

Europe in transformation:
Economic development in
rural areas in difficult times.

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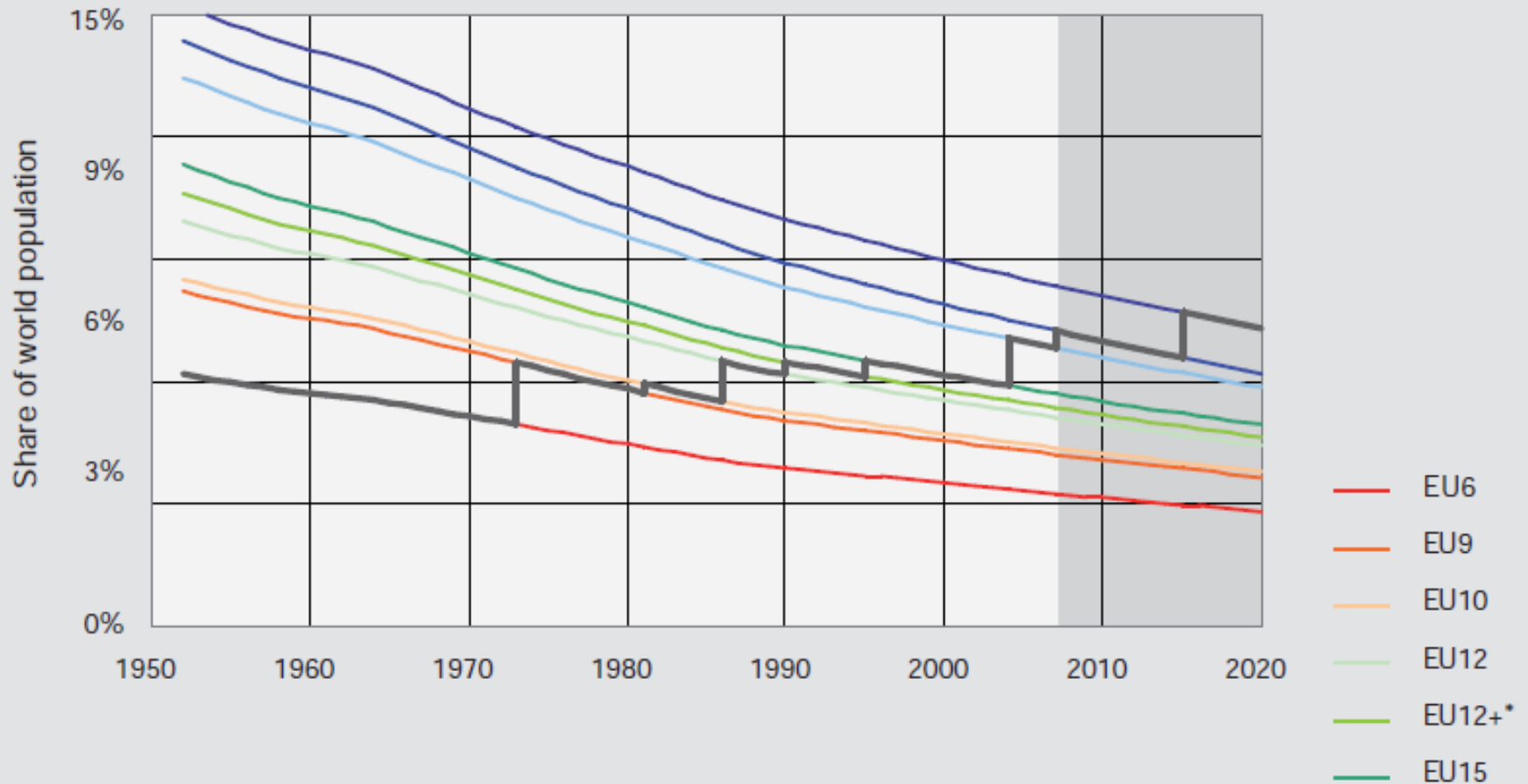


Europe in the world

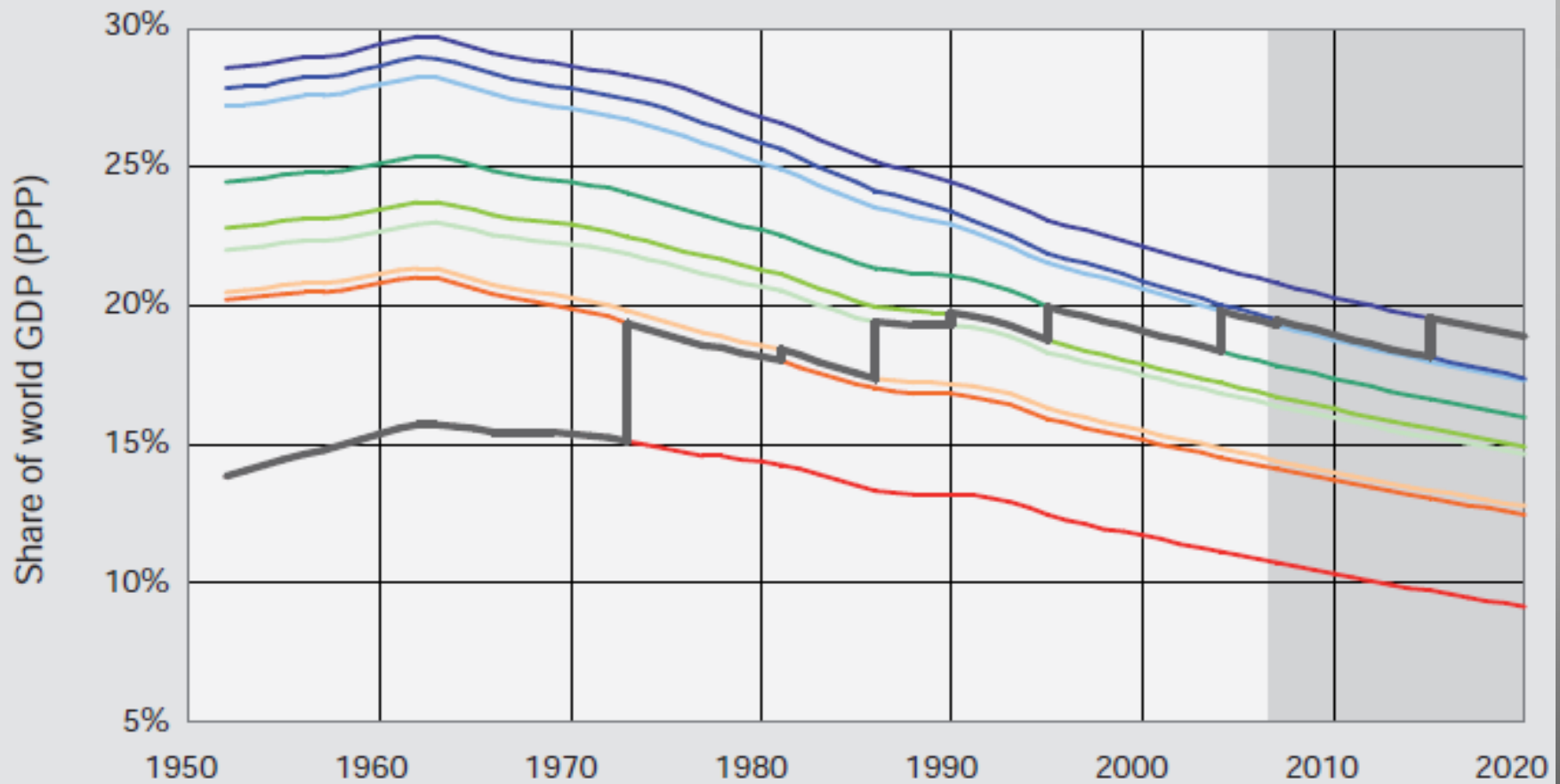
- ▶ EU as a single market of 0.5 billion people.
- ▶ Positive and growing trade balance in services with the rest of the world.
- ▶ Growth of trade within EU especially between EU12 and EU15.
- ▶ Main source of growth has been in higher productivity.
- ▶ Productivity is closely tied to innovation.
- ▶ Europe 2020 target of investing 3% of GDP in R&D.

Europe in the world





Europe's share of global population >>>
 Long term relative decline offset by enlargements



Europe's share of global GDP >>>

Only sustained by successive EU enlargements

1.1 Growth of GDP per head in real terms, 2000–2007

	<i>Annual average change (%)</i>
Brazil ¹	3.1
Russian Federation	7.7
India	5.2
China	9.9
Mexico ²	0.6
USA	1.4
Canada ²	1.4
Japan	1.5
EU-27	1.8
Highly developed MS	1.4
Moderately developed MS	2.9
Less developed MS	5.2

1 : 2002–2007

2: 2000–2006

Source: OECD and National Statistical Offices

Europe's economic growth before the crisis >>>

The industrial economy: localisation economies

- ▶ Cities grow because firms located there can gain advantages.
- ▶ Access to labour, raw materials, suppliers and customers.



The knowledge economy: urbanisation economies



Rural regions in Europe

Diversity of rural regions.
Places accessible to cities have a service-based economy.
Place-based development approach needed.



Approaches to economic development



- ▶ Political priorities – economic efficiency and/or environmental sustainability and/or social inclusion.
- ▶ Market performance affects governance style.

Typology of economic development policy & practice related to governance





The pro-business development state >>

Common in East Asia.

Singapore's overseas industrial estates; China's SEZs; Malaysia's Multi-media corridor.

The development state

- ▶ Delivers major infrastructure.
- ▶ Provides tax breaks to inward investors.
- ▶ Assembles and services land.
- ▶ Joint investment companies.
- ▶ Possible environmental externalities
- ▶ Displacement of previous residents
- ▶ Distortion of local property & labour markets



The project state: urban regeneration >>

Post-industrial regions in North America and Europe
Atlantic City; Creative Coast, Savannah; TIFs and BIDS.

The Project State

- ▶ The state is “hollowed out”, has limited finance and works in partnership.
- ▶ Time-limited projects set rules and give incentives for others to follow.
- ▶ Soft loans and grants.
- ▶ Creative class thesis.
- ▶ Property-led
- ▶ Displacement of existing residents and small businesses.
- ▶ Unlikely to work when and where the market is very weak. Small towns/peripheral regions are vulnerable on this.

Project State: economic development and governance

- ▶ Create visions of new possibilities, and build public/private partnerships.
- ▶ Regulation of development is streamlined.
- ▶ Institutional form – time-limited project agency of multi-disciplines; design competitions.
- ▶ Skills – real estate, development finance; visioning; negotiation; budget management.
- ▶ Governance issues – equity / inclusion; building and sustaining commitment beyond the project; sidelining of political representatives. **Closed networks in small towns and rural regions.**



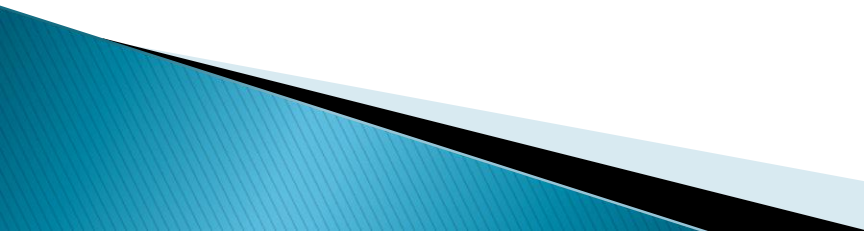
Smart Planning and Regulation >>

Most evident in, but not confined to, Northern Europe
Emscher Park, Germany; Kalundberg Eco-industrial park; Abu Dhabi eco-city

Eco-modernization and smart growth

- ▶ Planning and regulation help to steer the market towards supporting eco-modernization.
- ▶ Likely to be most effective where market is strong and there are investors keen to develop.
- ▶ Regulation is likely to be ineffective where governments are weak and lack the human resources and technical capacity to deliver.
- ▶ Integration of public policy is easy to prescribe, less easy to deliver.

Smart planning & regulation: economic development and governance

- ▶ Evidence-based: impact assessment. Environmental standards, effective regulation.
 - ▶ Heritage and landscape conservation and sensitive design of infill.
 - ▶ Development management – design guides; area character statements; time management.
 - ▶ Institutional form – local government, integrated department.
 - ▶ Skills – public consultation, mediation, information management, monitoring & evaluation.
 - ▶ Governance issues – tension between evidence and politics; difficult to get co-ordination amongst diverse stakeholders; **capacity issues in small towns.**
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Development despite the state >>

Pro-poor approaches are most evident in the Global South
Credit unions, food strategies, participatory slum up-grading, cultural festivals

Pro-poor approaches

- ▶ Neither markets nor state agencies and officials deliver equitable and inclusive development.
- ▶ Training, networking, scaling up.
- ▶ Gender dimension.
- ▶ Debates, e.g. on social enterprises, about real purpose – filling gaps or driving change?
- ▶ Risks of burn-out.
- ▶ Scale of challenge – 750M urban dwellers living on <\$2 a day in 2002.

Development despite the state: economic development and governance

- ▶ Official plans can be irrelevant or a barrier – out of date and unsympathetic to informal sector and the poor.
- ▶ Non-statutory plans may be used to raise aspirations and focus community effort.
- ▶ Inclusive, gender-aware community planning and mobilisation.
- ▶ Institutional form – social enterprise, NGO.
- ▶ Skills – networking, listening, learning, scaling up, people skills.
- ▶ Governance issues – leadership; representatives and “silent majority”; tokenism; incorporation by establishment. **In small towns, jealousies / factions.**

Governance for economic development in rural areas

- ▶ No single “correct” approach.
- ▶ Places vary in their assets and political culture and priorities.
- ▶ Different approaches can operate in the same place at the same time.



Some propositions for economic development in rural regions in hard times

- ▶ Be clear and realistic on aims.
- ▶ Beware of blockage by established local elites.
- ▶ Encourage & monitor innovations
- ▶ Network to build critical mass and encourage rural business clusters.
- ▶ People who can connect local networks to metropolitan / international ones are important.
- ▶ Economic development impacts on the work of all public sector agencies – make them aware of it and have a clear, realistic development strategy.

How to have a good crisis?

- ▶ The luxury of austerity: time to get things right.
- ▶ Appreciate the qualities of the place you have.
- ▶ Build identity and inclusion through cherishing your town.
- ▶ Create work through repair and maintenance of places.
- ▶ Call on governments to provide fiscal systems to support conservation & create jobs– e.g. for repair and energy efficiency.



Scrap metal sculpture: Regent, North Dakota >>

'I have an image of... taking people from Regent, having them stay at the theme park in Regent, at a motel, [then] taking a limousine and stopping at each site'.