

A NEO-INSTITUTIONAL EXPLANATION OF RURAL DEVELOPMENT PATH

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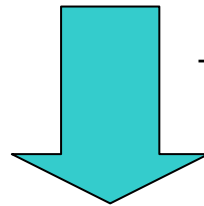


The new scenario

1. Globalization and WTO
2. Multidimensional sustainability as driving force of European policy
3. Increasing of competition on use of resources
4. Safeguard of farm specific assets and investments like labour, knowledge, ecc..

The impact on the Farm

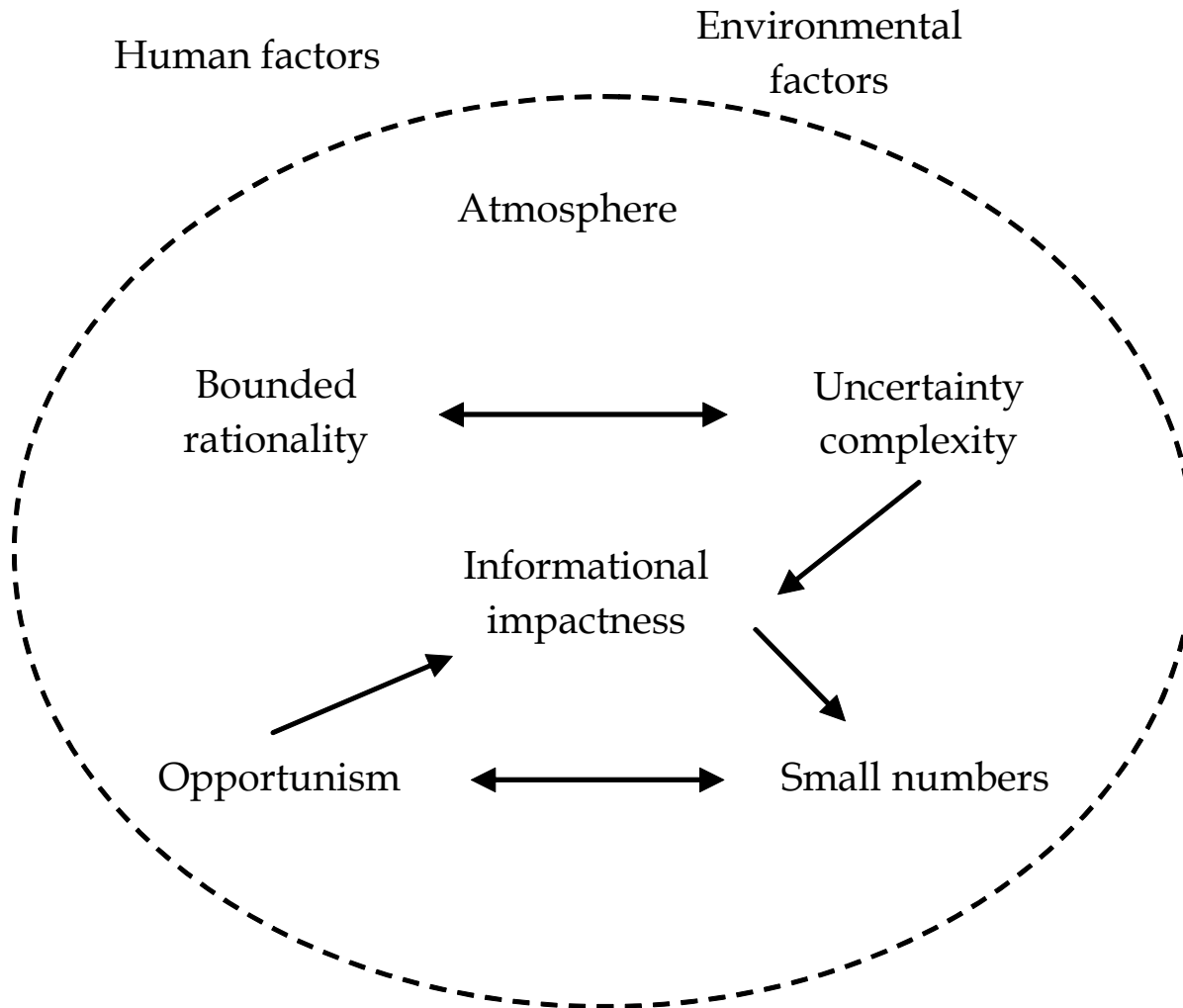
1. Changing the economic and social relationship



Two consequences

1. Increasing of transaction cost
2. Inclusion in new social and cultural network
3. Strategic behaviour

Increasing transaction costs

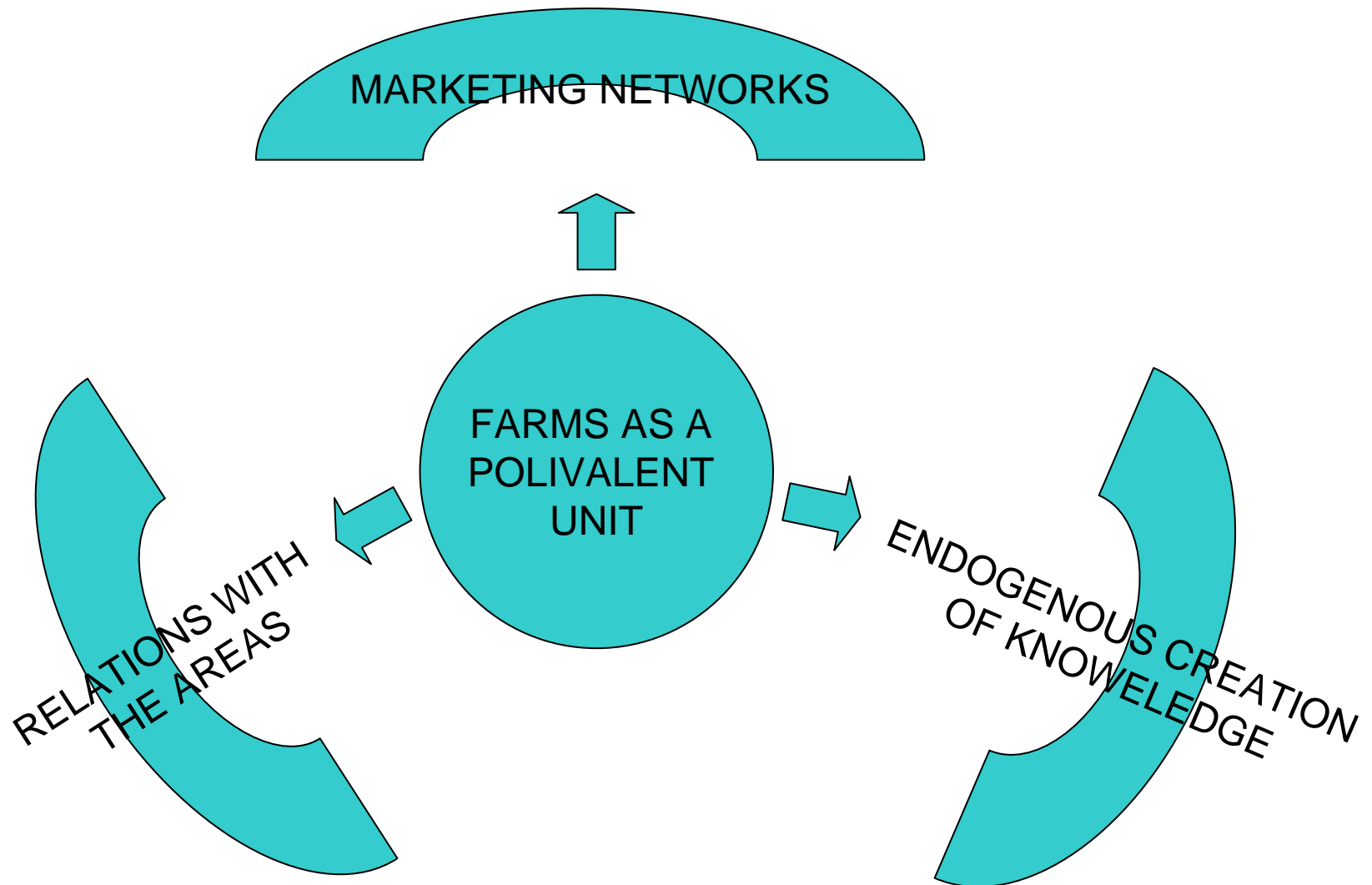




Inclusion in new social and cultural network

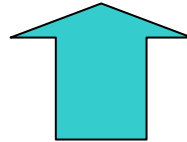
1. Place where farmers interact to create new shared values and goals: common use and rules
2. The common use and rules work like an external coordinator or authority to facilitate the new transaction
3. Increasing of shared symbolic value in the object of transaction
4. Symbolic value as a multilevel factor: defined at farm or territorial level or expression of process or product or services

The farm strategy to create competitive advantages based on specificity

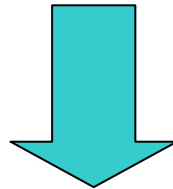


The tools

Economy of proximity



Reputation



Economy of scope

Strategic Behaviour

The scenario

- Market power: as the *capacity to control market variables in order to obtain a positive surplus.*

Political power: as the *capacity to control the institutional framework construction process*

- Global and deregulated market

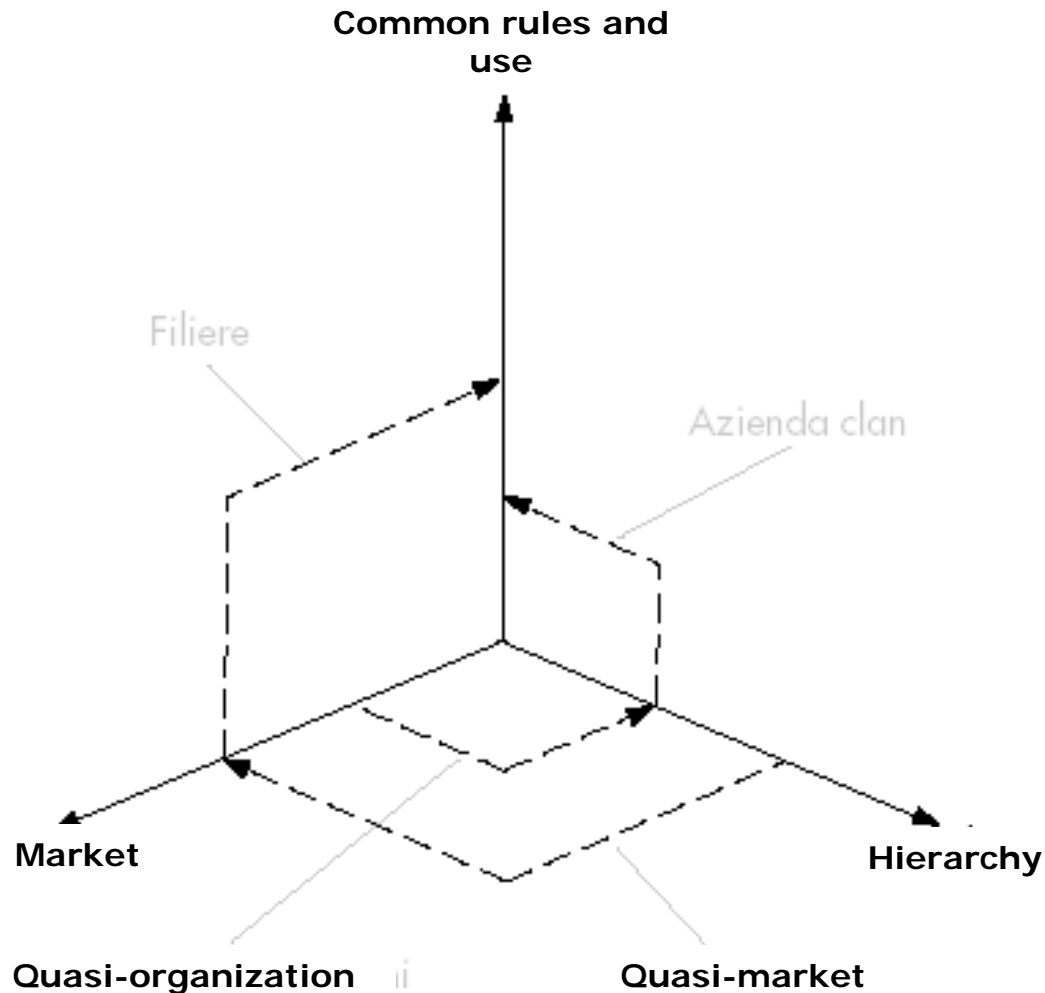
Local dimension
of farm Strategy

- Heterogeneity of rural areas and differentiation of farming role

- Quality Segmentation
- Local guarantee
- New market variables and issues
- New marketable goods

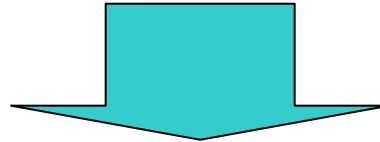
- New actors
- Increasing competitiveness in rural resource use
- Territorial specific social needs

The hybrid form of governance the exchange



The nested market as an hybrid form of governance of exchange

- ***The characteristic of nested market are:***
 - Sharing of common value
 - Sharing of common investments
 - Sharing the same rule and convention



The nested market became a specific resources of farm or area

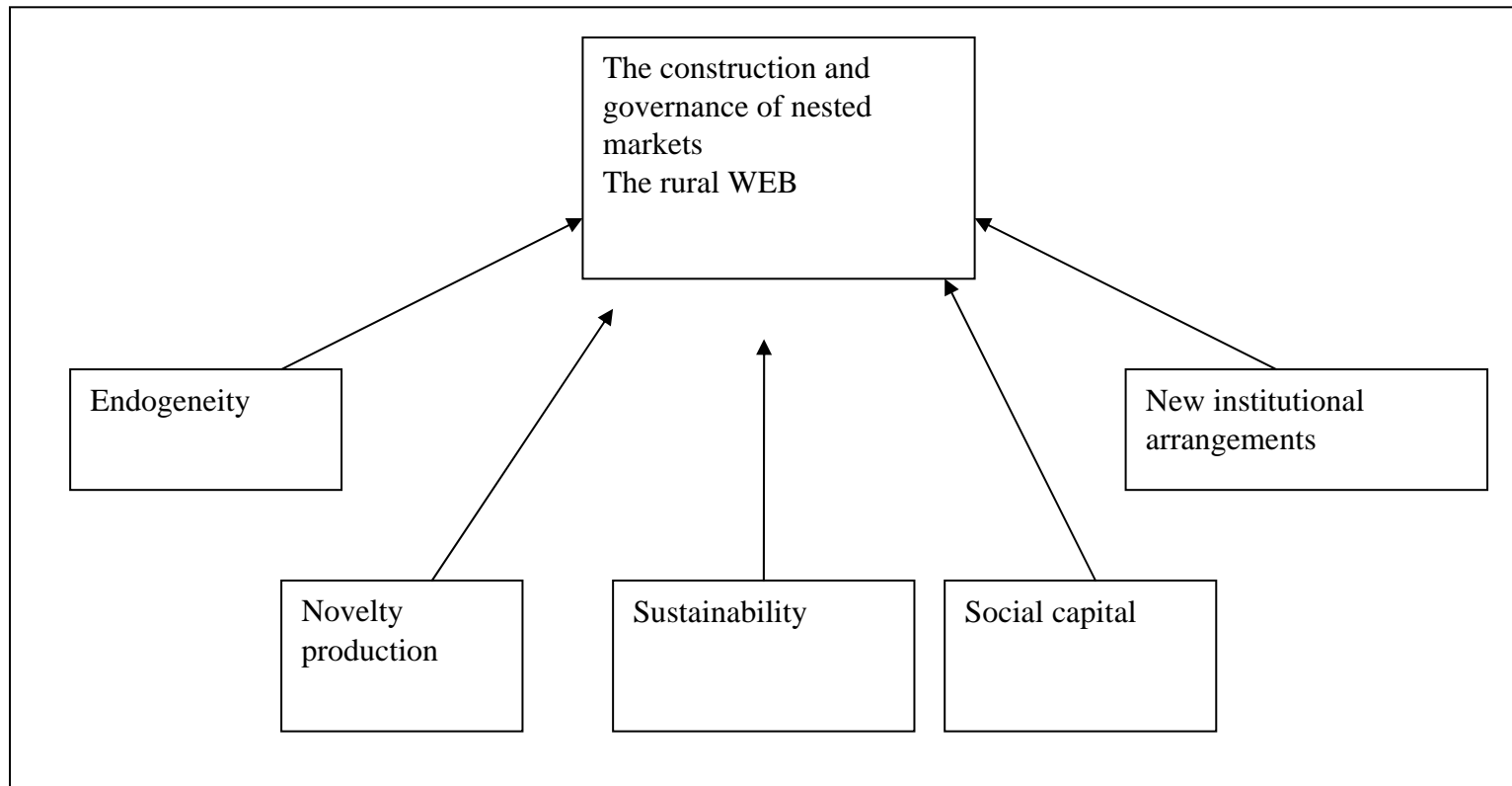
The nested market is locally embedded but is dynamic and could enlarge in dimension and space (quality products and organic market)

Hybrid form of governance and transaction

- *The transaction are made easier by an external coordination structure*
- *The Web is a coordination structure of nested market*
- *The web is locally specific and embedded*
- *The Web act as an intermediate structure that leads rural development process*

The Rural WEB

- *The web is the organisation of different actors that create coherence among different dimension*





Why we are interest in Rural WEB

- *Is the intermediate structure coordinating transaction in the nested market*
- *Is an organisation where the partecipating actors react in a cooperative way to external schok or changes (institutional, technologies, price)*
- *the cooperative way means that actors share the same specific investments and their react in a coordinated way to protect their investment*
- *Maintaining the innovation capacity to preserve the investments and the actors*

Two different way to create rural WEB

Pastoralism in France Alps and Italian Appennino

- *Communalities:*
 - *Nature 2000 areas*
 - *Main activities sheep breeding*
 - *Price squeeze effect and reduction of sheppard*

Two different way to create rural WEB

France

1. *Nested market based on public good: (fire control by sheppard)*
2. *Intermediate structure that involved local administration, University and sheppard*

Italy

1. *Nested market based on high quality product*
2. *Intermediate structure that involved consumers, sheppard, social movements*

Two different way to create rural WEB

France

1. *80% of sheppard income from agro-enviromental measures and CAP 20% from the market*
2. *Decrease in sheppards numbers in 20 years 20%*
3. *Quality differentiation of product based on reputation of the area create by the institutionalized nested market*

Italy

1. *20% from CAP and 80% from the nested market*
2. *Decrease in sheppards in 20 years 50%*
3. *New young people enter in the network as a sheppard supported by rural WEB and RD measures*

Converging goals to maintaining novelties
production capacity and farmers in the area



The policy implication

- *Increasing relevance of intermediate structure coordinating transaction (locally specific)*
- *Increasing the capability to find and understanding this spontaneous structure in the area*
- *Measure to empower the coordination and controls of this structure on resources and transaction*