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Rural employment in industrialised countries☆

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Abstract

This paper assesses the recent changes in rural employment in the OECD countries, highlighting the growing role of employment in services and, in some cases, manufacturing activity. In many, but not all, rural areas the secular decline in agricultural employment has been more than counterbalanced by growing employment in these other sectors. However, the diversity of employment growth within and between rural areas is stressed, as are the implications of this diversity for policy. A range of explanations for the relative economic success of some rural areas is explored. These include the impacts of globalisation; restructuring of the labour market; new 'consumption' demands on the rural areas; and human mobility. The paper concludes that traditional theories do not explain the diversity of outcomes in rural areas. New approaches are needed. Recent analyses under the banner of 'the new economic geography' has advanced our understanding of the pre-conditions for rural development to occur, but understanding the diverse pattern of rural employment outcomes within the same kind of geography remains a challenge which needs to be addressed by inter-disciplinary approaches and methods. © 2000 Elsevier Science B.V. All rights reserved.

Keywords: Rural employment; Rural development; OECD countries

1. Introduction

This paper was inspired by a collection of papers which, as editors and contributors, we put together in a book, *Rural Employment: An International Perspective*, recently published by CAB International (Bollman and Bryden, 1997). The papers were presented at a conference held in the rural town of Coaticook, Quebec, in October 1995, and seven of the 30 chapters report comparative research undertaken within the OECD rural development programme. For the first time, albeit only for the OECD countries, a reasonably comprehensive body of comparable data analysing the trends and patterns in rural employment is available. This marks a considerable step forward from the usual focus on agricultural employment, and the generally gloomy prognostications about the impact of declining agricultural employment on rural economies.

Although we obviously acknowledge the work of our colleagues at the Coaticook conference and the benefit of the stimulating discussions there, we have

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tried to go beyond the scope of the book and ask what explanations might underpin observed changes in rural employment.

1.1. The changing context for rural development

The attention given to rural development in OECD countries has steadily increased over the past decade, a period of considerable change at both global and European levels. Liberalisation and globalisation are driving global trade and capital movements and the global division of labour and significant market adjustments follow from this. Partly linked with these trends, major changes in policy frameworks affecting rural areas are occurring. These market and policy changes mean major challenges, as well as some new opportunities, for rural populations. The capacity of rural people to respond to potential opportunities and threats by creating new sources of income and employment to replace declining employment in agriculture, other primary industries, some services (e.g. banking, telecommunications, wholesaling) and manufacturing is a critical issue both for rural people and for policy makers and rural development agencies.

The evidence of the recent past in OECD countries is that some rural areas are 'better placed' than others to adapt to these processes of 'opening up' and the consequential exposure to external forces, although the causal factors are not obvious. Amongst the explanations of rural success we can find those focusing on factor endowments, factor prices, entrepreneurial capacities, good luck, 'social' capital, amenities, proximity to wealthy urban populations with increasing lifestyle demands on rural areas, etc.

Rural areas differ markedly in their economic structure and activity, their natural and human resources, the peripherality of their location (and hence market potential and transport costs), their demographic and social circumstances, in other words, their general 'initial conditions'. Therefore, they are affected in different ways, and to differing extents, by the external forces with which they interact. Policies and support structures for rural areas must increasingly recognise this diversity of conditions and outcomes. It follows that knowledge and understanding of the processes involved, and local responses to them, becomes a crucial element in the improvement of policy and local action.

Increasingly, rural areas are expected to develop their own analyses of their strengths, weaknesses, opportunities and threats, and evolve their own strategies and action plans to deal with them. This is a general tendency, caused by the lack of detailed knowledge and solutions at the 'centre' as well as by fiscal constraints. A critical question for local actors is the dual one: how can they best minimise adverse effects of globalisation and how can they best take advantage of new opportunities? A related question is what room for manoeuvre do they have in an era where the big levers often seem to be beyond their control?

2. Trends in rural employment

2.1. Introduction

In order to identify and analyse trends in rural development, the OECD established a territorial scheme in which 2000 regions, covering the entire territory of the OECD countries, are identified. These regions are grouped into three types according to their share of population living in rural communities:

- Predominantly rural regions: over 50%
- Significantly rural or 'intermediate' regions: 15–50%
- Predominantly urbanised regions: below 15%

By grouping regions in this way, each type of region contains some rural and some urban communities, although to different degrees (Meyer, 1997). It is this OECD classification which is used throughout this paper.

2.2. General trends

The declining relative importance of agriculture in rural areas is continuing largely due to adoption of new technology and the growth of other sectors. The OECD work on territorial indicators of rural employment showed that in only three OECD countries did agriculture account for over 25% of the labour force in predominantly rural regions in 1990. By contrast, industry accounted for more than 25% of employment in such regions in seventeen countries, whilst services accounted for more than 25% of employment in all of them, and over 50% in 18 (OECD, 1996, p. 46).

Table 1
Employment change in dynamic and lagging labour markets, Canada[a]

	Number of regions	Employment 1991 (%)	Employment change 1981–1991	
			Total 1981 = 100	Difference to national
National	266	100	116.5	0.0
Predominantly rural regions	209	30	114.1	−2.4
Dynamic	68	11	129.3	12.8
Lagging	141	19	107.0	−9.5
Significantly rural regions	38	23	126.0	9.5
Dynamic	21	14	138.6	22.1
Lagging	17	8	109.2	−7.3
Predominantly urban regions	19	47	113.9	−2.6
Dynamic	12	21	129.6	13.1
Lagging	7	26	104.0	−12.5

[a] Source: von Meyer (1997) Table 2.2.

The same OECD studies also showed that between 1980 and 1990 the rates of growth of employment in predominantly rural regions exceeded those in predominantly urbanised regions in three of the 15 countries for which data was available (Huillet, 1997, p. 342). More recent work which disaggregates these rural regions shows clearly that even amongst the most 'rural' types of rural region, some have experienced growing employment whilst others have experienced declining employment (and sometimes population). For example, Cunningham and Bollman (1997) show that 'there is a wide variation in employment growth among the different regions of Canada, *independent of their degree of rurality*', with rates of employment growth in predominantly rural regions ranging from −20 to 70% (p. 57). Schindegger and Krajasits (1997) show a similar pattern of growth in Austria, where rates of employment growth range from −19 to 14% in the rural regions (p. 174). Table 1 summarises the data for Canada, which is not atypical.

Although this evidence is both surprising and encouraging, two caveats are required. First, it remains true in most countries that employment has grown faster in predominantly urban regions than in predominately rural regions, and that, in general, it is the significantly rural regions which have experienced the most rapid employment growth. In the rural regions only the urban communities are growing — rural communities are losing both population and employment. According to Irmen (1997)

> "rural communities within predominantly rural regions are the losers in spatial development ... These rural communities lose population and employment, whereas the rural communities in other types of regions (predominantly urban and intermediate) gain in national importance" (p. 28).

In urbanised regions, 'rural' communities are growing because they are situated in an urbanising environment and benefit from it. Second, there has also been a continuing employment deficit in many rural areas of the richer countries — reflected in a net commuting balance with urban areas. Rural areas often continue to be net suppliers of labour to urban areas (Schindegger and Krajasits, 1997, p. 168).

Other labour market changes worth briefly commenting on include: a fall in annual hours worked per person; an increase in self-employment and part-time work especially among women; a rise in long-term and youth unemployment; and the feminisation of the labour force — women are playing an ever larger role in the labour force. Although general trends, they are also evident in rural areas.

The main points to note at this stage are:

1. We cannot generalise about the development or growth experience of rural regions. We cannot assume that they will inevitably experience declining employment and population — the evidence is that some will prosper and others will even grow faster than the fastest growing urban region. Peripheries are not doomed to be perpetually lagging areas in economic terms, nor are centres destined to be perpetually in the lead.
2. Differential outcomes within broad regions are not

generally attributable to policy differences — in many cases the same policy regime produces very different outcomes in different localities — real processes of economic, technical and social change are involved which are often independent of policy or even in spite of policy (for example, in the EU the growth of farm household pluriactivity in the 1980s was not encouraged by policy). That is not to say that policy changes and implementation are insignificant factors, especially when they are coherently combined with market and community forces and are flexible enough to cope with varied rural conditions.

3. Some rural areas demonstrate considerable capacity to adapt to rapidly changing external conditions, despite well-known handicaps.
4. At least in terms of direct employment, rural people now work in the manufacturing and the service sectors in almost all of the EU. However, some areas may 'depend' on agriculture (the major export base) even though few are directly employed in it.

In Europe, restructuring is occurring in agriculture, agri-food and food retailing and distribution sectors. There is also a general shift to a service-based economy in which the information and knowledge based industries play an increasing role. Linked with this is a de-materialisation of production (i.e. any good one buys has a higher 'services' component than in earlier decades), a de-linking of economic growth from consumption of raw materials, a dissociation of financial sphere from the 'real economy', and an internationalisation of savings-investment flows and of relations in commercial and knowledge spheres. Although many of these are not new features of rural economies (for example, rural areas have always been open to savings/investment flows to cities), new elements concern the globalisation of these flows, the reduced power of regions and nation states to influence them and the intensifying internationalisation of relations in commercial and knowledge spheres which both threatens many local commercial and knowledge based activities and provides them with new (non-local) opportunities.

De-materialised production (in the sense that consumer demand is shifting from goods consumption to services consumption) in the form of tourism and recreational industries have been particularly important in the richer countries and much of this is based on new 'consumption' uses of the countryside. However, this is not to argue that production activities do not remain important both in terms of their economic significance and in terms of perceptions of rural people.

2.3. There is a steady and long term decline in agricultural employment

The long term and generalised decline in agricultural employment is well documented. In the 1980s annual rates of decline were between 3 and 4% in Japan, Finland, and Austria. In the EU, agricultural employment has declined by around 2–3% per annum over the past decade (Post and Terluin, 1997, p. 310). In 1990, agricultural employment was less than 10% of total employment in all EU countries except Greece (23%), Portugal (20%), Ireland (15%) and Spain (11%) (op. cit., p. 308). Furthermore, in all countries the extent of agricultural employment is exaggerated because the figures include pluriactive farmers and farm families for whom agriculture may provide but a small portion of household income. In the EU-12, a sample of 7000 farm households indicated that just under half of all farm households earned more than half of their household income from agriculture in 1987 (Bryden et al., 1994). Nevertheless, it is clear from differential productivity data that there is still considerable room for further labour savings in agriculture even without major reforms to the CAP. Moreover, in the 10 Central and Eastern European Countries (CEECs) which have applied to join the EU, a quarter of the labour force is still engaged in agriculture (9.5 million people) generating only 8% of GDP: if the CEECs approach the average productivity of the present EU-15, then about 3 million people would leave agriculture over a period of years. It is not beyond the bounds of possibility, based on past experience, that in East, West and Central Europe as a whole more than 6 million people could leave agriculture in the next decade.

The purpose of stating this is to raise the question, if not in farming, where are the jobs in rural areas going to come from; and how might policy best assist in the process of change?

Table 2
Employment in tourism compared to agriculture as percentage of total employment, 1990[a]

Country	Employment in tourism (%)			Employment in agriculture (%)		
	P.R.[b]	S.R[c]	All[d]	P.R.	S.R.	All
Germany	5.2	4.4	4.0	1.5	1.5	1.0
Austria	17.7	21.0	21.8	13.3	4.1	6.2
Canada	9.3	9.3	9.7	10.9	3.3	4.6
US	10.5	11.3	11.2	5.9	2.4	3.3
Finland	11.0	4.2	8.3	16.0	5.3	8.5
France	6.5	7.4	7.9	10.8	5.5	5.7
UK	9.8	4.9	8.3	10.3	4.2	2.4
Switzerland	18.7	11.7	14.9	9.5	6.3	4.1

[a] Source: OECD, 1996.
[b] Predominantly rural regions.
[c] Significantly rural regions.
[d] All regions.

2.4. *Employment in rural tourism has been increasing*

In several OECD countries, employment in tourism exceeds that in agriculture in all types of region. This is the case in the predominantly rural regions of Austria, US, Germany and Switzerland (see Table 2). Moreover, tourism employment has been growing in all types of rural region (with the exception of Finland) throughout the 1980s; annual growth rates of 3% or higher were recorded in Germany, Spain and Switzerland (Bontron and Lasnier, 1997, p. 436).

2.5. *Mixed experience with other services*

In all OECD countries employment in services has been growing. This trend is reflected in the predominantly rural regions where most employment growth during the 1980s was due to net increases in the service sector (Meyer, 1997). In all rural regions the growth of most services parallels that at national levels. The main exception is business services (including knowledge and information based services); this tends to be the high value-added, high-wage element of the service sector, and is heavily under-represented in rural areas (Cunningham and Bollman, 1997). Some observers expect such services to dominate all employment after 2000; for example, projections in Finland in 1995 suggested that by the year 2000, 93% of all work would be 'information work' (Bryden, 1997 p. 448). However, questions remain about the linkages between this type of work with other sectors, and about its precise definition.

Public services, including education, health and public administration, are important employers in many rural areas. These sectors grew rapidly during the 1980s, but that growth appears to have been curtailed or even reversed in many regions in the 1990s. Employment trends in other consumer services, especially retailing and personal services, tend to be linked to population levels and changes.

A critical question is whether rural areas can participate in the growth in employment in services. In principal this should be facilitated by the rapidly increasing access to, and significant cost reductions in, digital telecommunications, linked in turn to the 'Information Highway'. However, evidence on the adoption of these technologies by rural actors, and especially of the content and impacts of their use, is rather scarce. Bryden (1997) identifies a number of cases where investment in Information and Communications Technology (ICT) has created employment opportunities in rural areas. The emphasis is placed upon *opportunities* rather than job creation per se as it is the impact of ICT on the competitiveness of rural enterprises in general and the impacts on employment of ICT adoption and use which is important for the future of rural areas. A main point seems to be that significant employment losses as well as gains can be linked to ICT and, at least in some cases, gains may exceed losses. Public policies at both national and local levels can make a difference to the direction of these net effects. For example, the intervention of the Highlands and Islands Development Board (HIDB) and later the Highlands and Islands Enterprise (which succeeded HIDB) in investments in digitalising the telecom network, and targeting new types of enterprise which could utilise the network, appears to have had positive impacts (see Sproull et al., 1996). This supports evidence of profitable relocation of telecommunications-intensive enterprises in rural America (Salant and Marx, 1995).

3. Explanations of rural employment changes

The changes in rural employment in OECD countries are of more than passing interest. They are the

opposite of what was expected, if not in terms of agricultural employment, then certainly in terms of growth in manufacturing and services employment in many areas. Moreover, there has been a surprising variability in outcomes. They are not consistent with the predictions of core-periphery models or, indeed, neo-classical models, of development dynamics. The 'New Economic Geography' models have generated scenarios where rural development will take place (Krugman, 1993, 1999; Kilkenny, 1993, 1998, 1999) but the problematique remains — how to explain differential economic performance among rural localities with similar features of geography, settlement and peripherality with respect to metropoles. Although Kilkenny's recent work in particular opens up important new questions, new information, and theory, is needed to explain the loss of competitive advantage in some rural areas, and its accretion in others.

Some of the key explanatory chapters in the book deal with issues such as education levels, niche markets, networks and lifestyle choices as a means of exploring the differential performance of rural regions. In many cases, the findings are similar and point to the need to view rural employment changes both within a set of global and national changes, commonly termed 'restructuring', which have specific rural impacts and with reference to micro-regional characteristics. For example, in their work McGranahan and Kassel (1997) conclude that, despite the long standing emphasis put upon workforce education as a key to economic advancement, high regional education levels offer a limited advantage. Economic development may be just as dependent upon local circumstances such as proximity to industrial districts or expanding urban centres, favourable climate and amenities as local education levels. Through examining lifestyle choices and rural job creation, Persson et al. (1997) identify three factors which lead to increasing differentiation: internationalization and organization of economic activity; diversity of lifestyles and mobility patterns among people; and policy formation and practices (p. 146).

Basically there are three main groups of explanations of rural employment change. The first group relates to the impacts of globalisation and restructuring, and the second to new 'consumption' functions of the countryside in the richer countries. These two groups both relate to external demand forces. The third group of factors is the local 'swift-footedness' (either public or private entrepreneurship) in some communities that is not well understood or measured. Clemenson and Lane (1997) identify the establishment of niche markets as a means of exploiting the potential benefits of each of these groups. Niche markets can both respond to the external demand forces, encouraging a re-examination of the opportunities offered by any one locality and utilise local entrepreneurship to create a successful marketing strategy.

3.1. *Impacts of globalisation*

Although the internationalisation of economic activity has been occurring for centuries, globalisation[1] is a recent phenomenon which has intensified during the 1980s and '90s. Whereas internationalisation refers mainly to trade in goods and services the production of which was organised within national economies, globalisation involves 'functional integration between internationally dispersed economic activities' (Dicken, 1992). Although much attention has been paid to the globalisation of manufacturing activities, it is evident that globalisation has also occurred in important business services such as banking, insurance, advertising and communications.

Globalisation is marked in part by the reduction of the cost of space due to the reduction in the cost of transportation and communication. Before the onset of globalisation, high transportation and communication costs protected some rural workers from competition, and similarly were protected from competing in metropolitan markets by the same high costs. New technology has caused significant reductions in the costs of transportation and communication. Although technological change is not new, it is the focus on transportation and communications that makes globalisation impact significantly on rural areas.

While internationalisation was greatly boosted in the late 19th century by the development of transport technology (steam ships, railways, refrigeration), globalisation has been facilitated by the reduction in

[1] This section draws in part on Chapter 1 in Bor et al. (1997).

average tariffs and other trade barriers after the Second World War[2], by the development of ICT, and linked with the growth in trans-national corporations (TNCs). These changes mean that capital can, in principle at least, be assembled wherever the costs of production are the lowest and where social and environmental restrictions are least. The component parts of a product (or service) can increasingly be manufactured in different international locations and assembled at one spot, either through the growth in TNCs or by outsourcing and 'just-in-time' techniques of the new production system and forms of 'flexible specialisation' (Piore and Sabel, 1984). Although such economic links are established and maintained in many and various ways, the essential features of global economic restructuring are considered to be its 'post-Fordist' nature, flexibilisation, and the international scale of the production and manufacturing processes (Gertler, 1988; Bernat, 1993; Cappellin, 1994).

A second and to some extent related feature of economic life today is the rapidity of change and associated turbulence and uncertainty, although western Europe has gone for more than 50 years without a major war. Sources of turbulence and uncertainty include the separation of the 'real economy' from the 'symbol economy' of international financial flows and transactions[3]; the dramatic changes in the USSR and Eastern Europe which have altered the nature of European space; political instability in the Middle East and Africa; changes in the global environment linked to atmospheric pollution and the 'greenhouse effect'; and continuing trade disputes (Dicken, 1992).

[2] In 1940, the average tariff (taxes levied on imports) on goods was about 40%; after the GATT Uruguay round of trade talks (1986–92) it was about 5%. There has at the same time been a growth in non-tariff barriers to trade such as quotas, import licences, and various regulatory devices.

[3] According to Drucker (1986) both visible (goods) and invisible (services) trade are much larger than ever before — US$ 2.5 to US$ 3 trillion a year 'But the London Eurodollar market .... Turns over US$ 300 billion each working day, or US$ 75 trillion a year, a volume at least 25 times that of world trade. In addition there are the foreign exchange transactions in the world's main money centres, in which one currency is traded against another. These run at around US$ 150 billion a day ... 12 times the world-wide trade in goods and services'.

3.2. Why does globalisation matter for rural areas and people?

Why does this matter for rural areas? First and foremost because it has implications for employment and enterprise. Because capital is increasingly mobile internationally, while labour remains relatively immobile and tied to place, at least two tendencies can be observed. First of all, there is downward pressure on real wage rates, especially in low-skill segments of the economy which tend to be over-represented in rural areas. Secondly, there is a relative shortage of investment capital in high cost producing countries and regions which are unable to maintain their competitive edge internationally. Thus, some rural areas are increasingly being seen as sources of labour; labour that is low cost, reliable and unorganised (Glasmeier, 1993), whilst some industrial labour markets such as those concentrated in early industrialised regions are being by-passed by the current processes of production (Urry, 1984).

The processes of globalisation and restructuring have impacted on almost all areas of economic life, public and private, and are generally recognised in the downsizing, re-structuring and rationalisation of businesses, institutions and organisations in recent years — and changing labour market conditions have followed from this.

3.3. Restructuring of the labour market

The restructuring of the labour market has had common effects in most industrial nations, although the impact on rural areas has been differentiated by greater dependence on fishing, forestry, mining or agriculture and the degree to which capital had already penetrated the local economy. Common elements include the rise of unemployment and the changing nature of work (Pahl, 1984). An increasing number of jobs are contract-based, short-term, and casual, such that an increasing proportion of the workforce has two or more income-earning activities that are part-time and provide limited social benefits. As heavy industry declines and information-based activities expand, the nature of work is changing, with a distinct rise in employment opportunities in the service sector, even in rural areas, and a decline in manual labour. Despite this, manufacturing is still important in terms of local employment. Much deskilling has taken place and

where reskilling has occurred it has been selective and particular to favoured locations (Newby, 1987). In this massive shift in labour market structures the participation of women has generally increased which, together with the growth of feminism, has contributed to an important shift in gender relations and household maintenance (Barthez, 1982; Whatmore, 1990). For most aspects of labour market change, there is an equivalent effect in rural areas.

3.4. The changing role of the state

Globalisation is also changing the role of the nation State. National borders are less relevant in a world of international finance and global liberalisation of trade, the laws of which are determined collectively at the international level rather than by single countries. Governments are increasingly called upon to ensure participation in world affairs by upgrading communications and transportation infrastructures, agreeing to international environmental accords and programs, and reconciling legal and technical difficulties between trading partners. The pressure to remain 'competitive' in the global economy has led to pressure to reduce taxes and other burdens on the corporate sector, and new demands for increased human capital investment. Governments appear to be shifting some of their responsibilities while shedding others, in an effort to balance the budget in a time of fiscal crisis (OECD, 1993). The ageing of the population and high levels of unemployment have added to pressures on public budgets in many OECD countries. Common responses involve the restructuring of defence, social welfare, health and education, as well as efforts to move away from granting permanent subsidies to declining sectors (agriculture, heavy industry) towards an 'investment approach' through which people, sectors and regions can be assisted to improve their competitive position. The role of governments is increasingly to facilitate development rather than to direct it, to collaborate with other nations for trade purposes, and to initiate partnerships with local groups, including local government and private enterprise, to stimulate economic development that is locally driven and cost-shared. The scope for centralised, uniform policies and rural development measures is limited. Rural community development can no longer (if it ever could) be produced as a standardised item of mass production. Policy must be flexible to complement and stimulate local capacities and entrepreneurship.

3.5. The pervasive impacts of globalisation and restructuring

Changes due to globalisation and economic restructuring, either causal or responsive, are evident in all sectors of the economy and in most walks of life. Most corporations, institutions, state bodies, and non-governmental organisations are being restructured in some way. Both the rapidity of change and its unpredictability and complexity lead to turbulence and uncertainty. We do not know whether to consider global restructuring in all its manifestations as a disjunctive or a quantum leap in the progress of capitalism (Drucker, 1986; Campanella, 1990). Some contemporary philosophers liken it to romanticism, a stage in communal life which integrates both traditional values and progress (Hall and Jarvie, 1992). To Giddens (1991) globalisation is a form of advanced modernism, while others, such as Gellner, suggest that it may be post-modern (Gellner, 1988; Harvey, 1989). Whatever one's view of the nature and significance of global restructuring, it comprises a set of external factors which seem likely to go on influencing developments in rural areas and opportunities for rural people for some time to come.

3.6. Summary of globalisation impacts

The most important general impacts of globalisation can therefore be summarised briefly as:

- the impact on employment and work;
- the shrinking of distance through lower costs, and increasing efficiency, of transfer and communications, counterbalanced by increased consciousness of cultural groups and communities[4];

[4] Robertson (1992) refers to this aspect of globalisation as both the compression of the world and the intensification of consciousness of the world as a whole,' but points out that globalisation is not simply a world of converging societies. Accelerated globalisation is counterbalanced by increased consciousness of cultural groups and communities, which is one of the main contradictions of restructuring. The notion of 'global culture' advanced by Featherstone (1990) involves increased global consciousness, but heightened awareness of the individuality of culture groups, reflecting the notion of the 'global village' forecast by McLuhan and advanced by Sachs (1993) as 'cosmopolitan localism'.

- the changing role of the nation state;
- the new role for communities and localities;
- the stress on competitiveness and 'flexibilisation' as main features of entrepreneurial and policy responses.

3.7. Rural impacts of globalisation

Particular impacts of globalisation on people in rural and peripheral areas include:

- global movements of capital and finance, leading to a shortage of external investment capital;
- the decline in agricultural employment and in the relative economic importance of food production, accompanied by structural changes in the farming industry;
- increasingly global penetration of local markets and increased opportunity for local producers to penetrate global (niche) markets, exposure to increased competition, and the related restructuring of capitalism;
- growing inter-dependence between areas and activities which are physically distant from each other;
- increasing efforts to internationalise the terms under which trade takes place, and remove economic and other barriers to trade, including most notably agricultural production subsidies, for example through the GATT and now the WTO;
- the standardisation of many (mass market) products, harmonisation of regulations and standards (ISO 9000 etc.), lowering of trade barriers;
- the introduction and spread of new technologies, especially ICT and biotechnology;
- global cultural flows (e.g. through mass media), evident in mass consumer products;
- demographic changes including increased personal mobility;
- a new international division of labour in which many unskilled jobs and associated production are moving to the Newly Industrialised Countries.

It is not so much the nature of globalisation forces driving change or their general consequences which distinguishes rural from urban areas, but rather the specific forms which these forces take in areas we perceive as 'rural'. We focus on them because rural areas have become progressively less self-sufficient and self-contained, and ever more open to the wider forces (economic, social, political) shaping European and global development.

3.8. Public goods and new demands on the countryside

A second major explanatory factor for rural employment changes is the emergence of new perceptions of the countryside in rich countries with a high population density (e.g. northern European countries), and the emergence of new uses and functions which are linked to these new perceptions.

The economy is comprised of both private (market) and public (non-market) goods and services. For example, food products and pharmaceuticals are private goods of the agricultural sector while pleasant landscapes, clean water (also now a private good) and air, biodiversity and culture are all public goods. Public goods are those which cannot be directly traded as it is difficult or impossible to exclude non-payers from their benefits. However, a further feature concerns the important of public perception of 'rurality' and the social construction of the countryside in general — Newby's 'village in the mind'.

In many cases public goods are critical resources in creating indirect trading activities, for example, they underpin the development of tourism and recreation, and the perceived desirability of rural living. They are also vital for human welfare in both rural and urban areas. The fact that public goods such as a pristine environment or beautiful landscape cannot be traded directly creates the difficulty of valuing tradable versus non-tradable goods which, in the end, places heavy demands on political processes. If a good cannot be traded, should it be protected or preserved merely as a natural amenity? Since non-tradable goods cannot be de-localised, how important are they in (indirectly) establishing local competitive advantages? Who should pay for their maintenance and enhancement, and how should it be financed?

Because of the strong link between public goods and new urban consumption demands on rural space in richer regions/countries with high population densities, they are a vital influence on both the nature and extent of new rural economic activities. For example, urban consumers increasingly see rural areas as important for rest and recreation, for fresh air and clean water, as offering lifestyles with advantages over those

in urban areas, as having cheaper and more spacious housing, with positive features of culture and heritage which are worth preserving, and so on. Thus, public goods have an increasingly important influence on the relative competitiveness of different rural areas and offer scope for local action in a range of diversified economic, social, cultural and environmental activities.

3.9. Human mobility

Movements of people are a key aspect of rural change and development. In-migration, out-migration, retirement, the retention or loss of young people, the return of diaspora, commuting, recreation and tourism are all dimensions of this movement. So too are issues of personal and public transport, the location of services (increasingly centralised), the location of employment and housing need, provision and cost. Both out-migration and in-migration have consequences for local people, local societies, local economies, local politics and local cultures. In-migration can offer both threats and opportunities.

The movement of people (and indeed enterprises) into rural areas is not only determined by the availability of work and other economic opportunities, but also by the new values placed on rural space — clean environment, community life, space for leisure, pleasant landscapes, healthy 'lifestyles', rural culture, etc., as well as, in some cases, availability of redundant buildings and lower cost housing.

Previous studies have indicated two types of migration from urban to rural areas: job related migration and residential migration. Much of the literature on urban to rural migration has assumed that these two types of migration are closely related and that occupational change implies a change in residence. Blanc and Tahar (1997) suggest that there are different factors influencing job related and residential migration and the two types of migration should be looked at separately. Drawing on a 1985 INSEE survey, they assess the relationship between occupational and residential migration and indicate that the two types of migration are not interrelated. The analysis suggests a one-way correlation between occupational and residential mobility: i.e. although occupational mobility influences residential mobility, the reverse is unlikely to be true.

Lower population densities in rural areas mean that it is difficult for people moving to a new location to find work and people starting a new job to find housing. However, the rural housing market is in general easier to access than the rural labour market. Three reasons are given for this:

- building one's own house is easier than creating a paid job for oneself;
- vacant houses are not uncommon in the countryside after the long period of rural exodus;
- a person's skills are more specific than housing preferences, and finding a match when there is a shortage is easier on the real estate market than on the job market.

This argument is substantiated by Persson et al. (1997) who focus on the decreasing influence of rural employment availability on individuals' decisions to move to rural areas. They suggest that lifestyle choices are increasingly important in maintaining rural populations, both in encouraging people to move to rural areas and in creating jobs in the area in which they live. A survey of in-migrants in rural Sweden illustrated that employment was not the main reason for their move, and reasons such as moving back to their roots, searching for a sense of community and a non-metropolitan lifestyle were identified. A survey in southern Canada indicated a large proportion of families having diversified their sources of income to maintain particular lifestyle choices such as taking holidays, to benefit children or to sustain family consumption patterns.

Persson et al. use the concept of the 'Arena Society' to illustrate the diverse nature of rural labour markets, the increasing importance of lifestyles in rural areas, and the supply of entrepreneurs able to work at home, provide business, education and health services. They also develop the concept of 'reach' — broadly defined as 'the capacity to compromise the surrounding world in one's sphere of influence' (p. 155). For example, *physical reach* in the form of links with larger population centres is important in rural development, but also important are the dimensions of social reach, time reach, knowledge reach and economic reach in understanding the differences between rural households, and the effects of new technologies. In essence, this concept highlights the importance of different kinds of 'networks' in transcending the boundaries of local space and local markets.

Contemporary lifestyles are influenced by global trends and the pluralistic characteristics of 'footloose' labour markets. Persson et al. make the point that more individualistic lifestyles are developed through a better educated workforce and the emergence of knowledge and information based small production units with flexible working conditions. It is increasingly possible to make choices about where to live and work based on considerations other than just employment opportunities. They predict that the search for quality of life will have a significant impact on settlement patterns.

Persson et al. go on to suggest that the place given to employment creation in rural planning is of less importance today, and that planning at local level is the most appropriate way to assist rural communities to develop their own advantages. 'Public policy should pay as much attention to micro-regional character as is paid to expensive job-creation programmes' (op. cit. p.161).

Errington (1997) also observes that opportunities for rural employment are no longer the essential mandate in keeping populations in rural areas. The concern of policy in rural areas to counteract depopulation has to a certain extent been superseded by a growing outflux of populations from urban to rural areas. However, Errington argues that there is still a case for government intervention in rural employment because of the contribution that local employment opportunities make to achieving balanced (i.e. sustainable) rural communities. He illustrates this point through his study of the village of Lambourn in Berkshire, England, focusing attention on the extent of car use in and around the village. Errington's survey indicated that levels of car ownership were similar for those who worked in the village and those who commuted, but the weekly distance travelled by commuters was two and a half times greater than those who worked in the village. He suggests that more local employment opportunities would reduce the environmental and social costs of commuting, thereby contributing to a more sustainable rural society. This is, of course, an intermediate rural area, close to the south-east England metropolitan area.

Other elements explaining employment changes include:

- neo-classical arguments relating to factor prices;
- impacts of new technology (distance-shrinking effects);
- human capital (not just education, but also lower labour force turnover, loyalty etc.);
- 'social capital' (Putnam, 1993), including institutional effectiveness and propensity of local actors to co-operate;
- flexible networks, linked to previous co-operative structures in agriculture (Piore and Sabel, 1984; Zacchia, 1986; Beccatini, 1990).

The scope for local actors to encourage activities based on these factors is largely beyond the scope of this paper. However, it is clearly influenced by a set of less 'tangible' resources or capacities which may be more, or less, present in local societies. They include effective 'governance' and propensities of local actors in private, public and voluntary spheres to co-operate, as well as material conditions, influence over other 'public goods', resource markets such as those for land and minerals, labour and knowledge, as well as a range of networks and the relationship between these and communications infrastructure. This suggests a new field for cross-disciplinary research which can penetrate the reasons for wide differences between the medium and long term performance of rural localities in similar policy and geographical locations. These issues are further explored in Dawe and Bryden (1999) and Bryden and Dawe (1998).

4. Conclusion

There are many different forces at work leading to a restructuring of rural economy, society and labour markets. What is surprising in a sense is the consistency of many rural employment changes — the inexorable decline in agricultural employment, the increase in services employment, especially that linked to tourism and recreation — and their coherence with changes in urban labour markets (feminisation, shift to part-time and casual work etc.). However, it is clear that rural labour markets are still biased by low-skill, low paid work, that they face tremendous potential changes as the growth in knowledge and information work begins to dominate the labour market, and that new technology and its creative use in rural contexts, as well as human resource development

and attention to less 'tangible' resources including 'social capital' in its various guises will be very important in future transformations.

Existing theories, either of the neo-classical or core-periphery school, are of little help in terms of understanding differential economic performance between rural areas, even those in geographical peripheries. They do not account for the differential performance within such peripheries, nor do they consider important aspects of social or environmental capital or the new 'consumption' demand on rural space. We suggest that a new field of cross-disciplinary research is opened up, dealing with the multi-faceted factors which appear important for such explanations. In developing new methods for examining the phenomenon of differential performance between rural areas, more attention needs to be paid to the residual term (R) in the production function. An unpacking of 'R' necessarily involves paying attention to less 'tangible' and hence less easily measurable factors such as institutional performance and culture, and thus implies the need for inter-disciplinary approaches and methods.

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