

Social economic developments in rural Europe

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Outline

- What's rural?
- Social economic developments
- Policies
- Conclusions

What's rural?

■ Characteristics

- Large distance between activities
- Limited infrastructure
- Under use infrastructure
- Plenty of living space
- Selective number of activities

■ Conceptual approaches

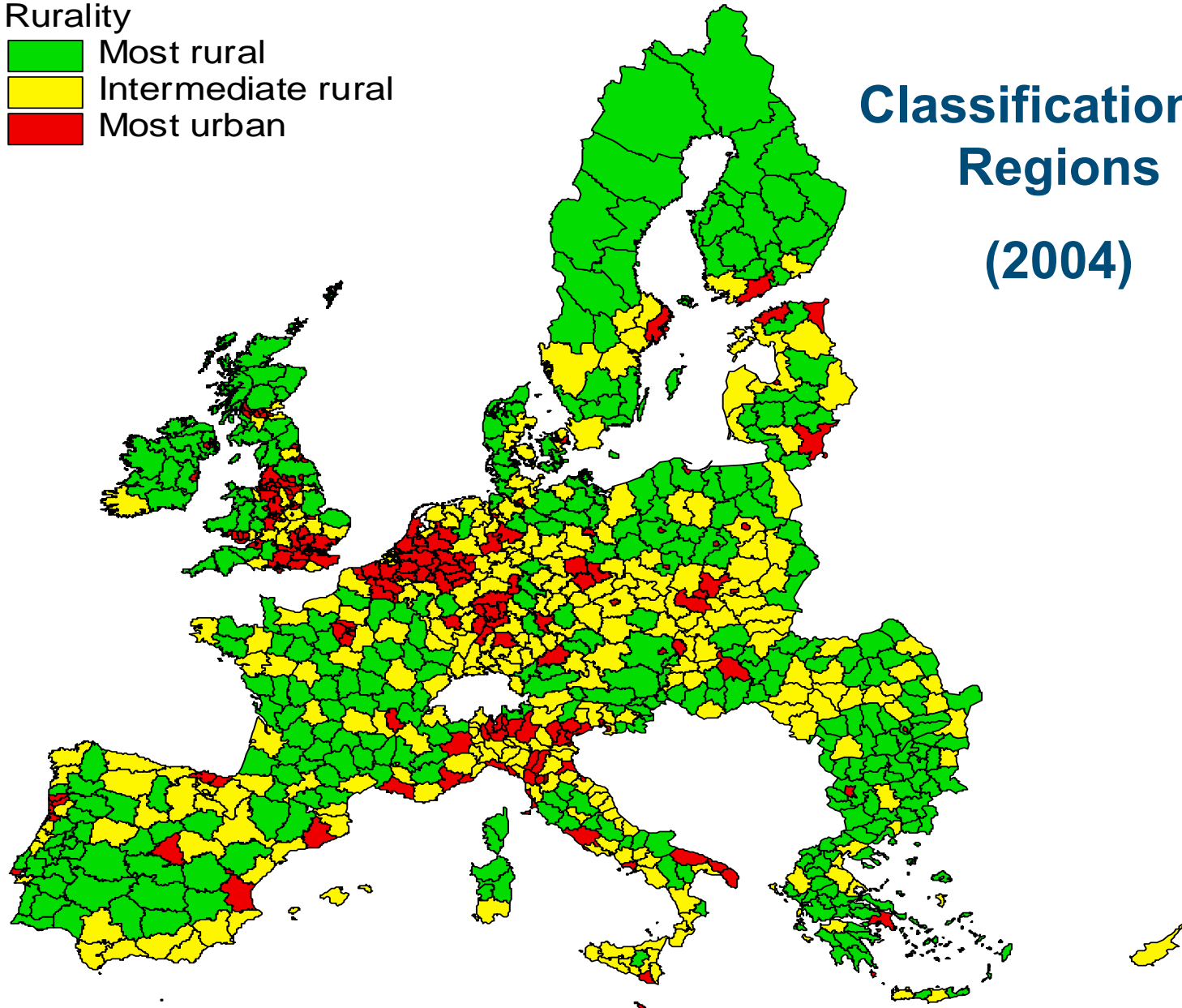
1. Geographical concept (region): 'demographic rurality'
2. Social representation: 'social rurality'

■ Economists/'practical people' prefer option 1

Rurality

- Most rural
- Intermediate rural
- Most urban

Classification of Regions (2004)



Rural development

- Rural areas develop often in relation to urban areas
 - They can be dynamic; even more dynamic than urban areas (Still a large difference between e.g. North-West Europe versus CEECs and parts of South Europe)
 - Technological and economic developments are more important than policies; also economic systems (!)
- Rural Development Policy of the EU has increased and certainly plays a role (but compare to direct income policy!)

Four important indicators of regions

- Where do people live? (population)
- Where are they employed? (employment)
- What do they earn? (income per capita)
- What is the size of a region (land area)

Share of population and land area (in %; 2004)

| Population | most rural | intermediate rural | most urban |
|------------|------------|--------------------|------------|
| EU-15 | 19 | 34 | 47 |
| NMS-10 | 30 | 46 | 23 |
| EU-25 | 21 | 36 | 43 |

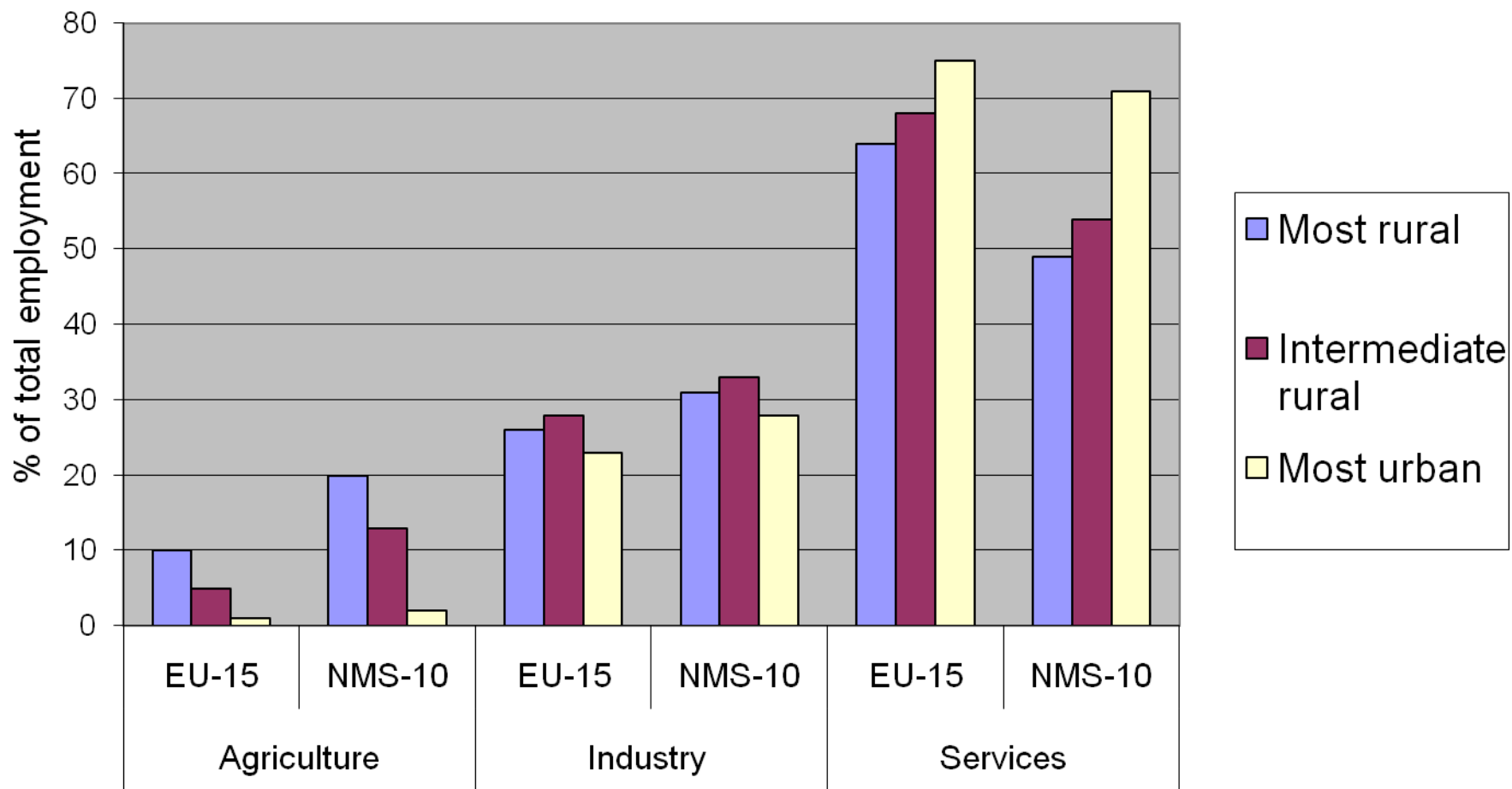
| Land Area | most rural | intermediate rural | most urban |
|-----------|------------|--------------------|------------|
| EU-15 | 59 | 31 | 10 |
| NMS-10 | 46 | 48 | 6 |
| EU-25 | 57 | 34 | 9 |

Population growth (% per year) in leading and lagging regions: EU-15 (1990-2000)

| | All | Leading | Middle | Lagging |
|----------------------------|-----|---------|--------|---------|
| Most rural regions | 0.2 | 0.5 | 0.3 | -0.1 |
| Intermediate rural regions | 0.4 | 0.8 | 0.4 | -0.1 |
| Most urban regions | 0.3 | 0.4 | 0.3 | 0.1 |

Leading intermediate regions are most dynamic!
Further differences are not that large

Sectoral composition of employment



Source: Eurostat; adaptation LEI

What drives developments of regions?

- Conditions
 - Basics such as infrastructure, location, people
- Drivers
 - Stimulating factors such as specialisation
- Top
 - Outstanding features

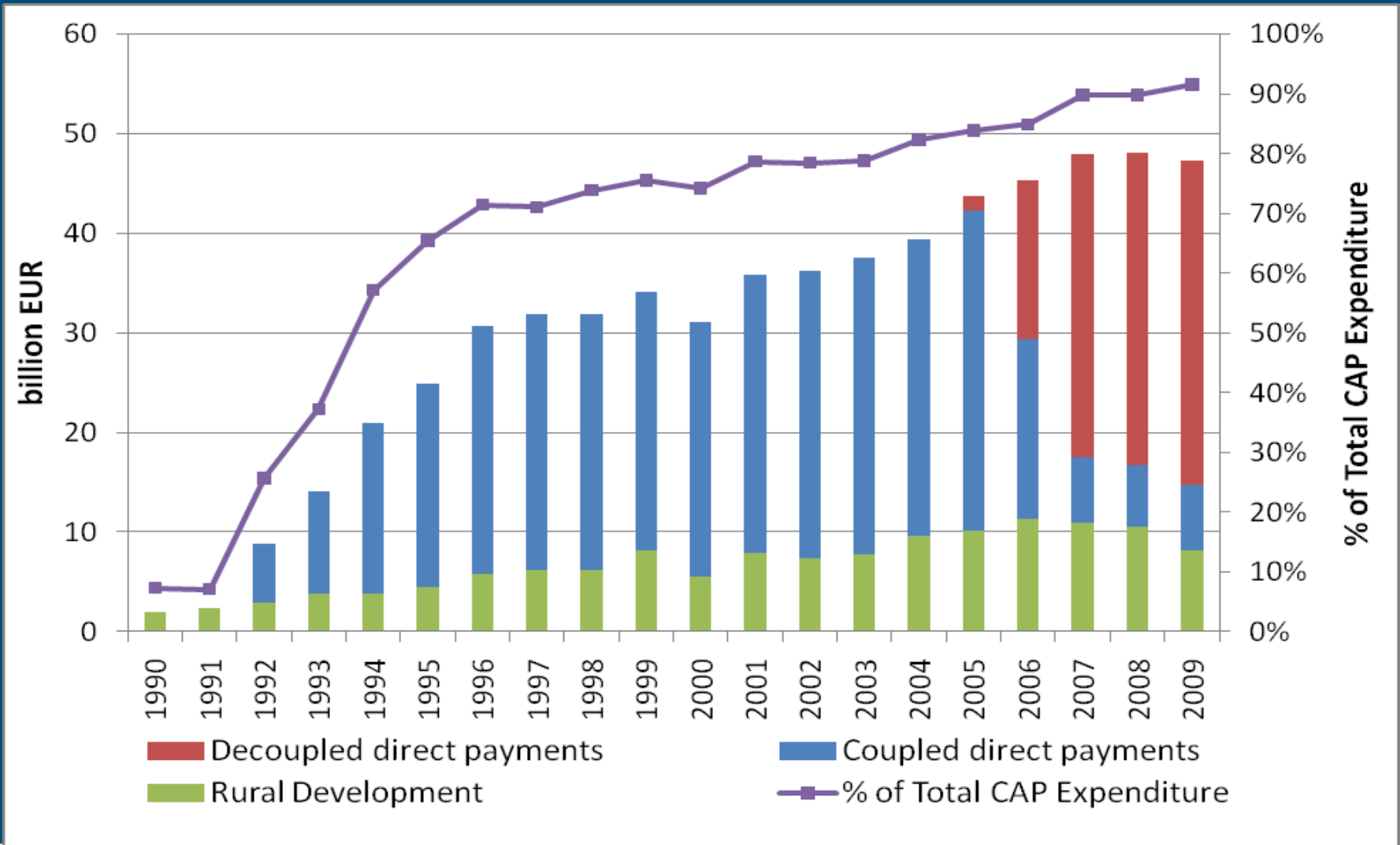
Preliminary conclusions and observations

- New Member States (NMS): show still a relative high share of population in 'most rural areas' and a relative high level of employment in agriculture => will go into the direction of EU-15
- The sectoral composition of employment in 2004 was not far different between EU-15 and NMS: this may further equalize
- What about income per capita?
 - Convergence between most member states
 - Some divergence between regions?

What's the influence of policies?

- Agricultural Policy
 - Presently mostly direct income support
- Rural Development Policy
 - Less Favoured Areas
 - 'Real' RDP
- Structural/Cohesion Policy

Let's take a look at EU budget



Rural Development Policy (RDP)

- National, regional, local and private budget is added
- Effectiveness of RDP is often checked by looking at targets and expenditure
- Efficiency is rarely checked (same holds for other types of structural policy), but it is assumed that member states choose for the best options given their opportunities
- What type of policies?

Rural development policy 2007-2013: Measures

LEADER Axis 4 (>5%)

**Axis 1: Com-
petitiveness (>10%)**

Farm modernisation
Setting up
Training
Quality
Advisory

**Axis 2: Environment
and Land
Management (>25%)**

Less favoured areas
Natura 2000
Agri-environment
Forestry measures

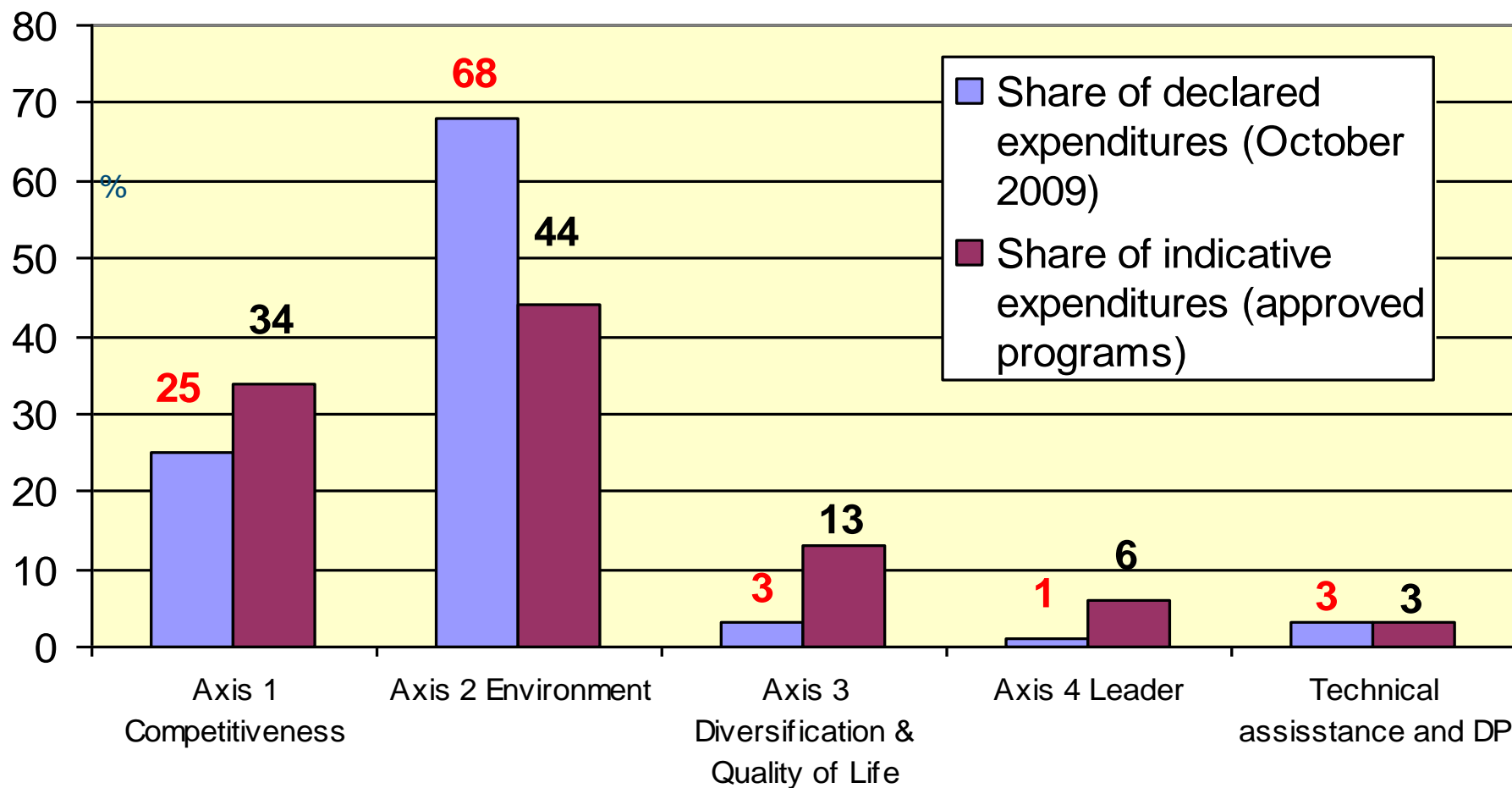
**Axis 3:
Diversification and
quality of life (>10%)**

Diversification, tourism
Micro-enterprises
Village renewal
Basic services

EAFRD: European Agricultural Fund for Rural Development



EU Rural Development Policy 2007-2013



Final remarks

- Targeting policies: far ahead of actual expenditures
- Targeting gives both limits, but also freedom to member states
- Local ('grass roots') initiatives are possible via LEADER / Local Area Groups (LAGs)
- Rural heritage may fit into 'Quality of life and cultural capital' (mainly in Axis 3 and 4)
 - Both 'driver' and 'barrier' of economic development
- It is not expected that the total Rural Development Budget will increase over the period 2014-2020

Thanks

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Book: <http://www.wageningenacademic.com/eupolicy>

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Definitions of rural areas

- Classify according to population density and number of inhabitants of towns (Frame: NUTS3)
- OECD: <150 inhabitants per km² → rural community
 - Rural region: >50% of pop. in rural community
 - Urban region: <15% of pop. in rural community
 - Intermediate region 50% < pop. in r.c. >15%
- EU: Grid cell of 1 km²: > 300 inh *and* a cluster of 9 cells > 5000 inh → urban community
 - Urban region: >50% of pop. in urban community
 - Rural region: <20% of pop. in urban community
 - Intermediate region 50% < pop. in u.c. >20%

Different approaches

■ Regional approach

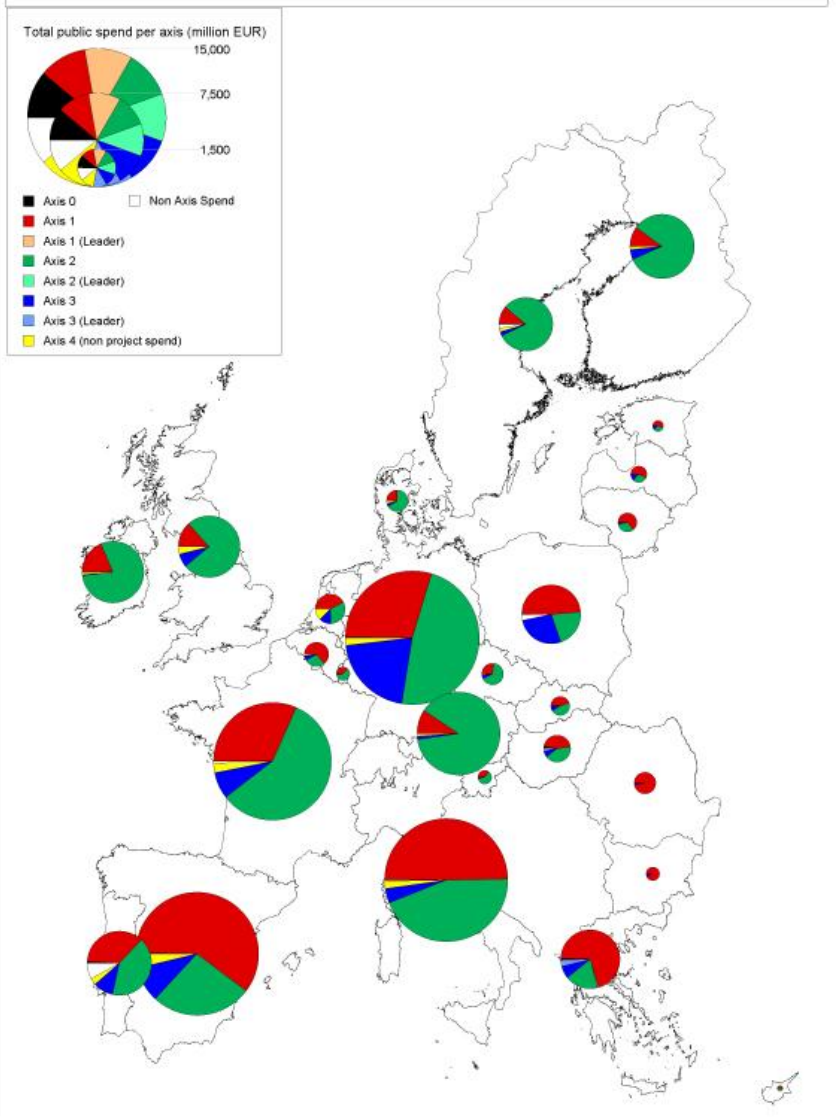
- Takes particular areas as starting points (local, regional)
- Within a regional approach:
 - Looks at different activities (agriculture; industry; services), but also at 'capital', networks, etc.

■ Spatial approach

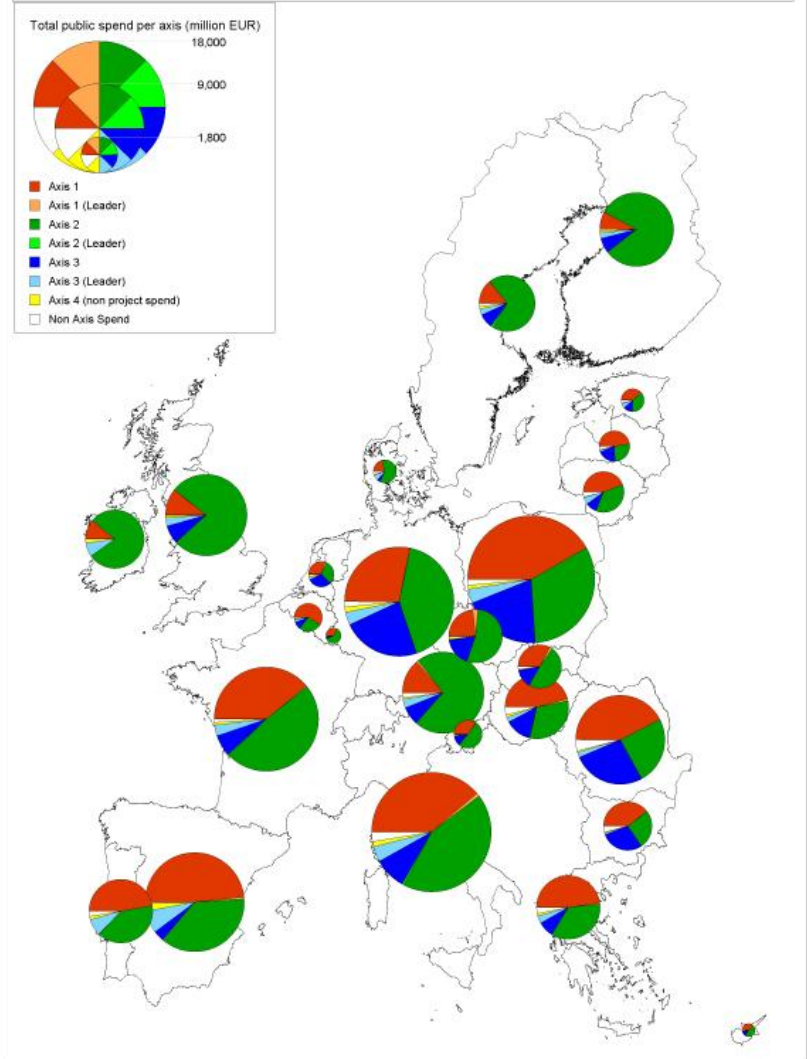
- Looks how different activities influence each other because of distances (Von Thunen; Gravity, etc.)

Spending priorities *(adjusted for inflation)*

Total Public Spend 2000-2006 by Member State and Axis



Total Public Spend 2007-2013 by Member State and Axis



-Shift of resources to NMS

-Increase in axis 3&4

Source: Dwyer, 2010

Slide with relevant links

- Rural Development in the European Union - Statistical and Economic Information - Report 2010:

<http://ec.europa.eu/agriculture/agrista/rurdev2010/ruraldev.htm>

- Ecorys: Study on Employment, Growth and Innovation of Rural Areas (SEGIRA):

http://ec.europa.eu/agriculture/analysis/external/employment/full-text_en.pdf

- Definition of rural areas in the EU:

http://epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-HA-10-001-15/EN/KS-HA-10-001-15-EN.PDF