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Examples of Consistency and Variability: Rural Policy Reviews of OECD Countries

Introduction

Between 2006 and 2009 the Rural Programme of the Organization for Economic Cooperation and Development (OECD) undertook a number of reviews of national rural policy in Germany, Mexico, Finland, the Netherlands, Scotland, Italy, Spain, Quebec and England (OECD 2007a; OECD, 2007b; OECD, 2008a; OECD, 2008b; OECD 2008c; OECD 2009a; OECD 2009b; OECD 2010; OECD 2011)¹. The reviews examine rural policy, using the OECD's New Rural Paradigm as a metric. In some cases, England, Quebec and Scotland, the review covered only a portion of the territory of the country that is the actual member of the OECD, but in these three instances distinct national level rural policies developed and operated by that nation that are specific to the territory². While most of the reviews covered members of the European Union, which have a supranational policy layer in common, both Quebec and Mexico are outside the EU. In addition, the reviews cover a large cross-section of rurality, including nations with sparse and remote rural territory, Finland, Mexico, Quebec, Scotland; and largely peri-urban areas, England and the Netherlands.

Reviews were commissioned by individual countries and they are designed to provide an external assessment of current policy and suggestions for improvement. Because of the inherent selection bias that results from self-selection, it cannot be concluded that the reviews are representative of the OECD membership. In particular, these nations may have embraced the NRP more fully than other members, since they were aware that it would be used in the assessment process. The reviews demonstrate that there are a number of elements that consistently appear in almost all cases. But, at the same time, there are considerable differences. These differences include things that are unique to a single nation and things that are common to a subset of nations, but are not shared by others.

One way to view the work of the OECD in rural policy analysis is as falling into the tradition of microeconomic policy analysis (Cohen, 2001; Henry, 1991; Weimer and Vining, 2005). The central focus of this approach is captured by the tag line of the title of Henry's book – "Helping the invisible hand". Microeconomic policy approaches start from a foundation of market based institutions, but recognize that the state plays an important role in resolving market failures. OECD Rural Policy Reviews largely adopt this approach, mainly because a key mission of the OECD is to help strengthen market forces in its member countries. Reviews are not formal policy evaluations, but can be thought of as policy assessments that use a consistent methodology. Reviews involve first identifying the current context or set of conditions in the rural parts of the nation, then reviewing existing rural policy, and finally, undertaking an assessment of current policy and making recommendations for policy reform.

A benefit from synthesizing the reviews is the ability to identify consistency and variability in rural conditions and rural policy. The main function of the OECD is to provide a forum for market oriented democratic countries to discuss common problems and develop shared solutions. The reviews contribute to this process, both by identifying common issues and by providing information on how these problems have been addressed in specific places.

Pezzini's 2001 article introduced the OECD perspective on rural development into an academic context. In it he pointed out key findings from the previous decade of OECD rural activity:

1. that many rural regions were prospering, and in fact some rural regions grew faster than urban regions,
2. that agriculture was a still significant but declining factor in rural areas of all OECD countries, and that amenities provided opportunities for new forms of rural development
3. that rural policy as conducted by OECD national government was often ineffective because it lacked a territorial focus and remained attached to sector specific programs, particularly for agriculture, and,
4. that in some countries there had been a shift to a more bottom-up approach that adopted a regional perspective but with sensitivity to local conditions.

Terluin (2003) provided a theory based elaboration of these ideas that identified key forces associated with economic growth. She identified three sets of dynamics – territorial dynamics, population dynamics and global dynamics that affect rural regions in different ways (p. 328). Local actors respond to these external forces and the nature of their responses further contributes to differences in conditions among rural regions. Her conclusions are that successful rural places in the advanced countries are able to develop bottom-up based strategies that rely upon local strengths to compete. These strategies involve a high degree of cooperation, both at the local level and with more senior governments. They involve strengthening worker and business skills to facilitate adapting to market changes. And, these strategies must be supported by national policy that enables local adjustment by providing resources and allowing flexibility in action.

The remainder of the paper proceeds through: a short discussion of microeconomic policy analysis, a brief review of the NRP, and then to a synthesis oriented discussion of the national rural policy reviews. This synthesis sets out common conditions among rural areas in the national reviews, the new opportunities for growth and the evolution of the various national rural policies. The conclusion assesses the merits and weaknesses of the OECD approach and offers a few comments on factors that appear to have shaped national rural policy approaches.

Microeconomic Policy Analysis

While the focus of microeconomic policy analysis is on the development of sound public policy, it starts from an examination of market failure which leads to an emphasis on improving the functioning of markets, either by improving their mechanics or by altering the incentives facing participants. The approach is particularly appropriate for the OECD analysis of rural policy for two reasons. The first was alluded to in the introduction, that the OECD is an organization made up of countries that have agreed that markets should be the primary mechanism for allocating resources.

Second, is the particular nature of rural areas. By definition, rural areas are places where individual firms and even individual people can make a noticeable difference. Low density,

large distances and small populations lead to thin markets where individual actors can play significant roles. In contrast to national analysis, where broad aggregates are sufficient to measure behavior, in rural areas it is important to look at microeconomic relationships. Markets fail with great regularity in rural areas because of thinness, nonexistence, limited information, high transactions costs and other reasons.

While it is often possible to resolve some of these problems and improve market behavior, which is always the first goal of microeconomic policy, there are typically clear cases where direct policy intervention may be warranted. The OECD Rural Reviews provide the specific country with advice on how to improve markets in their rural regions and on how to complement market forces where market solutions are not possible. The New Rural Paradigm can be seen as a means for approaching this function

The New Rural Paradigm

The New Rural Paradigm was accepted by the member countries of the OECD in 2006 as an alternative approach to conceptualizing national rural policy. Rural policy in OECD countries had traditionally focused on providing support to specific sectors, agriculture, forestry or health care, for example. The common approach was to provide subsidies that aimed to bring incomes in the sector up to the national average, or provide subsidies to assure that the same level of services were available, without any real concern for how well the subsidies worked or whether there were any undesirable consequences. Firms, communities and individuals were deemed entitled to specific subsidies by virtue of their rurality.

Each of these subsidies operated independently with a focus on a specific issue and little concern for how the larger rural economy was doing. Because the policies created entitlements, giving recipients a right to the payment, there was often little concern with how well the program worked. The main policy assessment concerns were preventing “waste, fraud and abuse” and these can be captured by simple accounting audits without any formal evaluation.

By contrast, the New Rural Paradigm (NRP) shifts the focus of rural policy from supporting sectors to a holistic approach that tries to identify how the various components of a local economy interact. The NRP can be characterized as an investment approach. It requires countries to assess the costs of implementing a policy and identify the expected outcomes to ensure that there is a positive return. While this is initially a prospective exercise, the intent of the NRP is to show that providing policy support in rural areas can be seen as strengthening the entire country. As such, the NRP almost demands that evaluation takes place at the project/community level. With an investment there is always an interest in the rate of return, and the best way to ensure ongoing support for rural policy is to show that it provides national benefits (Figure 1).

A second feature of the NRP is the emphasis on economic opportunity. Rural economies are evolving in the same way that national economies evolve in the OECD countries. While traditional industries, such as agriculture, may continue to play a role in rural places they will do so in different ways than in the past. Farmers will have to: adopt new production methods, find new ways to market their products, and identify new risk management tools.

Perhaps more importantly, rural areas will have to identify new economic functions if they are to prosper. While some traditional activities may continue to provide income and employment, the future prosperity of most rural areas will depend upon identifying new activities that can form a major part of the regional economic base.

Figure 1. The New Rural Paradigm

	Old Paradigm	New Paradigm
Objectives	Equalization or entitlement approach, focused on farm income, farm competitiveness	Competitiveness of rural areas, valorization of local assets, exploitation of unused resources
Key target sector	Sector based	Various sectors of rural economies (e.g. rural tourism, manufacturing, ICT industry, etc.)
Main tools	Subsidies	Investments
Key actors	National governments, farmers	All levels of government (supranational, national, regional and local), various local stakeholders (public, private, NGOs)

Source : OECD (2006)

Within this new paradigm, a policy to promote development in rural areas aims at: i) guaranteeing an adequate attention to rural issues; ii) building on local assets and promoting their integration within a diversified and sustainable economic base; and iii) empowering local communities and governments. This is a mix of economic, social, and environmental goals that cannot be achieved through sectoral policies. The policy also needs to: be flexible and adapt to internal and external changes (or shocks), be able to take advantage of new opportunities, or properly react in case of crisis. Thus, a good rural development policy can be considered to be a coherent amalgam of independent policy pieces that evolve through time.

The National Review Process

The broad goals for the set of reviews are, to identify how a particular country conducts its rural policies and to use this information to help all OECD member countries develop more coherent frameworks for future rural policy that reflects current best practices in other countries. In particular, the reviews focus on how countries can help improve the efficiency

of the local economies within their rural regions, so that rural citizens and firms can achieve their full potential. The analytical perspective that provides a common reference point for all Reviews, is the OECD New Rural Paradigm.

Reviews try to measure the “distance” of national rural policy from the NRP. In order to assess the policies in a country the OECD has to first understand conditions within that country and the existing policy context. Every country has a unique set of geographical, social and economic conditions within its rural territory and these both shape and constrain the types of activities that are carried out within rural areas. Further, every country has its own set of political institutions that also determine the types of function that different levels of government undertake. In many cases, this takes the form of supra-national relationships, such as membership in the European Union or participation in various multilateral obligations, which also have implications for national rural policy.

It is also important to recognize that the term “rural policy” has a broad range of interpretations within the OECD member countries. It is probably the case that each member country has its own specific sense of the domain of rural policy. For the reader of OECD rural policy reviews it is important to keep in mind that the broad sense of “rural policy” used here is unlikely to correspond to any national perspective. While this paper does not provide a specific definition of rural policy, the sense in which it is used in the OECD is the set of policies and programs that help improve the economic and social well-being of rural residents.

Understandably, while there are great similarities in the types of problems facing rural residents, rural firms and rural local governments across the OECD countries, there are also important differences among OECD countries that will lead to different approaches to rural development. Moreover, it is increasingly clear that there may be significant differences in conditions and opportunities within any OECD country that further complicate the development of a national rural policy.

Thus, to ensure that the review considers both the National Rural Policy and the pertinent —issues impacting policy design and implementation, the country under review prepares a background document for the OECD. This foundation document contains important analytical and statistical information and sets out the basic conditions found in its rural areas and outlines the existing rural policy. The background report is supplemented by: (1) information contained in the OECD Territorial Database that provides comparable international data; (2) information generated from a number of site visits to rural areas in the nation under review; and, (3) information from other OECD work and other reliable sources.

An important part of the review process is the series of rural field visits, which provide: a context to understand the statistics, build on the information contained in the background report, as well as, afford an opportunity to better identify how policies operate —on the ground’. During the visits, one-on-one and group discussions are undertaken with a range of relevant government (policy makers from different levels of government) and non-government stakeholders. Significantly, the OECD field visits involve “peer reviewers”.

Public officials from other member states help the OECD Secretariat in the assessment. The ultimate goal of peer reviewing is to help the reviewed state improve its policy making, adopt best practices, and comply with established standards and principle (Pagani, 2002).

Assessment, Not Evaluation

What is provided in the paper is a synthesis of common aspects in the various reviews. The main goal of the OECD is to allow its members to discuss common problems and compare their policy approaches. While the NRP is a metric used to make assessments and recommendations in the reviews, the process is not a formal evaluation. Each country faces different conditions in its rural areas and rural policy also varies by importance in OECD countries. While the NRP sets out a broad policy approach, it lacks sufficient detail to form the basis for an evaluation. Moreover, the NRP is silent on how policy should be implemented – the specific mix of policies and programs, and absent this detail an evaluation cannot be considered. Finally, the objectives of national rural policy may differ from the implicit objectives of the NRP, and a true evaluation would have to incorporate these differences.

Although the paper results in an inevitable comparison of policy approaches across nations, it should be kept in mind that each of the reviews was conducted independently and each nation identified specific items of interest to it. This means that while each review includes some core information and discussions, there is considerable variability across reviews in terms of focus. And, while each review contains suggestions of potentially appropriate practices taken from OECD countries that appear to be of potential value to the nation being reviewed there is no formal process to determine that these are in fact better approaches.

Synthesis of the National Reviews

This section provides the synthesis of the reviews. While nations vary markedly, in terms of their basic attributes and governance structures, there are significant similarities in rural policy across the OECD. However as the analysis shows there are also important differences. And, while all OECD members have accepted the value of the New Rural Paradigm as a way to refresh their rural policy it is clear that there are significant differences in the degree to which countries have embraced it and also differences in how countries have chosen to implement the concept.

Descriptive Information

Figure 2 provides some basic descriptive information on the nine nations reviewed. Only Quebec and Mexico are not part of the European Union and thus EU policy provides a common and important influence on the rural policy of the other seven. This reflects the transfer of responsibility for agriculture to the EU by member countries and the subsequent decision that the Common Agricultural Policy will be the main factor for rural policy within the EU.

The nations display a broad mix of conditions. There are geographically small, densely settled cases, such as England and the Netherlands, and large, sparsely settled cases, such

as, Finland and Quebec. GDP and per capita income vary across wide ranges, from Mexico to Germany. Using OECD definitions in only Finland and Mexico is the rural population above 20% of the total population. Crop land is a major land use in some countries and a minor use in others. There are, however, common elements. In all countries agriculture is a small share of GDP and populations are growing slowly, if they are growing at all. In all nations but Mexico, the population is aging rapidly and fertility rates are below natural replacement levels or just above them. In all nations the national definition of rural results in a higher share of the population being considered rural than with the OECD definition, and in some cases the difference is quite large.

Governance Structure

The governance structure differs considerably across the nine nations reviewed (Figure 3). Only four are formal federal systems with an explicit constitution based division of power, although all but England and Scotland have a second tier of government that has well defined powers and responsibilities, including those that play a major role in rural territory. In those instances where there is a division of responsibility, it is universally the case that multiple layers of government share responsibility for some aspects of rural policy.

In most nations the lead government agency for rural policy is the Ministry or Department of Agriculture. In those cases where it is not the sole lead agency it generally partners with another agency, typically one responsible for regional policy, with shared responsibility. Only in the case of Quebec and Scotland is agriculture not a lead actor. In the EU countries the restructuring of the Common Agricultural Policy (CAP) with a greater share of funds being allocated to Pillar 2, the rural development pillar, is inducing member countries to better align their rural policy with EU funding priorities. This is clearly seen in these countries where EU financial support plays a major role in funding for rural policy. In other countries, such as England Scotland and Germany, where agricultural policy and rural policy have traditionally been distinct issues there is less impetus to align domestic rural policy with the EU approach. Within the EU Finland is an interesting anomaly. As a recent member that had historically provided high level of support to agriculture and with a large rural population share, accession led to a loss of ability to continue to use domestic support, and the necessity to adopt policies that allowed EU funds to replace lost domestic support.

In some EU countries, United Kingdom, Finland, Germany and the Netherlands, rural policy is a distinct issue that is mainly driven by domestic concerns, while in other EU countries, Italy and Spain, rural policy seems to be more aligned with the programs funded under Pillar 2 of the CAP. A higher share of agriculture in GDP and lower levels of per capita income seem to contribute to a greater alignment of national and EU policy, with these countries likely to have a rural policy that is more focused on maximizing CAP support.

The majority of the nations reviewed have a formal rural policy, often one that provides a coordination function among lead ministries at the national level. In the case of England the UK government has adopted the idea of “mainstreaming” as an alternative to place based policy. Scotland has relied heavily upon regional development agencies (now abolished),

one of which Highlands and Islands, operated in predominantly rural areas to drive economic development. While rural areas are a clear priority for the Scottish Executive there is no formal rural policy. Similarly, in Germany there are two major Bund-Länder multi-year development agreements that address key rural development issues, but no formal rural policy. The Netherlands has a range of policies that affect rural areas, but no formal rural policy.

Policy stability is important if individuals and firms are to adjust their plans in ways that incorporate policy objectives. Some countries have a policy structure that has been in place for an extended period of time, which allows firm expectations by rural actors. Other countries have recently made major modifications to their rural policy, for example Italy and Spain, and it is too soon to conclude whether these policies will persist into the future.

Most nations have recognized that broad national policies for health care, education, infrastructure and environment have a larger impact on rural areas than policy that is explicitly targeted to rural places and people. While this is the case there are only limited efforts to connect these other line ministries to those responsible for rural policy. In some cases there is an effort to have all government departments consider the rural impact of any policy or program, but these appear largely ineffective requirements. England, Finland, Scotland and Quebec seem to have made the most progress in connecting central government departments to rural policy, while Germany, Italy and Spain have recently adopted new strategies that have the potential to improve policy coordination.

The NRP relies upon strong local governments and in general this is a weakness in the countries reviewed. To some extent weak local government capacity can be offset by arrangements such as LEADER in Europe, the Micro-Region program in Mexico or the MRCs in Quebec. In most countries local government administrative boundaries do not correspond to either local labor markets or to retail trade areas. Consequently even effective local governments in rural areas have difficulty in implementing effective economic development programs.

Current Rural Policy

Figure 4 provides a synopsis of the key rural policy concerns and of the common future opportunities for growth in rural areas. In all cases, other than Mexico, the aging of the rural population is a major concern. Even in those countries where the rural population is increasing, England and Netherlands, it is still aging, which has important implications for: future workforce numbers, and the demand for public services and community viability (Brown, 2009). In Finland and Quebec these declines are important enough that there is a concern with desertification or the abandonment of national territory. In Germany rural areas of the eastern Länder are experiencing a similar pattern of rapid decline but desertification is not a major issue. In other countries concerns with farm abandonment can be important, but are largely driven by a concern with agri-environmental impacts due to eco-system changes.

Three countries are experiencing significant shortages in rural housing, England Scotland and the Netherlands. England and the Netherlands are both small, densely populated places

where there is a premium on maintaining rural landscape. In addition they are both wealthy countries with a population that wishes to have a rural residence. The combination of restrictions on new rural housing and urban outmigration to rural areas creates upward pressure on housing prices and supply shortages. The situation in Scotland is more complicated. It also has a restrictive planning system but rural space is not scarce. However the majority of the territory in rural Scotland is held in ancestral estates and very little of this land is available for housing.

Poverty alleviation is a concern for rural policy in Mexico, Spain and parts of Southern Italy, but in other countries, while there is some rural poverty, the general socio-economic condition of the rural population is at the same level as the urban population or in some cases better. In all countries there is a growing concern with the availability and mix of public and private services. In particular, an aging rural population is increasing the demand for medical care and assisted living, while a shrinking work force is making it more difficult to provide these services. Moreover, rural services are more expensive to provide in all countries (OECD, 2009) and governments in all OECD countries are currently experiencing budget shortfalls.

Nations that are wealthier and have larger populations tend to focus more on agri-environmental measures in their rural policy. This suggests that concern with the rural environment increases with income and population density. In many cases the focus is on maintaining agricultural amenities to bolster rural tourism and a high quality rural environment for second homes and retirement homes. As might be expected, in England and the Netherlands the concern with preserving an environmentally sound agricultural landscape is a critical part of rural policy.

Surprisingly, despite a general belief in OECD countries that rural areas typically lag behind urban areas in terms of economic performance, there is little attention given to increasing economic competitiveness in current rural policy. The main exception to this remains agriculture, as all countries maintain support for agricultural investments and modernization. Other than agriculture, the two main sectors targeted for investment in rural areas are renewable energy and tourism. All the nations reviewed see these two industries as main drivers of the rural economy in the future. However, there is little sense in any of the governments of how to precisely increase the role of renewables and tourism in rural economies, or of the specific opportunities and constraints facing these two industries.

Policy Consistency with the New Rural Paradigm

Figure 5 provides a general assessment of how consistent the various nations current rural policy is with the broad principles of the New Rural Paradigm. While all have embraced parts of the NRP, no nation can be said to have completely adopted all its ideas. In general all believe that rural policy has moved beyond farming, and now define a broader set of issues and activities as being central to rural development. In addition, most nations have adopted aspects of multi-level governance in their rural policy. Those where there are constitutionally distinct levels of government, each with enumerated powers, are obviously compelled to follow this approach, but some unitary states have also strong traditions of

tiers of government. Within this context all nations see the benefits from better coordination of activity by national government departments or ministries, but struggle with finding effective ways to achieve this. Germany, Italy, Mexico and Spain all recently introduced new administrative structures to improve coordination.

While there are multiple levels of government involvement in all the nations reviewed, it is clear that the idea of a bottom-up approach is not something that comes easily to national governments. Most national governments continue to play the dominant role in rural development. Local governments may be allowed to choose among a set of policy options, but are limited to these options. Moreover, funding for local governments from national sources is generally constrained to be used for specific purposes, and local governments have only limited abilities to raise additional revenue, especially given the financial crisis. For rural regions in the EU nations, one source of more flexible funding has been EU level regional and rural development support, which while it comes with its own limitations is not subject to short term changes in national policy priorities.

In addition, there has been limited progress in moving to an investment-oriented approach. To some extent this reflects the reality that rural areas have less than desired levels of access to basic public services and that national values and social cohesion require that conditions be improved. However, even in the wealthier nations, where the rural population has socio-economic characteristics that are similar to, or better than, the urban population, there is not a strong focus on an investment approach to rural policy. Not surprisingly, the limited focus on investment also implies a limited interest in evaluation and evidence-based decision making.

A key aspect of the NRP is a recognition that rural areas can be competitive in national and international economies. As noted earlier current rural policy does not appear to focus on enhancing economic competitiveness. In part, this may reflect the importance of improving basic infrastructure and public services in rural areas to minimum national standards, and the limited role that investment oriented decisions and evaluation now play. However, without a stronger interest in strengthening local rural economies, the well-being of rural areas and people will continue to rely on inward movements of income and wealth from urban centers.

Common Threads

There are no specific conclusions to this exercise, but a number of common threads can be drawn from the various reviews. All nations reviewed continue to support agriculture, as the quintessential rural industry, but none still sees agriculture as the means to achieve broad rural development objectives. In most, there is a recognition that farmers are more dependent on the broader rural economy than the rest of the rural economy is on them. Moreover in some nations the multifunctional benefits of agriculture in the form of non-commodity outputs are now as large as, if not larger than, the commodity outputs.

Tourism is seen as a key potential driver of future economic growth. In many nations agriculture is seen as playing a direct or indirect role in strengthening tourism, by providing underlying amenities. In peri-urban rural areas the potential for day tourism is

high, while in more remote areas there is more potential for longer stays, but more infrastructure will be needed to allow this to happen. In general, while tourism is seen as an opportunity, there is little evidence of well developed strategies for expanding the role of tourism across rural space.

Renewable energy is the other new key economic driver, but once again there is little strategic sense of how it will be developed, or how rural benefits will be maximized in this development process. Clearly a large part of renewable energy generation will occur in rural areas, but it remains uncertain how renewables fit into larger national and regional energy policies, and into rural development policy. Moreover, it is not clear that simply generating power in rural areas will add a lot to the rural economy in terms of income or jobs.

Most interestingly, current rural policy in the nine nations reviewed does not seem to have a strong focus on fostering economic competitiveness. While all continue to make investments in modernizing agriculture, they have a less strategic view of other sectors of the rural economy. Finland is a notable exception to this situation. In some cases, for instance Quebec, there has been an explicit decision to decouple rural policy from regional policy and assign rural policy a capacity building function while regional policy focuses on economic development. However, for the majority, there appears to be difficulty in recognizing economic development as a key function of rural policy. While it is possible to argue that it is difficult to bring about economic development without a strong foundation in the form of infrastructure investments, better human capital and improved public services, it is also true that the provision of these foundation investments should be made within the context of a strategy that has economic competitiveness embedded in it.

In most of the nations reviewed the rural population is aging and shrinking, especially in the more remote areas. In peri-urban areas rural populations are increasing as urban dwellers move to rural communities for a better life-style. In England and the Netherlands, where virtually all rural areas are accessible to an urban center, this has led to faster rates of rural population growth than in urban areas. However, the majority of rural areas suffer from youth outmigration. The combination of falling fertility rates and youth outmigration have important implications for rural labor forces in the next decade. Moreover, rural areas seem to have a difficult time in attracting immigrants from other countries. There is some evidence of people moving to rural areas for jobs, but few of these economic migrants become attached to the rural communities where they work.

The rural population is either closing the gap, or has closed the gap with urban populations in terms of socio-economic conditions. In part this convergence reflects a higher incidences of social and economic deprivation in urban centers, but also improving conditions in rural places, especially peri-urban rural places. Rural areas do face an increasing challenge in maintaining access to high quality services. Because the economy of OECD countries is now largely a service or tertiary sector economy, the lack of services or higher cost of services is a crucial factor that can limit economic growth and future rural prosperity.

Many governments in the OECD have adopted the belief that rural and urban economies are no longer significantly different. This reflects the declining role of natural resources in

rural economies and the dominant role of the service sector in both rural and urban economies. However this macroeconomic perspective largely ignores the importance of distance, low density and lack of critical mass in rural places. It essentially ignores the importance of space as a factor that conditions economic opportunities. At a local level, large differences remain between small settlements in rural areas and large urban centers.

Currently, national rural policy remains oriented to remote rural areas while peri-urban rural areas are typically seen as urban hinterlands and not needing a specific policy focus. In several instances there is growing focus on city regions that combine one or more urban places and their adjacent rural territory into a functional economic region. But, in none of these strategies is there explicit consideration of the role that the rural territory and population will play in this larger hybrid region. In part this reflects the lack of a coherent strategy for economic development in rural areas. In all the reviews there is evidence of attention to specific rural opportunities and constraints, but this attention does not extend to a coherent strategy. This is true both for service delivery and for economic development. There seems to be no clear sense of rural economic opportunities, and absent this there cannot be a strategy, so what exists are generic descriptions of economic opportunity.

While the NRP argues for a bottom-up investment approach to strengthen economic competitiveness, there appears to be a great reluctance by national governments to actually devolve responsibility and capacity to local levels. In part this reflects the lack of actual capacity in most rural places. Rural areas are often challenged by weak leadership and weak skills. However, continuing to control decision-making at national levels creates no incentive for rural people to improve this situation. Experience with LEADER in the EU, the *Pact Rural* in Quebec and the Micro-Regions program in Mexico, all point to the possibility for effective local leadership if national governments are prepared to invest in building this capacity.

Finally, it is clear that while there are great differences across OECD countries, and indeed within them, there is considerable potential for joint learning in designing and implementing rural policy. Specific rural contexts are important and simply identifying “best practices” and recommending them is unlikely to provide much of value. However, a more systematic approach that allows approaches from different places to be embedded in another context could offer opportunities for faster and stronger rural development.

Notes

¹ A rural policy review was also conducted for China in 2008, but rural conditions and policies in China are highly dissimilar to those in the OECD countries and China is not a member of the OECD, so it was excluded.

² The use of the term “nation” is intentional. England and Scotland, and Quebec are recognized as distinct nations within the countries of the United Kingdom and Canada, respectively. Each has specific powers and each has a distinctive rural policy that differs from other parts of those countries. The review in these cases was of the specific nation.

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Figure 2: Descriptive Information on OECD Countries Having Rural Policy Reviews

	Population	Pop Growth Rate	OECD Rural	National Rural	Area	% Arable	GDP	Agr GDP
	millions	percent	Pop %	Pop %	,000 sq km	percent	\$ billion	percent
England	51.0	0.7	0	20	130.0	35.0	1,806	1.2
Finland	5.3	0.098	54	47	338	6.6	238	3.6
Germany	82.3	-0.053	10	27	357	33.7	2,955	0.9
Italy	58.1	-0.047	9	58	301	35.5	2,118	1.8
Mexico	111.2	1.130	37	25	1,964	13.9	1,017	4.3
Netherlands	16.7	0.410	0	15	42	22.7	794	1.6
Quebec	7.8	0.800		26	1,667	2.1	232	2.0
Scotland	5.2	0.370	17	22	79	7.0	170	2.0
Spain	40.5	0.072	13	42	505	37.0	1,464	3.3

Figure 3: Basic Governance Attributes of OECD Countries Having Rural Policy Reviews

	Federal System	Constitutional Division of Power	Agriculture Main Agency	Formal Rural Policy	Strong Local Government	Stable Policy Approach	Rural Policy Driven by CAP	Connected to Other Policy
England			x					x
Finland				x	x	x		x
Germany	x	x			x	x		
Italy	x			x			x	
Mexico	x	x	x	x		x		
Netherlands						x		
Quebec	x	x		x	x	x		x
Scotland						x		x
Spain				x			x	x

Figure 4: Current Rural Policy Issues and Attributes of OECD Countries Having Rural Policy Reviews

Current Rural Policy	Desertification	Housing	Population Decline	Service Delivery	Aging	Renewable Energy	Agri-Env	Poverty Focus	Peri-urban Included	Broad Econ Growth Focus	Tourism
England		x		x	x	x	x		x		x
Finland	x		x	x	x	x				x	x
Germany			x	x	x	x	x				x
Italy				x	x	x					x
Mexico				x		x		x			x
Netherlands		x		x	x	x	x		x		x
Quebec	x		x	x	x	x					x
Scotland		x		x	x	x	x				x
Spain				x	x	x		x			x

Figure 5: Consistency of Current Rural Policy with the New Rural Paradigm

			Investment	Economic	Multi-Level	Evaluation
NRP consisten	Multi-Sectoral	Bottom-Up	Oriented	Competitiveness	Governance	Supported
England	x		x			x
Finland	x	x	x	x	x	
Germany	x				x	
Italy	x	x			x	
Mexico					x	
Netherlands	x		x			
Quebec	x	x			x	
Scotland	x		x			
Spain	x				x	