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INSTITUTE OF ECONOMICS
HUNGARIAN ACADEMY OF SCIENCES

MŰHELYTANULMÁNYOK **DISCUSSION PAPERS**

MT–**DP.** 2005/5

THE POLITICS

OF

RURAL DEVELOPMENT IN EUROPE

GUSZTÁV NEMES PHD.

Magyar Tudományos Akadémia
Közgazdaságtudományi Intézet

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The politics of rural development in Europe

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THE POLITICS OF RURAL DEVELOPMENT IN EUROPE

By

Gusztáv Nemes PhD.

Abstract

This paper explores the evolution of rural policies in EU, making some comparisons with CEE rurality. In the first chapter I explore some theoretical concepts on how policies are transferred from one country to another, what a policy paradigm means and how it might change over time with special reference to the changing conceptualisation of rural development. The rest of the paper is based on literature review; document analysis; and interviews and experiences gathered at the European level. In the second chapter an account is given of how the modernisation paradigm prevalent in EU and CEE rural policies has been eroded during recent decades, and what the expression 'rural development' might mean for various actors and stakeholders of this story. Then I analyse some early documents of the SAPARD programme, to show the original intentions of EU policy makers at the beginning of the pre-accession preparation. In the last chapter I make some conclusions on the EU's strategy for eastern enlargement and its possible implications for the evolution of European rural policies.

Keywords: Development Planning and Policy, Agriculture, Rural Economics, Comparative Economic Systems, Agriculture and Natural Resources System
Journal of Economic Literature (JEL) code: O2, N5, R0, P5, Q0

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NEMES GUSZTÁV

VIDÉKFEJLESZTÉSI POLITIKÁK EURÓPÁBAN

Összefoglaló

A tanulmány célja, hogy elemezze az Európai Unió agrár- és vidékpolitikájának evolúcióját, és párhuzamot vonjon az Európa keleti és nyugati felében az elmúlt néhány évtized során végbement fejlődés eredményei között. Az első fejezetben a szakirodalomra támaszkodva bemutatjuk, hogy a különféle politikák és fejlesztési programok (vagyis a gazdasági, társadalomi folyamatokba való állami beavatkozás bizonyos eszközei) hogyan ültethetők át az egyik államból a másikba (policy transition), mit jelent a paradigma (policy paradigm) és a paradigmaváltás, illetve milyen következményekkel járhat mindez a vidékpolitika területén. A tanulmány további részében a szakirodalom mellett különböző dokumentumok elemzésére, a kutatás során a magyar államigazgatásban illetve az EU különböző intézményeiben készített interjúkra, az akciókutatás illetve a résztvevő megfigyelés során gyűjtött tapasztalatokra is támaszkodtam. A második fejezet azt elemzi, hogy az agrár- és vidékpolitikában sokáig egyeduralkodó 'modernizációs paradigma' hogyan indult bomlásnak az utóbbi évtizedekben, és hogy a 'vidékfejlesztés' kifejezés a különböző szereplők számára milyen jelentéssel bírhat. A harmadik fejezetben az EU SAPARD program néhány korai (1998-2000-ből származó), az EU Bizottság által kiadott dokumentumát elemezzük azzal a céllal, hogy rávilágítsunk az EU-nak az előcsatlakozási programokkal kapcsolatos kezdeti szándékaira. Végül az utolsó fejezetben levonunk néhány következtetést a keleti bővítéssel kapcsolatos uniós stratégiával kapcsolatban, és elemezzük ennek az EU vidékpolitikájára vonatkozó lehetséges következményeit.

INTRODUCTION[1]

With the shifting of the cultural and socio-economic environment, policies and theoretical thinking about rural development have been continuously changing over time. Rural development, therefore, is an opaque concept used by various interests with different meanings. No agreement exists as to what development as a process, as a goal or as an achievement is, or what should be considered 'special' about rural development, as opposed to other types of development (Buller and Wright 1990). For the past thirty years rural development as an academic and a political subject or as the 'life of everyday rural people' has held many different meanings. Earlier approaches started from the modernisation paradigm, trying to modernise all aspects of rural life: agricultural production, social structures, culture and physical infrastructure. Rationalisation, intensification and economic growth were important aims thought to be achieved mainly through external intervention. As significant drawbacks of modernisation and external intervention became obvious, an endogenous and sometimes preservationist approach towards development started to emerge. This operated with a different set of principles building on local resources and participation, 'process type aims', traditional values, and so on. This approach worked to counter many earlier problems; however, it could commit whole areas into low development trajectories.

At the end of the last millennium, emerging socio-economic changes in the countryside could no longer be understood within the old paradigm. The rural economy, employment issues and the aims and circumstances of agricultural production all changed considerably. Therefore, a new rural development paradigm started to take shape, trying to explain current socio-economic changes of the European countryside. It draws together various scientific concepts and operates with old and new ideas, such as networks, institutions, control, development repertoires and 'repeasantization'. Nevertheless, the new paradigm is based on practical examples, rather than theoretical thinking, and it is still being formulated (van der Ploeg et al 2000).

The following review does not intend to be an exhaustive one, although it tries to achieve various aims. First I shortly review the literature on the notions of the transition of public policies and the possibility of a paradigm shift in the policy making process. These concepts will be employed throughout the thesis when I analyse rural policies of the EU, of CEE (Central and Eastern European) countries and/or particular development

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programmes. Then some of the most important rural socio-economic changes and connected theoretical concepts of the last decades will be explored, and comparisons between Western and Eastern European countryside will be drawn. Rural policies can be pro-active, can go hand-in-hand with socio-economic changes of the countryside, but can also give late or inadequate answers to these. In this section I also intend to show some important contradictions within the EU rural policy system and to summarise those various meanings in which 'rural development' is used in the vocabulary of EU policy making. The following section examines the intention of EU policy makers whether to change or to reinforce the old paradigm in connection with eastern enlargement, through the analysis of the SAPARD[2] regulation. Finally I try to make some conclusions on the EU pre-accession policies and their possible effects on the evolution of the ongoing re-form of European agricultural and rural policies.

1. SHIFTING THE POLICY PARADIGM, TRANSFERRING PUBLIC POLICIES

The literature on the development and transfer of public policies is large. The following draws upon key articles, picking up ideas, approaches and a vocabulary, important for the subsequent analysis.

In their review article, Dolowitz and Marsh (1996:344) define policy transfer as "a process in which knowledge about policies, administrative arrangements, institutions etc. in one time and/or place is used in the development of policies, administrative arrangements and institutions in another time and/or place". This seems to be a good, widely accepted working definition for the subject. However, there is some confusion concerning those policies introduced within an international organisation - such as the EU or the WTO - and disseminated throughout all participating countries. Should these sorts of policies be classified as policy transfer or not? Another definition by Stone (1999:53) provides an answer in saying that: "policy transfer occurs at the sub-national level; between states in federal systems and across local governments, municipalities and boroughs. Policies sometimes develop from particular local practices - either through pilot schemes or the innovations of street level bureaucrats - and are transferred to other local areas or settings".

A usual approach to policy transfer is a pluralist one saying that it brings new ideas to inward looking states and bureaucracies and opens up possibilities for change. However, as Dolowitz and Marsh argue (1996:355, 356) "if policy transfer occurs within relatively closed international policy communities, instead of introducing new ideas, lesson drawing simply reinforces the existing system, ... maintaining the status quo". They continue stating that: "policy making is not inevitably, or perhaps even usually, a rational process. Rather, it is often a messy process in which different policy, solution,

[2] SAPARD: Special Accession Programme for Agriculture and Rural Development.

and problem streams need to combine at the appropriate moment for a policy to develop". Factors such as political conflicts, lobbying power, the dysfunction of bureaucracy and the ruling policy paradigm have a great influence on the process.

Important factors, discussed by the literature are: *'who transfers the policy'* and *'what is transferred'* (Dolowitz & Marsh 1996). The main agents of policy transfer are: elected officials; political parties; bureaucrats; pressure groups; experts; supra-national organisations; NGOs; academics; and even entrepreneurs. The objects of policy transfer can be: policy goals; administrative techniques; institutions; ideology or justifications; attitudes and ideas; approaches and philosophies; and negative lessons. The most important factors constraining policy transfer are: the complexity of the policy; the transferring agency; and the institutions, political culture and financial resources of the transferring country. The more complex a policy, the more difficult it is to transfer and the more likely the transfer will end in failure. Rose (1993), for example, suggests six factors of complexity for examination: 1) programmes with single goals are more transferable than programmes with multiple goals; 2) the simpler the problem the more likely transfer will occur; 3) the more direct the relationship between the problem and the solution, the more likely it is to be transferable; 4) the fewer the perceived side-effects of a policy the greater the possibility of transfer; 5) the more information agents have about how a programme operates in another location the easier it is to transfer; 6) the more easily outcomes can be predicted the simpler a programme is to transfer.

Another topic to be examined is the nature of policy transfer. The literature identifies two basic types. The first is called *hard* (Stone 1999) or *coercive* (Dolowitz and Marsh 1996) transfer, or by others *instrumental learning* (Stone 1999) or *legitimation* (Bennett 1997). In this type, legislation, standard procedures, bureaucracies, rules and regulations are transferred from one place (one country) to another, mainly by centrally controlled bureaucratic institutions. The policy transfer is compulsory; local actors are usually obliged to comply with new regulations but are also entitled to aid and benefits, delivered by the policy. A clear example for this type is the enlargement of international organisations (EU, OECD, WTO, NATO, etc.). Here new member states are obliged to accept the whole body of regulations existing in the mother organisation (in the case of EU enlargement this is the *acquis communautaire).* The other type is called variably *soft* or *voluntary* transfer, *social learning* or *harmonisation* by the above authors. In this case it is not simply bureaucratic institutions and legislations that are transferred, but approaches, development philosophy, broad policy ideas, new technologies or management techniques. Rather than the government bureaucracy, the main agents of the transfer are civil organisations, academics, NGOs and entrepreneurs. The whole process is somewhat ‘softer’ and more difficult to follow than in the case of hard transfers. However, consequences can be deep and far-reaching and as a result, new approaches can become an inherent part of official policies. Examples could be the environmental movement, organic agricultural production or various forms of customer protection.

A study written by Hall (1993) concentrates on a somewhat different understanding of social learning and explores the change of policy paradigms, rather than their transfer between countries. Hall suggests that: "policymakers work within a framework of ideas and standards that specifies not only the goals of policy and the kind of instruments that can be used to attain them, but also the very nature of the problems they are meant to be addressing. Like Gestalt, this framework is embedded in the very terminology through which policymakers communicate about their work..." (1993:279). He calls this framework a policy paradigm and takes advantage of Thomas Kuhn's analogy on scientific paradigms to explain the learning process in public policies. Hall distinguishes first, second and third order changes in policymaking. *First and second order changes* are the results of 'normal policy development', usually responding to policy failures rather than simply the challenge of emerging problems. These changes can bring in new policies, new objectives and ideologies, but do not change the policy paradigm. They are usually most strongly advocated by experts and the civil servants who have to operate and implement the policies, in other words they are the results of the autonomous action of the state.

Third order changes involve the significant alteration of basic principles and could be considered as a *shift of the policy paradigm*[3]. They respond to the changing circumstances and 'anomalies' that are impossible to deal with through the old paradigm and hence have resulted in repeated policy failures. According to Hall, in a typical case a third order change is initiated by external advocates, who need to have a well-developed alternative policy paradigm to replace the old dysfunctional one. Technical questions previously handled within the ruling administrative system become the subject of public debate. The paradigm shift occurs backed by political transition (change of government and bureaucrats) and is driven by overwhelming political authority, rather than expertise.

The above models are important for the applied argument, since they help to understand the nature of policy changes and how policy transfer as an influential external factor can have significant effects on the policy development of individual countries.

2. THE 'MODERNISATION PARADIGM' AND THE EVOLUTION OF RURAL POLICIES IN EUROPE

Until recent years, the prevailing policy paradigm in rural development was the exogenous model, with modernisation as its ruling concept. The basic notion here is that rural areas are lagging behind urban centres. The main reasons for their backwardness are physical remoteness, low accessibility, and the traditionalism of socio-economic and

[3] Hall's example for third order change is the fundamental transformation of British economic policies from the Keynesian to the monetarist paradigm, which gained place with the victory of Margaret Thatcher in the 1979 elections.

cultural systems. As indicated by this approach, to improve the situation, these areas have to be modernised and connected to dynamic centres and expanding sectors. All this can be achieved through central interventions. According to Stöhr (1986), during the "upswing" phase of the Kondratieff cycle after World War II regional policies in general applied an uniform model of development as quantitative growth, predominantly characterised by mobility and capital, "creaming" regional resources and exporting bottlenecks and adjustment problems to peripheral regions and countries.

According to Lowe et al (1998:8) the basic attributes of exogenous model of rural development are as follows:

- Key principle - economies of scale;
- Dynamic force - urban growth poles. The main forces of development conceived as emanating from outside rural areas;
- Function of rural areas - food and other primary production for the expanding urban economy;
- Major rural development problems - low productivity and peripherality;
- Focus of rural development - agricultural industrialisation and specialisation, encouragement of labour and capital mobility;

These features characterise exogenous development in general. Nevertheless, within this model, several subsequent waves of approaches and policies can be differentiated with diverse objectives and measures. I distinguish three of them here: agricultural and agricultural structural policies; rural industrial and regional development policies; spatially designed 'top-down' policies. The first two of these labels refer to the changing emphasis between agricultural and regional development policies, the two main approaches to exogenous, sectoral rural development. The third one refers to the more recent development of a spatial or territorial approach of rural policies, which integrates previous sectoral policies in order to achieve the development of a particular spatial area. These different waves of exogenous development represent an evolutionary process, but they are also implemented in parallel. The rest of this section explores those more recent developments of EU policy making, which have tried to give an answer to the problems arising from modernisation during the last decade, from the introduction of the LEADER programme to the promises and observable effects of the Agenda 2000.

2.1. AGRICULTURAL AND AGRICULTURAL STRUCTURAL POLICIES

According to classical political economy of agriculture (Marsden et al 1990), the social and economic functions of rural areas have changed significantly as a consequence of

the mutually reinforcing processes of modernisation, industrialisation and urbanisation. During the post War 'boom period' of European economies, for example, the available capital and labour force together with industrial and commercial activities increasingly concentrated around major cities and industrial areas of Europe. This resulted in the practice of commuting and/or the migration of population from rural to urban locations, providing the labour force necessary to fuel the rapid development of Fordist industrial hegemony (Bryden 2001). Traditional peasant life and culture was seen as an obstacle to improvements. Modernisation and ‘depeasantisation’ became parallel concepts (Giner, Sevilla Guzman 1980:15-16). Within spatially polarised but nationally integrated geographies rural economies became specialised and homogenised; small-scale industries and other economic activities were virtually removed from many areas. In this development trajectory the spatial category of rural was often viewed as residual to urban (Saraceno 1994) and "the function of rural areas, stripped of other economic activities, was to provide food for the expanding cities" (Lowe, Murdoch and Ward 1995: 89).

The first wave of post war 'rural development' philosophies and subsequent policy making was derived from the aim of the reinforcement of this process in those countries and areas, where 'too many people remained on the land'. Development problems of rural areas were understood in terms of peripherality or remoteness, low productivity of primary sectors and the physical exclusion of rural people from urban jobs and services, diminishing their standard of living. The overall aim was modernisation of the rural economy and society, through connecting backward regions to dynamic centres and expanding sectors in addition to encouraging the transfer of progressive models, technologies and practices into rural areas. To achieve these aims, the ***first wave*** of centrally designed and implemented ***exogenous*** policies was introduced (Lowe et al 1998). The main objectives were: intensification of agricultural production; the development of farm-oriented agriculture; consolidating farm-structures; and the encouragement of capital and labour mobility towards industrial areas (Lowe 1999).

Although social and economic circumstances as well as applied policies were significantly different in Western and Eastern European (or capitalist and socialist) countries, results show many similarities.

In ***Western European*** democracies the process was influenced mainly through the market, subsidies for technological change and the welfare system. After World War II the main aims of agricultural policies was to ensure a sufficient domestic food supply and maintain farmers’ livelihoods. This was thought to be achieved through progressive price subsidies ('the more you produce, the more money you get'); development of market institutions and support of voluntary co-operation (first agricultural structural policies). The image of the 'hard working farmer', as the manifestation of 'protestant ethics' and capitalist entrepreneurship prevailed until recently, having an important effect on the process (Ward 1998). The philosophy behind most introduced policies was the support of family farms. However, paradoxically they resulted in the acceleration of the outflow of labour from agriculture and the disappearance of many of these family

businesses (Commins 1997). Within the European Community a Common Agricultural Policy (CAP) was introduced and the European Guarantee and Guidance Fund (EAGGF) was set up. Financial resources were provided for agricultural entrepreneurs through price support and for "structural modifications[4] required for the proper working of the common market" (Commission 1997/2). Besides agricultural policies the general support for the industrialisation of core regions and the development of the welfare state (especially urban social housing) also had a significant effect on the economic and social restructuring of rural space. The subsequent development resulted in a capital-intensive agriculture, which was less dependent on nature and required much less human labour. Family farms remained the predominant form of agricultural production. However, as a result of modernisation these families produced more and used larger areas, therefore, the number of farms and size of the agricultural workforce fell inexorably. All of this resulted in an increasing migration of the population towards industrial areas.

In the socialist countries of ***Central and Eastern Europe*** (CEE) similar results were attained through the very different instruments of planned economy, restrictive rules and political dictatorship. Here the existence of independent farmers meant a major impediment in the way of the creation of a centrally controlled socialist society and economy[5]. In most CEE countries the first major step was therefore the forcible confiscation of land and other agricultural means of production from the peasantry, referred to as 'socialist collectivisation'. An official economic justification of the process was built on rationalisation and the theory of economies of scale, but the political aim was the centralisation of every area of life. In most CEE countries large agricultural holdings were created and many peasants were driven out of farming. Political goals, at least at the beginning, were more important than economic ones: yields and overall production suffered significant falls during the first years of collectivisation. However, subsequent, centrally driven programmes aiming at the intensification of agricultural production were carried out. The result was a very large scale, capital-intensive agriculture, run in hierarchical systems, which, paradoxically to the justification of the economies of scale, was less efficient and employed significantly more people than its Western counterpart in the long term. Nevertheless, through political pressure for intensification, the number of people employed in agriculture fell steadily. This, similarly to Western countries, ensured the manpower for the forced development of heavy industries from the 1950s onwards (Nemes 1999).

In CEE countries there were significant differences in the resulting patterns of population changes compared to the Western European countries. In most CEE regions the welfare state was not strong enough to provide sufficient housing and other essential services for a sufficient number of workers within industrial areas. Many rural people were squeezed out of rural labour market, but were not able to move into the developing

[4] Such as agricultural structural policies for consolidation farm structures, land improvement schemes, development of farm orientated infrastructures, subsidies and loans for mechanisation and introduction of more advanced methods of production, etc. (Lowe et al. 1998)

[5] A frequently quoted phrase of Lenin was: 'Capitalism is reproduced by private property every day'.

centres (Szelényi and Konrád 1971). Beside migration tendencies, a culture of large scale industrial commuting from rural to industrial areas was taking shape, having far reaching consequences for the future economic and social patterns of rurality. Another significant difference occurred in the intensification of agricultural production, which, as a result of poorer capital investment, reached a much lower level in most CEE regions. This had important consequences for the economic and social structure, as well as for the natural environment. Less intensified agricultural areas usually preserved more traditional values (production methods, way of life, culture, etc.), more agricultural employment and more natural and cultural diversity in general[6].

2.2. RURAL INDUSTRIAL AND REGIONAL DEVELOPMENT POLICIES

As it soon became apparent, agricultural restructuring alone could not stabilise rural economies and rural populations. Indeed, they seemed to intensify the flow of labour out of agriculture and often out of the rural areas altogether, causing concern for the viability of rural regions. The depopulation of peripheral areas and the balanced development of national territory became preoccupations of rural policy in Europe. Consequently, in addition to continued agricultural support, rural infrastructural and regional development policies, focusing on peripheral regions were introduced. Main aims were attracting new types of employment into rural areas and building the necessary infrastructure to accommodate industrial production in the countryside.

In most ***Western European countries*** manufacturing companies, encouraged by both government policies and cheap labour, were relocating from urban to rural areas, or opening branch plants. Development agencies were set up to provide financial support, programmes to improve infrastructure, including transport systems, communication lines and the provision of serviced factory sites (Lowe et al 1998). However, this process (in Britain, for example) was accompanied by an attempt at rationalising the settlement system in order to reduce the costs of running physical and social infrastructure in remote, scattered areas (Buller and Wright 1990). A so called rural 'branch plant economy' emerged and was strengthened, especially in France, Italy, Ireland and the UK. At the same time in the Mediterranean countries and some remote areas of Europe, the emerging 'tourism industry' had a similar effect on the rural economy. A change of development philosophy within agricultural policies could also be encountered (Marsden et al 1990). Following the 'Mansholt Plan' (1968) and the British accession negotiations in the early 1970s; a regional differentiation with measures for the less-favoured areas (LFAs) was introduced. This policy aimed to protect farmers and special farming practices of backward and disadvantageous regions, and, at the same time, it was the first rural policy of the EU that targeted particular spatial areas.

[6] This, besides Central and Eastern European Countries (CEECs), also occurred in many less favoured areas (LFAs) of Western Europe.

A new Council regulation on financing the CAP was also introduced (1970) which placed a greater emphasis on the process of adapting agricultural structures. Then the 1980's brought a new regulatory framework of EU structural policies up to the reform of the Structural Funds in 1988 (Commission 1997/2). In most European regions, agriculture became a marginal employer giving space to manufacturing, light industries and increasingly to tourism and burgeoning service industries. Pluriactivity became a more widespread phenomenon amongst those who could no longer live on farming alone and had access to the wider labour market. These 'withdrawing' part-time farmers generally continued the same style of production, albeit on a smaller scale and in a less intensive manner, compared to their full-time counterparts.

In some ***Central and Eastern European*** countries a parallel process brought somewhat similar results. In Hungary, for example, from the late 1960s intensive programmes aiming at agricultural modernisation were carried out. Advanced production methods were introduced, previously independent co-operatives were merged and large-scale mechanisation was undertaken[7]. This resulted in a further decline in demand for agricultural labour, but agricultural co-operatives had a political obligation to provide local employment. From the mid-1970s many of them established industrial enterprises, so-called *'industrial sidelines'* for raising employment, using free capacities and securing cash flow for agricultural production. These industrial units worked mainly in processing or light industries, often as branch plants of big factories from industrial centres. Although the technical equipment and production methods used were usually outdated, as a result of cheap labour and favourable regulations these small plants could flourish and they introduced industry to many rural areas. By the early 1980s most rural towns and larger villages had some sort of industrial production, although with significant regional differences (Nemes Nagy 2001). Employment patterns had changed from agriculture towards industry irreversibly and industrial commuting became a fundamental characteristic of the rural economy. Nevertheless, 'counterurbanisation' as experienced in Western countries, was almost totally lacking. During the same period major investments in rural infrastructure and transport systems were also undertaken. However, some remote areas were almost omitted from these improvements. Similarly to Britain, several attempts to rationalise the settlement system in scattered, remote areas were made by the central government, reinforcing the abandonment of the most disadvantaged areas and settlements (Nemes 1999).

2.3. THE FAILURE AND THE 'ESCAPE' OF THE CAP

The 1980s brought a significant change in thinking and philosophies about rural development in the EU. By the late 1970s the exogenous model was falling into

[7] Between the early 1960s and the early 1980s all of this resulted in a rapid 2-3-fold increase in yields, thus approaching or actually reaching the standards of developed countries.

disrepute, the insufficiency of agricultural and other sectoral policies in treating problems of backward areas became apparent. It has become clear that the global conditions which dominated the post-war period were changing, and the basic assumptions of traditional regional development policies have become invalid. “Besides reduced growth rates, increasing energy and mobility costs, and reduction in the availability of public funds, one consequence of global change was the disappearance of ecological, economic, and political free spaces.” It became clear that the displacement of bottlenecks and costs of development to peripheral areas cannot take place indefinitely and core regions had to find internal solutions for their problems (Stöhr, 1986, p. 65).

Results of externally driven rural development policies turned out to be highly vulnerable to global economic and political forces. The recession of the early 1980s resulted in the closure of much of the 'rural branch plant economy' developed in previous decades (Lowe, Murdoch and Ward 1995). At the same time, economic recession greatly diminished the capacity of the urban sector to absorb the surplus rural population. Mistaken directions of post war agricultural policies and development also became obvious. The aim was not further intensification any more, but rather reduction of surplus agricultural production. All these resulted in rural unemployment and/or depopulation in certain areas. Extensive environmental damage, caused by industrial agriculture was also recognised, as green and ecological movements emerged all over Europe (Holzinger and Knoepfel 2000). At the same time, in many regions of Western Europe, society was being reshaped by an extending counterurbanisation; providing living space for urban migrants became a major purpose for many rural settlements (Murdoch and Marsden 1994). Newcomers, compared to locals, often had different or even contrasting preferences concerning the objectives of development and preservation. Counterurbanisation, therefore, brought both new resources and new sources of conflicts to rural localities.

Rural development theorists interpreted this period as an era of fundamental socio-economic changes and labelled it as rural restructuring (Marsden et al 1993, Murdoch and Marsden 1994). Many UK researchers tried to answer the questions: ‘why do people move to the countryside? (Marsden et al 1993, Cloke 1994, Murdoch 1997). They found that though some poor people had moved to villages to find a cheaper living, the major source of migration was the prosperous urban population. They came for landscape, tranquillity, a more traditional way of life and other values. This, together with the growing importance of rural tourism, forecasted a fundamental change of the functions of rural space and economy. Marsden at al (1993) at the same time classified four types of rural areas (preserved, contested, paternalistic and clientelistic) according to the development of their social structure, contact with urban centres and relations to primary production or more novel types of rural economic activities.

Significant changes in rural economy and society had to be reflected by EU policy makers. The most burning problems in the mid-late 1980s were cutting the growth of surplus agricultural production; and to achieve price stability; to avoid unmanageable financial difficulties of the Community budget. This was partly achieved through quotas,

set aside and setting a ceiling to the growth of agricultural budget by the late 1980s. Nevertheless, a growing sense of environmental damage, social costs, dwindling agricultural employment and external forces (such as subsequent rounds of the GATT negotiations) required policy makers to apply significant changes to agricultural policies. In 1992, however, a proposal to conduct an overall reform to CAP (McSharry reform) could be implemented only in a 'rather diluted' form due to a resistance from agricultural lobbies and some member states. According to many critiques, a very similar process would be followed in connection with reforms under Agenda 2000.

Consequently, studying the successive reforms of the CAP one could say that a 'paradigm shift' still has not occurred in the field of agricultural policies. In spite of the changing circumstances and growing pressures the CAP has been able to 'escape' through first and second order changes. When old measures failed to meet new circumstances, reform proposals were originated from within the EU bureaucracy (a distinct characteristic of first and second order changes) and were watered down, rather than reinforced by external forces (conservative economic and political lobbies). Rhetoric, objectives, policy instruments, support mechanisms were changed, however, basic principles (competitiveness, intensive production) and the very unequal division of the subsidies amongst farmers were practically untouched[8]. Farmers were compensated for the termination of previous market supports. Most negotiated changes were consequences of liabilities taken up during the ongoing trade talks with the WTO (World Trade Organisation) and requirements to maintain cash-flow in the EU budget, and had no impact on the fundamentals of the philosophy of the programme (Ritson and Harvey 1997). The core of supports, maybe under a different denomination, continued serving the interests of industrial agricultural production, causing further damage to rural environment and society.

2.4. SPATIALLY DESIGNED 'TOP-DOWN' APPROACH

During the 1980s unfavourable tendencies appeared regarding regional differences within the European Community. A slow convergence that had characterised the previous period among the countries and regions of Europe ended and inter-regional differences rose again to a level that used to exist before the 1970s (Amin and Tomaney 1995). The first attempt to approach this spatially defined problem through the regional concentration of resources was the introduction of a pilot scheme called 'three integrated programmes' (Commission 1997/2) in 1981 to support some backward areas in Scotland, France and Belgium. The next step was the accession of the southern countries of Europe. It was the first enlargement in which large underdeveloped areas and a

[8] According to the so-called 80-20 rule of the CAP, 80% of agricultural support benefits the 20% of producers having the largest and most intensive farms, with the highest yields, located in the most favourable agricultural regions of the Community (Kola 1999:33).

sizable poor population was granted admittance to the Community, compared to its former membership. Consequently, regional inequalities grew significantly, which gave further importance to regional policies. The Integrated Mediterranean Programmes, introduced to handle the arising problems, expressly endeavoured to reach a complex economical, social and environmental balance of rural parts (Commission 1997/2).

In accordance with the new directives announced in the first 'Delors Package' by the European Commission (Commission 1997/2), economic and social cohesion as well as reduction of regional differences within the EU became a primary object in order to establish a 'unified internal market'. As a corollary of that, the Structural Funds underwent dramatic reforms and the regional approach became more robust within development policy. The above-mentioned Integrated Mediterranean Programmes served as pilot programmes for structural reforms. The budget for the Structural Funds was doubled and the fields in need for support were classified into groups (or 'Objectives' in the EU terminology) on the basis of the nature of the problem. As far as rural development was concerned, priority was given to Objective 1, 5b, and later 6 after the accession of Nordic countries. By 1999, Structural and Cohesion Policies covered nearly three-quarters of the EU area and almost 35% of the population of the Union (Commission 1997/2).

The question can be raised: was this process a paradigm shift, or rather should it be considered as a second order change? Overall, Structural Policies represent a very significant transformation compared to previous policies of the EU. A whole set of new institutions and policy instruments was set up, new objectives and funding methods introduced, and a new ideological framework created. The main reason for these alterations was the serious changes in the economic and political circumstances and the 'external pressure' of the southern enlargement. These could well be the signs of a shift of the policy paradigm. However, there are opposite indications too. The new system supplemented the old paradigm, rather than replaced it; new policies and institutions were initiated and designed from within the existing bureaucratic system and network of experts. Besides, the style of policy making has not changed significantly. Most territorial policies, introduced under the reformed Structural Funds remained exogenous in nature. They were spatially designed and had certain elements of a 'bottom-up' approach[9]; however, they mainly implemented previous exogenous regional development and agricultural structural policies, within a territorially focused framework (Lowe et al 1995).

As it has been argued by Amin (1993) and by Amin and Tomaney (1995) structural policies also failed to achieve the cohesion of different areas of the EU. A main reason for this, as they say, was the inadequacy of the financial resources, provided by the policies. Under the reformed Structural Funds only 0.24% of the GDP of the EU was redistributed, which was not enough "to cope with the huge productivity gap between the core regions and the large number of less favoured areas" (Amin & Tomaney

[9] Such as partnership and additionality, for example.

1995:13). As they argue, there is not much chance for a fundamental change of this figure. This was shown, for example, by the resistance of the member states to ratify the so-called 'Delors II package' in 1992, which aimed to increase expenditure on cohesion. Therefore, the very basic principles of the policy paradigm - such as its top-down, centralised nature and its orientation towards global competitiveness - were not challenged by the new system. Thus, within the given framework of analysis (Hall 1993), the development of the Structural Policies as a second order change, which fits into the processes of 'usual policy evolution" rather than representing a paradigm shift.

A certain erosion of the ruling policy paradigm had started, however. The most apparent signs of this could be found in the new reforms and the rural development rhetoric. Political documents and speeches (CEC 1988, Franz Fischler's speeches on DG VI website) began to urge the application of a more complex approach to problems, emphasising a 'rural preference' instead of 'agricultural preference' specified in the Treaty of Rome. The condition of 'sustainability' and a need for an integrated, spatial approach instead of supporting economic sectors spread gradually. The European Commission set out forward-looking objectives in a green paper entitled 'The Future of Rural Society' (CEC 1988). This served later as the basis for reform initiatives and new trends in rural development. In parallel to that a pilot project called LEADER (Liaisons Entre Actions de Développement de l'Economie Rurale) was introduced in 1991 in order to apply bottom-up rural development models building on the internal resources of local communities.

2.5. THE LEADER PROGRAMME

LEADER was launched with a very modest budget in 1991. Owing to its experimental status the rules and the control of the entire programme was rather loose, giving space for innovation and local initiatives. "It was defined by the European Commission more as a set of principles than through pre-ordained, technocratic, sectoral measures" (Ray 1997:3). The main preferences were: invention of new, innovative and transferable ideas in rural development; small scale local development activities based on participation, community involvement, partnership and use of local resources; building up a cross-regional or trans-national network of local initiatives (for details see Ray, Curtin, Shucksmith, Storey and others). According to Shortall and Shucksmith (1998:8): "The LEADER programme viewed local people as the principal asset of rural areas, and the distinctive characteristic of LEADER projects was the reliance placed on the people who live in rural areas, and on their ability to discover what was best suited to their environment, culture, working traditions and skills". The programme was also intended to have a multiplier effect in the sense that "the activities of a project should generate outcomes and benefits which extend beyond the area of operation of the project, or beyond its allotted time-frame" (Commins 1997:70).

Another important characteristic of this approach is that the process whereby a local community achieves its aims is no less important, from the viewpoint of development, than the targeted objectives themselves. As Kearney, Boyle and Welsh (1995:22) point out: "Development is not simply a question of undertaking projects, nor achieving objectives specified in narrow economic terms. Development is also a process, by which is meant the creation of local products such as upgraded local leadership, a culture of enterprise and innovative action, or the enhanced capacity of people to act in concert, purposefully and effectively.... It involves enabling communities to have greater control over their relationships with the environment and other communities. Essentially it involves empowering communities to have greater influence on their own development...".

As a result of loosely determined principles and goals, many interpretations of the LEADER approach came into being and the first round of the programme ended in ‘anarchic development’ (Ray, 1997/1). The final outcome was influenced not only by local, economic, social, geographical, organisational, cultural and ethnic conditions, but often other incidental conditions such as the personality, skills and social relations of the central co-ordinator or the local manager. In some cases LEADER meant just another financial opportunity up the sleeves of local political and economic leaders. Nevertheless, in other examples it succeeded far beyond its financial importance and restructured the local society and economy by applying treatment at the root of the problems.

The second round of the programme (1994-1999) applied very similar principles, albeit with significant changes in implementation. In terms of the number of projects, the overall budget and the territorial coverage LEADER II was some four times larger than the prototype. The order of priorities also changed, a greater emphasis was placed on international co-operation and environmental protection. The growth in magnitude and budget entailed more formal rules, institutional background and tighter control, which greatly reduced the experimental and innovative nature of the programme. Transparency, transferability of models and administration became more important. On the other hand, carefully considered strategies, interregional and international co-operation and the reinforcement of various ‘process type’ community goals brought a number of positive results.

The LEADER programme itself could well be understood as a radical divorce from modernisation, or a shift of the earlier policy paradigm. Although it was originated from within the bureaucratic system, it took a route, which was almost the opposite of the usual policy practice. New institutions and procedures were built, separately from the traditional bureaucratic system, employing what has been referred to as “reflexive practitioners” (see Ray 1999). The bottom-up approach was a widely referenced development philosophy, alternative to the earlier paradigm, and LEADER was an experiment to answer failures of earlier policies and fill the new development approach with content in a European environment. It was backed by various political forces and significantly contributed to the reinforcement (and partly the emergence) of a ‘third

way' development lobby[10]. It was also endured by the old paradigm, since it proved to be a rather economical way of helping rural areas and had an 'experimental budget' only.

Many have criticised both rounds of the programme. Nevertheless, the majority of experts agree that the LEADER Programme was a success (see Fischler 1997/2, Ray, 1996, 1997, 1997/1, 1998, Curtin et al 1996, Mernagh and Commins 1997, Shortall and Shucksmith 1998). Its significance for those involved goes far beyond the share it received from the Structural Funds or the anticipated results it had been expected to achieve. LEADER I and II generated enormous enthusiasm and introduced the bottom-up approach into the minds of bureaucrats and politicians and into everyday practice of European rural development. It also played a vital role in establishing a trans-national network of regions, which appeared on the EU's political palette as a fresh, strong lobby to promote backward regions and endogenous rural development.

This success of bottom-up development, according to commentators, should have justified LEADER becoming a core instrument in its own right, or through the fundamental integration of its philosophy into major structural and rural policies[11]. This could have been a logical step, similar to what had happened in the case of Structural and Cohesion Policies in the late 1980s. Nevertheless, such a change has not occurred under Agenda 2000 and is not likely to happen in the foreseeable future either. A paradigm shift has not taken place in EU policy making as a whole, thus LEADER and the bottom-up approach have remained a somewhat alien body in the ruling system. On a rhetorical level the 'new paradigm' has become part of the official language and some changes have occurred in bureaucratic institutions and procedures, especially in Structural Policies. However, basic principles have not changed and LEADER, instead of entailing a paradigm shift, has gradually become a somewhat modified version of the old paradigm, through its increasing dilution during subsequent rounds of the programme.

Nevertheless, LEADER contributed significantly to the erosion of the modernisation paradigm. It showed the possibility of an alternative way in practice; reinforced regional identities, created a trans-national network of small localities and made a contribution to the building of a coherent policy paradigm, alternative to the ruling system.

2.6. THE CORK DECLARATION

After the launch of LEADER, the next significant step in building a new paradigm for rural policies was initiated by Franz Fischler, the next Agricultural Commissioner, with

[10] Today this is embodied in the Committee of the Regions, the European wide network of LEADER groups and others.

[11] "Rural development must be local and community-driven within a coherent European framework, building on the pilot LEADER programme" (Shortall and Shucksmith 1998).

a European agricultural strategy paper (CEC 1995); a Conference in Cork, held in 1996, and the resulting declaration published in conclusion.

The balance of forces pulling on the CAP was shifting, making it difficult to defend the *status quo* politically. The prospects of EU enlargement to the east, to include countries with sizeable agricultural sectors with many social and economic difficulties, raised the issue of how the CAP would need to be adapted to meet this challenge. There was also explicit recognition of the international pressures for more trade liberalisation. A study written by an international team of experts (Buckwell Report 1997) set out a timetable for converting CAP into CARPE (Common Agricultural and Rural Policy for Europe) in which the 'Rural' element was meant to be an 'integrated rural development policy', based on the principals of a 'bottom-up' approach.

At the Cork Conference Commissioner Fischler talked about the need for a rural development policy that is truly integrated, not with a narrow sectoral focus on the agricultural industry; that is tailored to local needs and conditions that draws in a wide range of partners. Above all, the policy objective should be “sustainable and integrated rural development” (Fischler 1997). He aimed to draw together political and scientific groups to the benefit of underdeveloped regions, to put all reforming efforts into a unified system, and thus to establish a theoretical and professional background for the development of forthcoming reforms (The European Conference on Rural Development 1996, Bálint et al 1999).

The declaration from the Conference, although not agreed by all participants, pointed towards a much expanded rural development programme to embrace the whole farmed countryside rather than focusing on specific geographical zones. Many of the existing funds and schemes were to be brought together to simplify the plethora of policy mechanisms. Subsidiarity was seen as an important mechanism in achieving the objective of an integrated rural policy, with an emphasis on regional programming and greater transparency and participation. The Cork Declaration talks of “*making a new start* in rural development policy” (emphasis added) and sets out ten points that should guide the development of rural development policy. *First*, sustainable rural development must become the “fundamental principle” which underpins all rural policy. *Second*, rural development policy must be multi-sectoral with a clear territorial dimension. *Third*, support for diversification should enable private and community-based initiatives to become self-sustaining. *Fourth*, policies should promote rural development that sustains the quality and amenity of Europe’s rural, natural and cultural resources. *Fifth*, rural development policy must be “as decentralised as possible”, and emphasise participation and a ‘bottom-up approach’. *Sixth*, rural development policy and notably its agricultural component should be radically simplified. *Seventh*, there should be one single rural development programme for each region. *Eighth*, rural development policies should encourage the use of local financial resources. *Ninth*, the administrative capacity of local and regional governments and community groups should be enhanced. *Tenth*, programmes should be monitored and evaluated more strictly by stakeholders in the process.

Suggestions were made at the conference to reorganise the EU's institutional and financial background, as well as to establish a separate budget and a Directorate especially designed for rural development. These proposals, however, were not included in the final document for political reasons.

2.7. AGENDA 2000 AND THE RURAL DEVELOPMENT REGULATION (RDR)

The Cork Declaration urged EU politicians to support the idea of integrated, sustainable rural development and put it into practice. The proposals, however, failed through the resistance of various political and economic forces. The Declaration was thus not endorsed by the Council of Agricultural Ministers and was sidelined by the EU Heads of State (Dwyer et al 2003). Nevertheless, ever since, the Commission's rhetoric has frequently referred to the Cork principles in various policy papers and political declarations. Thus, the Commission's Agenda 2000 reform proposals, issued in July 1997, linked together proposals for changes to agricultural policy and the Structural Funds with the plans for the enlargement of the EU and the framework for the medium-term budget for the Union. Substantial reorganisation of CAP funding mechanisms was proposed and a new emphasis was to be placed on simplification of rules and more decentralised application. Besides continuing with market and income support, a broad range of rural development and agri-environmental measures were to be introduced throughout the Union. To address these issues, the new RDR laid the foundations for a comprehensive and consistent rural development policy whose task will be to supplement market management by ensuring that agricultural expenditure is devoted more than in the past to spatial development and nature conservation (Commission, 1997/1).

March 1998 saw the publication of a set of detailed draft regulations to 'put flesh' on Agenda 2000. The draft RDR aroused considerable interest amongst commentators. Intended to establish an integrated legal framework for farm and rural development and agri-environment measures, its key features at the time were as follows (Dwyer et al 2003):

- It was to be co-financed by the Guarantee (rather than the Guidance) Section of the European Agricultural Guidance and Guarantee Fund (EAGGF) which traditionally funded only the CAP market regimes[12].

- It was to be applied across the whole of the European Union.

[12] This rearrangement of sources among EAGGF Guidance and Guarantee Funds may facilitate a change in program funding, administration and institutional background and anticipate a future expansion of *integrated rural development* (Lowe and Ward 1998).

- European funds were to be allocated on the basis of multi-annual programmes prepared 'at the most appropriate geographical level' within Member States in a similar way to regional implementation of the Structural Funds.

This represented a significant shift in emphasis and funding responsibilities to make rural development policy a more central feature of the CAP. Indeed, much was made of the fact that the proposals referred to rural development becoming the CAP's 'Second Pillar'.

Although a novel departure, the draft Regulation was broadly derived from existing CAP measures, including: structural adjustment of the farming sector; support for farming in less favoured areas; remuneration for agri-environment activities; support for investments in processing and marketing; and forestry measures. Indeed, none of the sets of measures were entirely new. The broadest measures were those promoting 'the adaptation and development of rural areas' (Article 33 in the final Regulation) which were derived from aids previously offered from the Structural Funds under Objective 5b (1994-9). Article 33 appeared to broaden eligibility for CAP supports to include the prospect of non-farmers and non-agricultural activities having access to the RDR budget. In addition, the Regulation included two new measures: Article 16 offered compensation for 'areas with environmental restrictions' as an extension to the basic Less Favoured Area chapter, and Article 32 offered payments for the maintenance of forests of ecological value where they were otherwise uneconomic to manage, within the broader 'forestry' chapter (Dwyer et al 2003).

Negotiations over CAP reform were concluded in March 1999 by Heads of Government in Berlin. They reduced the budget agreed earlier by the Agriculture Council and thus placed restrictive limits on Pillar 2 spending. The main CAP budget (EAGGF Guarantee) was limited to €40.5 billion per annum with only 10 per cent of this allocated to the RDR (EAGGF Guidance was to provide a further five per cent of total EAGGF funds for the RDR). Furthermore, Heads of Government disagreed as to how to stay within the agreed limit. Some accepted the principle of degressivity, reducing direct payments over time, and the Commission had tabled proposals along these lines (*Agra Europe*, Feb 1999). However, it proved difficult to agree a model that was acceptable to all Member States, because of differential impacts on each State's share of the budget. In addition, a few States remained opposed to the very idea. Thus it was decided instead to limit expenditure by postponing reform of the dairy regime, reducing cereal price cuts and retaining set–aside.

LEADER + (successor of the earlier LEADER initiatives) did not carry much promise for any significant reforms in rural development either. It remained a marginal policy. The allocated resources did not grow as significantly as in the previous stages[13]. Moreover, it has become a horizontal policy, open for application for all rural regions[14],

[13] A LEADER + annual budget is 2.02 billion Euro (Rural Europe).
[14] LEADER 1-2 were available for Objective 1, 6 and 5b areas only.

which further increased the competition for resources (Rural Europe Homepage). In addition, stricter rules further reduced the experimental and innovative nature of the programme. Requirements for LEADER associations also became stricter and more formal, making the establishment of new LAGs (LEADER Action Group) even more difficult. Moreover, the number of objectives eligible for support also decreased as the programme makers determined five priorities: to spread information technology; to improve living-conditions; to exploit natural and cultural resources; to improve opportunities for women and young people. At the same time the development of international networks was further facilitated by the fact that LAGs in different countries now have the opportunity to launch joint programmes. LEADER, therefore, essentially remained as it was before - an experimental programme with small budget on the periphery of agricultural and structural policies.

The Agenda 2000 outcome was thus deeply compromised and must be judged a missed opportunity to transform the CAP (Tangermann, 1999). Effectively there was no ‘reform dividend’ at the EU level (i.e. no freeing up of funds from Pillar 1 to promote the integrated rural development agenda). While cohesion and a 'bottom-up', endogenous approach to development are set out as desirable objectives, Agenda 2000 puts rural development "in danger of becoming merely a branch of sectoral agricultural policy, or even agri-environmental policy" (Juvancic and Bryden 1998:10). However, crucial elements of national discretion were also incorporated into Agenda 2000 to reflect national and regional circumstances. Of particular relevance to the RDR was the option of using modulation to shift funds from the first to second Pillar, within each Member State (Lowe et al 2002, Falconer & Ward 2000).

As a result of the evolution of development philosophies, references to cohesion and an endogenous (contrary to previous exogenous) approach to rural development became the main tone for policy documents and political speeches in the field of structural as well as agricultural policies. In reality, though, very little has changed compared to the time ruled by exogenous development philosophy (Bryden 2001). Mainstream policies still fail to recognise non-agricultural needs. The vast majority of resources - running counter to declared objectives of the EU's regional policy - are still allocated in order to promote industrial agricultural production and centrally organised exogenous development programmes[15] (Scott 1995). The main measure of backwardness is still the GDP (Wood 1997). Even the success of community-based 'soft programmes' is usually measured through hard economic indicators like the number of jobs created or the expenditure generated. As it has been argued, "for the present, the dominant EC project is that of encouraging the centralisation of economic opportunity in the hands of the strongest players of the Community, if this helps to reinforce the EC as a global industrial power" (Amin and Tomaney 1995:14). According to Lowe et al (1997) the vast majority of

[15] Almost one half of the budget of the EU still goes to 1.6 million large farmers. At the same time, a large part of the Structural Funds, with special regard to the ERDF, has been spent on infrastructural development of large conurbations, widening the gap between urban and rural areas.

EU's policies rather serve the interests of international trade, EU budget, or various economic and political lobbies, than prevent underdeveloped regions from depopulation and lagging behind, or asserts ecological aspects. Therefore there is a basic, inherent contradiction between the objectives set in political statements and the programmes proposed for implementation. In short, while in socio-economic theories and on the rhetorical level of policy making there has been a clear paradigm shift from *traditional modernisation* towards an integrated rural development approach, in reality, policy, procedural and budgetary evidence prove that this paradigm shift in actual policy making has not taken place at all[16].

2.8. WHAT IS 'RURAL DEVELOPMENT'?

There is much confusion about what should be considered as rural development amongst EU policies. As I have explored above, there are several philosophies, with different types of actions and targeted populations, related to this label. The main reason for this is that rural development is a complex issue, involving different sectors and policies, such as agriculture, structural policies, social policies, community development and all sorts of local initiatives. In the late 1980s, when the failure of the previous productivist philosophy became obvious, rural development became a 'buzzword' - the progressive slogan for the future - and all sorts of different actions and policies were paraded as 'rural development', sometimes in a very proprietorial fashion that sought to monopolise the concept. The following is not an attempt to provide a detailed analysis of this question, but rather an endeavour to clarify the use of the term for the current study, to avoid subsequent confusion.

Recently the most frequent user of the expression 'rural development' in policy documents, press releases and speeches is the agricultural bureaucracy. Within the EU this means the Directorate General for Agriculture (DG Agri/DGVI) exemplified through the Rural Development Regulation within the Common Agricultural Policy (CAP RDR). The basis of their claim on the term is that agriculture is the largest user of the land in rural areas, and traditionally it used to be the main field for economic activities. In DG Agri's current practice, according to their overwhelming philosophy, 'rural development' means those instruments of agricultural policy, which are different from the traditional 'market support type' instruments of the CAP. These policies are primarily aimed still at the structural transformation of agricultural production, including considerations of environmental sustainability. Their actions are targeted primarily at farmers, and their operations mostly remain within the agricultural sector. This type of policy will be referred to as *agricultural structural policies*.

[16] This becomes even more apparent in connection with the eastern enlargement, namely through the examination of policies offered for pre-accession preparation and the first years of EU membership for the CEE countries.

Since the reforms of 1988, DG Regio has managed most resources for spatial restructuring, social and economic cohesion within the EU, paid for through the *Structural* and the *Cohesion Funds*. The main aim of this spending has been to help those regions that are lagging behind the average of the Community. Many of these regions are rural in character and in such cases Structural Fund interventions represent a form of rural development. The bulk of the money under these policies has been spent under Objective 1, in large designated areas. The main innovation of these policies is their *spatial concentration*, contrary to the former *sectoral* approach. However, the majority of the improvements gained do not meet the criteria of 'rural development' for two reasons: The main activity has been targeted on large infrastructural investments, the major expenditures being devoted to urban centres and to inter-urban connections, rather than in rural areas; and these programmes belong to the types of mammoth enterprises with huge budget from which small-scale local projects at most can benefit only indirectly through the generally improved wealth of the economic environment. These types of policies will be referred to as *regional development.*

Programmes in 5b areas under the pre-Agenda 2000 structural policies were established on a different basis. These programmes were financed and managed by the Directorate of Agriculture (DGVI), thus their primary aim remained agricultural modernisation. Even so, they had a clear territorial approach, supplemented with a notion of integrating various policy instruments and generating local participation, in order to achieve socio-economic improvement in the designated areas. Theoretically, there was more space for subsidiarity, partnership, participation and local initiatives. The target areas were usually much smaller (NUTS[17] 3 level generally) and therefore more appropriate for the treatment of special local problems. Local partnerships were involved in programme de-sign and implementation, and besides agricultural measures, training and infrastructure was also supported. Nevertheless, rural economy was still understood in an agricultural framework, and non-agricultural problems were treated as inferior. This type of development hereinafter will be called *agrarian rural development*.

In 1991 the *LEADER* programme commenced as an experiment with the central idea of generating and testing ideas, gaining experience and knowledge about a 'bottom-up' rural development approach in European contexts. This approach raised a new paradigm, representing a complete change from previously centralised and 'top-down' structures. Its main characteristics are partnership, subsidiarity, accountability and transparency at a local level and the support of local initiatives and innovations. The objective of the programme is to support the local population of a small region to realise and implement its own ideas for the future by relying on internal resources. This type of approach will be called as *bottom-up-type rural development*.

Integrated rural development does not exist in the form of a well-defined programme in the EU's policy practice, though many documents and political speeches refer to it (most importantly AGENDA 2000). Nevertheless, there are a number of practical examples,

[17] Spatial statistical classification of the EU.

where internal and external resources, local and global aims and actors, endogenous and exogenous development methods accomplished significant improvements in underdeveloped rural areas of Europe. These can be understood manifestations of the emerging *new rural development paradigm*, claimed by a number of authors. In the rest of this study, *integrated rural development* will be used as an expression to embrace existing practices, institutional arrangements and a general approach, complying with the formulating new paradigm.

3. ENLARGEMENT AND RURAL DEVELOPMENT – THE WAY FORWARD FOR RURAL EUROPE?

The coming eastern enlargement brings a larger area, more countries and more people into the EU than any of the previous enlargements and is most likely to lead to significant changes. It will increase regional differences and inequalities, but it will also enrich human and natural resources, cultural and economic diversity - features expected to have positive effects on the future of the whole of Europe. According to the guiding principles of the European Treaties, cultural and natural diversity should be coupled with economic and social cohesion. Presumably, the most difficult challenge for post-accession EU policies will be to keep this objective and to face the problems caused by the large backward rural areas and the poor populations of the newly joined countries. Previous enlargements (e.g. the Southern enlargement) have contributed to the evolution of EU policies, as additional demands in the interests of new member states had to be included. Likewise, Eastern enlargement is likely to bring about significant changes in policy making. Considering that many of the expected problems are rooted in rural areas - particularly poverty and a need for modernisation - the largest challenge should be expected in the field of rural, cohesion and development policies. As a result, this enlargement could potentially pave the way for a qualitative shift in EU rural development policies[18].

According to Stone (1999), the development of new policies often goes from the particular to the general. In other words, within a state (or a supranational organisation), new policies are often designed to remedy problems in a particular geographical area. Then a modified version of the policy can be transferred to other areas and become a core policy. Presumably, if during the pre-accession period and/or the first transitional

[18] The recent round of WTO negotiations, started in October 2000, can be considered as another important outside force for change. The CAP, especially the compensation payments and the market support measures, is likely to be challenged by other WTO members, raising the significance of agri-environmental and rural development instruments. This suggests similar direction for the evolution of EU rural policies to the Eastern enlargement, supporting an integrated approach. However, other signs, such as the Blair House Agreement signed by the EU and the USA in November 1992 during the Uruguay Round of the WTO negotiations suggest that traditional, protectionist agricultural policies might survive for a longer future.

years of membership, endogenous rural development policies gained significance in CEE, it could generate changes in EU rural policies as a whole. All in all, eastern enlargement and the EU's approach towards the connected preparation could be understood as a good indicator of future trends of EU rural and agricultural policies.

For a variety of reasons, CEE countries, becoming New Member States, could provide a good field for initiating a paradigm shift in EU rural policy making (Nemes 1999).

First, after twelve years of transition, CEE economy and society is still in continuous change. Innovations, therefore, should be easier to find and introduce than in more settled countries. Also, these countries, and especially their rural areas, are in need of external resources and are thus receptive to help and strategies coming from outside.

Second, the bulk of CEE agriculture is liberalised; former socialist-type co-operatives have been 'rationalised' or turned into capitalist companies; land and other assets of production have been privatised. Nevertheless, most of CEE agriculture is in a desperate need of capital and modernisation. It represents an important and influential part of the economy in most CEECs. Nevertheless, farming sectors in recent years have not been as heavily subsidised as in the EU. Production is generally less intensive, therefore agri-environmental damage is less significant than in Western Europe.

Third, generally, rurality has a quite different view in CEE compared to Western Europe. Due to historic and economic factors (collectivisation, lack of capital, etc.) agriculture has never been intensified or specialised to a Western level. Self-subsistence and local markets are still very significant in food production and consumption.

Fourth, as a consequence of industrial commuting in the past, pluriactivity is a well-known phenomenon for most rural people. The rural population is larger and due to the lack of counter-urbanisation more homogenous and more 'local', having more social networks and traditions. In general, rural economy and society of the CEECs can be seen as more traditional, or closer to a peasant stage, than the one in the West.

Differences between Eastern and Western European rurality can be seen from various angles. Examining the situation from the viewpoint of the modernisation paradigm, CEE rurality (including its agriculture) is poor, backward and underdeveloped[19]. If it is due to follow the 'modernisation route', then decades and billions of Euros will be needed to catch up with the rest of the EU. Additionally, the many failures of modernisation-based EU rural and agricultural policies over the past 50 years – i.e. causing environmental damage, depopulation, growing regional differences and so on - are likely to be repeated in CEE. On the other hand, differences between East and West can also be seen as results of different development trajectories. From this point of view CEE areas did not go on the same modernisation route, but took an alternative direction to western development. If EU rural policies evolve in a more integrated, endogenous direction (realising the new paradigm), then having a more traditional rural economy and society

[19] A few competitive sectors and geographic areas - such as some arable farms in Slovakia and Hungary or some modernised diary farms in Poland - should be mentioned as exceptions.

may not turn out to be a drawback after all, but an advantage for CEECs. Nevertheless, a forced, hasty modernisation and growing rural development problems can soon result in the diminution of such advantages.

Designing rural policies for applicant countries and Member States for the pre-accession period, EU policy makers had to make a strategic choice between aiming to maintain the present system or using the opportunity of enlargement to initiate significant changes in the field of rural policies. In the original Agenda 2000, as well as in the preliminary versions of the Pre-accession Measures, final decisions were not made on these issues and several doors were left open for future discussion. Moreover, even after the finalisation of legislation one could still have some ambiguities about the intentions and possible outcomes. Strategic trends, directions and intentions beyond political documents and moves of institutional systems and bureaucracies are often not easy to identify. Power structures are interconnected and decisions often depend on political factors, rather than rational considerations. However, examining the process of the development of documents, legislation and institutions might help to highlight strategic trends and to gain a better understanding of the whole issue.

This section explores the EU pre-accession preparation - with special regard to the SAPARD[20] Programme. I try to identify the main trends of the EU approach towards the eastern enlargement and rural development - based on legislative documents; political declarations and interviews conducted in Brussels during the past five years. The main aim of the analysis is to identify the original intentions of the policy makers and to judge whether SAPARD have ever had the potential to become a significant step on the way of developing a new rural policy for Europe or not.

We analyse the final SAPARD Regulation (Commission 1999/2), comparing it to its earlier draft version (Commission 1998/1) and to the CAP RDR (Commission 1999/3). The amending regulation on the management of SAPARD (Commission 1999/4) and a Vademecum on co-ordination of the three financial pre-accession instruments (Commission 2000/2), which intended to help the preparation of candidate countries are also included in the analysis. These documents are from the very early days of the process and at this stage I do not intend to talk about further developments, such as negotiations between the EU and CEECs, or the difficulties of implementing SAPARD.

[20] SAPARD - - Special Accession Programme for Agriculture and Rural Development

3.1. THE EU PRE-ACCESSION INSTRUMENTS

The main aim of pre-accession policies has been to help applicant countries' adoption of the *acquis communautaire* and to prepare them for future EU policies. EU assistance can only support those objectives and actions, which are in accordance with these aims. For the pre-accession period PHARE 2000+ - a significantly reformed version of the former PHARE Programme - and two new financial instruments were set up: the ISPA (pre-accession structural instrument) and SAPARD. The overall annual budget for these is EURO 3120 million, which has been allocated between the applicant countries, programme by programme, according to objective criteria (Commission 2000/2).

PHARE 2000+, with half of the overall budget (EURO 1560), represents the main instrument for pre-accession. It focuses on two main priorities, institution building and investment. PHARE support for institution building helps the candidate countries to implement the *acquis* and to prepare for participation in EU policies. Investment support focuses on strengthening the regulatory infrastructure needed to ensure compliance with the *acquis* and direct *acquis*-related investments. Furthermore, PHARE supports investment in economic and social cohesion through measures similar to those supported in Member States through the ERDF and ESF. PHARE may also support measures in the fields of environment, transport, agricultural and rural development, but only if they form an 'incidental but indispensable part of integrated industrial reconstruction or regional development programmes'. However, this latter type of support is not horizontal, but restricted to priority regions in each of the applicant countries (Commission 1999/4). Within the PHARE budget there is an indicative split 30/70% between institution building and investment, and eligible investment projects must be for a minimum of 2M Euros. PHARE remains a project-based programme, controlled quite tightly from Brussels. A Financing Memorandum has to be signed yearly with each applicant country.

ISPA represents one third of the pre-accession budget (1040 million EURO). In terms of the type of the eligible measures, it is similar to the European Regional Development Fund and the Cohesion Fund and it is be administered by the DG for Regional Policy. Its main objective is to contribute to the preparation of the applicant countries in the area of economic and social cohesion through a contribution to transport infrastructure networks and environmental protection. For transport it mainly supports the extension of the Trans European Networks, which means building motorways and international train lines. For environment the main objective is to ensure compliance with Community environmental law. This mainly supports investments aiming at the reduction of air pollution and the modernisation of large-scale sewage and municipal waste treatment. The budget should be shared equally between transport and environmental objectives. The total cost of each project should be at least 5 million EURO. The programme is controlled from Brussels, financial decisions on projects, proposed by the applicant countries, are made by the Commission several times a year.

SAPARD represents one sixth of the yearly pre-accession budget (M520 EURO). The programme is parallel with the Rural Development Chapter of CAP and the money is to be administered by the Guarantee Section of the European Agricultural Guarantee and Guidance Fund. Its main aims are to prepare CEE rural areas for EU agricultural and rural development policies and for specific mechanisms of the Structural Funds. Applicant countries could choose from a list of 15 measures to prepare their domestic programmes. There is no minimum cost threshold for a measure. Unlike for the other two instruments, the control of the programme should be decentralised and decisions made by accredited implementing agencies in each country.

In order to achieve optimal economic impact of the operations supported under the three instruments, there is a need to ensure co-ordination and complementarity between these instruments within the framework of the Accession Partnerships. The programming and implementing rules for pre-accession assistance are laid down in the ISPA and SAPARD regulations, in the Co-ordinating Regulation and in the new PHARE Guidelines (Commission 1999/2, 4, 5 and 7). Guidance on other issues - such as eligible actions, co-ordination in programming, implementation procedures, co-financing, conditionality, the role of the Delegations, reporting, evaluation, monitoring and internal co-ordination - is set out in a Vademecum, produced by DG Enlargement (Commission 2000/2).

As a prerequisite for participating in the pre-accession programmes, applicant countries had to build institutions and produce a range of strategic programming documents. The revised Accession Partnerships, complemented by National Programmes for the Adoption of the Acquis (NPAA), provide the framework for the multi-annual programming of the three pre-accession instruments. Preliminary National Development Plans (PNDP), prepared by each country, had to be attached to the NPAAs. They had to include analysis of the country's current situation and identification of the critical development gaps and the key development priorities[21]. Rural Development Plans, covering a seven-year period, also had to be produced, in order to be able to participate in SAPARD.

3.2. THE SAPARD REGULATION

The idea of a pre-accession measure particularly for agriculture and rural development first appeared in Agenda 2000, and a draft version was launched for CEE countries[22], as well as Malta and Cyprus by the Luxembourg Council in December 1997. The final document (Commission 1999/2) was accepted after the Berlin Summit, in June 1999. Details on implementation and the financial management of the programme were published in December 1999 and January 2000 (Commission 1999/4, Commission

[21] These should be the predecessors of the future objective 1 community support frameworks.

[22] These are: Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, Slovenia.

2000/1). There follows a short analysis of the regulation, drawing upon some telling similarities and differences with the Rural Development Regulation under the reformed CAP (CAP RDR), and some important changes in the final document compared to the draft version of the SAPARD regulation.

OBJECTIVES

As quoted from the legislation:

> *"This regulation establishes the framework for Community support for sustainable agriculture and sustainable rural development for the pre-accession period..." (Commission 1999/2 Preamble)*

This statement refers to both agriculture and wider rural development. The Preamble of the document explains the scope of what is intended:

> *"...pre-accession aid for agriculture should follow the priorities of the reformed CAP; whereas such aid should be applied to priority areas to be defined for each country, such as the improvement of structures for processing agricultural and fishery products, distribution, quality control of food as well as veterinary and plant-health controls and the setting up of producer groups; whereas it should also be possible to finance integrated rural development projects to support local initiatives and agri-environmental measures, to improve the efficiency of farms, to adapt infrastructure as well as measures which will accelerate structural reconversion..." (Commission 1999/2 Preamble).*

This paragraph sets out the main aims for programmes to be supported. It also gives working definitions for the development of agriculture and for 'integrated rural development'. Concerning agriculture the scope of the regulation is clearly stated and restricted to agricultural structural policies. Concerning rural development the statement is both tentative (*"it should be possible"*) and ambiguous. Throughout the whole document it remains uncertain if the aforementioned local initiatives, adaptation of infrastructure or the structural reconversion is limited to the agri-food sector or represents a wider approach to rural development.

The two main specific objectives are the following:

> *"a. contributing to the implementation of the* acquis communautaire *concerning the common agricultural policy and* related policies*;*
>
> *b. solving priority and specific problems for the sustainable adaptation of the agricultural sector and rural areas in the applicant countries." (Commission 1999/2, Article 1).*

According to the first objective the aim of SAPARD is to prepare applicant countries for the Common Agricultural Policy. However, at the time of the publication of this document (1999), the new eastern member states were to be excluded from compensation payments completely. CEE countries therefore were not being prepared for the direct payments - the major part of the First Pillar of the CAP. Instead, they were to be prepared for the Rural Development Chapter of the CAP, which remains a peripheral policy, representing one tenth of the total agricultural budget (Lowe and Brouwer 2000).

CEEC agriculture and rural areas would nevertheless have to compete and survive within the Common Market for agricultural products. In preparation, therefore, the second objective intends to solve priority problems in agriculture and rural areas of the applicant countries. This could leave a wide scope for subsidiarity, however, later on the document sets out what the priorities should be:

> *"...applicant countries shall ensure that priority is given to measures to improve market efficiency, quality and health standards, and measures to create new employment in rural areas, in compliance with the provisions on the protection of the environment." (Article 4/3)*

There is a small but significant change in the final document, compared to the draft version. Originally the order (which implied a priority order, according to interviews with EU officials) of these two objectives was the other way around. At first, preparing rural economy and society for EU membership, solving at least some of the priority problems before accession, was the number one priority. Later it was replaced with the general preparation for the agricultural acquis communautaire, practically involving mainly the building of central institutions and the reinforcement of domestic agricultural bureaucracies.

ELIGIBLE MEASURES

The list of the 15 eligible measures, as with those in the CAP RDR, is not compulsory. According to the principle of subsidiarity it only offers a menu, from which the applicant countries can create their own programme. However, the list is strongly orientated towards agricultural restructuring. The large majority of the fifteen measures are directly connected to land-based activities.

The list of measures in SAPARD, in fact, is strongly based on the list under the CAP Rural Development Regulation (see Table 1. below for the measures) However, there are significant differences. The scope of SAPARD is somewhat narrower, some measures are totally missing and others are less pronounced or less defined. On the other hand, there are a couple of new measures in the field of agriculture and administration, specially designed for CEE problems. Also, some measures in the area of rural development give more space for integrating non-agricultural parts of the economy and society.

One of the major differences is about *environmental protection*. This is very important in the CAP RDR, representing a significant proportion of the budget and a range of measures in the programme[23] (Lowe and Brouwer 2000). In SAPARD the environmental perspective is present, but much less pronounced. There is no mention of LFAs and a wide range of agri-environmental measures and specially allocated money for environmental

Table 1. **Comparison of CAP RDR and SAPARD measures**

Rural Development measures		
	1257/99	SAPARD
inv. agric. holdings	art 4	art 2
young farmers	art 8	
vocational training	art 9	art 2
early retirement	art 10	
LFA/AER	art 14, 16	
agri-environment	art 22	art 2
marketing and proc.	art 25	art 2
afforestation	art 31	art 2
other forestry	art 30, 32	
land improvement	art 33	art 2
reparcelling	art 33	
farm relief/management services	art 33	art 2
marketing of quality ag. products	art 33	
basic services rural economy	art 33	
renovation villages	art 33	art 2
diversification of agric. activities	art 33	art 2
ag water resources management	art 33	art 2
development agric. infrastructure	art 33	art 2
tourism/crafts	art 33	
protection of the environment	art 33	
restoring ag. prod. potential	art 33	
financial engineering	art 33	
control structures quality, veterinary		art 2
setting up producer groups		art 2
land registers		art 2
technical assistance		art 2
total measures	*22*	*15*

protection in agricultural rural areas are missing. There is only one measure promoting *"agricultural production methods designed to protect the environment and maintain the countryside" (*Commission 1999/2 Article 2*)*. This is almost the same as the agri-environmental measure that used to be in the CAP before Agenda 2000. However, environmental protection has gained new importance after the reforms - a change not recognised by SAPARD.

[23] The most important are the support for LFAs and the Agri-environmental measures (this is the only measure which is compulsory for every EU countries). However, even under Article 33 there is a measure for environmental protection.

In the field of human resource management only vocational training can be supported by SAPARD. Neither early retirement nor the setting up of young farmers can be subsidised. However, contrary to the CAP, vocational training is not restricted to agriculture by the legislation.

Most measures of SAPARD are based on the measures listed in Article 33 (measures for the general development of rural areas) of the CAP RDR. The most telling difference between the two lists is represented by those rural development measures that are missing from SAPARD[24]:

- *marketing of quality agricultural products;*
- *basic services for rural economies and populations;*
- *promotion of tourism and crafts;*

These objectives could have been used to support endogenous development, providing economic activities and possible income outside of agriculture. Rural tourism (and crafts, producing quality local products to sell them to the tourists) is probably the most widespread non-agricultural economic activity in Western European countries and it constitutes the basis of a range of EU rural development programmes. The development of basic services is essential for any sufficient local economic development. The support for the marketing of quality products could fuel local development through reinforcing traditions, finding and grasping niche markets as well as broader EU markets for unique products of central European rurality. The lack of these measures means that any direct reference to non-agricultural economic activities is entirely absent from the SAPARD Programme. This implies that the rural economy is treated as equivalent to agriculture in this policy (all this, it should be borne in mind, in a broader policy context in which CEE agriculture within the EU will be systematically discriminated against).

The two additional measures in SAPARD, compared to the CAP RDR, are designed for special CEE problems and they are to support the restructuring of administration and the production system inside agriculture. Without the *"establishment and updating of land registers"* (which are missing or not appropriate in many CEE countries) it would be almost impossible to apply any central, administrative control on agricultural policies. Also, the support for *"setting up production groups"* is essential to restructure CEE production systems in a more Euro-compliant way.

FINANCES

[24] Two agricultural measures are also missing, these are: "*restoring the potential of agricultural production following damage by natural disasters and introducing appropriate preventive measures; and financial engineering".*

The total budget of SAPARD is EURO 520 million/year for the ten CEE countries. Although the CAP RDR is often accused of not having sufficient resources to give enough support to rural development, the budget for SAPARD is way below even that. The maximum amount of available resources for CEE countries to prepare their rurality for accession is just over 10 % of the CAP RDR budget. The indicative budget allocations among the applicant countries were laid down by the Commission in July 1999, based on objective criteria[25] (see Table 2).

Table 2. **Allocation of SAPARD resources amongst applicant countries (Million Euro/annum)**

Bulgaria	Czech	Estonia	Hungary	Lithuania	Latvia	Poland	Romania	Slovene	Slovakia
52.124	22.063	12.137	38.054	29.829	21.848	168.683	150.636	6.337	18.289

(Commission 1999/6)

CEE countries are eligible for this aid annually until 2006 or their accession whichever is the earliest. Since CEECs are third countries, the EU had to make bilateral financial agreements (multi-annual and annual) with each of them. The money is administered under the EAGGF Guarantee section. This means that applicant countries have to fulfil the particularly strict rules of the agricultural budget on payments and accounting, which has implications for the way the programmes can be administered.

According to the regulation, the Commission required each CEEC to set up a SAPARD paying and implementing agency. The agency had to be accredited by the competent national authority, the National Fund[26], and the Commission verified accreditation on the spot. Once this was done, and the Commission adopted the National Rural Development Programme, the first annual Financial Memorandum could be signed and Community financing was transferred to the National Fund. The National Fund was to act as the sole go-between for financial transfers and communication of the Commission and the Paying Agency in every country. This meant that all management tasks from the project selection stage to payments to final beneficiaries were devolved from the Commission to the CEE countries (Commission 2000/2). This was an advance on the administrative system of PHARE, in which basically everything had to be approved by Brussels. The new devolved system was intended to be simpler and quicker, and it can be seen as essential from the viewpoint of institution building and preparation for the principles and procedures of the EAGGF Guarantee Section, which gives Member States full responsibility for management. However, subsidiarity and the scope for decentralised administration stopped strictly at the central governmental level of applicant countries, to ensure transparency and accountability.

[25] Size of the agricultural population; total agricultural area; per capita GDP, based on purchasing power parity; specific situation of rural areas.

[26] This was set up in every CEE country for the administration of the PHARE programme.

FURTHER DEVELOPMENTS ON IMPLEMENTATION

Two subsequent documents provided some more information on SAPARD, concerning eligible measures and actions and the importance of integrated rural development within the programme. One was the legislation on the implementation of the programme (Commission 1999/5). The other one was a Vademecum on the co-ordination of the pre-accession instruments[27] (Commission 2000/2), containing a list of those activities which can be supported under SAPARD and PHARE. These subsequent documents resolved some ambiguities of the main SAPARD Regulation.

The regulation on the implementation of SAPARD (Commission 1999/4) greatly reinforces its connection with the CAP RDR saying:

> *"...as a general principle, support shall be granted according to the rules in force for Community rural development support, and, in particular, according to the main objectives and instruments laid down in... (the CAP RDR and the legislation on its implementation)" (Preamble/3)*

It also says that:

> *"...particular measures referred to in Article 2 (of the SAPARD Regulation) are similar to measures referred to (in the CAP RDR) and should therefore be implemented by the applicant countries as far as possible in accordance with the principles for implementing those measures in the Community" (Preamble/4)*

After this (continuously referring back to the CAP RDR) the document focuses on a few measures that are new or somewhat different in SAPARD; although, it does not explain all the differences.

Most measures discussed by the document are agricultural. The legislation gives the possibility of some delay to fulfil environmental and health standards to farmers applying for agricultural investment subsidies. It excludes the retail level from the measure on 'processing and marketing of agricultural products'. It also makes implicit that producers must get *"an adequate share in the resulting economic benefits"* (Commission 1999/3 Article 26). According to the document, the agri-environmental measure should not be implemented horizontally, but at a pilot level, creating a limited number of complex projects. The document gives details about the measure on 'setting up producer groups', emphasising that the support only covers administrative and legislative costs. Finally it makes some restrictions concerning 'afforestation and the processing and marketing of forestry products' compared to the CAP RDR.

[27] This is an explanatory document, produced by DG Enlargement in January 2000, linking to the Community legislation on the co-ordination of the pre-accession instruments.

The only rural development measure appearing in the legislation is 'vocational training'. Besides, even what is said about this is in contradiction with the list of eligible actions in the Vademecum, mentioned above. According to the legislation, training should be restricted to farming and forestry[28], with the exclusion of "normal programmes or systems of agricultural and forestry education at secondary or higher levels" (Article 5-6). At the same time in the Vademecum 'training on local development management' and 'other vocational training' are listed as eligible activities.

The rest of the rural development measures do not appear in the implementing legislation. This is in spite of the fact that two of them – relating to infrastructure and diversification - are restricted to agriculture in the CAP RDR, but not through SAPARD. Nevertheless, according to the Vademecum, in CEE these measures can be understood in a broader rural development sense than in the EU under the RDR. In the list of eligible actions for the development of rural infrastructure, for example, roads, drinking water, energy systems, telecommunication and other infrastructural investments appear amongst others. However, these objectives can be co-financed by PHARE, and it is not absolutely clear from the documents what will be the division between the two instruments. All we know is that PHARE support should focus "on business related infrastructure in the context of regional development plans in priority regions". It can even mean that under SAPARD still only agriculturally related infrastructure should be eligible for support and others should be supported from PHARE. In this case 'other rural infrastructure' would be excluded from the Rural Development Programmes, would be subject to totally different procedures than under SAPARD and would be restricted to some priority regions in each applicant country. There is a similar ambiguity about the development of tourism and ‘arts and crafts’. While in the CAP RDR they have separate measures, in the SAPARD regulation there is no mention of them. In the Vademecum 'tourism infrastructure, other tourism activities and craft activities' are listed under the measure for rural diversification. However, these measures are also co-financed by PHARE, without a clear distinction for eligibility criteria.

4. A STEP FORWARD OR BACK - SOME CONCLUSIONS - PRE-ACCESSION POLICIES, COERCIVE TRANSFER AND THE REINFORCEMENT OF THE ‘OLD PARADIGM’

EU policy makers have not used the possibility offered by Eastern Enlargement to change the ruling productivist paradigm in the field of agricultural and rural policies. They have rather chosen to maintain and reinforce the present system. Agenda 2000 and the concluding reforms are likely to remain a 'wasted opportunity' (Lowe and Brouwer 2000). One could say that the pre-accession strategy concentrates mainly on political and economic cohesion. It supports almost exclusively such objectives that can be justified

[28] This is simply taken from the CAP RDR.

with short to mid-term political and economic interests and it is designed in a very much centralised, exogenous manner. Social cohesion, the reinforcement of local economy and society, indeed the general aims of an endogenous, integrated approach to rural development are almost totally lacking. Therefore, according to the present prospects, SAPARD - and eastern enlargement in general - could even turn out to be a step backwards, rather than forwards, in the evolution of EU rural policies.

The analysed SAPARD Regulation does not go beyond the CAP RDR, on the contrary, it is a watered down version of the latter. The financial resources offered are insignificant compared to the task of restructuring CEE rurality, preparing it for EU membership[29]. In every step of the policy making process (from the draft to the final version and throughout the subsequent documents on finance, implementation and co-ordination) the focus of SAPARD was increasingly narrowed down to agricultural restructuring, losing the scope of a wider rural development perspective. Administration and programming were devolved from the EU to the applicants, but on the country level a centralised system of institutions and administration had to be built. Rural Development Programmes were due to be written by the CEECs. However, through the list of eligible activities, the programming and evaluation process and the financial rules of the EAGGF Guarantee Section, a potentially very strict control by Brussels could be foreseen already before the launch of the programme. Existing EU policies and approaches, alternative to the ruling policy paradigm, are lacking from proposals to Central Europe. The lack of the LEADER approach from the official pre-accession strategy can be examined from this angle. The results of an experimental, broadly defined and controlled policy could well support the argument for measures, specially designed for the Central European problems. Furthermore, the spread of such an approach would mean the reinforcement of localities of the applicant countries and their connection with a growing European-wide network and the soft transfer of alternative development ideas. Such an evolution would be dysfunctional to the prevailing paradigm.

The process of eastern enlargement, as it was proposed in the Agenda 2000 and the pre-accession measures, is dominated by hard or coercive policy transfers. Moreover, most of these are direct or indirect coercive policy transfers, pushed by the EU and accepted by the applicant countries. Health, market or safety regulations are examples of direct coercive transfer - the *acquis communautaire*, which is required to be accepted and implemented by future Member States, includes many examples of transfers of this sort. Different subsidies and aids provided or promised by the EU can be classified as indirect coercive transfers. This money can only be spent to achieve objectives defined by the EU. Applicants need to build EU-compliant institutions and procedures to be able to access the money. Moreover, the requirement of additionality ties even domestic

[29] As a telling comparison, Austria alone - with its 0.4 million rural inhabitants and its 250 thousand agro/forestry workers - receives almost twice as much from the RDR budget, than all the ten CEE countries from SAPARD.

resources to EU objectives and procedures[30]. Implementation is monitored, evaluated and controlled by the EU and the whole process is driven from the centre. The primary objective seems to be building a strong, Euro-compliant bureaucracy on a central or governmental level, which will be able to work with the complicated official system of the EU in the near future. This well matches the process, described by Dolowitz and Marsh (1996) when policy transfer, instead of introducing new ideas, simply reinforces the existing system, maintaining the status quo.

There is a general agreement in the literature that the lack of complexity of a policy is crucial for its transferability. Differences in economy and political culture are also considered to be of primary importance. In the light of these factors, one can have doubts about the transferability of the CAP or the Structural Policies. They are highly complicated, even after the simplifying reform of the Agenda 2000, according to every component of complexity, suggested by Rose (1993), for example. They have multiple objectives; try to tackle different aspects of complicated social, economic and environmental matters; expect to have diverse effects; and are usually difficult to evaluate. They were designed to suit the needs of countries with significantly different social-economic circumstances and political cultures, compared to the Future Member States.

After the southern enlargement of the EU a major policy reform was undertaken, a whole new set of institutions and measures was created and added to the old system. It was not a simple extension (or coercive transfer) of existing policies to the New Member States, since the design of new policies was based on pilot schemes, run in the applicant countries, i.e. a process of social learning. Nevertheless, there are serious criticisms about the social, economic and environmental effects of Structural and Cohesion policies in the Mediterranean Countries (Scott 1995, Syrett 1995). Compared to this, in the Agenda 2000 there is no intention to introduce anything like a significant parallel structure of policies designed to the special needs of the Central European Countries. Existing policies are simply imposed on the New Member States, without any significant modification. What are the prospects of a coercive policy transfer, described here, NOT to end up in policy failures and anomalies? According to this analysis, the current eastern enlargement is more likely to set back the reform of EU rural policies than to accelerate it.

Above, in connection with Agenda 2000 I identified an inherent contradiction between the rhetoric and policy practice of the EU. As the analysis showed here, this contradiction has been reproduced in the pre-accession policies especially concerning SAPARD. Nevertheless, besides hard policy transfers dominated by modernisation, a continuous flow of information and positive examples on the ‘new paradigm’ - in other

[30] According to PHARE regulations, for example, if a sub-project, within a single programme, has any proportion of EU funding in its budget, then EU financial regulations and procedures have to be applied to all its expenses. Therefore even their own money has to be spent through EU conform procedures (tendering, monitoring, accounting, etc.).

words a soft policy transfer – can also be encountered. This originates from the EU and results in a clear process of social learning in CEE rural areas and policy-making. A main source of this is the rural development rhetoric of the EU and certain requirements (programming, social dialogue, partnership working, etc.) set as pre-requisites to EU aid. The other important source comes from the positive example of the LEADER Programme and some other measures in the EU policy system. These parallel influences and their effects on CEE rurality can also be an interesting subject of analysis.

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