

SUSTAINABLE RURAL DEVELOPMENT – EU AGRICULTURAL PERSPECTIVE

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Abstract

Sustainable rural development – EU agricultural perspective

Rural areas are diverse worldwide but the paradigm of sustainable development and the improving of rural development has become an issue that occupies most of the world's governments. The global goal is the same everywhere: to improve the well-being of rural people in the broadest possible sense, but the strategies are various and depend on many different factors and sectors.

Throughout history, agriculture has always played a dominant role in the development of rural areas, but today its significance is under discussion in many countries.

The EU's Common Agricultural Policy (CAP) has shifted from supporting agricultural production to supporting producers' income directly and with the objective of sustainable agriculture. Issues such as environmental sustainability, the viability of rural economies, food quality and animal health and welfare standards have become more prominent.

In this paper, we try to review some key milestones and dates of CAP and to explain the new role for agriculture in rural areas through the concept of multifunctional agriculture.

Multifunctionality is therefore argued as a model to bring post-modern agriculture up to speed with new societal demands. It emphasizes that, in addition to producing food and fiber, agriculture also produces a wide range of non-commodity goods and services, shapes the environment, affects social and cultural systems and contributes to economic growth. Although the concept is rather simple, its translation into policies remains, however controversial (Dobbs and Pretty, 2004) it may be. Thus, the need for further theoretical and empirical research support for deconstructing the multifunctional concept is crucial for sustainable agriculture and rural development in the near future.

Key words

sustainability, development, agriculture, multifunctionality

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1. Introduction (overall historical background)

1.1. Sustainable development

The philosophical foundations of sustainable development are deeply rooted in the utopian visions of Dante, Sir Thomas More, Kant, Rousseau and many others. We can also draw reasonable links between the conceptual origins of sustainable development and the religious rituals and magical practices of the world's very earliest peoples.

In more recent times, sustainable development can be traced in various environmental and social movements like early environmental and human ecology movements of Europe and North America; the anti-war and anti-nuclear movements of Europe and North America; the "world order" movement; the "world dynamics modeling" movement; the European "green" movement; the "alternative economics" movement; the women's movement in North America and Europe and, more recently, in Latin America; the indigenous peoples movements in Latin America, Asia, and selected areas of the Pacific; and the worldwide human rights movement that took place in the mid and late 1960s.

By the mid-1980s the United Nations had declared the last decades of development to be a failure, especially in their inability to halt the cycle of poverty that existed in the world's poorest and slowest developing countries. Criticisms of the dominant development paradigm – the "modernization paradigm" – were widespread and recognized in all sectors of development and all disciplines (Adams 1993; Brown 1993; Ekins 1992; Estes 1988; Henderson 1991; Korten 1990; Latouche 1993; Max-Neef 1992; Piel 1992; Sachs 1992). From these debates, the following points emerged:

- Economic growth does not automatically improve people's lives, either within nations or internationally (Adams 1993; Latouche 1993; Max-Neef 1992; Sacks, 1992; UNDP 1992:3);
- Rich and poor countries compete in the global marketplace as unequal partners; if developing countries are to compete on a more equal footing, they will require massive investments in human capital and technological development (Brown 1993; Max-Neef 1993; Speth 1990; UNDP 1992:4);
- "Free-market," "dependency," or "Marxist" paradigms of development do not respond adequately to the development needs of the world's poorest and slowest developing countries (Ekins 1992; Henderson 1991; Latouche 1993);
- The socioeconomic conditions of the world's least developing countries (LDCs) became worse over the last 20 years (Estes 1988, 1993a, 1993b; UNDP 1992; World Bank 1990).

The sustainable development concept in today's formation is generally given to the World Commission on Environment and Development (WCED 1987) popularly referred to as the Brundtland Commission. The Commission's approach to sustainable development emphasized the need for new concepts of global development that:

- accepted the fact that social and environmental problems are interconnected;
- recognized that environmental stresses are not restricted to particular locales or geographic boundaries;
- recognized that environmental catastrophes experienced in one world region, in the end, affect the well-being of people everywhere;

- recognized that only through sustainable approaches to development can the planet's fragile ecosystems be protected and the aims of human development be furthered.

The short historical overview of the sustainable development movement is presented in Tab. 1. Throughout its report, the Commission advanced the argument that sustainable development could only occur under conditions that reflected the realistic limits and "carrying capacity" of a finite planet (Williams 1989; Wheeler 1992). Both in the Commission report and elsewhere, Brundtland drew attention to the intimate and inseparable relationship that exists between poverty, development and environmental un-sustainability (Brundtland 1989).

Tab. 1: Historical review of the sustainable development movement (after Estes 1993).

| Related Movements | Major Objectives | Major Contributors |
|---|---|---|
| Early Environmental/ Ecological Movement | Centered initially in the U.S. the movement sought to: 1) call attention to the massive assaults occurring against the environment; 2) warn of the impact of uncontrolled population growth; 3) warn of the effects on man and nature of uncontrolled use of pesticides and herbicides; and 4) bring greater balance in economic and environmental policies. | Commoner, 1958; Carson, 1962; Borgstrom, 1965; Dubos, 1965; Ehrlich & Ehrlich, 1968, 1970; Toffler, 1970; Brown, 1970; George, 1977 |
| Anti-War & Anti-Nuclear Movement | Initiated in the U.S. as a protest against the war in Viet Nam, the movement quickly spread to Europe where it became both anti-war and anti-nuclear focused. Brought attention to the destabilizing consequences of power and resource imbalances between rich and poor countries. | Kahn & Wiener, 1967; Fuller, 1969; Roszak, 1969; IPPNW, 1991 |
| "World Order" Movement | Spearheaded by a comparatively small number of "visionaries" from international law and the world parliamentarian movements, the movement seeks to develop feasible strategies for improving the quality of world order by the end of the century. | Falk, 1968, 1972, 1992; Falk & Mendlovitz, 1967; Myrdal, 1970; Brandon, 1992; Halperin et al., 1992 |
| "World Dynamics Modeling" Movement | Initiated by a series of dramatic reports from the Club of Rome, the movement is now broader and seeks to promote environmental and economic policies that better reflect the limits and carrying capacity of the planet. Much of the movement's criticism is directed at the political and economic imbalances that exist between rich and poor countries with their resultant social inequalities and unbridled growth that pose grave consequences for the world-as-a-whole. | Forrester, 1971; Meadows et al., 1972; Mesarovic & Pestel, 1974; Tinbergen, 1976; Schuurman, 1993 |

Tab. 1 (cont.)

| | | |
|---|---|---|
| "Green" Movement | Centered in Europe, the movement seeks to promote both peace and sound environmental policies, usually in a nuclear free world. Emphasis is placed on the need for new development paradigms that better reflect the true environmental costs of rapid development. | Schumacher, 1975; Group of Green Economists, 1992; Gore, 1992; Piel, 1992b; Finger, 1993; Von Weizsacker & Jesinghaus, 1992 |
| "Alternative Economics" Movement | The movement seeks to provide a practical alternative to prevailing economic systems and policies that pursue short-term economic gains at long-term costs to the environment and people. Priority is assigned to the redistribution of a fairer share of the world's resources to poor countries in the South. | Brandt Commission, 1980, 1983; Hunger Project, 1985; Jolly, 1987; Henderson, 1991; Ekins, 1992; Sacks, 1992; Max-Neef, 1992; Latouche, 1993 |
| Women's Movement | Consists of worldwide movements that seek to obtain for women the same basic social, political, economic and legal rights as those available to men. The movement in the South has also tended to embrace environmental issues of relevance to women and their concerns. | Sivard, 1985; Cook, 1985; Afshart, 1991; Braidotti et al., 1993; Mies & Shiva, 1993; Rose, 1992 |
| Indigenous Peoples Movement | Consists of various movements worldwide that seek to: 1) retain or regain lands and resources previously owned by indigenous peoples; 2) obtain increased legal recognition and protection; 3) promote broader sensitivity to the earth-centered values, beliefs and practices that are at the center of their cosmologies and religions. | Fanon, 1963; Friere, 1985; Guiterrez, 1973; Klandermans, 1989; Kortan, 1990; Wignaraja, 1992; Rahman, 1993; Seabrook, 1993 |
| Human Rights Movement | The movement is quite broad and works toward the fullest possible implementation and protection of the civil rights and political freedoms articulated in the United Nations Universal Declaration of Human Rights and other internationally promulgated agreements. | Humana, 1992; Freedom House, 1992 |

After Estes (1993), the concept of sustainable development (after the Commission's Report) has succeeded in uniting widely divergent theoretical and ideological perspectives into a single conceptual framework and exciting the imaginations of development specialists and lay persons alike, especially with regard to the positive outcomes that can be achieved through a carefully implemented plan of local and global action and in animating governmental leaders, development policy makers and others to enter into formal agreements that seek to both promote socioeconomic development and protect the environment.

1.2. Sustainable rural development

The modernization paradigm has been the model through which development has been both directed and measured for some decades after World War II in the field of

agriculture. However, in the beginning of the 1980's, the agricultural policies and practices that are associated with this paradigm, namely intensification and consumerism, were increasingly challenged by academics and development practitioners. This has especially been the case in the developing world, where these policies have either failed to produce desired results or, in many cases, worsened social, political and environmental conditions. The failure of modernization in the rural sector, in particular, has given rise to a potentially new development paradigm of sustainable development in the field of agriculture.

The eradication of rural poverty has been a major concern of Third World governments and donor agencies for many decades. There are 900 million people living below the poverty line (more than 75%) in rural areas in the world today. Rural poverty is as diverse as are the rural poor in their livelihood strategies, thus various approaches have been used to combat rural poverty. Community Development (CD) emerged as the dominant approach to combat the poverty in the early 1950s in many Third World countries, especially in Asia and Latin America. However, the CD movement declined in the 1960s, when it was realized that the method was not effective in reaching the poor. The French counterpart of CD, animation rurale (AR), was adopted in Francophone countries, especially in Africa in the late 1960s (Geller et al. 1980). Disappointment with the results of CD and AR gave rise to Integrated Rural Development (IRD) and the Basic Needs (BN) approach in the early 1970s. However, by 1980, many donors had retreated from IRD projects or had redesigned them to give greater attention to agricultural production. In many poorer developing countries, agriculture is the principle source of overall economic growth, and agricultural growth is the cornerstone of poverty reduction. Even today, Sustainable Rural Development does not present sustainable development as a panacea to the problems of poverty and other social ills. We have to view it as a necessary and radical alternative to the dominant modernization paradigm.

The rural strategy must focus attention on the plight of the rural poor. It is a clarion call to address the needs of poor people in rural areas. It stresses that improvements in the well-being of the poor will only be possible through enhancement of their productive, social and environmental assets. This means increasing the productivity and growth of both farm and non-farm economies.

2. Rural development in the EU

Rural development in the EU has been closely linked to the evolution of Common Agricultural Policy (CAP) for over 50 years. Proposed by the European Commission in 1960, it aimed to provide a harmonized framework to ensure adequate supplies, increase productivity and ensure that both consumers and producers receive a fair deal in the market. Thus, the first CAP objectives were:

- To increase productivity
- To ensure fair living standards for the agricultural community
- To stabilize markets
- To ensure availability of food
- To provide food at reasonable prices (From the Treaty of Rome, article 39).

Until 1992, most of the CAP budget was spent on price support: farmers were guaranteed a minimum price for their crop - and the more they produced, the bigger the subsidy they received. The rest was spent on export subsidies -

compensation for traders who sold agricultural goods to foreign buyers for less than the price paid to European farmers. But in 1992, the EU began to dismantle the price support system, reducing guaranteed prices and compensating farmers with a "direct payment" less closely related to levels of production. In 1995, the EU also started paying rural development aid designed to diversify the rural economy and make farms more competitive. In 2003, the mid-term review of the CAP added new measures to promote quality and animal welfare, and to help farmers meet new EU standards. It also led to a strengthening of rural development policy via the provision of more EU money for rural development through a reduction in direct payments ('modulation') for bigger farms. In September 2005, the Council of Ministers adopted a Rural Development regulation for the period 2007-2013. Rural Development is implemented through one fund, one management and control system and one type of programming. The aims of the policy have been simplified and clarified around three clearly defined economic, environmental and territorial objectives:

- improving the competitiveness of agriculture and forestry;
- improving the environment and the countryside;
- improving the quality of life in rural areas and encouraging diversification of economic activity.

January 2007 marks a watershed moment in the evolution of rural development policy in Europe, as the new EU Rural Development Regulation (RDR) comes into effect. The new rules offer the promise of simpler administration procedures and a more coherent approach to rural development.

The CAP reforms could be presented with the following milestones:

- 1992: Direct payments and set-aside introduced
- 1995: Rural development aid phased in
- 2002: Subsidy ceiling frozen until 2013 – expenditure on agriculture (though not rural development) should be held steady, in real terms, between 2006 and 2013, despite the admission of 10 new members in 2004
- 2003: Subsidies decoupled from production levels and made dependent on animal welfare and environmental protection
- 2005: RD regulation for the period 2007-2013
- 2007: New RDR.

3. The concept of multifunctionality

3.1 The search for a unified definition

The background to the debate of multifunctionality is a process of agricultural policy reform started in the mid 1980s. The introduction of the concept of multifunctionality by Agricultural Ministers at their meeting in 1998 added a new perspective to the discussion. At that time, agricultural support and protection were at historically high levels, and there was considerable tension in international agricultural trade (Cahill 2001).

Multifunctionality has been the subject of work and discussions by the specialized bodies and institutions of the United Nations (UN) and the Food and Agriculture Organization (FAO). Discussions were held at the World Trade Organization (WTO) and enabled the EU and other members to present their view of the concept, as the direction for the next debates at trade negotiations on agriculture (Givord, 2000).

The OECD Declaration of the Agricultural Ministers Committee (Maier and Shobayashi, 2001) defines multifunctionality of agriculture as follows: "Beyond its

primary function of producing food and fiber, agricultural activity can also shape the landscape, provide environmental benefits such as land conservation, provide sustainable management of renewable natural resources and preservation of biodiversity, and contribute to the socio-economic viability of many rural areas. Agriculture is multifunctional when it has one or several functions in addition to its primary role of producing food and fiber.”

The term multifunctionality is not strictly defined and has many different interpretations, depending on the country and context in which it has arisen. Durand and Van Huylenbroeck (2003) said that the multifunctionality of agriculture can be defined as the joint production of commodities and non-commodities by the agricultural sector. Hall (2004) denoted multifunctionality as the way forward for European agriculture with emphasis on the production of appropriate market goods and non-market or public goods and services. In the “normative” approach (Cahill, 2001), multifunctionality is recognized as something of intrinsic value to be preserved or increased. Multifunctionality refers to the fact that an economic activity may have multiple outputs and, by virtue of this, may contribute to several societal objectives at once (OECD, 2001). Working definitions of the key elements of agricultural multifunctionality are: i) the existence of multiple commodity and non-commodity outputs that are jointly produced by agriculture; and ii) the fact that some non-commodity outputs exhibit the characteristics of externalities or public goods, resulting in markets for these goods not existing, or functioning poorly. Many economic activities result in multiple outputs (intended output and other, often unintended outputs or effects); but the specific characteristics of agriculture as an industry (geographical dispersion of farm enterprises, high levels of support and protection in the sector, agriculture and forestry as a major land-using activity in OECD countries) is one of the reasons why the discussion of joint production in agriculture has entered policy debates to such an extent. According to Vadnal (2003), along with the explanation of the concept of multifunctionality, other complex and integrated issues arise: food safety (Maxwell 1996; Cassman and Harwood 1995), preservation of landscapes (Vos and Meeks 1999; Topp and Mitchell 2003) and last, but not least, maintenance of economy growth and livelihood of rural areas and communities (Terluin 2003). Of course, the concept of multifunctional agriculture has both followers and opposers. In general, the EU, Japan, Korea, Norway and Switzerland recognize the fact that agriculture has several roles in addition to the production of agricultural goods and food. Unsurprisingly, the major exporters of agricultural commodities (United States, Cairns group) say the concept is just a pretext for maintaining protectionist agricultural policies.

Multifunctionality is therefore argued to be the new unifying paradigm to bring post-modern agriculture in accordance with new societal demands. It emphasizes that, in addition to producing food and fiber, agriculture also produces a wide range of non-commodity goods and services, shapes the environment, affects social and cultural systems and contributes to economic growth.

How multifunctionality relates to sustainability is also a recurrent question that frequently appears. Sustainability is a resource-oriented, long-term and global concept. It refers to the use of resources – human, natural and man-made – in ways that allow current generations to satisfy their needs without jeopardizing the capacity of future generations to meet theirs. On the other side, multifunctionality

can be marked as an activity-oriented concept that refers to specific properties of the production process and its multiple outputs (OECD 2001).

The perception of the concept of multifunctional agriculture can be seen in Fig. 2.

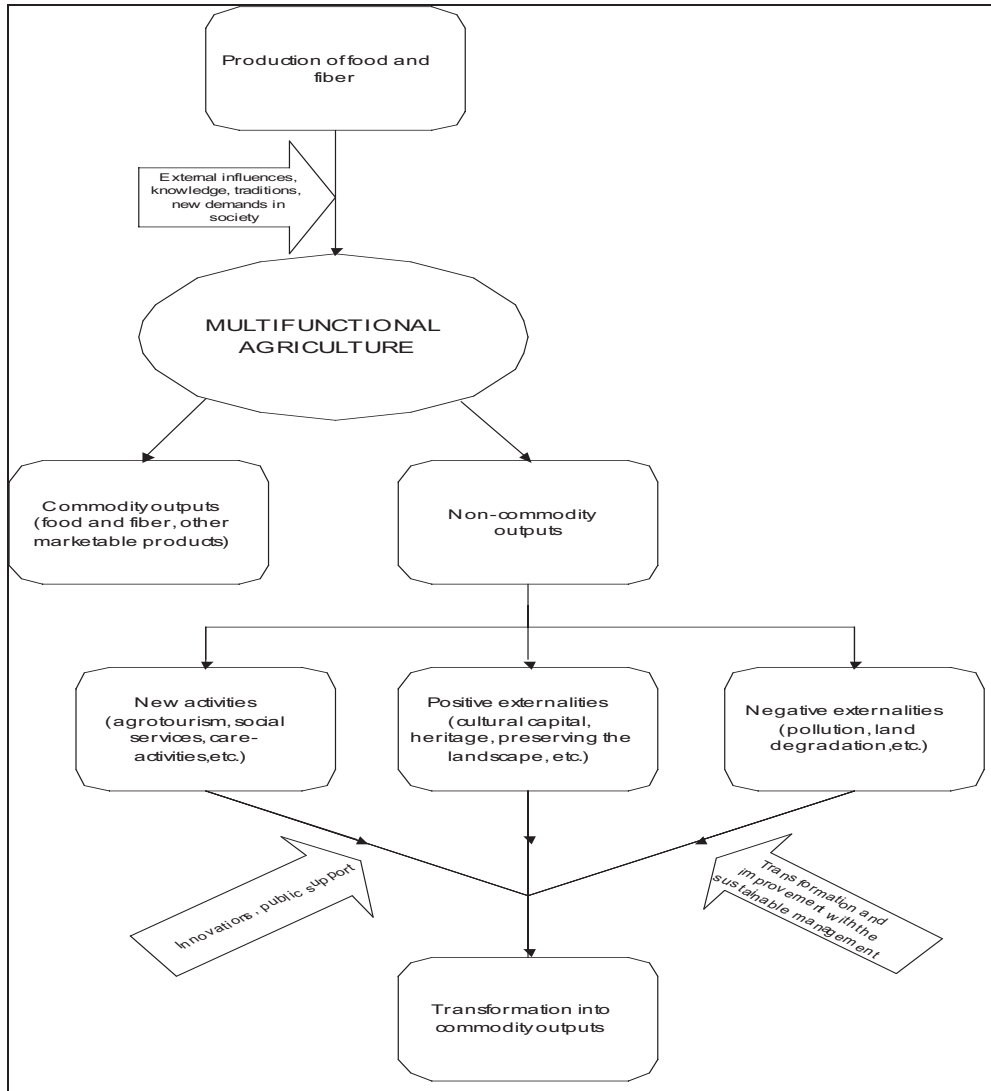


Fig. 2: Agriculture with its multiple functions (Majkovic et al. 2005).

If we start with the agricultural primary function (production), it follows that with the influences from the environment and societal demands, the role of agriculture is much wider. The task of multifunctional agriculture is not just productivity and competitiveness, but also outputs that are characterized as public goods (producing and safeguarding of the rural landscape, protection of the environment, contribution to the viability of rural areas, satisfying consumer concerns such as food quality and

safety, etc.). These various agricultural and non-agricultural functions are valued by society in their own right. The results appear as jointly produced multiple outputs and multiple effects by agriculture in the form of commodity and non-commodity outputs. We have divided non-commodity outputs into three major groups, as can be seen in Fig. 1. If we talk about multifunctional agriculture as an activity-oriented concept, we must mention numerous "new" activities that emerge in modern society and that are more or less connected to agriculture, like agro-tourism, etc. The result that comes from performing agricultural activities and their associated functions is also expressed by externalities divided into positive and negative (for instance, agro-tourism as the activity results in positive – maintaining the cultural heritage, job opportunities, etc. – and in negative externalities – increased environmental pollution). The effects of the latter can be mitigated in the long run – with the sustainable management of resources, we may enhance their efficient use and preserve them for the generations to come. The main interest of farmers is to transform non-commodity outputs that come out of multifunctional agriculture into marketable commodities. This can be done by introducing their innovative thinking, prudent marketing approach and with public support.

3.2. Multifunctionality in the global context

The most active proponents of multifunctional characteristics of agriculture are the European Union (both jointly and as individual countries), Norway, Japan and South Korea; thus, multifunctionality is mostly perceived as a "European policy project". According to that viewpoint, much debate exists about the "exportability" of multifunctionality to non-European regions (e.g. the developing world). After Wilson (2008), most agricultural regimes in the developing world began as strongly multifunctional systems in the past, based largely on small scale, localized and endemic agricultural development often independent from the state or external factors. Over time, the multifunctional quality was reduced, partly because of the increasing importance of agro-commodity chains that influenced agricultural practices in even the most remote corners of the globe, as improved technology is beginning to open new opportunities for many farmers to intensify agricultural production. Also, in developing countries, decision-making opportunities have been very limited in the past, but have seen a recent increase. This could be associated with changes in the role of international institutions, changes to local self-organizing systems, or through the increasing role of NGOs. A substantial portion of the effort towards multifunctional agriculture by NGOs around the world has been an attempt to reconcile the objective of supporting multifunctionality on a domestic level with efforts to enhance food security, economic opportunity and environmental protection in developing countries. Thus, although we may witness a gradual loss of strong multifunctionality pathways in developing countries in the future, farmers will also simultaneously gain more opportunities to choose from a wider array of decision-making pathways (pathways are shaped increasingly by forces and actors exogenous to local/regional agricultural systems (Wilson 2008)).

To resume: developing countries are characterized by multifunctionality in which policies and external factors have been less important while developed countries are more influenced by networked multifunctionality processes in which policy plays a greater role. However, it would be problematic to imply that agricultural systems in the developing world inevitably follow agricultural transitions observed in the developed world. According to the beliefs of many authors, the multifunctionality pathway in developing countries will take a different direction than in developed countries.

3.3. Recognition of the concept of multifunctional agriculture in the EU

New countryside is emerging throughout Europe, characterized by new multifunctional enterprises, strong regional economies, new professional identities and networks that interlink the rural and urban. Multifunctionality is a central feature of these changes, allowing farm enterprises to engage in new activities, such as agro-tourism, production, transformation and commercialization of quality products, management of landscapes and nature, production of energy crops, part-time farming and new co-operative arrangements. In Europe, more than 50% of all professional farmers are actively engaged in one or another of these new rural development practices (Prodi 2002). Europe is not America, nor is it Australia; it is densely populated and city dwellers feel close to rural landscape and value the countryside (Mahé 2001). Europeans want their countryside to remain a place to live. Today, there is a growing demand for non-market goods and services that agriculture provides. The revival of old practices and traditional local products, the success of green tourism and the interest in local cultures and traditions are all proof of this (Givord 2000).

Obviously, the specific nature of agriculture, along with the awareness of multifunctionality, are recognized not only by individuals' strong public support, but also by policy makers in the European Union (EU) who are aware of agricultural characteristics in the EU, as written in Agenda 2000: "The fundamental difference between the European model and that of our main competitors lies in the multifunctional nature of agriculture in Europe and in the role it plays in the economy and the environment, in society, and in the conservation of the countryside; hence the need for maintaining agriculture all over Europe and for protecting farmers' income."

Agriculture is multifunctional because it is not limited to the sole function of producing food and fiber; it also has a number of other functions. At the same time, it is the sector taken as a whole that is multifunctional (European Commission 1999).

It is obvious that there has to be a realignment of agriculture to meet the rapidly changing needs of European society (Delors 1994; European Commission 1996; Depoele 1996). The era when cities merely expected the surrounding countryside to supply them with cheap food is over. Today, there are new needs and expectations (Marsden et al. 1993, Countryside Council 1997). In this respect, elements such as quality production, new short chains linking producers and consumers, organic farming, farmers' management of nature and landscape, integration of care activities into farms, involvement in new forms of energy production, agro-tourism, low-cost sustainable farming, etc. are to be seen as crucial building blocks (Ploeg van der et el. 2002).

4. Conclusion (Values for the agriculture of tomorrow)

Agriculture is facing fundamental changes. Human population growth, improved incomes and shifting dietary patterns are increasing the demand for food and other agricultural products. In undeveloped territories, rural people are food insecure because they do not own farmland, don't have fitting access to markets for their products, and don't have credit to invest in productivity, or to increase inputs or to gain information on best practices. They are food insecure because national markets

have been opened to international competition without any safeguards against price distortion. If hunger is to be effectively combated, these interconnections must first be systematically analyzed so that the problems involved can be tackled at their root. Herren (2008), for instance, argues that to find a solution, we have to go "back to the future". Our goal must be a modern form of agriculture that takes account of traditional, local knowledge and is oriented to small-scale production, while at the same time taking advantage of contemporary insights into ecological interdependencies and biological diversity. Society also tends to formulate new expectations on the role of agriculture. Besides an economic contribution from food production, society increasingly expects agriculture to contribute to environmental and landscape services, water management and flood control, social care and territorial cohesion.

Unlike standard "one size fits all" solutions, the agriculture of future has to take into account the geographical, climatic and cultural characteristics. It has to be based on methods that conserve natural resources and are affordable for developing countries and their farmers. It has to be multifunctional and take into account not only nutritional requirements but also factors critical to the ecosystem.

The advantage that the current society may have for a future of multifunctionality is in memories and experiences from the past upon which we can base strong multifunctional pathways that will be qualitatively, economically and socio-politically different and therefore, possibly more sustainable.

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SUSTAINABLE RURAL DEVELOPMENT – EU AGRICULTURAL PERSPECTIVE

Summary

The roots of sustainability paradigm could be first traced in religious rituals and magical practices and afterwards in utopian visions of most important philosophers of the world. Today sustainable development can be discovered in different environmental and social movements especially in Europe and North America and more recently in Latin America, Asia and in selected areas of Pacific.

By the mid-1980s the United Nations had declared the last decades of development as a failure, especially in their inability to halt the cycle of poverty that existed in the world's poorest and slowest developing countries. Criticisms of the dominant development paradigm, so called modernization paradigm, was widespread and recognized from all sectors of development and from all disciplines (Adams, 1993; Brown, 1993; Ekins, 1992; Estes, 1988; Henderson, 1991; Korten, 1990; Latouche, 1993; Max-Neef, 1992; Piel, 1992; Sachs, 1992).

The sustainable development concept in today's formation is generally given to the World Commission on Environment and Development (WCED, 1987) popularly referred as the Brundtland Commission. The Commission's report drew attention to the intimate and inseparable relationship that exists between poverty, development and environmental un-sustainability (Brundtland, 1989).

The development after II World War especially in the field of agriculture was directed and measured by the modernization paradigm which was increasingly challenged by academics and development practitioners. This has especially been the case in the developing world, where these policies have either failed to produce desired results, or, in many cases, worsened social, political and environmental conditions. The failure of modernization in the rural sector, in particular, has given rise to a potentially new development paradigm of sustainable development in the field of agriculture. Even today Sustainable Rural Development does not present sustainable development as a panacea to the problems of poverty and other social ills.

Rural development in EU is closely linked to the evolution of Common Agricultural Policy (CAP) for over 50 years. Until 1992, most of the CAP budget was spent on price support, after 1992 the EU began to dismantle the price support system, reducing guaranteed prices and compensating farmers with a "direct payment" less closely related to levels of production. In 1995, the EU also started paying rural development aid, designed to diversify the rural economy and make farms more competitive. In 2003, the mid-term review of the CAP added new measures to promote quality and animal welfare, and help for farmers to meet new EU standards. In September 2005 Rural Development regulation for the period 2007-2013 was adopted. Rural Development is implemented through one fund, one management and control system and one type of programming. In January 2007 new EU Rural Development Regulation (RDR) comes into effect. The new rules offer the promise of simpler administration procedures and a more coherent approach to rural development.

In the mid 1980s the concept of multifunctionality come into debate, first by international institutions like the United Nations (UN), Food and Agriculture Organization (FAO) and OECD.

The term multifunctionality is not strictly defined and has many different interpretations, depending on the country and on the context in which it has arisen. Multifunctionality refers to the fact that an economic activity may have multiple outputs and, by virtue of this, may contribute to several societal objectives at once (OECD, 2001). Multifunctionality is therefore argued to be the new unifying paradigm to bring post-modern agriculture in accordance with the new societal demands. It is emphasizing that in addition to producing food and fibre, agriculture also produces a wide range of non-commodity goods and services, shapes the environment, affects social and cultural systems and contributes to economic growth.

How is multifunctionality related to sustainability is also a recurrent question that frequently appears. Sustainability is a resource-oriented, long-term and global concept. It refers to the use of resources, human, natural and man-made, in ways that allow current generations to satisfy their needs without jeopardizing the capacity of future generations to meet theirs. On the other side, multifunctionality can be marked as an activity-oriented concept that refers to specific properties of the production process and its multiple outputs (OECD, 2001).

Today much debate exists about the "exportability" of multifunctionality to non-European regions (e.g. developing world), although after Wilson (2008) most agricultural regimes in the developing world began as strongly multifunctional systems in the past with reduction over time; partly because of increasing importance of agro-commodity chains that influenced agricultural practices in even the remotest corners of the globe as well because improved technology is beginning to open new opportunities for many farmers to intensify agricultural production. Nevertheless we may witness a gradual loss of strong multifunctionality pathways in developing countries in the future, simultaneously farmers will also gain more opportunities to choose from a wider array of decision making pathways (pathways are shaped increasingly by forces and actors exogenous to local/regional agricultural systems (Wilson, 2008). After many authors belief, the multifunctionality pathway in the developing countries will take a different pathway then it was in developed countries.

In Europe we want our countryside to remain a living place. Today there is a growing demand for non-market goods and services that agriculture provides via multifunctionality. The revival of old practices and traditional local products, the success of green tourism and the interest in local cultures and traditions are all proof of this (Givord, 2000). The awareness of the multifunctionality is recognized not just by the individuals' strong public support, but also by the policy makers in European Union (EU), who are aware of the agricultural characteristics in EU. Agriculture is multifunctional because it is not limited to the sole function of producing food and fiber but it also has a number of other functions. At the same time it is the sector taken as a whole which is multifunctional (European Commission, 1999).

