the Nature, Powers and Autonomy of Local Governments

There is also wide variation in the nature, powers and financial autonomy of local governments which affects their suitability as an ‘organisational tool’.¹⁶ Thus Denmark still has a very strongly top-down physical planning system, and in Scotland many former local government powers (such as health, water & sewage, housing, environment) have effectively been passed to government agencies controlled by government departments and their appointed ‘Boards’. In terms of new governance, notably decentralisation of certain functions and partnership working, I am broadly in favour of widening the range of actors round decision making processes, even if we must fight for openness and honest recognition of a democratic deficit and problems of ‘elite capture’.¹⁷ We can deal with these things. However, an important issue here in rural areas is that of co-terminous boundaries. Lucky are the islands which force coterminous boundaries on agencies, local government, and the governance system. However, in mainland areas this can and does lead to huge problems of inter-working. It has become more important precisely because of the decentralisation of decision making which is an implicit in ‘new governance’, and the need for ‘horizontal coordination’ not only at central, but also at regional and local levels.¹⁹ However, the processes of ‘decentralisation’ of some functions need to be seen alongside processes of ‘recentralisation’ and the tendency to remove whole areas of decision making from the democratic arena, and hence from local scrutiny and effective people power. Alongside this we can observe the power of giant corporations to take and influence important decisions affecting local communities, both rural and urban. This is Gar Alperowitz’s point about the erosion of liberty and democracy.

¹⁵ In a paper on ‘horizontal coordination’ for the OECD rural policy conference in Oaxaca Mexico last year, I argued that small local authorities should be given incentives to cooperate rather than being forced to amalgamate.
¹⁶ See Brox, 2006 op cit: 49).
¹⁷ See, for example, Shortall & Shucksmith, 2001.
¹⁸ In the DORA research project, the autonomy of local government and the effectiveness of local governance systems were found to be important factors in explaining differential economic performance between similar rural regions. See Bryden and Hart 2004.
¹⁹ The Community Planning Partnerships at local Authority level in Scotland provide an example, as do the recent moves in Finland where the Rural Policy Committee is establishing provincial sub-committees for their own provincial broad rural policy.
In this context I think we must recognise the important role of NGOs and Voluntary or Social Movements, started in Scandinavia as the village movements in Sweden and Finland, but spreading to other countries. These movements seem to have had an important influence on rural policy, for example the crucial thinking about ‘broad’ and ‘narrow’ rural policy seems to have originated in pre-EU Finland.

8. Is EU ‘Rural Policy’ a hindrance?

The impact of the rural social movements in Scandinavia seems to me to raise the question of whether a rather ‘backward’ EU ‘rural policy’ is in fact a hindrance to where individual member States want to take their rural policies (because it diverts national resources and locks these into agriculture and the environment). Let us consider the Finnish case, as discussed by Hilkka Vihinen.

"The funds available for rural development have decreased. The membership in the EU introduced new types of funding for development work under the rural policy, but this was not enough to substitute for the cuts in other public and private funding directed at the countryside. The conditions for the viability of the rural areas are not sufficiently taken into account in agricultural and regional policy, but the right of rural policy to function as an independent policy sector is still not clearly acknowledged."

9. EU Rural Policy is not a Rural Policy!

Let us be quite clear, what the EU describes as its ‘rural policy’ is not a rural policy, but, overwhelmingly since 2000 and for the period to 2013, a series of measures directed at farmers, and legitimised by the ‘environmental’ label. In practice, and in most member States, the maximum available funds will be devoted to various agri-environmental and land management schemes, and, in some cases at least, especially to measures which will help the member states and regions with intensive agriculture meet the requirements of the Water Framework Directive. Important as this may be, and I do think it is important, it is quite simply not rural policy! And since the richer and most intensive agriculture is usually in more accessible and richer rural areas, it will not help economic and social cohesion either! Does anyone care? Perhaps it is a good thing that EU Pillar 2 funds have declined for most of the old member states, since this could free up national resources and indeed policy thinking to look at more creative ways of ensuring that rural communities thrive in future?

20 See also the papers by Hannu Katajamaki (Finland) and Ikonen and Knobblock (Sweden) for this workshop
21 In her paper for this workshop
22 Ikonen and Knobblock (this workshop) report that ‘The Swedish ERDP is more concentrated on agro-environmental measures than in other European countries’ p 11. And their table on p 12-13 suggests that only 2.2% went to rural development. Despite this, we are told that the mid term evaluation considers the programme ‘effective’! It all depends how you measure effectiveness!
10. The shift from Subsidies to Investment: what should we be investing IN?

Within the new rural paradigm, public support is shifting from subsidies to ‘investment’. This is also the case in what might be called the new regional paradigm. In thinking about what to invest in our rural areas, it is vital to recognise that the nature and function of the public goods that underpin economic activity and human welfare in rural areas is often very different from that in urban areas. Looking at new business formation and new jobs created in rural areas on the one hand, and the factors that make up the quality of life for rural citizens and people who may wish to migrate to rural areas on the other, we can see that important actual or potential rural public goods and quasi-public goods are fresh air, clean water, wind, tides, waves, fish (now mainly privatised), nature & biodiversity, recreational space, landscapes and seascapes, culture, archaeology, history, public festivals and events, the internet, and public services such as education and health. The range of public goods also includes Universities & local learning centres! Incidentally, the UHI\(^{23}\) is a new University being forged out of a partnership between the further education colleges in the most peripheral rural areas of northern Scotland including the Islands, and at the moment it mainly serves people who would find it very difficult to go away for Higher education as well as others who value its specialisms like marine science and sustainable development. We can also note that UHI is a striking exception to the centralisation trend.

The public and quasi-public goods I have listed are important for the development of tourism recreation, local products, marketing and branding, innovation and enterprise, democracy and for the quality of life, and hence migration decisions, of people. They cannot all be attributed to the activities of agriculture and land use, although some may be. There is a need to recognise that other actors are crucial in creation & maintenance of such important public goods and services, and that adverse trends in these other areas may well be overpowering compared with efforts in relation to ‘agri environment and Land Management Contracts, for example, as suggested by [at least one of the papers refers to this]. Equally there is a need to ‘join up’ policies and activities that ‘create or maintain’ rural public goods, and those that use them for enterprises like tourism and recreation, or niche product creation. I think this is what Hannu Katajamaki refers to as ‘value chain thinking’. It is the failure to join up ‘value chains’ in the policy governance system that makes EU pillar 2 so very weak in comparison with some of the things going on at local level.

\(^{23}\) UHI – University of the Highlands and Islands or UHI Millennium Institute. This is a partnership of FE colleges from the Shetland Islands to Perth plus some specialised research institutes based in the Highlands and Islands. The UHI PolicyWeb is a small institute dedicated to the study of impacts of all kinds of social and public policy on the region.
11. What Outcomes is Rural Policy Aiming at?

A central problem in analysing rural policy is to know what outcomes it is aiming at. This is often hard to pin down, and looking at the kind of indicators used by the EU does not help! If I had to choose one outcome from all the statements flying around it would be ‘sustainable rural communities’ in the economic, social and environmental sense of that concept. If I had to choose one or two simple indicators, I might choose net population change as an indicator of how people were voting with their feet, supported by indicators of quality of life, incomes and employment, enterprise births and deaths, and water and air quality. But pinning policy makers down to desired outcomes is very hard! We need to push them! How many can say - as Hilkka Vihinen does of Finland - that the task of rural policy is to guarantee a viable and functioning countryside?

"Finnish rural policy has taken as its starting point the fact that countryside has value as such. Countryside offers an alternative to urban regions and lifestyles, and its very existence and availability is an important social value. It is not just a hinterland affected by the positive or negative forces deriving from population centres, but a region with a will and vision of its own. However, like urban areas, it needs active development methods of the public sector. Hence, the task of rural policy is to guarantee the existence of viable and functioning countryside"  
(Hilkka Vihinen, paper for the workshop, citing from 'Viable countryside – our joint responsibility 2004'.)

One thing a viable rural community needs is people, and one key indicator is population change. Roughly speaking, in many remoter areas of Europe birth rates fell below death rates sometime in the 1980’s, and so since then population maintenance has depended on positive net in-migration. ‘Keeping your young people’ – a popular but in my opinion mistaken notion in many rural areas – is just not enough. The critical thing is to attract both your own and other young people back in their child-bearing years, and it is critical to ask what this group values in terms of ‘quality of life’. Katajamki’s paper from Finland makes a point that we are often stressing in Scotland, notably that in-migrants to rural areas will be increasingly multicultural. As the Finnish paper, and other recent research elsewhere, points out this will pose new challenges for rural communities and for rural policy.24

---

12. Conclusion

In 2000 we organised a conference called Rural Policy at the Crossroads’ at the Arkleton centre in Aberdeen. By this we meant to capture the conflicts between the old and new paradigms. It is evident that these conflicts continue, 6 years later, and that they will continue until 2013, at least at EU level. Nevertheless, there remain strong pressures for reform at the level of the member States and within rural communities, on whom the pressures of global and national changes are considerable, and for whom the edifice of EU rural policy falls woefully short of what is needed. Implicit in the struggle for a new policy structure and focus, is the struggle for policy governance. All this is evident in the country papers before us.

Equally, there are general changes in society that are impacting on rural people and places, as well as structures of government, and processes of governance. There is a wide literature on ‘new governance’ which suggests reasons why new actors are being brought into decision making processes, and why decision making is being decentralised in some areas. No doubt cynics would say that the decentralisation has to do with budgetary constraints at national level, but there are also ‘real’ forces at work here. There is an equally wide literature on ‘clusters’ ‘city regions’, centralisation, ‘innovation systems’, and regionalisation. The striking point about many such tendencies is that they tend to further marginalise rural areas beyond the commuting belt. And yet, there are many economically successful rural areas in this more peripheral zone that defy all the ideology and received wisdom of city regions and ‘innovation systems’ ideology. In getting the point across, I think we should pay attention to Finland even if it has not succeeded in doing anything very interesting or useful with its EU Pillar 2 funding.

This brings me back to the specific contributions of the Nordic countries to the rural policy debates, and in part this is an acknowledgement of the many Nordic scholars who have influenced my own thinking. Let me mention the debates on broad and narrow policy (Finland, for me especially Eero Uusitalo, Chairman of the Rural Policy Committee), farm household pluriactivity (for me especially Ottar Brox’s early work in Norway in the 1960’s was seminal), social rights (again Ottar Brox and his own sources especially pertaining to T H Marshall), sustainable development (very many, but perhaps most obviously Norwegian PM Bruntland), differential migration (Brox), the ‘arena society’ ‘reach’ and labour market areas (Late friend, colleague and collaborator since 1986, Lars Olaf Persson and his colleagues Westholm, Wiberg, and Ceccato), technology diffusion, public goods and local revenues (Brox), rural-urban political alliances (Brox) to name but a few. The papers at this workshop demonstrate that this process is continuing, and long may it be so!
References:


Alperovitz (2004): *America Beyond Capitalism: Reclaiming our Wealth, our Liberty and our Democracy*, John Wiley & Sons


