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Rural Trends In Western Europe Parallel Our Own

Europe and America share a host of similar rural problems, but not a common approach to solving them. Social and political differences make it unlikely that we can easily transplant and adopt European programs. But observing the similarities can help us understand the global nature of the forces at work and account for them in our own solutions. Europeans have tended to rely on centralized government approaches but, like the United States, are now emphasizing decentralization and private market approaches.

The same economic and demographic trends we see in the United States are also sweeping rural areas in Europe. Although this has been true for some time, it is not widely known. Americans still think of our rural areas as unique products of our history and American agriculture. Concentrating on some of the common trends rather than focusing on what makes us distinct offers a wider perspective for thinking about rural development here. Such an approach may prove especially fruitful now, when world conditions more than ever are influencing rural America and will continue to do so. Although social and political differences color national perceptions and definitions of problems, Americans and Europeans may learn a good deal from each other's approaches to rural development.

The rural parts of the United States and the European Community (EC) occupy major portions of their continents. Both also encompass extensive physical and social variety. Similar economic and demographic trends are under way in both. Yet despite these similarities, quite distinct social and political structures characterize the United States and Western Europe. These varied structures in turn create sometimes subtle differences in how Europeans and Americans view the trends and the resulting changes. There often seem to be important nuances in what, on the surface, seem to be similar American and EC goals and rural policy processes.

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Common Trends Reshaping Rural Europe and Rural America

Rural Western Europe is as diverse as rural America. There is considerable geographic, topographic, climatic, and ethnic variety within many of the larger European countries, but even more dramatic differences among the rural zones in Scandinavia, industrialized temperate Europe, and the Mediterranean nations. Sweden, Finland, and Norway all have very lightly populated northern areas, with a significant, disadvantaged ethnic minority, the Lapps.

Open spaces of the sort familiar to Americans who live or travel west of the Appalachian mountains are absent in the Benelux countries and southern England. But the game birds, wild boars, and stags available in Paris markets in the autumn come from Gallic forests and fields that are rural by any definition. Farther south, especially in Spain and Greece, are vast rocky and arid areas, lightly populated and in many ways similar to the American Southwest.

Settlement patterns vary as well. In the United Kingdom, 70 percent of the population lived in cities of over 50,000 people in 1980; in Portugal, only 16 percent did; the U.S. figure was 61 percent (see table). Land in urbanized use (in settle-

ments, under roads and other physical structures) occupied just under 7 percent of the land of the nine member countries of the EC in 1971, ranging from 15 percent in the Netherlands to 1.5 percent in Ireland. Urbanization is increasing in all the countries even though the addition of Spain, Portugal, and Greece to the Community caused the portion of EC territory in urban use to fall dramatically so that it is now roughly comparable to USDA's estimate of 2.5 percent for the United States.

In the EC, as in America, the most visible rural trend in recent decades was the reversal of the flow of country people into the cities, a movement under way since the Industrial Revolution. Between 1971 and 1981, every large city in Britain lost population. Inner London lost more than half a million people, and every borough of the city lost at least 10 percent of its people; the borough of Kensington and Chelsea lost 26 percent. Much the same happened to other major cities throughout Europe and the United States.

The converse of metropolitan decline was the "counterurbanization" of parts of the rural countryside, not only in England, but in West Germany, the Netherlands, and especially Belgium. This phenomenon is the equivalent of the sprawling, commingled rural and urbanized areas in the United States that have been called countryfied cities. Other patterns of rural growth were also apparent in rural Western Europe as in America, including exurban commuting, that is, extraordinarily long daily commutes to large cities by people who live well beyond the suburban fringe, retirement migration to family villages or attractive rural retirement des-

Campaign for the Countryside

Rural problems have taken on new saliency in the last few months in Europe as they have in the United States. The European Campaign for the Countryside began in the spring of 1987 under the auspices of the Council of Europe, the most inclusive organizational forum for cooperation in Western Europe. Propelled by concern that Western Europe's "rural environment and traditional way of life are endangered," the program draws attention to the problems facing rural portions of member countries.

The rural problems that concern European leaders and the policy options for

dealing with them will be familiar to Americans interested in rural development. The problems they cite include:

- disadvantaged rural areas threatened by depopulation, economic decline, and a diminishing quality of life;
- rapidly developing rural areas menaced by uncontrolled agricultural or industrial development and alterations to landscapes, architecture, and lifestyles; and
- environmentally sensitive rural areas affected by pollution, tourism, or natural phenomena (erosion, earthquakes).

tinations, a "return to nature" movement (often to very isolated areas), developments of rural second homes (seasonally occupied), and a growing rural tourism industry.

Back to Nature, But Not Farming

The European rural revival, like the American version, was not agricultural. Tourism, manufacturing, and the service sector now contribute more to Europe's rural economy than farming and related industries. More than half of all new industrial jobs created in France between 1976 and 1985, for example, were in rural areas. At the same time, part-time farming is supplanting full-time farming; in Austria, Germany, Norway, and Switzerland, more than 40 percent of farmers now derive most of their living from off-farm sources. In the United States, more than 60 percent of the income of farm families comes from off-farm sources and has done so for many years.

Rural underemployment, nevertheless, remains a serious problem in much of Western Europe, as in this country. Even at the peak of the rural revival, farming-dependent areas in Western Europe continued to lose population or suffer underemployment, another parallel to the United States. Although emigration from Italy's distressed Mezzogiorno region, the major source of Italy's rural-to-urban population movements for decades, fell

United States is more urbanized than most of western Europe

Nation	Urban share of total population ¹
	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

¹ Cities of 50,000 or more.



Vineyards near Lausanne, Switzerland. Continuing public and political identification of farming with rural life makes the preservation of the family farm a popular goal in Europe, as in America.

dramatically during the 1970's, about 1.5 million farmers in Italy were still underemployed in 1984.

The diversification of the rural economies in the United States and Western Europe has made them increasingly similar to urban economies and likewise dependent on many sectors. The integration of rural economies into national economies has coincided with the growth of worldwide economic competition. The economic future of rural areas depends on the same choices of investments that urban investors or planners face: What service or manufacturing subsectors offer the greatest growth potential? The allure of high-tech manufacturing is as clear to Europeans as to Americans. They are concerned that the competition between the United States and Japan for dominance in microchips, computers, and other new high-technology fields has left the EC, both urban and rural, far behind.

The most troubling implications for the American and European rural economies come from the speed with which economies are now changing. The new high-tech processes have passed very quickly from experimental production to mass production. Americans worry that the United States is rapidly losing or has lost its competitive edge in the 10- to 15-year-old microchip and personal computer industries to Japan, South Korea, and Taiwan. Europeans worry because they have had little part in a critical new sector, one

that seems to have accelerated its cycle into a very brief time. The phenomenon of more rapid change is especially difficult in rural economies. Rural manufacturers have tended to be in mature industries that have advanced beyond the early stages of development. Their production processes have become routine so there less need for highly skilled and high-paid workers. If the shortening of that period becomes a pattern, rural areas in developed countries will continue to face the problem of upgrading the quality of rural jobs.

Employment has been stagnant in Western Europe for a decade. Many of Europe's socialist governments, as well as conservative administrations in Great Britain, France, and Germany, are attempting to remove government from many of its traditional roles, hoping to revitalize their economies and make them more competitive by attuning industry and commerce more directly to market signals. U.S. deregulation of certain industries and some aspects of President Reagan's New Federalism parallel the EC trend. But because government's role has generally been smaller in America, many of the changes have been less dramatic here.

A small but important example of the new commitment to market signals in Europe occurred last fall when France decontrolled the price of bread and some other foodstuffs for the first time since the First World War. More painful market-dictated

reforms in Britain and France have resulted in serious social and economic disruptions. But in Britain, where these policies began, they seem to be bearing fruit. After three decades at the bottom in economic growth, Britain is at the top of the EC in the 1980's.

Concern about the future of manufacturing, the sector that has long driven rural economic development, is as evident in Western Europe as in the United States. Europeans share our focus on themes such as the role of high technology, the potential for indigenous entrepreneurship, and the growing importance of the service sector.

Farm problems and programs in the EC are also similar to ours. Though the EC's Common Agricultural Policy (CAP) employs different mechanisms than U.S. farm programs, it is even more expensive for EC nations and their consumers and causes tensions within the EC. The CAP's surpluses (described as "mountains of butter and lakes of wine") have not arrested the contraction of the farm sector any more than our storage of surplus commodities has stopped people from leaving farming in the United States. The percentage of the EC workforce employed in farming fell from 18.6 in 1960 to 7.6 percent in 1982, an annual rate of decline of 3.8 percent. Greece, where farmers were the largest component of the workforce in 1982 (28.9 percent), and the United Kingdom, where they were smallest fraction (2.7 percent), experienced declines of about the same rate. Over the same years, the farming portion of the U.S. workforce fell from 8.5 to 3.6 percent, an annual decline of 2 percent, slightly more than half the EC rate.

European Social and Political Context Affects Perceptions of and Approaches to Problems

Social change is not automatic and rarely as rapid as technical change. The United States and Western Europe have reacted to economic changes in ways that reflect their differing histories. These differences are easy to document when reflected in political institutions but more difficult, though just as real, when manifested in social customs and attitudes. Many observers have described the relatively greater social conservatism of Europeans, their stronger identification with specific social and economic classes, and their

very strong ties to geographic areas. These all contrast with American mobility that we take such pride in. What appear to Americans as European social rigidities take many forms: preserving social structures that seem to have outlived their usefulness (Welsh coal mining villages, for example) and educational systems that create separate curricula, dividing students into groups that determine their future occupation and income at a very early age, further reinforcing class divisions. Keeping skyscrapers out of central Paris and forbidding farmers to plow up miles of unproductive hedgerow illustrate another form: willingness to pay more than Americans to preserve certain esthetic values. Constraints on firing even unnecessary employees and the persistence of entailments in England are other examples of persisting social rigidities that sometimes complicate development.

Western European institutions of government differ considerably from American, though there are many variations and, of course, fundamental similarities among all democratic countries, including the United States and every member of the Community.

The degree of governmental centralization is a major difference from the U.S. approach. In most of the EC, the central government, and within the central government, the parliament, is supreme. Officials directly or indirectly responsible to the Parliament perform many functions that belong to State and local governments or the executive branch in the United States. Most EC countries have only one national lawmaking body that sets the terms under which local governments and national officials outside the capital operate. There typically is no powerful independent judiciary to preserve a constitutional alignment of local and national powers.

Rural areas in Western Europe have had much less experience with the degree of regional or local self-government that is typical in the United States. Officials ultimately answerable to the parliament have primary responsibility in governing rural areas, especially in Spain, France, and Greece. The advantage of the more centralized approach, in theory at least, is a higher degree of coordination at the national level, among the various ministries in keeping with any national policy, and at the local level, between central and

local authorities. Centralization also makes central planning possible.

West Germany and Switzerland are much less centralized, having federal systems. But even in those countries, the role of the central government is larger than in the United States. In those countries, as well as in the rest of Western Europe, what Europeans call the "solidarity principle" operates. It is widely assumed and generally accepted that part of the national government's role is to build the nation by compensating for some regional inequalities, usually by spending extra funds in disadvantaged regions.

A difference between the American and European concepts of representation in parliamentary bodies makes equalization easier there. Members of EC parliaments with proportional representation do not represent specific geographic districts. Even in the United Kingdom, with single-member districts, members are not expected to try to capture proportionate or even disproportionate resources for the electoral districts they represent, unlike American legislators.

Another way in which the EC differs politically from the United States is in its greater acceptance of formal planning at all levels. While U.S. planning institutions and their powers vary considerably among regions and between rural and urban areas, regional as well as local planning is virtually universal in Western Europe. The balance between the rights of private landowners and their social obligations is also generally tilted more toward the latter in Europe than in America.

At the national government level, most countries in Western Europe also have some form of regional (as well as sectoral) planning. Many have a national planning agency like La Delegation l'Amenagement du Territoire et l'Action Regionale in France, a multi-tiered approach like the National Public Investment Program (PIP) and regional PIP's (operated by the central government) in Greece, or centrally created planning bodies for large regions like the Highlands and Islands Board for Scotland. The European planning culture and the official mechanisms created to prepare or administer plans are important for rural development because, at the least, they create a political and administrative superstructure to support rural development policies.

A third way governments in the EC differ from U.S. political institutions is in the evolving structure of the Community itself. Over the last 20 years, the European commitment to multilateral action has expanded further than most Americans realize, with parliamentary, judicial, and defense institutions, in addition to the better known economic aspects of the Common Market. The Common Agricultural Policy is only the most visible manifestation of a Western Europe that more and more acts collectively. The CAP, therefore, is both a source of stress, and part of the glue that holds the Community together. The stakes are high for all member countries at the annual agriculture ministers meetings where policies and a budget for each commodity are set. The community uses the CAP as leverage over member countries and as a source of rewards to promote its common purposes. About two-thirds of the Community's budget is spent on the CAP.

Other EC funds are set aside for loans to support economic development in the poorer member countries. Conditions attached to such help are similar to the strings the U.S. Government has historically attached to its grants-in-aid to State and local governments. For example, the European Investment Bank requires member countries receiving its special developmental assistance (concentrated in rural areas) to develop integrated approaches and policies. That requirement resembles the planning provisions that characterized so many U.S. categorical programs before the advent of block grants.

Rural Development to What Ends?

At the heart of Western Europe's interest in rural development is a variety of goals and objectives. As in the United States, these are rarely articulated clearly, and when they are, internal inconsistencies as well as international differences are apparent.

The Organization for Economic Cooperation and Development (OECD), successor to the organization created to administer the Marshall Plan, has been conducting a Rural Public Management project since 1981. One phase of the project has focused on the rural policy formulation process in participating countries. At least four broad policy goals can be inferred from the various national con-



Photo by J. Norman Reid

tributions to this project over the last several years. No country embraces all the goals fully, but several embrace each.

The first and most widely held goal is to achieve balanced economic development between urban and rural areas to overcome rural populations' persistently lower income and higher poverty rates. This means policies or programs to help people in the country prosper without having to relocate, usually to metropolitan areas. The degree of commitment to this goal varies among countries: Sweden, at one extreme, advocates the right of rural people to remain in the country without sacrificing standard of living. Other European countries, like the United States, are unwilling to make such a sweeping commitment. And even the Swedes do not provide resources to meet the commitment.

A second frequently stated aim of rural development policies is to preserve a particular structure in the farm sector, usually described as small farms or family farms. It is hard to find much agreement on the definition of the family farm. And many people argue that the popular concept weds the economic well-being of the agricultural sector to a specific structure in a fashion increasingly impossible to realize and irrelevant to the lives of most rural people. But continuing public and political identification of farming with rural life makes it a frequently mentioned goal in Europe, as in this country.

The third goal is to preserve the option of a rural way of life and a particular vision of the rural environment. Environmental groups like the Greens in West Germany and "country life" people in the United

Kingdom (such as The Council for the Protection of Rural England) have been outspoken, and probably more successful in resisting urban sprawl than American groups. These movements tend to be urban-based, and some participants resist changes in the countryside at least partly to satisfy their urge to spend weekends and holidays in a pastoral milieu sharply distinct from their everyday urban surroundings. Early in 1987, the inherent tension between those pressing for expanded housing and other development in the prosperous south of England and those supporting the pervasive British planning requirements that have virtually frozen new construction there broke out in a cabinet level squabble among several ministries and departments. Prime Minister Thatcher herself presided over the committee that resolved the question with a very mild relaxation of planning requirements. But the battle is likely to recur.

Some environmental quality issues in Western Europe take a twist unfamiliar to Americans. The rural (as well as the urban) landscape in the Community is largely of human design. The patterns of vegetation and related topographical features in much of Europe have changed many times in the last millennium; large areas have been deforested, put into crop production, reforested with different species of trees, deforested again, and so on. The distinctive pattern of fields surrounded by hedgerows which typifies England to Americans (and to many English as well) is a relatively modern phenomenon, reflecting the enclosure of what was once open, commonly held land. The Dutch have been literally creat-

ing portions of their country from the sea for centuries. The new polders (fields created by dikes) alone, completed in 1963, added 5 percent to the territory of the Netherlands. While many Americans perceive environmental preservation as protecting territory at a particular point in its natural evolution from human change, Western European environmentalists often seek to halt only further changes in human-engineered environments.

The fourth goal, related to the third but distinct in the European Community context, is to control national space in various ways. Perhaps because of Europe's long history of frequent border changes, some countries are sensitive to the importance of having their whole national territory peopled with their own citizens. Possession and occupation define and validate the national identity, especially in sparsely populated border areas. Another concern is with what the French call "desertification," allowing farmland to go out of production and become uninhabited. Desertification is perceived as a threat in several EC countries, because the present physical geography of some rapidly depopulating regions depends on human habitation. Abandonment of terraced farms in the mountains of Italy, for example, is believed to be a principal cause of recent catastrophic flooding in that country. The United States has few counterparts to these geopolitical and human-dependent environmental considerations.

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The most obvious use of our taking a closer look at the EC is to gather new ideas and enhance our understanding of what works to stimulate development. But the value of that is limited. Actions taken by governments in Western Europe, more than the trends and conditions that inspire them, are markedly European. The usefulness of such approaches must be evaluated in light of America's different social and political norms.

But studying rural conditions and trends in Europe is warranted for reasons other than finding programs or projects to copy. Observing and considering what is happening in the rural EC provides a new perspective on what is happening in the rural United States. When we see other countries wrestling with rural problems that we had thought were our own, it makes clearer the depth and power of some of the larger economic forces at work. **RDP**

James R. Malley and Thomas F. Hady

Rural Areas Feel Effects Of Macroeconomic Policy

The rural economy has steadily become more integrated with the national and world economies. Diversification of rural economies, and changes in financial markets and world trade have broken down many of the barriers that insulated rural areas. Monetary and fiscal policy is no exception to this trend. This preliminary analysis suggests that U.S. rural areas in general, and the rural South and Northeast in particular, are now affected slightly more by national monetary and fiscal policies than the Nation's metro areas.

You shall not crucify mankind upon a cross of gold." Most of us remember at least that part of William Jennings Bryan's 1896 speech from our high school history classes, but fail to realize its relevance today. Bryan's appeal reflected the desire of farmers and others to expand the money supply as a way to raise prices of their products. It expressed rural concern about the relationship between conditions in the general economy and those in rural areas.

Events in the middle part of this century have made relationships between the rural and national economies closer and more complicated. Although farming used to dominate rural America, nonmetro economies now are more diverse. In fact, as many nonmetro counties now specialize in manufacturing as in farming. With many of the old regulations for financial markets gone, these markets are more tightly integrated than before. A retired couple in rural Nebraska, for example, can easily get the same rates on their savings as if they lived in New York City. In turn, that means their bank has to charge the same rates for loans. Rural areas have also been affected by the switch to flexible exchange rates in 1973 and the growth of other countries' economies. These changes have opened rural economies, especially in agriculture and basic

manufacturing, to greater influence from both national and world economies.

The Federal Government uses monetary and fiscal policy to try to control inflation and recession. Policy that operates through the government's deficit or surplus is **fiscal policy**. If nothing else changes, when the government runs a larger deficit (or a smaller surplus), it adds to the demand for goods and services, thereby raising incomes, reducing unemployment, and raising the general price level.

Monetary policy influences the economy through the terms and costs of borrowing. While many people and groups make their wishes known, the Federal Reserve System has the primary responsibility. When money supply growth slows (again, if nothing else changes), interest rates tend to rise, businesses tend to invest less and consumers borrow less to buy houses and other big ticket items. That slows down the economy. The Federal Reserve has several tools at its disposal to manage the money supply, but the most frequently used is purchases and sales of government securities.

These policy actions affect the rate of growth of employment and incomes in the economy as a whole, and in most cases they are more important to rural businessmen and wage earners than any of the programs used specifically to promote rural development. However, monetary and fiscal policies are hard to fine-tune to adjust their impacts on specific parts of the economy. There is little information about how these policies affect, for example, employment in the rural Southeast compared with the urban Northeast. It would be useful to know more about such effects. If you understand the reason for your unemployment problem, you are more likely to design effective programs to combat it.

This analysis uses a model to analyze the regional employment effects of macro-

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