

Cologne OECD Conference

Closing Comments

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This has been an excellent conference. Thanks to all the great speakers for challenging us with many provocative ideas and examples of innovation in rural services. I would like to recap a few points from the conference and then explore how we might best go forward to rural policy from here.

Recap

I heard eight key points that together provide an important foundation for our future work.

1. *Services are necessary to rural quality of life—and to rural economic development.* Many of us probably came here with that view, but it was certainly reconfirmed and there was broad consensus on this point. That said, there was much less discussion than there might have been on “competitiveness services,” the “sufficient” condition that I suggested in my opening comments yesterday.
2. *While services are essential to rural regions, rural citizens also care **how** the services are delivered.* The hospital, the school, the senior center, and last but not least, the pub—all matter to how rural people think about their place.
3. *From a policy point of view, we readily track budgets while rural people want us to measure value.* Outlays are easy to track; value is much harder to assess. This create a policy dilemma that most countries have yet to solve.
4. *While services are important, we know much less about **WHICH** services are most important.* The clearest indication came from Prof. Rodriguez-Pose, who showed that education provides the strongest return in terms of rural economic growth. Yet, even this finding cannot be taken in isolation. We need to focus more carefully on weighing the value of various public services—and public goods, for that matter.
5. *We naturally think about the spatial dimension, but timing matters, too.* Prof. Rodriguez-Pose provides telling analysis that the timing of investments is extremely important, especially in lagging regions. Thus, we do well to consider space and time together, although this will necessarily make policy decisions

more complex. In virtually all our countries, we are a long way from tackling such complexity well.

6. *Rural regions want to identify and monitor the services they want and need rather than central governments.* However, it is not clear that rural leaders have the capacity to make these decisions. This underscores just how important regional governance is to the future of rural regions. While we touched on this topic from time to time, it was largely peripheral. It must be at the center of rural policy going forward. In addition, it is not clear that central governments are ready to cede the decision on rural services to rural regions themselves. This points to the need for reform that embraces the full scope of the political economy.
7. *We have a long way to go in integrating service delivery into a place-based rural policy.* This conference has provided fascinating glimpses of innovation in service delivery all around the globe. But with only a couple of exceptions, they stand mostly in isolation from broader rural policy. Integration remains critical to long-term rural success.
8. *How we fund rural services matters, and it will be important to implement funding mechanisms that force rural regions to have “skin in the game.”* Service delivery is essential to competitive rural regions, but investments will be most rewarding if rural regions share in their funding. This outcome surfaced in many instances, but was especially clear in the session on financial and business services.

The way forward to a new rural policy

Our gathering in Cologne lived up to the transcendent purpose embedded in this conference series. That purpose is to help policy officials in countries around the world—in member and non-member countries alike—to navigate a powerful shift in policy. That shift is from sectors to places, from subsidies to investments.

With that purpose in mind, I would offer five recommendations on where we go from here.

1. *We must push for a robust regional policy framework in which investments in public services **and** public goods are part of a comprehensive thrust to competitive regions—urban and rural.* This framework must be our overriding goal, because it has the greatest chance of providing the outcomes that policy officials and rural citizens want.
2. *This framework will, in my opinion, have five key components.*
 - **Strategy.** This identifies a region’s competitive advantage and charts a course to seize it.
 - **Governance.** This is the leadership forum (public, private, non-profit, education, and so on) that sustains the strategy and implements it.

- **Priorities.** This is the list of investments in both public goods and services that are critical to region's future success.
 - **Innovation.** This is the capacity of a region to do better things, rather than simply doing old things better.
 - **Entrepreneurship.** The ability of the region to nurture successful firms that move new ideas to the marketplace.
3. *Rural regions must view metropolitan regions as allies in forging this new policy framework.* Metro and rural regions have different assets, different competitive advantages, and have different needs for investment in public goods and services. Notwithstanding these differences, both types of regions will follow the same path to being competitive. Put another way, there will be one policy framework for both kinds of regions.
 4. *That said, rural regions have every right to insist on "rural proofing" of regional policy, but to do that rural regions must summon a new coalition, including agriculture, to get there.* This is the political economy of new rural policy, and cannot be ignored. Agriculture has everything to gain from the new framework, but must be shown that this is the case.
 5. *With all these policy needs in mind, the global dialogue on regional policy is more important than ever.* One has to be impressed with the number of countries—OECD and beyond—that were here in Cologne. All these countries were deeply interested and engaged in these topics. Surely this is confirmation that we are on to something. That said, it is time to think seriously about marshalling the resources we need to mount a major push to the regional policy finish line. As has been noted by Mr. Roe, the OECD is the "central banker" of global policy dialogue. To be even more specific, the ***Territorial Development Policy Committee*** is the central banker of regional policy innovation. Having spent 25 years at the Federal Reserve, I have some understanding of what it takes to succeed as a central bank. The TDPC will need support from your governments if it is to succeed in this special role. The TDPC faces a constant struggle for resources within OECD—much the same struggle faced by the new rural policy in gaining footing compared with traditional policy approaches. We will need your engagement if we are to win that struggle.

We all know that the journey to rural policy is a long one. We have made significant progress here in Cologne. And above all, we have been reminded that sharing the journey together is not only important but uplifting, too.