

**INTERNATIONAL CONFERENCE ON  
NEW APPROACHES TO RURAL POLICY: LESSONS FROM AROUND THE WORLD**

**25-26 MARCH 2004**

**CONFERENCE FINDINGS**

More than 120 senior policy officials and experts from 15 countries (including all G7 countries) gathered at Airlie Center near Washington, D.C. on March 25-26 to discuss the future of rural policy. The international conference was convened by the Federal Reserve Bank of Kansas City, the Organization for Economic Cooperation and Development (OECD), the Rural Policy Research Institute, and The Countryside Agency. A welcoming address was made by **Constance A. Morella**, Ambassador, Permanent Delegation of the United States to the OECD. Keynote speakers included **Alan Greenspan** (Chairman, Board of Governors of the Federal Reserve System, United States) and **Thomas M. Hoenig** (President and Chief Executive Officer, Federal Reserve Bank of Kansas City, United States), **Donald J. Johnston** (Secretary-General, OECD), **David Sampson** (Assistant Secretary, US Department of Commerce), **Antonio Sanchez de Rivera** (Deputy Minister for Social Development, Mexico), **Oryssia J. Lennie** (Deputy Minister of Western Economic Diversification, Canada), **Gianfranco Miccicché** (Deputy-Minister of the Economy, Italy), and **Nicolas Jacquet** (President, Delegation for Economic Development and Regional Planning, France).

Participants agreed that new policy approaches are needed to help rural regions compete effectively in rapidly changing global markets. This will demand a shift away from past reliance on subsidies focused on a single sector (agriculture) towards an integrated place-based policy for rural development. This shift can allow rural regions to contribute to overall economic growth by seizing new opportunities.

Globalization, the emergence of important new niche markets, and freer trade bring both threats and opportunities to rural regions. Many rural regions suffer from lagging economic growth and still depend heavily on commodity industries, such as agriculture. Globalizing markets diminish profits in these industries and encourage businesses to consolidate.

While globalization brings special challenges to rural regions, it also unlocks bright opportunities. Recent innovations around the world demonstrate that **rural regions are not doomed to depopulation and economic decline**. Rural areas often possess valuable resources that are largely under-used. Natural and cultural assets, high value local products, both agricultural and non-agricultural, and the availability of land are only some of the endowments of rural spaces. Information and communication technologies provide rural areas with tremendous new opportunities in economic development and public service delivery.

Faced with these challenges and opportunities, conference participants agreed that developed countries **need to forge new policy approaches to spur economic development, innovation and productivity growth in rural areas**. Many countries lack a comprehensive rural development focus. Policies remain largely concentrated on supporting low-cost agricultural commodities and are often characterized by a redistributive logic. In the future, rural policy should shift to an integrated approach focused on the distinct demands and assets of rural places, and to public actions that spur private investment in those places. Conference participants stressed the importance of investing in 1) human

capital by increasing the skills of rural inhabitants 2) infrastructure by insuring the connectivity of the rural areas in the new economy; 3) social capital by facilitating partnering and knowledge pooling across and within levels of government—and between the public and private sectors. It was agreed that these are the main preconditions for strategies to extract the value of cultural and natural resources and to foster business clusters that tap niche markets for products and services.

**Several countries have begun to design new policies and to promote innovative forms of governance to implement them.** These experiences are marking a breakthrough from the traditional top-down, sectoral approach to rural development. They adopt a holistic approach to integrate scattered policy initiatives into a comprehensive framework and work for a shift towards a "new rural governance" based on consultation, negotiation, and partnerships among government, businesses and communities. They are shifting away from a past reliance on subsidies and towards promoting new investments in countryside renewal. The common theme in many of these policy innovations is their emphasis on exploiting under-used assets, releasing potential, fostering entrepreneurship, and mobilizing private investment. There is also an increasing awareness in governments of the need to use a 'rural lens' to safeguard the interests of rural residents and businesses.

Charting a new course for rural policy will help the rural regions throughout the world that are not seizing the opportunities offered by new technologies and free trade. It will require new relationships with urban residents and policy. **By better harnessing distinct rural assets and spurring investment, the new policy approaches will boost rural economic growth and reduce the need for government subsidies to compensate for development gaps.**

Recognizing the challenges posed by new approaches to rural development policy, conference participants agreed on the need for continued sharing of lessons learned and welcomed the offer made by the Mexican Government to host an international conference on rural development in March 2005.

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