

What is policy? What is rural? What is rural policy?

Presentation by Ray D. Bollman to the
International Comparative Rural Policy Seminar, Ireland, June 23, 2015

Key points:

A public policy is a decision. The lack of a decision is a decision not to decide. We discuss public policy (as opposed to private policy).

The first role of policy within a market economy is “efficiency” (i.e. to maximize the size of your economy, given the available resources) (Recall the Edgeworth-Bowley box in your introductory economics textbook)

Then, the second role of policy is to redistribute according to the social contract

The first step for policy to increase efficiency within a market economy is to correct for “market failure”. If a good or service is not priced, this is defined as “market failure.” To get the maximum output (i.e. to maximize efficiency) from your given complement of resources, then every good and service needs a price. If I buy a widget, the price typically does not include the (negative) price associated with the smoke going up the factory chimney. Thus, there is an (market economics) argument for public policy to put a price on (often called a tax in this case) the output of smoke in order to maximize the output of the economic system. This applies to every public good (or positive externality) (i.e. public \$\$\$ to buy public or quasi-public goods) and to every public bad (or negative externality) (i.e. public policy puts a price on or receives \$\$\$ for public and quasi-public bads). This is a legitimate role for government, regardless of your ideological preference.

Rural is density and distance to density -- not much of the former and a lot of the latter. (See World Bank. (2009) **Reshaping Economic Geography** (Washington, D.C.: World Bank, World Development Report) and Reimer, Bill and Ray D. Bollman. (2010) “Understanding Rural Canada: Implications for Rural Development Policy and Rural Planning Policy.” Chapter 1 in David J.A. Douglas (ed.) **Rural Planning and Development in Canada**. (Toronto: Nelson Education Ltd.).)

Rural policy, by the definition of rural, is a focus on the density and distance aspects of each and every policy issue. For each policy issue, there are considerations of density and / or distance to density. Simply, rurality (i.e. the dimension of density and distance to density) is an integral consideration for every initiative by every government department and agency. These “considerations” constitute rural policy, or the lack thereof.