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Demographic Change, Provision of Public Services and the Role of Agriculture in Remote Rural Areas: Findings from East Germany

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Abstract

Many rural areas in (East) Germany are characterised by declining birth rates and selective migration. Similarly, the rural economy is stagnating or even shrinking. Many communes are no more in a position to guarantee legally stipulated provisions of basic public services. In many rural areas agricultural production is the only remaining economic activity left while artisans and service providers have given up. In this contribution, it is analysed how agricultural producers in remote rural areas are affected by demographic change. In addition, it is discussed whether they already provide basic public services in their areas, or could do so in the future.

Key words: rural development, demographic change, provision of public services, agricultural enterprises

JEL: J11, P32, Q1

1. Introduction

At the middle of last century (agricultural) economists (e.g., Lewis 1954; Johnston and Mellor 1961) agreed that economic development is characterised by a declining share of the agricultural sector in employment and income. In general, statistical data support this conclusion at national and international levels. However, in many remote rural areas in East Germany a countervailing development can be observed, particularly at village or micro level. In these areas agricultural production is the only economic activity left while all others have been given up.

This economic development is accompanied by a massive change of the population structure. Rapidly declining birth rates and a selective outmigration pattern, particularly of the young, educated and female inhabitants, lead to a shift of the age structure and to a long lasting contraction of the population. Hence, the structure of the remaining population is highly unbalanced with respect not only to age and gender, but also to cultural and intellectual resources. Due to these processes many rural communes are no more in a position to meet their legal obligations and to provide those basic public services which are seen as indispensable for a decent human well-being.

2. Research questions

In order to shed some light to this problem an empirical investigation had been executed in a remote rural area in East Germany. The two districts of the Altmark Region in the Federal State of Saxony-Anhalt are characterised by moderate economic growth and a rapid change of the population structure since the collapse of the socialist regime and reunification. It might serve as an example how to cope with this change. In a first round semi-structured interviews had been conducted with 137 key informants in the two districts (political, economic and cultural decision-makers). In a second round, 134 farmers (of which 80 were individual farmers and 54 managers of corporate farms, i.e. transformed agricultural production cooperatives and limited liability companies, respectively) were interviewed with the help of a structured questionnaire.

In the analysis we focused on two major aspects: On the one side, it had been enquired whether the farmers were facing increasing problems in recruiting agricultural labour. Until recently farmers had no problem at all. They used to substitute the production factor “labour” with “capital” and, still, there were always enough prospective people available for replacing the retiring and ever declining labour force. Agricultural entrepreneurs just could choose among various candidates. The key informants’ interviews were, however, telling a different story: They indicate to problems in finding qualified labour.

On the other side, it was enquired whether agricultural producers play a role in providing communal services these days; if so, what type of services do they offer, whether private farmers act differently to managers of corporate farms and, if they do so, what are their incentives which might contradict economic rationale. In the past, agricultural enterprises used to play a vital role in the maintenance of communal services, like the noble estates up to 1927 in the Free State of Prussia (up to 1918 Kingdom of Prussia) (von Dassel, 1934) and, more recently, the collective farms during the socialist period (“socialist villages”) (Schoene, 2011).

3. Results

About three fourth of all respondents observed that the average age of their farm workers is increasing. Similarly, more than 60 per cent of both groups agreed that it is becoming more and more difficult to find skilled farm workers. The period of looking for new recruits has increased significantly. It takes about half a year for individual farmers and about 31 weeks for corporate farms to fill an advertised job for skilled workers. The situation with respect to finding new apprentices is particularly striking. In remote rural areas the farm profession is not very attractive among the youth, anymore. Almost every fifth farm (individual and corporate) complains about job vacancies for an apprenticeship which comes up to about every second advertised position. This finding totally contradicts the official statistics which report higher unemployment rates and, on average, lower wages in agriculture. We assume that this reported lack of skilled labour will have severe repercussions on the future organization of agricultural production and farm structure.

Our findings also show that agricultural enterprises – often without financial compensation – provide basic public services in the remote rural areas. In general, these services are to some extent linked to agricultural production activities. About half of the all farmers place their machines and equipment at the disposal of fire brigades, about one third of each group takes over winter services (clearing the roads of snow and ice) and offers transport services to rural inhabitants to the nearest centres. About one fourth of the corporate farms is active in disaster control. Individual farmers are more inclined in offering support in the maintenance of social infrastructure (e.g., provision of rooms for a kindergarten or youth groups). However, we could not quantify the size and extent of these offered services. The main reason seems to be their social-emotional link to the rural population.

4. Conclusions

Agricultural enterprises in remote rural areas, particularly corporate farms are more and more confronted with the problem of finding skilled labour. Whereas in the past farm restructuring and demographic development went on side-by-side, there seems to be some feedback by now. While we could not analyse this problem fully, we suggest that demographic change might become an influencing factor of agricultural change. In addition,

our findings show that farms are prepared to provide basic public services even if it is costly. However, farms can only provide these services in the future if they are making profits.

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