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## **EDORA**

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# **SYNTHESIS OF THEME PAPERS**

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## **1. INTRODUCTION AND PURPOSE OF WORKING PAPER 10**

The purpose of Working Paper 10 (WP10) is essentially one of synthesis, providing an overview of the issues and processes of change which help to explain current spatial patterns of differentiation between rural areas across the EU, and likely future trends. The aim is to identify a conceptual framework/narrative for the process of change encompassing all the 9 individual themes, which can help to provide the rationale for future perspectives analysis, urban-rural cooperation and cohesion policy recommendations.

The 9 thematic papers (WPs 1-9) addressed the following ‘themes’: Demography; Employment; Rural business development; Rural-urban relationships; Cultural heritage; Access to services of general interest; Institutional capacity; Climate change; and Farm structural change. These are synthesised in section 2 of this report.

Section 3 then builds on this synthesis to identify the key issues responsible for the spatial patterns of differentiation between rural areas across the EU in terms of a series of narratives – an overarching process of increasing connectedness and interdependence (or ‘connexity’), and alternative meta-narratives which propose the key driver of change to be agriculture, urban-rural relations and global-local relations respectively. We conclude that the key issue in these spatial patterns of differentiation is the *interaction between places*, both between rural/urban and between local/elsewhere. In section 4 we examine the implications of this conceptual work for later EDORA work packages, including a discussion of the role of the state in seeking to develop policies for rural areas experiencing differential change.

## **2. ISSUES AND PROCESSES OF CHANGE UNDERLYING SPATIAL PATTERNS OF DIFFERENTIATION BETWEEN RURAL AREAS OF EUROPE – A SYNTHESIS OF THE THEMATIC WORKING PAPERS**

### **2.1 Economic processes**

The most pervasive change affecting rural economies is the declining relative importance of agriculture in European rural economies, and it is anticipated that this will continue throughout Europe for the foreseeable future. Two main economic processes underlie this: first, the rise of the ‘New Rural Economy’ (NRE); and second the refocusing of agricultural activity towards the production of quality food products, on the one hand, and towards environmental benefits, on the other. Both these processes are contributing to the diversification of rural economies, reducing the economic reliance upon mainstream agriculture and promoting the non-farm economy and alternative forms of farm-related business.

The NRE is a term applied to the growth of secondary and tertiary sector employment in rural areas, which has been gaining ascendancy over several decades (IEA 2005). Tertiary sector employment is now in the majority in almost all rural areas of the EU-27, although it is slightly lower in some New Member States (NMS). Across the EU-27 the proportion of employment in the tertiary sector is 57% in predominantly rural areas and 63% in significantly rural areas (Copus et al 2006). As such, the increasing importance of the NRE in rural areas of Europe represents a structural shift in the rural economy. However, the emergence of the NRE is not uniform. Although the extent and geographical pattern of the NRE is, as yet, unclear,

it is often asserted that more peripheral rural areas may be less likely to benefit. The NRE provides an opportunity for rural economies to diversify from an agricultural base and this has been achieved in many accessible rural areas of Northern and Western Europe. Moreover, this transformation assists the greater prosperity of rural people. However, the crystallisation of the NRE in accessible rural areas may negatively impact upon the ability of more remote areas to benefit from the shift towards secondary and tertiary sector employment. In order to enjoy the advantages of the NRE, peripheral areas may require assistance in the form of incentives and assistance in acquiring information, financial resources, new knowledge and the skills needed for taking part in the global markets.

Box 1: *Neumarkt* in Germany is located within a triangle of three major cities located outwith the region's borders, and most of the inhabitants of the region can reach one of the cities within 45 minutes. The north of the region is more densely populated and is based on the construction materials industry; the south is more sparsely populated and the productive value of the land is of lesser importance than the 'charming rural character' that it has helped to create. Marrying this with easy access to adjacent cities has produced three clear development trends: counterurbanisation, commuting and local tourism. People from the cities are moving to Neumarkt; with the reduction in traditional rural employment, people from Neumarkt are commuting into the cities for work (rather than outmigrating); and the region has been the destination for day and short visits from city dwellers. Those traditionally involved in land-based sectors are increasingly important as stewards of the rural landscape.

Alongside the orientation of rural economies around the NRE, agricultural activity itself has been subject to restructuring. The CAP reform process has involved a gradual reduction in support of European agricultural production, facilitating the rise of diversified economic activity within rural areas. The importance of general primary sector activity to the overall economy is differentiated across Europe, forming 3% of total employment in Belgium, Germany, Sweden and Malta, against 33.3 % of employment in Romania and 21.4% in Bulgaria (Copus et al, 2006). Total agricultural working units in both Poland and Romania are above 2million, compared to around 340,000 in the UK and 165,000 in the Netherlands. Despite this diversity, the relative decline of agriculture has been a stable process of rural change. Allied to this, structural change has produced a polarisation of the farming sector between large-scale commercial agriculture and small-scale pluriactivity. In terms of commercial agriculture, few agriculturally-dominated regions remain within the EU. Despite the demise of agricultural regions, important differences in farm holding size are evident, in particular between the larger holdings of Western Europe (e.g. Denmark and UK) and the smaller holdings of Southern and Eastern Europe (e.g. Greece and Romania). Scales of agricultural activity remain sources of differentiation between rural areas, even with the overall decline of farming. For small-scale agriculture, changes to the CAP have sought to move farmers out of mainstream production and towards non-conventional food products and the generation and maintenance of environmental goods. In this regard new markets have been developed around the production of quality foods identified by Protected Designation of Origin (PDOs), Protected Geographical Indication (PGIs), organic and other branding tools signifying locality, regionality and/or production methods. The orientation of small-scale farming around quality food is in line with the aspirations of the Lisbon strategy to focus upon higher valued added economic activity.

In those rural areas dominated by small farms – often in eastern and southern Europe - there remains a huge potential for further reductions in the agricultural labour force as a result of continued technological developments and amalgamation of holdings. As a result continued labour mobility away from agriculture can be expected. Generally, the move away from farm work is related to the education and age of the farmer, though this may be modified by pluriactivity. Young people from farming families increasingly seek employment outside of the agricultural sector (and often outside of rural areas) to escape the hard physical work and low incomes typical of farming. Although rural development instruments intended to support farming can – potentially – maintain existing agricultural employment, it is suggested that they do not promote new job opportunities. Moreover, they may perpetuate fragile or closed labour markets at the expense of a more diversified economy.

Although the NRE and diversification strategies signify a movement towards mixed rural economies, the labour market across rural Europe has not necessarily responded. Labour market segmentation – the structuring of the labour market into several, largely autonomous sub-markets – remains strong. In richer European states, low paid, low status jobs are increasingly carried out by international migrants. The consequences are of a different kind to those resulting from the more traditional rural-to-urban migration within countries. Instead, international migration – principally from NMS – is occurring alongside internal migration away from urban centres and towards rural areas (counter-urbanisation). Within NMS, international migration represents an exodus of human capital from rural areas not yet experiencing the NRE or counter-urbanisation trends evident in accessible rural areas of Northern and Western Europe (Johansson 2009). Further, in peripheral rural areas, the education and skill demands of employers may not be met, even if human capital remains in-situ. The assumption of competitiveness is that people in rural areas are able to adjust their capabilities in order to meet changing global economic conditions and regional opportunities. Initiatives deriving from Structural Funds, which require active input into the tendering process, may not succeed in reaching those most in need of assistance. Educational levels in rural areas generally tend to be lower than in urban areas and skills training is less prevalent. In particular, fewer people in rural areas have a university degree (13%) than in urban areas (22%) (Shucksmith *et al*, 2006). Those young people who do well in school tend to leave to gain higher education, and then pursue their careers in national labour markets (Shucksmith 2004). Career progression for highly skilled workers is limited in many rural areas, contributing to rural to urban migration and international migration in the case of NMS.

Box 2: *Chelmsko-Zamojski* is a peripheral region on the eastern border of Poland, and of the EU. Despite the numerous small towns providing service, market and administration functions, this region is characterised by continuing dominance of semi-subsistence agriculture, with 55% of the region's population employed (or under-employed) in agriculture. The region is deprived, and is depopulating, through out-migration, particularly of the 20-40 age groups, but also through natural decline. Strategic programmes and foreign investment are beginning to have an impact: there is some development of larger, more commercial farms, and the attractiveness of the landscape has been identified as the basis for tourism development, although this is not proving straightforward.

The problems of labour market segmentation and human capital are acknowledged in the 'Rural Jobs Gap', a term applied by the European Commission to describe the labour market conditions of many rural areas in Europe. Within this

characterisation it must be acknowledged that rural areas exhibit the fastest capital accumulation (in accessible rural areas) and the weakest labour markets (in peripheral and predominantly rural areas). For instance, in remote rural areas of Central and Eastern Europe, the primary sector still accounts for around 25% of the workforce. In these areas, farm diversification strategies have had little impact upon the structure of the labour market, with agricultural contracting by large-scale farms the main outcome. The creation of non-agricultural opportunities – in line with the NRE trajectory of Western Europe – has failed to materialise and the SAPARD programme did little to address non-farming issues. More recently, small (non-farming) business creation and the development of social service provision have come to be regarded as more appropriate strategies. In many rural areas of the NMS there is a vicious cycle of a lack of jobs, a lack of skills and a lack of education and training (Kovacs 2009).

Box 3: *Mansfeld-Suedharz* in Germany was highly dependent on 'Fordist' mining, but this collapsed after the communist era resulting in current unemployment rates above 20% and mass emigration which continues today. Its current strategy is to develop its tourism potential based on walking in the Harz mountains and its association with Luther, and to improve its linkages with nearby cities.

Small or Medium-sized Enterprises (SMEs) can offer new opportunities within local labour markets and business entrepreneurship is viewed as means of diversifying rural economies in line with the NRE. Support for entrepreneurs is justified given the performance of existing rural SMEs in the UK. According to a survey conducted by Keeble *et al* (1992), 33% of remote rural firms (excluding the tourism sector) declared a rising income, with only 21% of accessible rural and 16% of urban firms declaring similar growth. Similarly North and Smallbone (1996) suggests that rural SMEs outperform urban SMEs. However, remoteness can impede innovation if there is a relative absence of non-local networks. Highly localised networks may impede the development of technical and market intelligence and limit market opportunities, while the maintenance of dis-embedded markets can broaden innovation possibilities (Atterton 2007). Further, the importance of locality or region to business innovation is open to debate when compared to firm-specific characteristics. The implications for business support is to ensure a twin focus, not only upon the characteristics of rural areas, but also upon the needs of specific SMEs. The diversity of businesses present in NRE areas of rural Europe presents a range of challenges.

While the development of diverse SMEs in rural areas is in accordance with the shift towards NRE, the public sector is also an important source of employment. According to Eurostat, 31% of jobs in predominantly rural areas and 30% of jobs in significantly rural areas of the EU-27 are in the public sector, making it the single largest source of employment (Copus *et al* 2006). Developing social service provision (comprising social assistance, health services, welfare benefits, family support payments and state pensions) may ensure that the public sector is a viable source of employment in rural areas. However, rural areas are subject to a number of challenges arising from the need to deliver specific services in a context of declining capacity and fiscal restraint. The trend across most European states has been a growth in the public sector (Copus *et al*, 2006), although the provision of social services has tended towards partnership models of delivery of various types aligned to local histories and governance cultures. Investment in social services and educational facilities not only improves the support and opportunities available to rural communities, but also generates valuable sources of employment – perhaps indeed the main source of professional employment.

Box 4: *Teruel*, in Spain, is cut off from major cities by mountain ranges and poor roads. Its population has been declining since 1900, but recently this population loss has slowed. In the regional capital, the administration and service sectors are the most important employers; otherwise employment is mainly in primary industries. A significant recent development for the region has been the building of a new road which links it to, still distant, cities and this may afford more possibilities for tourism.

Although entrepreneurship and social service provision are means of diversifying rural economies, non-farming primary industries remain significant economic activities in more remote rural areas. Forestry and wood processing, food processing and fishing and aquaculture all play important – though declining – roles in rural areas. In the European forestry and wood industry, reductions in employment levels are expected to be highest in Central and Eastern Europe. Despite falling employment, the industry faces problems recruiting skilled labour, which may impede output in lead producer countries. Again, international migration has moved to fill the labour gap in Western Europe (in France and Germany for example). While wood and timber production remains a core activity of the forestry industry, wider services offered by forests – such as recreation and eco-tourism – offer new diversification opportunities (so-called multifunctional forestry). Such opportunities are not so apparent in the food processing industry, with mass redundancies forecast in the medium-sized facilities of Northern and Western Europe. In rural areas, the development of local/regional food products will continue to be an important activity and may move to occupy the gaps created by the decline of conventional products. In fishing and aquaculture, only Ireland and Greece have enjoyed a stable or growing fishing industry in recent years. The division between fishing work and processing work varies across Europe, with marine fishing comprising a greater share in Mediterranean and Atlantic areas than in North Sea and Baltic areas (where the reverse is true). Such differentiation means that the European fishing industry has distinctive regional structures. In contrast to the difficulties experienced in the fishing industry, aquaculture has been characterised by growing employment. A strict regulatory environment has ensured European aquaculture products can be marketed on the basis of quality, in the face of strong price competition from Asian and Latin American markets.

The restructuring of rural economies in Europe, and especially Western Europe, is characterised by patterns of immersion into the NRE. Some rural areas exhibit diverse economies with strong links to extra-local networks; some continue to function around primary industries, while others have become dominated by a commuting workforce. An important process in producing such diversity is the response of rural areas to changing consumption patterns, whereby rising income levels have led to increased spending on the leisure goods and services provided in rural areas. As a result, tourism has become an important element of diversification strategies. Given the differentiated ability of rural areas to respond, tourism has developed in diverse ways, in part rooted within particular local landscapes, traditions and farming styles which may or may not encourage pluriactivity. Local culture heritage and cultural landscapes are crucial elements of rural tourism, with rural places offering destinations for visitors. Valorising the appeal of landscapes, rural environments and local cultural heritage is thus seen to be an important economic development strategy. Rural areas which have successfully employed such a strategy have been able to associate strong local identities with an external marketing image, though failure to undertake wider engagement can result in an inward form of localism impeding development (Bryden and Hart, 2001).

Box 5: In the northern part of *La Rioja* in Spain, agriculture plays an important role, in particular viticulture and some horticulture. Wine production (from the grape crop to the bottle) has been important in the region since the mid-1800s. Twenty years ago the Rioja label was mainly for domestic consumption; but subsequent modernisation processes, accession to the EU and global capital penetration have contributed to the development of a high quality product for an international market. This part of the region has also experienced substantial counter-urbanisation and significant immigration (mainly from Morocco and Romania).

The appeal of some rural areas to wealthy non-rural dwellers not only stimulates the tourism and cultural sectors, but also produces a demand for housing in some rural areas which can distort housing markets and inflate house prices to levels which are unaffordable to those employed locally. While some countries have different traditions of modest holiday cabins, such as the Nordic countries, even their rural housing markets may be distorted in especially attractive areas such as southern Norway and the archipelago around Gothenberg. In terms of social housing provision, rural areas are badly served, with access to social housing deemed to be the poorest of all rural services in the European Quality of Life survey. This problem is deemed more acute in several NMS, particularly in comparison with urban areas of NMS, which score well. In the private housing market, those rural areas characterised by the NRE have been subject to rising house prices with a limited stock. In the UK, rural in-migrants, with high income levels, savings and/or equity have forced house prices upwards in most rural areas, where housing supply is tightly constrained, marginalising those young people who wish to remain in rural areas. More commonly in Europe, however, rural housing is less expensive than urban housing.

## **2.2 Social processes**

The social composition of rural Europe has been significantly altered by migration, in particular counter-urbanisation and out-migration from rural areas. Counter-urbanisation, facilitated by improvements to transport between urban and rural areas, has led to a 'New Rurality' (NR) in some places, based upon the proximity of urban areas and associated services, commuting between accessible rural areas and urban centres, and the spatial growth of urban and peri-urban areas. The NR is not so evident in more peripheral rural areas dominated by traditional activities, unless these are attractive to holidaymakers and retirement migrants. In particular, sparsely populated rural regions may suffer from rural out-migration, resulting in the demise of the skill and knowledge base (including the traditional rural skill base), a loss of social and cultural capital in the community and a weakening of rural community ties to the land, all of which can affect the identity and cohesion of rural communities, with variable implications for rural development. The transition to the NR is therefore a feature of relational space, being most advanced where improved transport links have facilitated rural-urban commuting and in retirement and holiday regions.

In the case of the NMS, younger people have migrated from rural areas. Their destinations have been largely to urban centres within their home countries or to Western Europe (both urban and rural). Such a movement has served to push peripheral rural areas towards an older population structure, although there may also be some benefits to rural areas in terms of remittances, external networks, and eventual return migration and reinvestment. For Western Europe, the movement of



younger people away from some rural areas has occurred alongside counter-urbanisation, involving not only the movement of older people from urban and suburban areas to rural areas, but also the in-migration of families. In both cases the net result is an ageing population, but the consequence for peripheral rural areas is significantly more marked given the more evenly distributed population flows evidenced in counter-urbanisation. Sparsely populated rural areas in the Baltic States, Hungary, Bulgaria and Romania face this more severe situation and the combined effect of out-migration and low-fertility rates is more pronounced in the NMS. Although international migration has had a significant impact upon the populations of Poland and the Baltic States, these trends may be slowing due to the economic recession and rising unemployment as experienced in most European states.

Box 6: *Zasavje* in Slovenia was historically dependent on mining, quarrying, and manufacturing, so that the 1990s crisis of the closure of the mines has left behind a post-industrial decline. The region is now one of the most deprived in Slovenia with numerous social and economic problems including population decline, mainly through out-migration, unemployment and poor health. Strategic programmes to support restructuring have resulted in some growth (from a low base) in entrepreneurial activity, and there are indications that the population decline may be slowing.

The peripheral position of some rural areas means that the provision of services is a crucial determinant of their well-being. Services of general interest (formerly termed public services) provide a social infrastructure supporting education, health, justice, transport and communications. Access to such services is highly variable across rural areas. Citizens' perceptions of access to services suggests that utility, communication and transport services are all less accessible than in urban areas, although there is some variation in this differential (Clifton *et al*, 2006). For instance, electricity access is perceived to be better in rural areas of Europe than urban areas by citizens living in those areas. Further, in judging access to social services, rural areas score higher than urban areas, although access to social housing is deemed poorer in rural areas. Comparisons between rural areas in 'old' Europe and NMS suggest that access to social services, fixed telephone and rail services is generally higher in the former, while the latter enjoy better access to gas, electricity and postal services. The quality of services also varies across rural areas of Europe. Social services are deemed to be below the European average by citizens in the rural areas of Italy, Greece and Eastern Europe. In Northern and Western Europe, assessment of quality is broadly similar, with average scores for utility, communication and transport services, but higher than average scores for social services (Eurobarometer 62 cited in Services WP).

In those rural areas experiencing population loss, the provision of services remains a pressing concern. The withdrawal of services in the context of a falling and ageing population undermines rural development and compromises those most in need of support (the elderly, people with disabilities and children). This situation has been exacerbated with the shift away from agriculture and associated social structures, producing new demands for service provision. As a result regional disparities – between urban and rural areas and between different rural areas – can become exaggerated. Chronic population loss in the mountainous areas of Mediterranean countries, and in the far north, has followed this trend, with service provision in decline. While incomers are beginning to resettle these areas in order to enjoy environmental benefits, their potential role in producing improved service provision – which are of direct benefit to existing rural dwellers – remains untested.

Box 7: *South Savo* is remote from the population centres of Finland. 25% of its area is lakes and, of the land area, 85% is covered by forest. The region has a long history of population decline, mainly young people, and particularly women, out-migrating for education and work which leaves an ageing population with few services in the sparsely populated areas. The region is identified with high environmental and aesthetic quality, and is using this asset as a means of addressing its problems of peripherality (e.g., population decline, higher reliance on the primary sector, lower economic development, lower income levels and higher unemployment). The region's natural assets attract tourists and second home owners who provide some critical mass for services in the region; and its branding as an 'eco-province' has seen the development of organic agriculture and food. It is also concerned to protect its environmental assets as part of a sustainable development approach.

In contrast, the trend towards counter-urbanisation in many parts of Northern and Western European states has placed new demands on service provision. For those rural areas characterised by the New Rural Economy, demand for high quality broadband access – for both business and household use – is an indicator of widening personal requirements. Broadband provision may be entirely dependent upon perceived or actual demand; yet high speed access to the internet can be a crucial tool in overcoming the geographical peripherality of some rural areas. Demand for broadband provision is also an indicator of the progressive transformation of some rural areas by largely middle-class incomers. Processes of rural gentrification and rurbanisation are transforming some rural areas of the UK around urban values and lifestyles (Phillips, 2005). This process means that accessible rural areas are increasingly exhibiting urban characteristics, thus producing the New Rurality. Allied to this, the growth of urban areas outwards from city centres and extending beyond existing suburbs has led to urban sprawl, bringing rural areas into closer proximity. However, the Swedish experience of rural change differs from the UK and in-migrants have not made a significant impact upon social composition (Amcoff, 2000). This suggests that the New Rurality may be specific to particular rural areas and will therefore have different manifestations.

Although counter-urbanisation has contributed to the New Rurality, its role in rural restructuring (producing the New Rural Economy) is complex. Stockdale (2006) suggests that in-migrants, while bringing new influences, ideas and skills, do not necessarily set-up businesses or directly employ people. Commuting is still a dominant means of maintaining employment, necessitating accessibility to urban centres. Further, many in-migrants move to rural areas shortly before or after retirement. While these people may become involved in community activities, it is less likely that they will initiate new business ventures. For those in-migrants who do combine a change in home location with a new form of employment, self-employment in creative or craft industries is an attractive option. The move towards a live-work model – with home and workplace situated together – is gaining popularity in areas experiencing the NRE. In contrast to the apparently new trend of the live-work model, rural areas of Poland, Romania and Latvia have high levels of self-employment rooted largely in the agricultural sector. A sharp contrast is exhibited between the live-work model of the NRE and the live-work model of the NMS.

Box 8: *Skye and Lochalsh* in Scotland is remote from any significant city, and Skye itself is an island. Since the 19<sup>th</sup> Century, Skye and Lochalsh suffered massive population decline, but has managed to reverse this trend since the 1960s, with the outflow of young people now exceeded by the in-migration of

the 45-64 age group. The region is renowned for its cultural identity, associated mainly with the 'crofting' smallholdings, the collective ownership of land, and the use (and revitalisation) of the Gaelic language. This, together with the landscape beauty produces the 'magic of Skye' which has helped attract tourists and in-comers to the region, and new employment opportunities have been developed around cultural heritage tourism, IT, horticulture, and alternative energy. The region's renaissance is often lauded as a success story of rural development - attributed to positive and active state intervention, renewed confidence, and the cultural and natural heritage.

The New Rurality of accessible rural areas is also associated with the decline of traditional rural institutions, such as the church, extended family and community associations. Individualisation has been identified as a process of declining involvement in traditional institutions and greater emphasis upon individual action and 'life-building'. The cultural heritage and identity of rural areas experiencing these changes is thus subject to change. The resulting plurality may undermine existing sources of cohesion and latent structures of identity, but can also produce new opportunities to forge rural-urban links and instigate new social and economic relations (Terluin 2003). A tension is evident between the benefits of maintaining strong cultural identity – which may be drawn upon as a rural development opportunity – and the need to adapt to changing social conditions. For instance, the immobility of cultural and natural resources in an urban area can contribute to the success of small-scale tourism businesses (Cawley and Gillmor, 2008). Similarly, Canoves *et al* (2004) suggest that without the presence of an identifiable rural culture and lifestyle there is little basis for rural tourism enterprises. The inherent diversity of European rural cultures is a highly valuable resource for development and uniform development strategies could undermine this diversity.

Although rural areas exhibit diverse cultures, family structures in these areas have historically conformed to similar patterns. However, the traditionally larger and more cohesive rural family has changed under general conditions of a stable and low death rate and a reduced birth rate and, more specifically, the decline of family farming. Total fertility rates have dropped sharply across all rural areas, exacerbated by an ageing population. For those peripheral rural areas experiencing an exodus of young people, the impacts are particularly acute. Even rural areas comprising small towns suffer from youth out-migration, with large urban centres the target for most leavers. The result is a steady shift away from traditional rural family structures. More generally, there has been a rise in one-person households across Europe, a result of increased life expectancy, higher divorce rates, more single parent families and single-living as a lifestyle choice. The proportion of one-person households remains higher in urban centres (largely as a result of single living), but these differences are subject to change (especially due to the ageing population structure of peripheral rural areas). However, in those rural areas experiencing counter-urbanisation, the in-migration of families may form a new basis for renewal. In this respect migration is the central process impacting upon social structure.

### **2.3 Policy processes**

At the outset it must be recognised that the state and its role may be perceived quite differently from one part of rural Europe to another. One aspect of this is that trust in a paternalistic state, so characteristic of Western Europe and especially of the Nordic countries, is less likely to be shared by those New Member States still emerging from the post-Soviet transition, for whom the state's role may appear in a darker light. Even amongst countries with similar recent histories there are often markedly

different governance traditions, as evidenced by Norway's decentralised and localised municipalities compared to Sweden and the UK's large municipal structures. Again, parts of the NMS affected by major land reforms have often lost many of the associated institutional structures. Another dimension is to what extent in different countries and regions the state's post-war universalist provision has extended from the cities into rural areas. Finally, it is apparent that some countries have much stronger traditions of voluntary community associations than others.

Within this variegated governance context, the changing economic and social conditions of rural areas provoke new questions of policy at a variety of spatial scales. In addition, the on-going fiscal crisis in European states may have profound consequences for political decision-making, particularly in respect of public expenditure. It can be anticipated that funding for public services and the institutions of local and regional government present in rural areas will therefore be subject to central government disciplines in the future.

In rural policy there has been a growing interest in the relationship between governance and development. Governance can be understood in terms of networks (indicating multiple levels of interconnected governance), as interference between the state, market and civil society, or as changes to the mode of regulation operating across public and private spheres. Governance in a rural context – sometimes termed rural governance – has emerged through the increasing complexity of rural development and in the reduction of state involvement in service provision. As a result, local and regional partnership arrangements based upon active participation of community members have proliferated.

Partnership arrangements are central to the New Rural Paradigm (NRP) proposed by the OECD (2006). The NRP model of rural development is based on partnership, programming and local participation. Political responsibility for rural areas is thus diffused at multiple scales of governance and shared between state and non-state actors. The participative approach of the NRP presumes the existence of strong institutions employing strategic thinking. Such a presumption may be misplaced, with institutional capacity highly variable across rural areas of Europe. Further, centralised control persists through the emphasis upon projects - comprising formal targets, contracts and performance indicators – to deliver development. Projects have become the focus for partnership activity and resources must be deployed to enable success in the competitive tendering process. The notion of the project state has been proposed as a means of categorising the new governance arrangement of programs and competitive projects. It has been suggested that these may hinder territorial cohesion because of the unequal capacity of territories to bid competitively, unless investment is made in capacity-building to offset this tendency.

The project state comprises non-governmental organisations, businesses and state bureaucracies. New types of collaboration and procedures are a requirement for successful initiation and implementation of competitively organised projects. The evolution of this system of governance across rural areas is occurring alongside existing forms of representative democracy (which are also highly differentiated across Europe), leading to possible tensions over political power. Moreover, partnership approaches may not necessarily lead to better outcomes. While at the local and regional level rural development has been promoted by a project state system involving diverse actors (incorporating the voluntary sector, public sector services, businesses, interest groups and state agencies), new coalitions may assert their interests. In this respect, the power of traditional agricultural interests has weakened vis-à-vis residential, commercial and institutional interests. These latter

interests represent a shift in political power and may lead to changing governance arrangements and processes within rural communities.

The evolution of a project state system can be juxtaposed to an earlier welfare state model, typified by Scandinavian approaches to governance. In the welfare state, service provision was provided by the state, and interactions with non-state organisations were limited. Indeed, such organisations – particularly third sector groups – did not exist to the extent now evidenced across many rural areas. As a result, local authorities enjoyed greater resources in dealing with local and regional development issues. This situation has now changed in many states and needs-assessment formulae play a crucial role in mediating the level of resource, which has to be shared amongst partner organisations and managed on a joint basis. The movement towards participative forms of governance, managed through partnership arrangements, is occurring alongside the continued retreat of the state from the provision of services and the privatisation of services has characterised the political economy of European states over the last two decades. Amongst the EU-15, total privatisation proceeds peaked in 1999 and the majority of gas, electricity and water privatisations took place around this time. The liberalisation of service markets formerly closed to private competition and the privatisation of formerly public services has contributed to a variable landscape of service provision, both between types of services delivered in a rural area and between the provision of a particular service across different rural areas (Eurobarometer 62.1 and 62.2, 2004). While services have been subject to liberalisation and privatisation, a further shift has been the refashioning of the services remaining in public ownership around the New Public Management (NPM). NPM emphasises the importance of efficiency, outcome and customer orientation in service provision. In doing so services (under both public and private ownership) respond to a cost imperative rather than a public service mission and this again may have implications for territorial cohesion.

With declining state involvement in the development of rural areas, the management of change has been taken up by new governance arrangements. In moving towards more diversified rural economies – as represented by the New Rural Economy (NRE) – rural governance systems have attempted to support non-farming business development. The new attention upon secondary and tertiary sectors in rural areas has led to a more regionalised form of rural policy and the application of regional forms of governance is giving rise to differentiated rural areas. Within such regionalised governance arrangements, innovation policy occupies a more central role as rural regions compete for inward investment and also attempt to facilitate business start-ups. The development of region specific innovation strategies – encompassing rural and urban areas alike – thus becomes an important aspect of new governance arrangements. However, the co-operation of rural micro-businesses is frequently reliant upon established local norms and networks (Phillipson et al, 2006). Attempts to intervene in rural business networks may damage latent resources of social capital, where trust, friendship or family relations are often vital.

The relationship between rural areas and regionalised forms of development is significantly mediated by styles of rural-urban collaboration and linkages. Rural areas may become subsumed within a city-region model in order to increase rural and urban cooperation. However, significant challenges exist in establishing rural-urban governance arrangements, including: local government fragmentation, economic competition among adjacent local authorities and failures to market the sub-region effectively. The contribution of local strategic partnerships to fostering rural-urban collaboration has been investigated by Owen *et al* (2007). They suggest that while a lack of resources at the strategic level constrain success, the access to

higher-level decision-making is a useful incentive for rural actors to become involved. Moves towards more regionalised forms of rural governance are regarded as offering new opportunities for rural areas to compete within the global economy while providing fiscal relief for central urban areas. The desire to retain autonomy over decision-making may prove to be a significant obstacle to rural areas engaging in this way.

At the level of multi-national governance, the application of EU Structural Funds (European Regional Development Funds, European Social Fund, European Agricultural Guidance and Guarantee Fund and the Financial Instrument for Fisheries Guidance) to projects can generate contestation in rural areas. Kovách & Kucerová (2006) suggest this is the case in some regions of Hungary and the Czech Republic. Top-down forms of governance, while exhibiting varying degrees of responsiveness to local viewpoints, aim to target resources to those areas deemed most in need of strategic direction and support. Such initiatives may conflict with more participatory, bottom-up actions and forms of governance which seek to galvanise local communities. A turn towards self-help, self-governance and independent forms of organising is gaining popularity as strategic interventions and programmes are viewed by some rural communities as failures.

## **2.4 Environmental processes**

The maintenance and commodification of the rural environment is increasingly viewed as necessary for rural development. The preservation of valued landscapes is an important element of agri-environment schemes and serves to support the tourism sector. Rural landscapes combine cultural values and environmental conditions, and can be valorised within rural economies. Although the promotion of environmental goods and culturally-imbued landscapes offers development opportunities rural areas, changes in climatic conditions have heightened uncertainty around the ecological basis of rural economies. In particular, agriculture in Europe may experience fundamental changes, with new environmental conditions in some areas proving conducive to the growth of new crops and varieties, while others suffer from hostile weather patterns. All climate change will result in the dynamic modification of existing ecologies in rural areas, giving rise, for example, to new invasive species, animal and plant diseases and changing rural landscapes.

The possible impact of climate change upon rural areas of Europe remains uncertain. Parts of Northern and Western Europe may experience conditions more advantageous to agricultural production due to longer growing seasons and the scope to farm new crops. However, issues of plant protection, soil depletion and animal and plant disease may prove challenging. Areas of land previously considered unsuitable for agricultural production will be reconsidered for cultivation in view of climate change. Moreover, the *anticipation* of climate change – as framed in terms of climate change mitigation and adaptation – will provoke intense interest in the use of rural land for other purposes. For instance, with increased rainfall and flooding incidents, some remote areas of land may be sacrificed to flooding in order to prevent flooding in larger settlements. Another example is that development in rural areas may be seen as encouraging car use, and therefore contributing to climate change. Anticipatory work around climate change will undoubtedly influence future rural development, but the implications of this activity are unknown. The rural development dimension of climate change remains, as yet, unclear but potentially this may revalorise territorial assets and is likely to pose new challenges for territorial cohesion.

In contrast to the potential of Northern and Western Europe to increase yields and varieties, areas of Southern Europe in particular may be faced with longer periods of low rainfall or drought, and more volatile climatic events. The long and short term impacts of climate change upon agriculture in the Mediterranean countries will need to be considered in line with their potential impact upon fragile rural areas. Systems diversity may be required, which would necessitate a move away from large-scale, water intensive agriculture (in particular fruit and vegetable production for export). Similarly, soil fertility would need to be carefully managed should existing pressures increase.

The Rural Development Plans of European countries demonstrate the differentiated nature of responses to climate change. The Northern European countries are aware of the potential benefits climate change could bring in terms of production possibilities and have well-developed systems for the application of innovative technologies. In the UK, France and the Netherlands precise schedules and programmes exist, with climate change integrated as a core component of rural development. In the Mediterranean countries, plans are detailed but institutional issues could inhibit implementation. The situation for these countries could be particularly difficult. Amongst Eastern European countries the institutional framework is less well developed and preparatory responses to climate change may be less well orchestrated. For peripheral regions where farming still comprises a major part of economic activity, traditional farming systems and quality food products may be threatened by climate change. The impacts of change could be profound.

There is no distinctive European pattern of response to climate change, with each state formulating plans and actions specific to localities and regions. Attempts to mitigate climate change, in particular reductions in carbon emissions, will have important implications for rural areas. In diversifying energy production and supplies away from fossil fuels it can be anticipated that renewable forms of energy, such as wind, solar and hydro power, will proliferate. Situating power generation facilities in rural areas will have a number of consequences, including opposition on the grounds of preservation and conservation and support in anticipation of employment opportunities. Further, the re-orientation of settlement planning and development around carbon reduction may result in further change in rural areas. Currently these processes have yet to be established, but will emerge as dominant themes in coming decades.

Box 9: In England, the need to mitigate climate change has been translated into planning practice which permits development and investment only in those larger settlements thought to be 'sustainable communities'. In this way, "development in rural areas is often deemed environmentally unsustainable by physical planners, whether seeking to protect the countryside 'for its own sake', to restrict development to towns and villages with a full checklist of services or to minimise car travel. The evidence underpinning these reasons is pretty shaky," ... yet ... "zealous planners seem transfixed by the notion of re-engineering the settlement pattern (in favour of 'compact cities') as a key means for reducing Britain's contribution to global warming" (Lowe and Ward 2007, 313-4).

The material impact of climate change will produce changes to rural cultural landscapes. Sea-level change will result in some coastal areas experiencing inundation and desirable tourist environments – such as beaches and inlets – may be lost. Water scarcity in Southern Europe will limit the opportunities for agro-tourism and will diminish the attractiveness of the landscape. In alpine areas of Europe, winter sports and hunting activities could suffer from warmer weather patterns, both

in terms of snow cover and changing ecological conditions. However, other cultural landscapes may evolve and provide new opportunities for development. All these changes will have manifold impacts upon rural areas.

Given the local level of response and impact, it is recognised that local government and agencies have a key role to play in both mitigation and adaptation. Concrete implementation will happen in localities, and therefore conflicts will also be managed at the local level. However, local governments and agencies are inexperienced in developing integrated responses which require knowledge of current scientific work. Overcoming institutional weaknesses will be a pressing requirement in order to respond to the latest data informing the mainstream EC approach to climate change, though responses will have highly differentiated local manifestations.

## **2.5 Some further remarks**

Processes of change in rural Europe are complex and manifold. Moreover, change is highly differentiated across states and is greatly influenced by the analytical perspective taken. Current migration processes demonstrate that cohesion across member states may prove difficult to maintain if rural areas in NMS are not given adequate support. An ageing population, combined with high-levels of successors exiting from agriculture and the impact of increased farm holding size, means that these areas face difficult futures. In contrast, those rural areas experiencing the New Rural Economy are subject to pressures arising from rurbansation, the decline of rural institutions and contestation over development, particularly increases to housing stock.

The impacts of climate change have already arrived given the policy responses oriented around mitigation and adaptation. Changes in climatic conditions will be preceded by interventions in rural land use and settlements, but these activities will take local forms. Therefore the integration of climate change adaptation and mitigation strategies into rural development may herald a new phase of differentiation, as rural areas struggle to plan in advance of climate change and then attempt to deal with the incremental but significant changes which will occur over the next few decades.

The implications of climate change may pose significant problems to those areas attempting to develop diversified forms of activity reliant upon the maintenance of particular environmental qualities. As a result of the polarised restructuring of agriculture, small-scale farming is supported by payments systems rewarding an agri-environment orientation, while rural development strategies emphasise the importance of cultural landscapes and local/regional products. Rural areas following this form of development trajectory will be more susceptible to ecological changes than those moving towards the New Rural Economy. In order to address the structural problems it may be necessary to stimulate further diversification, producing a mixed economy with differentiated levels of representation by primary, secondary and tertiary sectors.

## **3. THE UNDERLYING DRIVERS OF RURAL CHANGE**

Section 2 has synthesised EDORA's 9 thematic papers in terms of the economic, social, political and environmental processes affecting rural areas of Europe and leading to spatial patterns of differentiation. Section 3 now attempts to distil these



insights into more fundamental narratives of rural change, identifying the key dimensions and issues which underlie these processes.

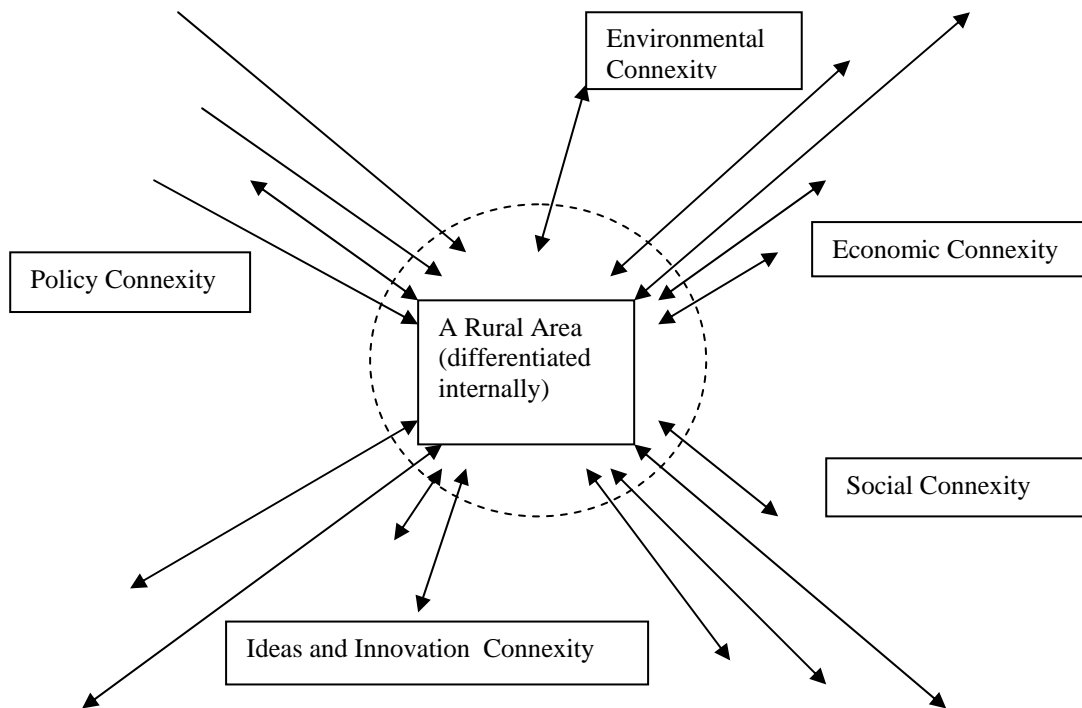
### 3.1 Overarching narrative: a world of increasing connexity

Many writers have alerted us to the increasingly interconnected world in which we live, and this provides an overarching context for the changes affecting rural areas of Europe. For example, Castells (1996) introduced the concept of 'Network Society', while Healey (2004) argues that mid-twentieth century 'Euclidian' concepts of planning have been challenged by a *relational* conception of spatial planning which understands place as a social construct, continually co-produced and contested; views connections between territories in terms of 'relational reach' rather than proximity; sees development as multiple, non-linear, continually emergent trajectories; and recognises the changed context of a network society and multi-scalar governance. Held has drawn attention to a "stretching and deepening of social relations", while Scholte has warned of the "annihilation of place by telemediated space." It is in this context that Mulgan (1997) proposes the concept of 'connexity'. He defines connexity as connectedness and interdependence, and his central theme is the increasing tension which arises between freedom and interdependence in this networked world. A crucial feature is that the inter-relatedness of places is no longer to be considered only in 'Euclidian' terms of physical distance, but rather in terms of their relational interdependence often across considerable distances.

We can illustrate connexity and relational space in terms of the relationship of rural places with extra-rural places. For example, we might consider:

1. *Economic Connexity*. Examples include supply chains that link businesses in rural areas to buyers and sellers in distant places, perhaps through the internet; the remote ownership by multinational companies of many rural businesses; as well as the out-commuting that takes place from rural areas of Europe.
2. *Social Connexity* The exodus of young people to cities for higher education; social networks which are increasingly stretched across distances; and the need for a critical mass of population in order to deliver services.
3. *Ideas and Innovation Connexity* The importance for businesses to network and cluster, including making links with higher education institutions.
4. *Policy Connexity* tends to be assymmetric, with policies and political power emanating from supranational, national and urban sources to impact on the development of rural areas.
5. *Environment Connexity* includes the positive and negative impacts of humans in rural areas on the environment (including 'ecosystem services'), as well as how climate change, notably, impacts on rural areas.

In addition, we should also consider various aspects of connexity which differentiate within rural areas, including an individual's position with respect to rural settlement patterns, and territorial governance designations, for example.



**Figure 1: Connexity in Relational Space**

Within this overarching context of connexity – ie. increasing interdependence between places, and the growing potency of relational space in network society – we have three competing and contested accounts, or “meta-narratives”, of change which might be useful in understanding rural change. The first is agri-centric and employs concepts such as agri-industrial productivism, post-productivism, the consumption countryside; and local food networks. This draws on authors such as Marsden (2003) and TEAGASC (2008). The second focuses on accessibility to urban labour markets, distinguishing between accessible and remoter rural areas, and is implicit in many official typologies of rural areas, such as those of DEFRA, OECD and DG Regional, as well as in the ESDP. A third perspective draws on theories of globalisation, economic competitiveness, divisions of labour and capitalist penetration, considering the roles of local and global capital in exploiting rural resources.

### **3.2 Three ‘meta-narratives’: underlying explanations of rural change**

#### *An agri-centric meta-narrative*

Marsden (2003) distinguished between three models of agricultural and rural development in Europe – an agro-industrial model, an alternative post-productivist model, and a nascent rural development model, each with their own dynamic. The first two accord with TEAGASC’s para-productivist and peri-productivist types.

Marsden argued that recent CAP reforms have essentially been attempts to deal with the growing crises of legitimacy in the dominant agro-industrial model: “to keep in place the basic principles of the industrial system while at the same time highlighting a rational conception of food quality” (p.9). In competition with this, he argues, an

alternative post-productivist model of the countryside has been promoted in NW Europe, particularly, in order to shape the countryside socially and morally “in ways which continue to make it attractive and lucrative to aspiring ex-urban groups” (p.11).

The contest between these two models (agro-industrial and post-productivist), he argues, is embodied in the internal contradictions of the Agenda 2000 CAP reform. One proposes an agro-industrial “race to the bottom” through expansion and intensification which will facilitate competitiveness in global markets. The other promotes the coping mechanisms needed for managing the ‘consumption countryside’ for the benefit of urban consumers. Both these models “for the social management of rural nature” tend to marginalize nature, whether through the production process or through a highly materialist conception of the consumption process (p.10). Moreover, “both have their own socio-spatial expressions. In many rural regions in Europe they overlap across rural space and affect change in dual ways,” each relying on market and state governance structures to manage the unsustainable conditions which they create (p.12). However, Marsden does not elaborate on these spatial patterns.

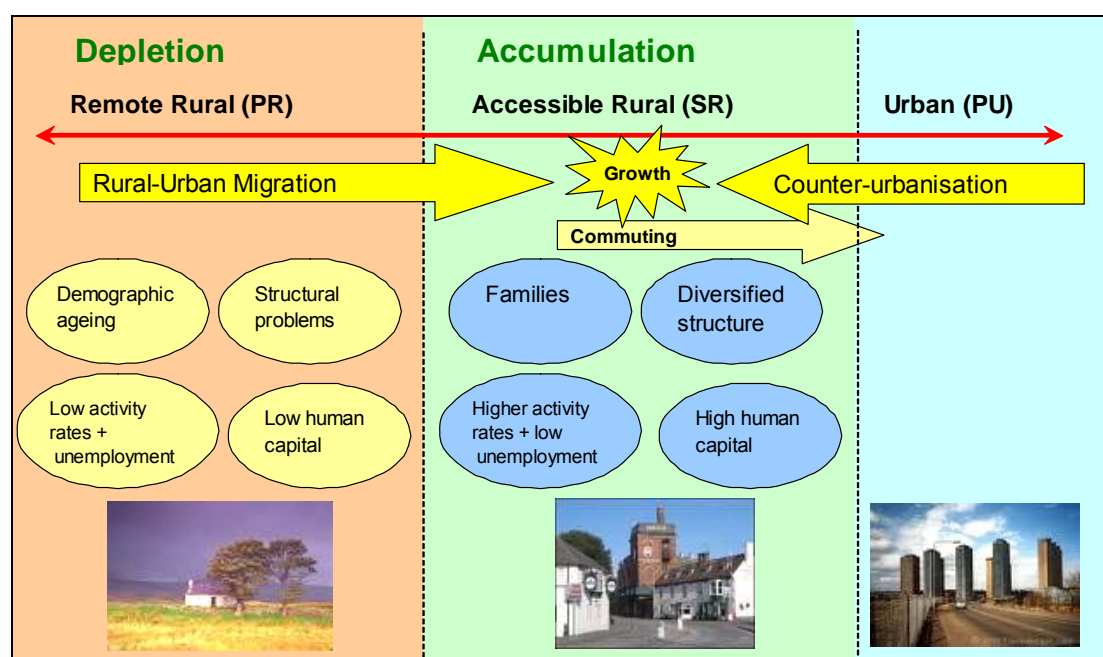
Marsden does argue, though (p.13), that it is in those regions least exploited by either the agro-industrial or the post-productivist model, ie. “peripheral rural regions”, that an emergent sustainable rural development model may instead hold out greater hope. This model he sees as based on local food production through “re-embedded local food supply chains”, with a truly sustainable development dynamic offering “pathways out of contradiction”. This is also “marked by a different set of organising principles which place nature, labour, region, value and quality in a different set of equations” as new forms of food governance emerge on an ad hoc and grassroots basis. While originating among the largely ‘bottom-up’ initiatives associated with empowering rural communities (such as LEADER), this dynamic “is now a much broader and more diffuse church; one which can incorporate renewed ideas of former agricultural practices and social ecology” (p.18). Of critical importance, he continues, is the degree to which this dynamic can assemble at the micro-scale legitimate governance and regulatory structures and processes which are integrative and robust, and which can work vertically with overall strategy and funding mechanisms. However, we cannot expect the impetus to come from national governments or corporate firms because of the inherent conflict of this model with the agro-industrial model and the “super-productivist hands of global agribusiness” (p.20).

#### *An urban-rural meta-narrative*

An alternative perspective prioritises urban-rural interactions in explaining change, using typologies of rural areas according to spheres of urban influence, generally measured in terms of Euclidian distance or travel-to-work areas. According to the final report of Espon 1.1.2 (Urban-Rural Relations in Europe) “commuting is one of the biggest forces of change in the countryside.” One detailed investigation of this approach is the SERA report (Copus et al 2006), which drew attention to two large scale processes of change; a long established “urbanisation” trend drawing population and economic activity out of more remote rural areas into urban and accessible rural areas, and a more recent “counter-urbanisation” flow out of urban regions into accessible rural areas. As a result of these two flows, the report argued, the accessible parts of the OECD’s Significantly Rural (SR) group of regions represent a zone of growth, with an economic structure increasingly similar to that of the Predominantly Urban (PU) regions. By contrast the Predominantly Rural (PR) regions, especially in the more remote parts of the EU are still being depleted of population and economic activity through cumulative self-perpetuating cycles of decline – a reference back to Myrdal’s cumulative causation thesis.

Of course, these tendencies are modified by many intervening variables. “Overlaying this broad pattern are various North-South, and East-West differences, based upon natural environment, cultural, social and political traditions. These include contrasts in age structures, gender differences in economic activity, and patterns of human capital. It is extremely important to recognise and to take account of the fact that well known problems, such as demographic ageing, although evident, to some extent throughout rural Europe, are quite variable in their severity.”

The urban-rural narrative has some affinities with concepts of peripherality, as hinted above, and this concept is also discussed by Copus (2001). Peripherality is a concept which “incorporates two main causal elements; distance from sources of goods and services, and an absence of agglomerative economies. Associated with these are ‘contingent’ disadvantages, such as the high cost of service provision, low rates of entrepreneurship, and a range of associated problems, such as slow adjustment of sectoral structure, poor local infrastructure, and so on.” Ultimately, peripheral regions are thought to have less ‘economic potential’, a suggestion echoed in the recent Barca report. Peripherality is thus viewed as a “consequence of the location of a region in relation to all other regions, and their economic size/importance. Quite simply, a region which is close to centres of economic activity will have a range of advantages over one which is located further away, and vice versa.” This narrative has been summarised by Copus et al (2007), shown in Figure 2.



**Figure 2 : Zones of Accumulation and Depletion**

*A meta-narrative of economic competitiveness and global capital*

Across a range of social science disciplines, a large number of researchers have sought to explain countries’ and regions’ economic performance and associated social and economic changes in terms of their economic competitiveness and attractiveness to global capital, particularly under a global neo-liberal regime. Porter (1996, 1998) has been prominent in his advice to governments on how to compete

internationally, for example, as was Friedmann and the Chicago School before Porter.

Much recent writing in rural sociology has employed the concepts of 'late modernity' (Giddens 1990) and 'risk society' (Beck 1992) to help understand the complex and less certain world in which we live at the start of the 21<sup>st</sup> Century. Giddens has identified particular features<sup>1</sup> of modernity which have fostered an international division of labour within a global system of nation-states operating in a world capitalist economy. These forces have transformed rural and urban areas alike, through the pace, totality and interconnectivity of change (Woods 2005).

Sociologists and geographers have written about the globalisation of production, the move towards flexible specialisation and a global division of tasks across huge distances. A core of workers is highly paid, while others (often in other countries) are made 'flexible' through low wages, insecure contracts, and casualisation. The key orientation is towards flexibility and the production of tailored, specialised products using 'just-in-time' production systems. For any given locality in late modernity (rural or urban), future prosperity may be profoundly affected by the manner in which global capital seeks to exploit local resources such as land and labour, unless local capital itself is able to underpin development. Rural areas characterised by low wages, a compliant, non-unionised workforce, and lower levels of regulation, may be particularly prone to exploitation by international capital, leading to increased dependency and peripherality. On the other hand, rural areas with highly educated and skilled populations, strong institutions and social capital may be sites of innovation, prosperity and security. In the US, Florida (2002) has shown that some areas may attract a 'creative class' whose presence then underpins these fortunate areas' economic performance: there is some evidence that accessible rural areas of England might be characterised in this way (Hepworth 2006), although empirical evidence is less clear about the benefits to rural areas' economic performance (Willettts 2009). The post-Soviet transition of the New Member States has capitalist penetration very clearly at its heart, such that rural regions in the NMS have been fundamentally affected by the ways in which global capital have sought to exploit their resources and their developing markets. A radically different scenario is that local, rather than global, capital may underpin successful local economies, seeking to develop products which depend upon a local identity for their market niche, so 'selling the local to the global'. These dimensions of capital are, in principle, independent of distance to urban centres and of reliance on agriculture, although in practice there may be historically contingent associations with these factors.

It should be noted that writers who emphasise the role of capital and competition in the differential performance of places, regions and countries have opposite views on the merits of such processes. Free market economists may argue that such processes will ultimately lead to the greatest good, whereas many sociologists and geographers are more critical of what they see as capitalist exploitation. Woods (2005, 33) has stated, for example, that "globalisation is therefore, in essence, about power – about the lack of power of rural regions to control their own futures, and about the increasing subjection of rural regions to networks and processes of power that are produced, reproduced and executed on a global scale." However, as Woods also recognises, people and policy-makers in rural areas are not entirely passive in the face of global forces, with many opportunities to resist and negotiate these

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<sup>1</sup> time-space distanciation; the disembedding of social relations out of local contexts of interaction, notably through trust in money and expertise; and reflexivity – examining, questioning and reviewing one's behaviour.

forces, so seeking to exert agency and remain competitive in a globalised world. This, in essence, is the challenge of connexity.

This emphasis on global competitiveness in a world where localities are increasingly interconnected and interdependent is also the main thrust of the EU's Lisbon Strategy and of many member states' economic policies. "The whole of the Union faces challenges arising from a likely acceleration in economic restructuring as a result of globalisation, trade opening, the technological revolution, the development of the knowledge economy and society, an ageing population and a growth in immigration." (CEC 2004, p2) The Lisbon Strategy accordingly sets out the EU's aspiration to become the most competitive and dynamic knowledge-based economy, capable of sustainable economic growth with more and better jobs and greater social cohesion, and rural areas of Europe are expected to contribute to, and benefit from, this strategy.

From this perspective, the CAP is largely irrelevant to the future of rural regions (Court of Auditors 2006). Lowe (2006) has argued that while agri-environment payments to farmers may help to provide the broader conditions for sustainable rural development, by maintaining a region's landscape and habitats, they do not directly promote the economic competitiveness of rural areas. This is because, as the OECD (2006) puts it in its report calling for "A New Rural Paradigm", these and other payments under the CAP are predominantly recurrent *subsidies* rather than investments, and they are *sectoral* rather than territorial in their nature. "If the goal is to widen the base and vitality of the economies of rural areas, it is surely important that the crucial, consistent and largely non-agricultural drivers that are revitalising rural economies are supported" (Lowe 2006, 42).

#### *How to promote rural growth*

Each of these competing perspectives offers different explanations of the changes affecting rural areas and leads to slightly different conclusions about how to promote rural growth. The question of how to promote growth in rural areas has been the subject of a recent study, the Dynamics of Rural Areas (DORA), which explored the factors underlying the differential economic performance of rural areas across Europe (Bryden and Hart 2004). The study compared eight matched pairs of study areas in Scotland, Sweden, Germany and Greece, focusing both on tangible and less tangible factors. Six themes were found to underlie differences in economic performance: cultural traditions and social arrangements; peripherality and infrastructure; governance, institutions and public investment; entrepreneurship; economic structures and organisation; and human resources and demography. Similar conclusions were reached in the RUREMPLO project (Terluin and Post 2003; Terluin 2003).

The principal conclusion is that successful local responses to globalisation derive essentially from cultural and social factors, though these can be encouraged/discouraged by styles of governance, institutional arrangements and forms of organisation that encourage or undermine self-determination, independence and local identity. Policy should focus on the improvement of governance and economic structures, and facilitating community and individual action. More specifically, "local enterprise can be stimulated by:

- Widespread or community ownership of land and housing;
- Good local institutional autonomy and governance;

- Investment in appropriate public goods;
- Strong local identity and market positioning;
- Good education, health and other service provision and access; and
- Cultural and environmental attributes and a ‘can do’ entrepreneurial approach.” (Bryden and Hart 2004).

These are the very arguments now embraced and proposed by the OECD’s Territorial Development Working Group in their ‘New Rural Paradigm’ report (OECD 2006).

Of course, these three ‘meta-narratives’ of change are not mutually exclusive – indeed there are overlaps between their accounts. They are best understood as alternative perspectives on rural change, three different analytical viewpoints on what is happening in rural Europe, all within the overarching context of increasing interdependence and connexity between places in an increasingly networked society. Interestingly, each maps to some extent on to the competing policy perspectives of different elements of CEC policy, namely the CAP (DG Agriculture and Rural Development), the structural funds (DG Regional Policy), and the Lisbon agenda respectively.

### **3.3 Two key issues – assets and the interaction between places**

Two inter-related issues emerge from these discussions as key to understanding the changes affecting rural areas in Europe, and the spatial differentiation which is emerging. These are, first and foremost, the nature of the *interaction between places*, and, second, the ‘assets’ on which people can draw in ‘shaping’ the future of their place in relation to other places.

The importance of the interactions between places is apparent in the processes of economic restructuring, migration, commuting, access to services and the other drivers of change reviewed in section 2 above, and is inherent too in the overarching concept of connexity with which we began section 3. The crucial question emerging from section 3.2 is whether the most important interaction is *between rural and urban places*, implying spatial differentiation is primarily structured around settlement hierarchies and accessibility/remoteness from centres of population, with distance from urban centres the defining asset/handicap. Or alternatively is the most important interaction *between the local and the global*, or at least between local places and places elsewhere, implying spatial differentiation is primarily according to the locality’s other assets – its institutional capacity, education, entrepreneurial spirit, social networks, identity and ability for collective mobilisation as well as its natural and cultural heritage? Clearly the answer to this question is crucial in guiding policy intervention, as well as in constructing any spatial typology.

Our conclusion is that *both* types of interaction are important in understanding the differential performance of rural places in Europe, although the latter may be expected to grow in significance as relational space eclipses Euclidian space in its importance. In many areas of Europe it is clear that proximity to cities has allowed a transformation of rural areas into commuting zones of comparative affluence, involving pervasive social and political changes, and often some loss of freedom as they merge into the city’s zone of influence. These types of interaction were highlighted by the SERA study, among many others, and indeed are well-established. However, this is an insufficient explanation of the spatial differentiation in rural change, since evidence exists of rural areas remote from cities which are also

performing well, and sometimes even outperforming more accessible rural areas. One example is the Isle of Skye, amongst the regions studied in EDORA. To understand the success, and the potential, of such rural areas it is necessary to go beyond explanations couched in terms of rural-urban interactions. The evidence here points to the importance of cultural and social factors in each locality's interaction with other places (near and far), though these can be encouraged/ discouraged by styles of governance, institutional arrangements and forms of organisation that encourage or undermine self-determination, independence and local identity, as suggested by the DORA study. These are very different forms of asset from physical proximity to cities, often less tangible and certainly less easy to measure and to map. The type of interaction between places (Euclidian or relational) that is seen as more important in explaining rural change should lead to a different focus for state intervention. We return to appropriate policy approaches in section 4.

### **3.4 Some other significant issues**

#### *Continuity and Change*

A fundamental challenge in fostering sustainable rural communities, in economic, social and environmental terms, is to manage the tension between change and continuity (Arnason, Shucksmith and Vergunst 2009). For example, many rural communities seek to attract in-migrants and return migrants (who bring new ideas, start businesses, and maintain the viability of services) but fear an attendant displacement of local people and practices, especially those fundamental to cultural and environmental sustainability. The neo-liberal tendency toward deregulation has depleted the state's ability to manage these tensions in the interests of sustainability, so heightening such difficulties. This lack of control is exemplified by acquisition of houses and small farms by absentee owners as second homes, as much as by the centralisation and withdrawal of privatised services of general importance. It is apparent that the state, and its partners in multi-level governance, require stronger powers and a fuller set of policy 'tools' with which to seek to manage these tensions.

Shucksmith (2009) has recently argued that sustainable rural development requires the state to exercise generative power to stimulate action, innovation, struggle and resistance, to release potentialities, to generate new struggles and to transform governance itself. While this should be founded upon deliberative processes and collective action, the mobilisation of actors (especially the least powerful) to develop strategic agendas in such a context of diffused power and 'nobody-in-charge' will be a crucial challenge. It is likely to play on a dialectic between continuity and change, and will be a process of negotiation (or an arena for struggle) between maintaining valued aspects of society, economy and environment and fostering and embracing new approaches to them. This process of 'taking the past into the future' will present a huge challenge of cultural change to social actors in rural development, and its realisation will depend partly on the institutional capacity of these actors in terms of knowledge resources, relational resources and mobilising capabilities.

#### *Vulnerability to major shocks*

Another somewhat neglected theme which has emerged concerns the vulnerability or the resilience of rural areas to 'shocks'. These include, for example, the disruptions associated with the collapse of the Soviet hegemony and the post-Soviet transition, amongst which possibly the most traumatic has been the loss of full employment. Other 'shocks' which have affected many rural areas include the closure of major employers, the loss of key services, and the effects of economic recession.



In terms of spatial differentiation, the importance of the post-Soviet transition may be highlighted in terms of the distinctive pathways experienced by rural areas in eastern Europe and the ways in which these still constrain options and strategies today. These aspects of path dependency and the challenges facing many rural areas in the NMS have been mentioned as a recurring theme throughout this report. This is especially important in view of the evidence that rural areas in the NMS have by far the lowest levels of material welfare and quality of life in the EU-27 (Shucksmith et al 2009), and the concern that a cohesion policy directed towards the Lisbon agenda might fail these regions because of the greater potential apparent in the main cities of NMS. "Features of many rural areas in the poorer countries, such as low education levels and IT usage, and the legacies of de-industrialisation, might militate against these being seen as suitable locations for Convergence investment, despite their high levels of disadvantage."

Several of the exemplar regions, for example, had been subject to significant 'shocks' in the recent past, including the collapse of mining, or of communism. Not all shocks have negative consequences – some have brought positive development trajectories, as in Ostrołęcko-Siedlecki and Osrednjeslovenska. For others, the shocks have been deep crises throwing the regions into negative spirals and, while some are beginning to recover, the base for their development trajectories is very low. Thus, for example, Teruel and Chelmsko-Zamojski both suffered long-term problems that compounded until recently when strategies have at last begun to support their positive development.

#### *The people and places 'left behind'*

The discussions of change and connexity have perhaps underplayed the position of the people left behind in these processes. The spiral of decline that some rural places enter has already been noted, but even without such depressing prospects there are many rural places where people are 'trapped'. This term is used therefore to convey both the lack of opportunity that some people face, and their lack of mobility. These two aspects, that is poverty *of* rural places and poverty *in* rural places, are highlighted in the report commissioned by the Directorate General for Employment, Social Affairs and Equal Opportunities on Poverty and Social Exclusion in Rural Areas (Bertolini and Peragine 2009).

The ageing nature of much of the rural population is important in this regard, especially when coupled with the decline in rural services, and the problems of rural transport. There are also problems for them about being able to afford local housing in areas attractive to incomers. People working in land-based industries are low-paid, and have poor employment prospects: they are less well qualified than their urban counterparts and less likely to undertake training, sometimes because of a lack of transport options. There is evidence of such people part-time working, multiple job holding or entering self-employment but still being under-employed. In this context there is an increased dependency on the household, family and friends. Many elderly farmers no longer have the opportunity of phasing out of the farm business by handing it on to one of the next generation: the young people have left the rural areas and the practice of farm succession is declining. Many of these issues are exacerbated in the remoter areas, and in poorer areas of eastern and southern Europe.

#### 4. CONCLUSION AND IMPLICATIONS FOR FUTURE WORK PACKAGES

Rural areas of Europe are experiencing major changes which pose challenges for EU territorial cohesion, and these have been summarised in section 2 of this WP in terms of the economic, social, political and environmental processes which lead to spatial differentiation. These processes are complex and manifold, and researchers offer competing explanations for these trends. In reviewing these explanations we have found it helpful to characterise these in terms of three meta-narratives, namely an agri-centric meta-narrative, an urban-rural meta-narrative, and a meta-narrative of economic competitiveness and global capital. Each of these sits beneath a common and overarching context for change which is the increasingly interconnected and interdependent world in which we live, and the tensions this brings.

Two inter-related issues emerged as key to understanding the changes affecting rural areas in Europe, and the emerging spatial differentiation. These are, first and foremost, the nature of the *interaction between places*, and, second, the 'assets' on which people can draw in 'shaping' the future of their place. The importance of the interactions between places is apparent in the processes of economic restructuring, migration, commuting, access to services and the other drivers of change reviewed.

We concluded that two types of interaction were *both* important in understanding the differential performance of rural places in Europe. The interaction *between rural and urban places* causes spatial differentiation around settlement hierarchies and accessibility/remoteness from centres of population, with distance from urban centres the defining asset/handicap. Of equal and growing importance, however, is the interaction *between the local and the global*, or at least between localities and places elsewhere, implying spatial differentiation is primarily according to the locality's relational interactions and its other relevant assets – its institutional capacity, education, entrepreneurial spirit, social networks, identity and ability for collective mobilisation as well as its natural and cultural heritage.

In terms of the development of a typology of rural regions this poses a considerable challenge. While it is straightforward to measure and map physical distance between rural and urban places, it is much less clear how to map or measure interactions in relational space and the often intangible assets identified by numerous researchers as central to these processes. However, there may be suitable proxies, such as population change, unemployment or economic change which may serve as indicators of the more qualitative and intangible variables which are harder to observe. The implication is that work on the typology should continue to make use of the Dijkstra-Poelman (D-P) approach as a means of capturing urban-rural interactions; while at the same time exploring which variables and available data might be useful as proxies to capture the interactions in relational space and the associated assets of rural places. One way of pursuing this would be to seek to operationalise distinct dimensions of economic structure and performance alongside the D-P typology.

In terms of policies, it was noted above that whichever type of interaction between places is seen as more important in explaining rural change will suggest a different focus for state intervention. Thus, if rural areas' spatial differentiation were explained primarily in terms of proximity to cities, governments might be expected to prioritise investment in transport infrastructure and physical accessibility to bring more rural areas within urban zones of influence, encouraging a greater reach of commuting into urban labour markets. On the other hand, if rural places are seen to have their own endogenous potentialities in interacting with places near and far, drawing on their social, cultural and institutional assets, then governments might instead engage

in a much broader range of interventions: building institutional capacity and social capital; investing in education, training and digital inclusion; and fostering local entrepreneurial spirit. Again, our conclusion is that both types of intervention are vital, but that the second has been relatively neglected in many rural areas, notwithstanding the high profile (but little funding) given to the LEADER approach. Furthermore, the breadth of the range of interventions required in many rural areas represents a challenge for the coordination and integration of policies among the plethora of agencies engaged, not only horizontally within the area but vertically through multi-level governance.

Finally, it may be worth reflecting on how these insights and the eventual typology of rural development opportunities might be useful in policy formulation and multi-level implementation. One possibility would be for the Commission to seek to develop a menu of policy measures which would allow governance stakeholders at all levels to address the particular problems of their own rural area, as implied by the subsidiarity principle and embodied in the LEADER approach. The insights from EDORA, and the typology, would then be used in ensuring that such a menu of policy measures was sufficiently comprehensive to meet the challenges identified for the range of 'ideal types' of Europe's diverse rural regions. Such a tool could then be used by DG Agriculture and Rural Development in refining the RDR for the period post-2013, by DG Regional Policy in similarly refining cohesion policy instruments, and by local and regional stakeholders in considering the options appropriate to their own area strategies.

All of these ideas will be reviewed and built upon in subsequent work packages.

## 5. GLOSSARY

*Connexity*: is defined as “connectedness and interdependence” by Mulgan (1997) whose central theme is the growing tension which necessarily arises between freedom and interdependence in this increasingly networked world.

*Governance*: refers to the development of governing styles in which boundaries between public and private sectors have become blurred (Stoker 1996). It is associated with a shift from state sponsorship of economic and social programmes towards the delivery of these through partnerships involving both governmental and non-governmental organisations and perhaps other social actors.

*Institutional Capacity*: The institutional capacity of a territory is the collection of social resources (formal and informal) that enable coordination and collective strategic agency, as well as the accommodation of local interests with those of other levels of governance. Healey (2006) has suggested there are 3 components: knowledge resources; network resources; and mobilisation capability.

*New Member States (NMS)*: The 12 countries which have joined the EU after the first 15 countries (the EU-15). The NMS and the EU-15 together constitute the full EU-27.

*New Public Management (NPM)*: The provision of normally public services are refashioned to emphasise the importance of efficiency, outcome and customer orientation, so responding to a cost imperative rather than a public service mission.

*New Rural Economy (NRE)*: The NRE is a term applied to the growth of secondary (manufacturing) and tertiary (service) sector employment in rural areas, which have been gaining ascendancy over several decades (IEA 2005).

*New Rural Paradigm*: The OECD (2006) argues that many countries around the world now recognise a new approach to rural policy, oriented around investment rather than subsidies, and around territory rather than sectors.

*New Rurality (NR)*: A New Rurality is said to arise from counter-urbanisation and the change in function of rural areas to a consumption countryside characterised by commuting, leisure and retirement rather than as places of production.

*Project State*: The notion of the ‘project state’ is a means of characterising the new governance arrangements whereby projects have become the focus for partnership activity, which in turn relies on competitive bidding for short to medium term funding. In this way governance arrangements may be casualised and time-limited.

*Relational Space*: views connections between territories in terms of the relationships between them rather than physical distance.

*Territorial Assets*: the assets on which people in a territory or place-based community can draw, including institutional capacity, education, entrepreneurial spirit, social networks, identity and ability for collective mobilisation as well as the territory’s natural and cultural heritage.

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