RURAL POLICY AFTER THE RENAISSANCE: WESTERN EUROPEAN AND AMERICAN PERSPECTIVES

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Rural economic and social trends, and underlying problems, are remarkably similar in the United States and western Europe. In both Europe and the United States the well-being of the agriculture sector and farmers is often equated with the well-being of rural people. This results in similar political and public policy confusion here and abroad. However, Europeans look far more to government to protect rural interests and the rural territory.

Similarities in Rural Conditions and Worldwide Trends

The recent economic and demographic history of western Europe's rural territory is very similar to that of the rural United States: continued contraction of employment in farming; a change to dependence on other sectors, first to manufacturing and later to services; overall economic diversity that masks many narrowly-based local economies; a general rural revival in the 1970s with attendant rapid rural job and population growth (Long, pp. 11–15); and, if lagging European statistics bear us out, a return in the 1980s to the pattern of comparative rural stagnation typical of the 1950s and 60s.

The same world-wide economic forces are influencing western Europe and the United States as they compete in the same world markets. European governments striving for "competitiveness" have taken many measures similar to those taken by our own government: deregulation, privatization and decentralization of government (Long, pp. 12–13). And many of these measures, intended to improve overall national economic efficiency and competitiveness, probably have had negative effects on the economies of dispersed settlements in Europe as well as in the United States.

Comparison of European and American Policies

We will compare American and European approaches to dealing with rural areas and their problems along three dimensions:

1. The national importance attached to "territorial imperatives." By that term we mean the commitment to a form of economic development that allows people to continue to live in the countryside if they wish, without sacrificing a standard of living that at least approaches the national norm.

2. The place of agriculture and the role agriculture policy is expected to play in the development of the rural economies of the different countries.

3. The overall role of government in managing the economy toward "social ends." It is the interplay of these three elements that produces what, by generous definition, may be called a country's "rural policy."

The Territorial Imperative

Those in Europe and the United States who are concerned with rural development are interested in improving human economic well-being, but with the added condition that the improvement be associated with place. They believe something important would be lost if only by moving to cities could *all* rural people obtain an acceptable level of income and higher standard of living. Rural development contains an implicit territorial imperative. It implies increasing opportunities for rural people to improve their economic and social well-being *where they prefer to live.*

That is not easily accomplished. Rural areas in the United States and western Europe have lost some of their most important economic mainstays and without them they are the victims of inherent economic disadvantages compared with cities or metropolitan areas.

Rural Areas in the U.S. Economy. The economic advantage of any place is the resources or products in demand which only it can provide, or which it can provide at less cost. In the early days of our nation, the major economic attraction of rural areas was the availability to settlers of cheap land in the large quantities then needed to produce comparatively (to today) expensive food. Through explicit public policy and the pressure of population growth in Eastern cities, people were drawn to the opportunities of the frontier. While most went to farm, in this early period there was also the lure of jobs and the possibility of great wealth from logging and mining.

As late as 1940, the combination of farming, forestry, fishing and mining made up over 12 percent of GNP and employed over 21 percent of the work force. As long as technology and changes in the composition of final demand did not dictate otherwise, the role of rural places and large numbers of rural people were relatively secure. But in the past forty years both of these factors changed dramatically.

After World War II, mechanization of farming proceeded at a breathtaking pace. Between 1945 and 1980 the number of farms declined by 3.5 million, and the farm population shrank to less than 10 percent of the rural population, as millions of rural people moved away to take jobs in the cities' expanding factories and service businesses.

Since 1950, about 80 percent of all the new jobs created in the United States have been in services industries. Many of these services are closely tied to the goods-producing sector of the economy, but they do not require a large component of "rural goods"—food, wood products, minerals, etc.—to produce their services. That is, very little of the value added in the services industries depends on natural-resource-based production. Thus, the growth of services in the economy can be seen as an indicator of the declining relative economic advantage of rural places.

Despite these underlying weaknesses in competitiveness, rural areas experienced a substantial expansion in goods-producing industry employment during the 1960s and early 1970s. Their share of American manufacturing employment, for example, increased from 21 to 27 percent from 1960 to 1980. Most of the growth in rural manufacturing employment occurred in the East and South. This expansion had numerous causes, including cheap land and labor and comparative freedom from institutional constraints such as zoning requirements and labor unions.

These factors have not been sufficient into the 1980s to continue the strong employment growth trends in rural manufacturing. A down-sizing of manufacturing plants in this decade has diminished the importance of land costs in decisions about where to site a branch plant. More important has been the employment restructuring within manufacturing. While American manufacturing employment declined by 6 percent from 1979 to 1985, white collar manufacturing employment, which is primarily located in metro areas, increased by 10 percent. The major job losses in manufacturing were among blue collar occupations. Because 75 percent of rural manufacturing jobs are blue collar, this adjustment has been disproportionately among rural workers. Finally, the long-run competitive position of American manufacturing, especially routine production activities of the kind concentrated in rural areas, is questionable. In a truly global marketplace, cheaper labor can always be found elsewhere; more importantly, labor has become a comparatively small and shrinking component of the cost of manufactured goods. It is unlikely, then, that cheap rural land and labor will assure future growth.

Still, some rural areas have grown substantially during the 1980s. They offer high amenities, i.e., they are attractive to retirees moving out of cities and other rural areas, and to owner/managers of footloose industries with a preference for a rural location. They have lakes, mountains or shorelines that make them desirable for recreation or as residences for those with a choice. Since 1983 virtually all of the increase in rural population has occurred in the 500 counties the Economic Research Service (Bender) identifies as retirement-in-migration counties. (See map).

Our interpretation of these patterns is that rural advantage based on natural resource activities has ended as a likely source of future growth, and with it the economic rationale for many rural towns. Likewise, American manufacturing adjustments to the emerging global marketplace make the strengths rural areas once had as a location for new plants less attractive. It seems unlikely that expanding goods-production employment will fuel improvements in the well-being of as many rural communities as in the recent past. But rural areas that are scenic, have an agreeable climate and interesting recreational opportunities, or are located within commuting distance of an expanding urban area probably will have strong growth. These patterns imply that the most difficult and intractable problems for place-oriented rural growth strategies will be in sections of the Corn Belt and the Great Plains.

Less needs to be said about why rural areas overall are at a disadvantage in comparison with metropolitan areas. Central place theory, perhaps the most powerful concept of regional science, suggests that the rural territory, with low population density, limited economies of scale and greater distance to markets, information, technology and specialization, will probably always lag behind in a purely market driven economy. Left to market forces alone or under the influence of the macroeconomic strategies designed to achieve national employment and inflation goals, rural areas will likely remain at an economic disadvantage. Nor will categorical or sectoral policies help them, unless such policies are explicitly designed with rural areas in mind. Ignoring the spatial dimension of social and economic problems simplifies efforts to remedy them. But that simplification usually comes at the expense of rural areas.

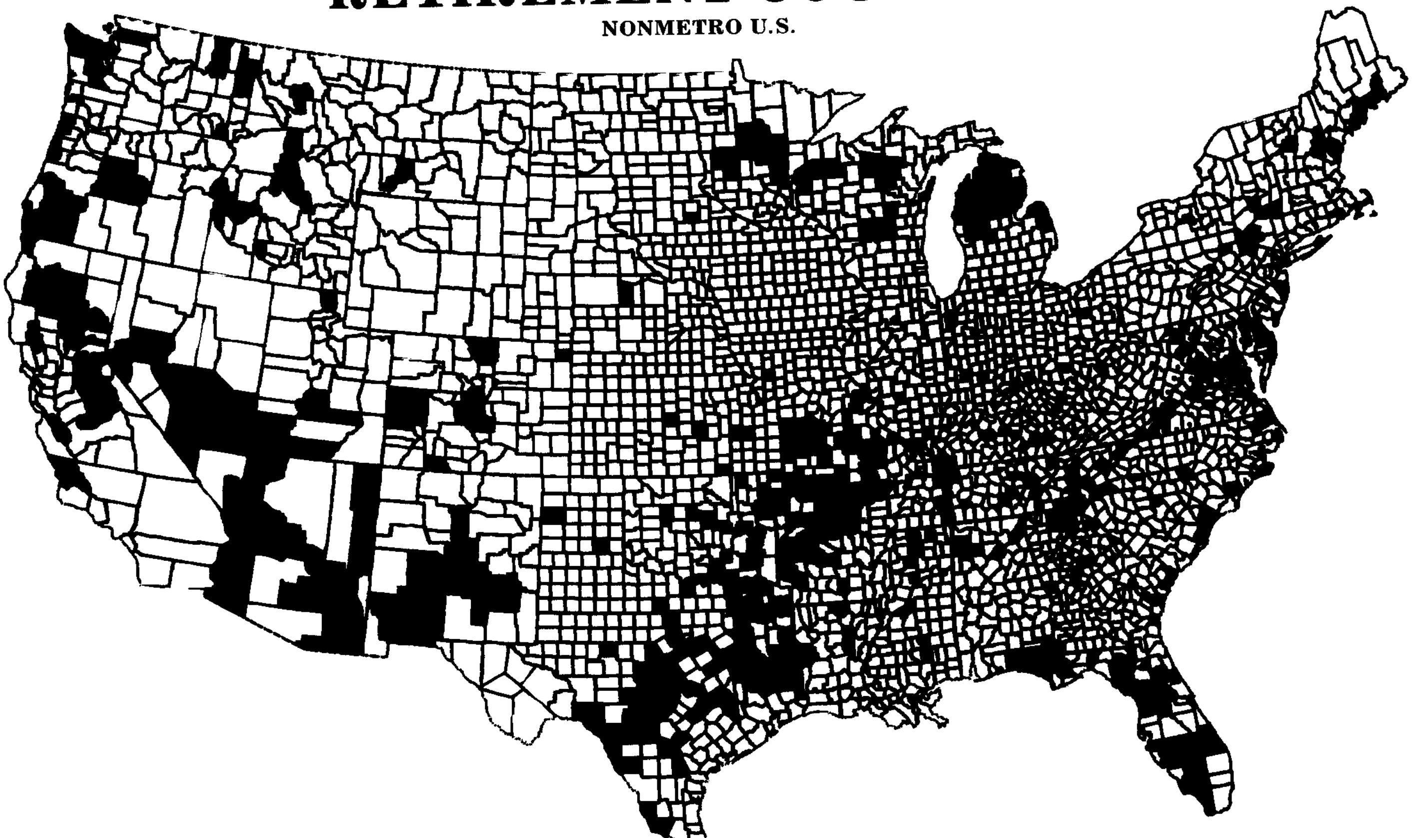
U.S. Concern for Rural Areas. Cities have most of the economic advantages and economic history is largely the story of the growth of cities. There is evidence that the same fundamental economic push-pull force, a strong financial incentive for urban migration, is still at work in the United States today (McGranahan). That movement of people, from the countryside and small towns to larger cities, is a source of considerable emotional pain that fuels concern for the otherwise abstract commitment to territorial development.

Residents and merchants see their way of life and livelihoods threatened. Parents are distressed by the prospect of separation from their children and grandchildren and elected officials see their constituencies and electoral bases eroding.

The wise public official in a democracy is sensitive to community pain and demonstrates his or her awareness by articulating the feel-

RETIREMENT COUNTIES

NONMETRO U.S.



ings of the community. Indeed, the political rhetoric deploring rural outmigration is the best evidence we have of a territorial imperative. For example, at hearings on proposed rural development legislation held in the spring of 1988, Senator Lawton Chiles of Florida expressed the concern usually voiced by officials whose states are faring worse in population decline:

> USDA tells us that 632,000 people moved from rural to metropolitan areas from 1985 to 1986. Nearly half of all rural counties lost population during 1983–1985—compared with 20 percent that lost population in the 1970s. As a result, rural America is aging. . . .
>
> These trends scare me. They tell me that the future of rural America is also dying. If we cannot keep the young people interested in staying in their communities—with their vigor, enthusiasm and energy—these communities will disappear. And the social consequences for those left behind will be even more profound (Chiles).

But legislation creating rural development programs has rarely corresponded to the rhetoric. We know of no program specifically helping only places experiencing outmigration. The law that created the Economic Development Administration, did not specifically direct its assistance at such areas. Nor did the laws creating any of the Farmers Home Administration rural development programs. Moreover, our basic agricultural policies have supported the mechanization and consolidation of farming facilitating the rapid loss of farm population and the decline of many farming communities.

The numbers are really quite remarkable. Between 1950 and 1985 our farm population declined by an estimated 17.7 million people, and the net migration from rural to urban areas in the same period exceeded 18 million.

Nevertheless, until the emergence of serious urban stresses in the 1960s, especially the riots of that decade, there was surprisingly little talk about outmigration or rural depopulation as a major developmental problem. In fact, in the United States there is another school of thought. We are a nation of immigrants whose forebearers came from every continent. Why should we be so troubled if the grandchildren of Swedish peasants who traveled thousands of miles to make new homes in South Dakota now have to travel a few hundred miles to make a new home in Minneapolis? If we are committed to the results of market efficiency in so many other respects, why not in location decisions? Though rarely articulated, if we consider the results, this philosophy has prevailed.

European Concerns. At the rhetoric level, the comparison with Europe is striking. If anything, Western European leaders and governments are even more articulate about the territorial imperative. European political leaders seem as aware of rural problems as American leaders and they express similar concern for the plight of economically disadvantaged rural people and communities losing population. The Council of Europe, made up of twenty-one countries, is conducting a "Campaign for the Countryside." The project seeks to address a diversity of problems, but begins with "disadvantaged rural areas threatened by depopulation, economic decline and a diminishing quality of life." Similar concerns have been expressed by many countries in the Organization for Economic Cooperation and Development's (OECD) Rural Public Management Project.

The subject comes to the fore in electoral politics in Europe as well. Raymond Barre, the moderate Gaullist candidate for President of France in last April's election, for example, promised a policy of planning for the development of France's rural territory as part of the first item in his election manifesto. The ultimately victorious socialist coalition made similar promises.

At the urging of the European countries, the agendas of the last two economic summit conferences have included the problems of nonfarm rural economic development among the serious issues that face modern economies. And as the European Economic Community (EEC) moves toward implementation of the Single European Act (SEA), virtually abandoning EEC trade and border constraints by 1992, the development of the lagging rural areas is a major part of the political agenda.

The territorial imperative takes forms in Europe that are unfamiliar to American ears. Europeans are concerned with the ecological consequences of depopulation, what they call "desertification." The European territory has been more densely settled for over a thousand years, and in this European view, much of it must be maintained by man in order to protect the ecology, the natural and social environments, and national esthetics.

Territorial concerns manifest themselves in some European countries, especially in the less populated north, as important to national defense—the need to have people in remote areas to assure that a potential enemy does not encroach unobserved on a country's borders. There is a similar concern about occupying space with ethnic nationals in countries with a large localized ethnic minority or refugee population. Furthermore, there is a strong interest in maintaining ancient ties to the historical and cultural identity that many nations feel with their rural roots.

Even though rural to urban migration in Europe has been slower than in the United States, the changes in rural areas of most of the EEC countries has been substantial. The most populous European countries have proportions of urbanized population comparable to that of the United States (Table 1).

Table 1. Comparison of Urbanization

Nation	Population in cities of over 50,000
	(Percent)
United Kingdom	69.8
United States	61.4
Spain	53.7
Germany	52.8
Switzerland	50.9
France	50.7
Greece	49.4
Netherlands	44.3
Denmark	37.9
Italy	37.7
Ireland	33.4
Sweden	32.9
Austria	32.7
Belgium	30.0
Norway	29.6
Finland	27.3
Luxembourg	21.8
Portugal	15.9

Source: *Rural Public Management*, p. 19. Paris: OECD Press, 1986.

Agriculture and Rural Policy

As we noted earlier, the role of farming in the economies of most western European countries is declining, with farm employment in 1982 ranging from about 29 percent of all employment in Greece to about 3 percent in Great Britain (Table 2). The proportion of farm employment in the EEC countries fell from 18.6 percent in 1960 to 7.6 percent in 1982, an annual rate of decline of 3.8 percent.

In spite of agriculture's shrinking share of employment and a corresponding decrease in its share of gross domestic product, agricultural policy is as difficult to disentangle from rural development policy in Europe as in the United States. Agricultural and rural well-being are as closely identified in the popular mind and political processes of Europe as they are in the United States.

Farming continues to play a bigger role in some European economies and most farms are much smaller than American farms. Farmers' income often depends to a larger degree on government programs. Income levels among farm households and the effects of farm income on poverty rates are genuinely more significant considerations in national policy in Europe. These facts, in combination with erroneous perceptions about rural life, help explain why more money goes for the programs that support farmers than is available for general rural development. The cost of maintaining the Common Agricultural Policy (CAP) is the principal factor, though all European countries also have additional national programs to assist their farmers.

Table 2. Declining Farm Employment

Nation	Civilian Employment in Agriculture 1960	1982	Annual Rate of Decline
		—Percent—	
Greece	57.1	28.9	0.1
Portugal	43.9	28.9	2.9
Finland	42.4	25.9	NA
Spain	38.7	18.3	3.5
Ireland	37.3	17.3	3.1
Italy	32.6	12.4	4.2
France	23.2	8.3	4.0
Austria	22.6	8.7	4.2
Norway	21.2	8.0	NA
Denmark	18.2	7.5	NA
Luxembourg	16.6	4.7	NA
Sweden	15.7	5.6	3.9
Switzerland	14.6	7.1	2.7
Germany	14.0	5.5	4.3
Netherlands	9.8	5.0	2.2
Belgium	8.7	3.0	4.5
United States	8.5	3.6	2.0
United Kingdom	4.7	2.7	2.5

Source: *Rural Public Management*, p. 19. Paris: OECD Press, 1986.

The Common Agricultural Policy

In addition to its high cost to European consumers, producer payments under the CAP now absorb nearly 75 percent of the entire EEC budget. That share is grossly disproportionate to the dozen other important activities being undertaken by a rapidly growing EEC, let alone activities to assist rural areas. Recent reforms in the computation of country shares of the EEC budget have been driven by the need to have available enough funds to cover possible sharp future increases in the cost of the CAP; this is a source of growing resistance on the part of Great Britain and other less agriculturally dependent countries. The respite created by higher world prices resulting from the drought in the United States is likely to be only temporary.

A principal reason governments continue to spend so much on farm programs as rural policy is because they are uncertain about other intervention strategies to hold population in rural territories. However, in spite of their intuitive appeal, farm programs do little to accomplish that goal. Rapid structural change continues in rural Europe while Europeans pay for record subsidies at the supermarket and with their taxes. In France there has been a dramatic decline in the farm population since 1980 and a recent OECD study projects significant further reduction by the end of the century. Americans might recognize the similarity to our own situation. Here, despite record high government payments to farmers and record high farm income in the middle 1980s, farm dependent rural communities continue to lose population to metropolitan areas at or near record rates.

In England there are so few farmers left that policy makers no longer even discuss farming-based rural strategies. Instead, there is discussion of paying some rural people to serve as "scene-keepers" of the rural countryside—an appeal to one of the alternative formulations of the territorial imperative mentioned above.

Another reason for agriculture's continuing place in rural development strategies in most of Europe is its comparatively great political muscle. Many European countries practice a version of syndicalism. Under this arrangement, organizations of tradesmen, producers and craftsmen are given quasi-official status. For example, one farmers' organization in France is designated by the party in power as the official representative and spokesman for farmers. That organization speaks for rural people as well as farmers and is officially consulted on national legislation concerning farmers or rural areas. Major farm and commodity groups in other countries and at Brussels, the headquarters of the EEC, exercise influence similar to that exerted by commodity associations in American politics. As Huillet and van Dijk observe, "Powerful agricultural lobbies have long held sway where *everyone* concerned with rural development ought to be allowed to voice his or her opinion; and pockets of privilege can often be found between the legislature, the executive and the agricultural lobby" (Huillet and van Dijk).

In nearly all of the EEC countries, considerable research attention is being paid to the implications of structural change on employment and income among families. As here, multiple job-holding among farm household members has been increasing. Provisions to encourage what is called "pluriactivity" are seen as a legitimate rural development strategy, even in those countries in which farm fundamentalism remains strong.

Government in Pursuit of Social Goals

The United States government has from time to time embarked on expensive programs to address serious regional or territorial disparities in income and standard of living. The Tennessee Valley Authority (TVA) was created to aid in the economic development of a defined, multi-state area with limited resources, an area that frequently had been ravaged by floods and that contained a very poor population. The electrification of rural America was undertaken with massive subsidies from the taxpayers. Rural telephone systems were created with similar subsidies provided by all taxpayers and/or users of other telephone systems. The principal justification for the latter programs was that rural (at the time mostly farm) people should enjoy the fruits of our society's advancing technology, even if investments were not feasible for private utilities and whether or not they were cost-effective in a market sense.

Similarly, the major rural development programs of the 1960s, those operated by the Economic Development Administration and the Appalachian Regional Commission, were aimed at stimulating economic development to overcome rural poverty.

But the broad political consensus needed to mount a major federal rural development program has disappeared. There are many reasons: national growth has slowed and with it the source of funds for such programs; there are now many more, well-organized competitors for assistance; the importance of farm poverty in rural areas has declined and with it the power of farm plight to marshal support for general rural spending; indicators suggest that some of the most egregious rural distress has lessened; and the decade of remarkable rural growth in the 1970s led people to view rural decline as largely behind us.

Commitment to grand regional-territorial development programs has diminished in Europe as well. But support for two territorially significant kinds of programs continues there. Probably most important is Europe's more extensive social welfare system. There, social welfare benefits reduce regional disparities in income and living conditions by providing a uniformly higher minimum income and standard of living, at least in the wealthier countries. The reasons Europeans are willing to support greater social equalization are deep in history and political culture. Most European countries are more ethnically homogenous. And their political parties are stronger and more ideologically motivated than American parties. Their politicians are less open in courting purely local interests. Rather, there is a fairly strong consensus for continuing inter-regional transfers to disadvantaged provinces or areas, referred to as "the solidarity principle."

The same principle is applied, somewhat modestly, at the level of the European Economic Community. In admitting Spain, Portugal and Greece, the EEC countries consciously undertook economic sacrifices to support poorer, less developed economies. And a small part of the EEC's budget for many years has been set aside to address regional disparities by aiding what are called the Least Favored Areas (LFA). There are such areas, mostly rural, in virtually all of the countries in the EEC, but there are more and larger ones in rural parts of the poorer countries. Aid to the LFA is conditioned on the preparation of comprehensive development plans.

Plans for greater European economic unification in 1992 contemplate expanded LFA assistance. Jacques Delors, the European commissioner, has submitted proposals designed to deal with new imbalances which are expected to result from the Single European Act. His proposals include an examination of new structural and social policies to strengthen weaker regions. The EEC structural fund for disadvantaged areas and declining industrial regions was recently doubled.

The EEC has also contracted with the Arkleton Trust to lead a consortium of researchers in a study of farm households affected by the contraction of the agriculture sector. That study will measure the impacts of change, the availability of alternative employment and how farm families respond. It will focus especially on multiple and off-farm job holding and new sources of family income.

Turning from the activities of the EEC to individual Western European countries, we perceive another difference between American and European programs. That difference is the European willingness to go beyond indirect business subsidies, commonly used in both places, and use more direct tools for development that are anathema to policy makers in this country. For example, several countries in Europe have provided capital grants to encourage private firms to locate facilities in specified rural areas. Several European countries have also experimented with wage subsidies, rather than capital subsidies, to target the benefits of development toward the unemployed or underemployed. And European policy makers have been in the forefront of discussions on how to encourage service-producing industrial growth through public policy intervention such as using lump sum anticipated unemployment insurance payments to start business.

Because state-run enterprises have been a more important part of virtually all the European economies, governments have had somewhat greater latitude and willingness to direct investment into depressed regions and rural communities. It is possible to overstate the impact this approach has had and some such projects have proved expensive and ultimately unsuccessful. But its use is a significant difference between Europe and the United States. Carried further, it has also led to governments joining with private investors, taking an ownership stake in the rural enterprises. These cooperative efforts are a literal application of "public-private partnerships" for rural development, a term often used in the United States, but with a meaning that is less clear. Except for some new state programs about which we know little, we know of no examples of similar approaches in this country.

Conclusion

Both in the United States and in Europe much of the public and most officials are aware that continuing economic pressures and structural changes will cause migration from rural to urban areas. Officials in both places deplore the consequences of that migration because of the difficulties it will cause the movers, the adjustments it will certainly require among the people and communities they leave, and the stress of absorbing the movers in cities. Europeans sometimes express additional concerns about the implications of the depopulation of their rural areas on the environment, on esthetics and even national defense.

Agricultural policies that are narrowly focused on production subsidies will do little to slow the adjustments in agriculture that contribute to rural-to-urban migration. Furthermore, the "post-agricultural" diversity of rural economies means that no sector-specific policies can cope with the breadth of adjustments facing American and European rural areas. Dealing with these adjustments requires a broad-based, comprehensive approach to dealing with rural disadvantages. It also requires an approach that will sometimes have to override the application of national "market efficiency" tests of feasibility. Given the relatively slow growth in per capita income here and abroad since the early 1970s, we believe it will be difficult to achieve a political consensus on such a policy. Furthermore, given our limited knowledge about successful ways to intervene, we would find it difficult to prescribe such a policy if we were asked.

Unlike the United States with its Rural Policy Act of 1980, no Western European country has an explicitly stated rural policy or "rural policy process." Our European colleagues sometimes point to that law as evidence that their countries trail the United States. Yet, there remains in Europe a greater willingness for governments to intervene more directly for the specifically social goal of keeping rural territories populated. And the European commitment to a more equal income distribution, especially at the bottom, means that fewer of the rural people who are left behind will be poor and as comparatively underserved as in the United States. As we noted earlier, this will reduce at least some of the economic gains to be achieved through migration, thereby reducing the rate and ultimately the size of the adjustments required.

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