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GEOGRAPHIA POLONICA

ASPECTS OF CHANGES IN EUROPEAN RURAL SPACES

GUEST EDITORS:
DESMOND A. GILLMOR and JERZY BAŃSKI

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GUEST EDITORIAL

CHANGE IN RURAL EUROPE

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The traditional European popular perception of agriculture and rural life would have involved images of stability and constancy. Elements of this view still persist in the urban mind, in contrasting the hectic pace of modern city life with images of the tranquility of the rural idyll. The traditional perception was inaccurate in that change was occurring in rural areas to some extent, though generally only slowly. There was always a blend of continuity and change but the shift has been inexorably towards change as its pace has accelerated and its extent increased. It can be said that the magnitude and complexity of change in recent decades amount to a transformation of the countryside. This is not to deny that elements of continuity persist and that one could not hope to understand a rural area without investigating its past. Some of the change relates to processes and outcomes affecting society as a whole, including those of globalization. Nonetheless, while there are common features, the timing, pace, nature and magnitude of rural changes, together with their causes and consequences, have varied greatly over the European space.

In the context of this complexity, only some aspects of rural change in parts of the European space can be dealt with in this issue of Geographia Polonica. Spatially, consideration is confined to parts of north-western and northern Europe and of east-central Europe. The emphasis is on places that are outside the urban-industrial core of mainland Europe. They represent later and future additions to the European Union (EU) and its Common Agricultural Policy (CAP), the most important administrative context affecting rural change in Europe. None of the countries dealt with here were amongst the six original founding members of the European Economic Community in 1958. The United Kingdom, Ireland and
Desmond A. Gillmor

Denmark joined in 1973 and Sweden and Finland in 1995. Poland, Czech Republic and Hungary are current accession countries, with Bulgaria to join further in the future. Not only is rural Central and Eastern Europe adjusting to EU membership, as the other countries did previously, but the context of change is all the greater there because of the profound effects of the transition from centrally planned to market economies since about 1990. Mediterranean Europe is not included in this volume, being sufficiently different to merit separate consideration, as in the formulation of the EU Integrated Mediterranean Programme in 1985 and in the book edited by Kasimis and Stathakis (2003). In this introduction, references to papers in this issue of Geographia Polonica are given by author and/or country without a date, are referred to in the present tense and are not listed at the end. Other references are dated and referred to in the past tense and they are limited to some books in English listed under References.

Traditionally the terms rural and agricultural tended to be regarded as synonymous. Most rural areas were dependent almost entirely on agriculture. While there were people engaged in rural crafts and services, these were mainly to serve the farming community. Much of the manufacturing that existed involved the processing of agricultural output or the provision of goods for local markets. In places there were manufacturing and resource extracting industries supplying more distant markets but nonetheless there was much local self-sufficiency within the rural system. While this model of the traditional rural area has undergone much change, with the extent of this varying from place to place, agriculture remains of considerable importance in the rural context. It is the largest user of land and consequently rural land occupies high proportions of national territories. Employment in farming, both full-time and part-time, combined with that in agricultural supply and processing industries, remains a significant component of the rural labour market. Values and practices derived from the farming community are part of rural society and agriculture tends to exert greater political influence than the numbers employed in farming would suggest.

The predominant processes of change in Western European agriculture from the mid twentieth century are indicated collectively by the terms agricultural industrialization or modernization (Bowler 1992). The aims were to increase farm output and achieve greater efficiency, so that the term productivist is applied to this phase in the evolution of agriculture. Particularly significant were the processes of intensification, concentration and specialization, as dealt with by Kristensen in describing EU and Danish trends. Intensification involved increasing crop yields and keeping more livestock, achieved through advances in farm technology and management and the use of more inputs such as chemicals and machinery. Increasing farm output contributed to greater economies of scale, as did expanding farm size and greater specialization on fewer enterprises. Production became increasingly concentrated on a diminishing number of farms, with specialization and concentration occurring also at the regional level. Greatly
increased labour productivity was achieved as, despite expanding production, the number of farmers and other farm workers declined. The process of modernization and its effects, however, were very uneven both between individual farms and also between regions and countries, to the extent that some farms and areas could still be described as preproductivist. Even within countries that may appear to the popular mind to be uniform, there may be substantial internal differences in farm patterns and trends, as demonstrated in relation to Denmark by Kristensen. Agricultural industrialization was a feature also of the state and collective farms of Central and Eastern European countries but differences under the socialist policies there included greater maintenance of farm populations and lesser regional specialization.

In accounting for agricultural modernization, the role attributed to the CAP of the EU is often too great, as evidenced by the extent to which the process occurred also in some other parts of the world, but nonetheless the CAP has been a significant influence and now is the overriding and unifying administrative context for agricultural and rural change in Europe. Not only has its impact extended progressively across Europe with each successive expansion of the EU but also its effects are felt in countries in advance of membership, as currently in Central and Eastern Europe. Set originally in the context of post second world war Europe, the CAP aims of providing adequate food supplies, stabilizing markets, increasing productivity and ensuring a fair standard of living for the farming community have been lasting influences (Fennell 1997, Ingersent et al. 1998, Ackrill 2000). Nonetheless surpluses of farm production and the associated escalating costs of the CAP to the Community Exchequer, combined with the international movement towards freer trade, initiated some reorientation from the late 1970s. This trend has not been confined to the EU.

The first measures in the reform of the CAP involved restrictions on farm prices, followed by curtailment of output, notably in the setting of milk quotas in 1984 and promotion of extensification. Such restrictions and curtailment were greatly extended in the McSharry Reform of 1992, combined with direct payments to farmers to compensate them for consequent loss of income. The basis of crop subsidies was changed from output to area cultivated. The compensatory payments were designed to include some shift of benefit towards smaller farmers, in the context of the bulk of CAP support going to the largest producers who comprise a minority of farms. The changes developed further under Agenda 2000 arrangements for the period to 2006 and, under the proposals for the current mid-term review of these, there is substantial decoupling of subsidies from production levels and also modulation whereby there can be some transfer of expenditure from price support to other measures. These trends have been in part to make farming more responsive to market conditions and they have been influenced strongly by the pressures of trade liberalization under the World Trade Organization.
Meanwhile growing public concern about the detrimental impacts of modern farming on the environment had led to some encouragement of environmentally beneficial farming in the 1980s and under the 1992 reform it became mandatory for member countries to adopt agri-environmental schemes (Brouwer and Lowe 2000, Buller et al. 2000). Increasingly, through cross-compliance, agricultural payments are linked to environmental obligations and good farming practice. Less consideration has been given to the social costs of modernization (Preety 1998). Prompted by growing consumer concerns about food safety and health and the impact of specific problems, these matters now receive much greater attention, with agriculture being seen within the context of the broad food chain extending from production through processing and distribution to consumption (Atkins and Bowler 2001). The scope for supplying quality localized food products to niche markets and to developing food networks with clear traceability are being emphasized. One aspect of food quality has been the promotion and growth of organic farming (Dabbert et al. 1999–2000). Apart from conversion to organic methods of production, for some time farmers in a number of countries have been encouraged to diversify by adopting agricultural enterprises alternative to the mainstream types of production on which there are quantitative restrictions. Policy overall is to promote a more multifunctional agriculture.

As these various trends represent some degree of shift from the maximization of production and towards a more flexible system with greater stability, current farming is described by some as being in a post-productivist transition phase or moving towards sustainable agriculture (Ilbery et al. 1997). Use of such terms must not camouflage the facts that there are still strong productivist elements in European agriculture and that there is major spatial variation in the extent of restructuring. How these issues are being worked out in one country can be seen in Bowler's discussion of the shift from productivity towards sustainability in United Kingdom agricultural policy.

In the post-communist countries of Central and Eastern Europe the evolution of agriculture has been affected hugely by the privatization of land and other property, adding greatly to the extent and complexity of change. The creation of large numbers of very small farm holdings there was a temporary reversal of Western European trends. The process of restructuring farming units and the outcomes from this have varied considerably from one country to another, as can be seen from the discussions of twelve separate countries which were presented in the book edited by Goetz et al. (2001). Even within one country in which land privatization and adaptation to the market were relatively successful, Kovács demonstrates in this issue in relation to Hungary how complicated the process was, the variety of farm units which has emerged and the extent to which the outcomes have varied by individual person and by region. It is not surprising that there have been agricultural difficulties, reflected in output trends, as is outlined also in Poland by Bański and in Bulgaria by Ilieva and Mlanedov. Even if there were no other reason, the restructuring and difficulties of farming emphasise the critical need for alternative forms of rural development.
The diminishing role of agriculture in national production and employment has been a universal feature of the development process. Less well recognized were the implications of this for rural economies and societies and for too long rural development was taken to be almost synonymous with agricultural development. This included the EU where, in accordance with the agriculture in its title, the CAP focused exclusively on farming. A broadening of approach was heralded first in the publication of *The Future of Rural Society* (CEC 1988). In it rural areas were seen not only in terms of the agricultural community but also as providing environment and leisure for society in general. Furthermore and fundamentally, the need for diversification of the rural economy through multidimensional development was recognized, with particular emphasis on the use of endogenous natural and cultural resources. Subsequently the reforms of the CAP and the use of Community Structural Funds indicated increasing acceptance of the multifunctionality of rural areas and provided some assistance towards promoting it. Associated with this, there has been some shift in the Community budget from the CAP towards regional development.

Measures to encourage the adoption on farms of alternative enterprises other than agricultural production were introduced by a number of member states. Provision for afforestation accompanied the 1992 CAP reform. On a broader basis, a comprehensive rural development initiative came in specified rural areas of the EU in 1991 with LEADER (*Liaisons Entre Actions de Développement de l'Economie Rurale*). Through this programme financial support, advice and encouragement have been provided for a very wide range of economic, social, cultural and environmental efforts, as has occurred in Ireland (Gillmor). Targeted at individual rural areas, the basic aim of LEADER is to assist local people to participate in taking an active role in devising appropriate development paths for their communities. Thus, in encouraging localized participation in the formulation and delivery of policy, LEADER represents the bottom-up approach to rural development, as opposed to the centralized top-down nature of pre-existing and other policies (Lowe et al. 1998). Despite these varied measures, the CAP continues to be oriented very much towards agricultural support, as Bowler mentions in relation to funding in Britain. The way in which EU policy has influenced a national policy approach in the evolution towards a broader multisectoral rural development is traced by Gillmor with reference to the Republic of Ireland.

The shifts in EU policy from narrow sectorial agricultural development towards broader territorial and integrated rural development have reflected but sometimes lagged behind the changes that have been and are occurring in rural Europe. Many farmers have diversified, including adding value to agricultural products, as in farmhouse cheese making or farmgate selling, and adopting non-agricultural enterprises, such as agritourism and farm forestry. The scope for such farm diversification varies with factors such as land conditions, tourist attraction of the locality, proximity to urban places and the personal and family
circumstances of the farmer. More general is the other form of pluriactivity, that of having gainful employment off the farm. One of the most significant trends in rural Europe has been the growth in part-time farming, to the extent that in some countries the large majority of farm holdings are worked on a part-time basis. Most of them are owned by people from an agricultural family background, many of whom have taken an off-farm job because the farm alone could not satisfy their income expectations. Increasingly the agricultural future is likely to be based on a dichotomy between a minority of full-time and mainly larger farms and a majority of part-time farms. Alternatively many full-time farms are supported in part by the farmer’s partner being in paid employment, while on some part-time holdings both work off the farm. All these situations have contributed to the diminishing proportions of farm household income that is coming from agriculture. Associated with this diversification are changes in the lifestyles and other social and personal circumstances of farm families.

Involving not only some members of farm families but also increasingly other rural residents is the growth in some new employment opportunities within rural areas and increasing commuting to urban employment. Both contribute to greater rural diversification. Rural industrialization has been a feature of recent decades in some places, so that part of the new employment provision is in manufacturing and craft industries. Much of it is in service activities in the context of the growth in the tertiary sectors of economies, including rural employment in recreation, tourism and environmental management. Tourism is seen as having major development potential in rural areas but, as Bański reports from Poland, not all have found it to be the panacea that had been hoped. There has been substantial development in small and medium enterprises appropriate to rural areas, with many countries promoting rural entrepreneurship. The development of modern communication and information technology has made it possible to do at home in the countryside all or part of the work in some occupations. The impact to date of this distance working has not been as great as might have been expected but nonetheless it offers considerable future potential for areas handicapped by remoteness.

More significant than local rural employment in many places has been the growth in commuting from rural residences to urban employment. This is related to increased job opportunities for rural people in towns and cities and to more urban people choosing to live in the countryside and commute to work. Both are dependent on the greater mobility of people, related especially to more widespread car ownership. Commuting is one of the biggest forces for change in the countryside. Also having major impacts near to urban centres is the reverse travel, that of city residents to the countryside for recreation, including second home ownership. Movement to the countryside on a longer-term basis is involved in the increased tendency by some urban people to change their place of residence on retirement. These developments contribute to rural areas being perceived as places of consumption in addition to their traditional role of production.
In this and other respects, new ex-urban settlers may have perspectives very different from the longer-term rural residents, with outcomes for the shaping of the countryside. The new forms of employment in the countryside and the increased movement between rural and urban places have together resulted not only in economic diversification and restructuring but also in major social and cultural change. The overall effect has been the greatly increased heterogeneity of the rural population. In this and other respects, differences from urban society have lessened.

Associated with economic and social restructuring, there have been changes in the use of rural land in Europe (Kronert et al. 1999). While remaining dominant, the area of agricultural land has lessened, even apart from the loss to urban expansion and transport infrastructure. Farming has retreated from some of the more remote and environmentally adverse areas and in places where it has been abandoned for alternative employment. Forest land has been extended, largely because of projected better market prospects for timber than for agricultural produce, but its benefits to the atmosphere are receiving increasing attention. The recreational role of forests is significant and there has been major expansion in the use of rural land for other forms of recreation and tourism. The designation of land for conservation purposes has become a major feature of the countryside, ranging from large national parks to small wildlife habitats. Residential land use has increased in places. This is especially near to cities and towns and it is in these urban fringe areas that the competition and conflict between different land uses are greatest. Just as change has led to more heterogeneous populations, so there is an increased diversity of rural land uses.

The rural changes indicate that there have been developments and improvement in the countryside but these have been uneven and there are problems. Rural unemployment and poverty remain and, while being less concentrated and more hidden than their urban counterparts, they are nonetheless critical issues. Some older forms of rural manufacturing and services have declined. Rural public transport services have been affected adversely by reduced populations and increased car ownership, and to varying extents by deregulation, though prompting in some places the development of alternative means of transport to alleviate the situation. For those who do not have use of a motor vehicle, access to services has become an increasingly serious problem, affecting especially the poor and the old. The accessibility problem is accentuated by the rationalization of some services. The situation of rural minorities and sectors, based on features such as ethnicity, religion, age, disability, gender and sexual orientation, are matters of concern. Greater polarization and social exclusion have been outcomes of change in many rural communities. Some groups are excluded from the networks of local power relations. Access to affordable housing is a problem for some local young people as prices become inflated by demand from commuters, retirees and second home buyers. The quality of the rural environment has deteriorated in many places as a result of modern change and there are conflicts
between development and conservation. These varied issues need to be addressed and must not be camouflaged by the image of the rural idyll. The rural problem is particularly acute in parts of Central and Eastern Europe. This is demonstrated by Ilieva and Mladenov in relation to the aspects of demographic decline and deficiencies in rural Bulgaria.

As is pointed out by Bański with reference to Poland, changes in the numbers and composition of populations are critical indicators of the state of rural areas. This is reflected in the papers by Nivalainen and Schmidt-Thomé and by Bergström and Wiberg. The predominant pattern of population movement has been outmigration of young people from rural to urban areas, leaving behind an ageing population. This applies to nine-tenths of Finland, to the extent that population loss is accentuated by natural decrease, that is an excess of deaths over births. In some rural areas, and especially in those which are more accessible, there has been some movement of people in the opposite direction in recent decades. This process of counterurbanization is investigated by Bergström and Wiberg in northern Sweden. While there has been some shift from one to the other, rural outmigration and counterurbanization are not necessarily processes that are separated in time and space, as both can be occurring contemporaneously within the same place. Some rural areas, through varying combinations of greater retention of their populations and inward migration, are experiencing population turnarounds.

The daily to long-term movements between rural and urban areas illustrate the increasing interlinkages that exist between the two and, based on this, Nivalainen and Schmidt-Thomé show how the concept of urban-rural partnerships is becoming a feature of Finnish policy. This reflects the approach adopted in the ESDP – European Spatial Development Perspective (European Communities 1999). The overall framework set in the ESDP was that of a polycentric spatial development model based on a system of cities serving as the driving forces and linked together by a communications network. This would seem most applicable to the European core and the solution to peripherality was taken by the ESDP to depend on improving accessibility to the growth areas. The increased functional interdependence of town and country was seen as requiring a new vision of rural areas whose changing role from their agricultural past was recognized. The urban bias of the ESDP, however, must not be allowed to detract from the need for adequate positive attention to be given to promoting the development of rural areas, which comprise most of the land of Europe, but particularly of those places which are not adjacent to growth cities and which have structural weaknesses. In general it is in the remoter rural areas that the development problem is greatest and their needs must be recognised and addressed.

It was accepted in the ESDP that policy has tended to regard rural Europe as being homogeneous with the same obstacles and opportunities for development. Although lacking concordance with aspects of its overall approach, the ESDP rightly acknowledged that development paths and prospects differ greatly and that consequently spatial development strategies must take this variation into account.
consideration. There would be tension, however, between this and overriding EU aims of open free market competition and of regional convergence.

Although rural areas have become increasingly subject to transnational trends, these are articulated in different ways in individual countries. As Hoggart et al. (1995) stated in their book on rural Europe, the state imposes between the global and the local level at which the changes are experienced. In accordance with this view, most of the papers in this volume are at the national level but that is not to deny the extent of intrastate diversity. The paper by Vaishar et al. illustrates this. Not only is there the diversity in trends within the common national administration of the Czech Republic but even between marginal areas in Moravia there is considerable variation resulting from a range of influences. A uniform approach to the development of these areas would not be appropriate.

It is evident that within rural Europe there is great and complex spatial diversity, based on variations in physical, historical, political, economic, social and cultural characteristics. Not only must rural development policies be broad, integrated and sustainable but also they should be sufficiently flexible to be adaptable to this areal diversity and to focus on the varied needs of the local people in the different places. Geographers have a role to play in demonstrating that the heterogeneity must be addressed in the formulation of policies and they can contribute to the search for solutions.

As the nature of the rural economy, society and land has broadened from its farming base, so also the orientation of geographical study and even the research interests of some individual geographers have shifted. Agricultural geography was one of the earliest subfields of economic geography but the form of rural settlement was another traditional interest of geographers. The first general agricultural geography textbook in the English language by Symonds (1967) was followed by others, such as those by Morgan and Munton (1971) and Ilbery (1985). The broadening to rural geography was demonstrated in the general text by Clout (1972), succeeded by others, including those by Pacione (1984) and Ilbery (1998). The contents of the latter book, as the most recent and with its emphasis on change, indicate major areas of interest for rural geographers. After two theoretical chapters and two relating to agriculture, there are chapters devoted to forestry, to migration and demographic change, to industrialization, to planning and management, to recreation and tourism and to service provision and deprivation. Reflecting recent fashions in geography, there is now a stronger cultural orientation and greater interest in rural ‘others’ in the context of social exclusion, while current concern with nature has long-standing origins in the discipline of geography. Aspects of governance, power relations and actor networks are being investigated by some rural geographers. The focus on these varied aspects and the strength of the traditional interest in regional agricultural and rural geography vary from one European country to another. Thus the variety of topic and approach, combined with the diversity of rural Europe and of the changes that are occurring in it, contribute to the interest and fascination of this field of study.
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AGRICULTURAL RESTRUCTURING IN DENMARK
FROM 1980 TO 2000.
EMERGING ENVIRONMENTAL PRIORITIES

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ABSTRACT: This paper examines the changes that Denmark’s agricultural sector has witnessed during the past two decades as well as the effects of the EU Common Agricultural Policy (CAP) on agricultural production in the country. It also discusses the potential for new types of farm ownership and organic agriculture as alternatives to conventional agricultural production. The paper addresses some of the significant environmental problems which have resulted from intensive agriculture, and presents the most important agri-environmental programs which seek to remedy the negative environmental impact of intensive agriculture.

KEY WORDS: agricultural production, agri-environmental programs, CAP, Denmark.

INTRODUCTION

The countryside in Denmark is strongly influenced by agricultural production in terms of land use and employment. As in several other European countries, the Danish agricultural sector has experienced significant changes over the past decades (Landbrugsministeriet 1998, Danmarks Statistik 2001). The number of farms has been reduced by 2 500 farms each year since 1980 and today the proportion of part-time farms is larger than the proportion of full-time farms. These changes have had several consequences for the rural economy, the composition of the rural population and expectations regarding the use of rural areas. New demands for residential and recreational products and services often
conflict with the traditional objectives of agricultural production. Another conflict area concerns the environmental impact of agricultural production. The intensive use of land had severe environmental impacts, and several action plans have been implemented to reduce the negative effects of intensive agricultural production (Linddal 1998, Agger 1999). EU agricultural policy has influenced agricultural production profoundly in recent decades and has also influenced the agri-environmental programmes which have been implemented.

The aims of this paper are three-fold:

- To provide a current overview of the agricultural sector in Denmark. One of the characteristics of Danish agricultural production is differentiation in line with the biophysical potential found in different areas. The paper discusses recent development in agricultural land use in different agricultural regions. The process of restructuring will be analysed in terms of the dimensions characterizing the modernization of agriculture during the latter half of the 20th century. The influence of the CAP on agricultural production is discussed.

- To discuss important aspects concerning the future of agricultural production. Progressive farmers challenge the traditional family-based farm ownership and form companies to gain economies of scale and improve working conditions. New investment companies are also developing alternative ownership forms. The paper discusses some of the most recent forms of farm ownership.

- To analyze the results achieved by recent environmental initiatives. Environmental considerations have become an important aspect of agricultural policies in recent decades and are likely to play an even greater role in the future. The concept of cross-compliance, which was introduced with the Agenda 2000 reform, will play a greater role in the next phase of CAP reform. It is therefore important to assess the impact of the present set of agri-environmental programs. The paper discusses the impact of the most important programs in Denmark and some of the main obstacles they are confronted with. In addition, the rapid growth of organic agriculture in Denmark in recent decades as an alternative production mode is discussed. The paper examines some of the reasons for farmers to convert from conventional to organic agriculture.

These themes are dealt with in four sections. An introductory section outlines a theoretical framework which is useful in conceptualizing the processes and results of the agricultural restructuring. The second section describes the present status of the agricultural sector as well as the restructuring in recent decades. The perspectives for future agricultural production in terms of new forms of farm ownership are also discussed. A third section analyzes the importance of EU membership for the agricultural sector. The last section describes the main agri-environmental programmes which have been implemented to mitigate the negative environmental effects of intensive agricultural production and to preserve habitats which are dependent on extensive agriculture. The increased importance of organic agriculture in the 1990s is also discussed.

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A THEORETICAL FRAMEWORK FOR THE ANALYSIS OF AGRICULTURAL RESTRUCTURING

The restructuring of the agricultural sector in Denmark contains elements which are common to the process experienced in several other EU member states. The agricultural restructuring in Western Europe is frequently divided into two phases: the productivist phase and the post-productivist transition of agriculture (Ilbery et al. 1998). The productivist phase corresponds to the industrialization or modernization of farming between 1950 and the mid-1980s. The primary objective during this phase was to increase production (Ilbery et al. 1998). The phase is characterized by three major trends: the specialization, concentration and intensification of production (Jensen et al. 1980, Bowler 1992). Among other effects, these trends resulted in large productivity gains, especially in Northern Europe (Landbrugsministeriet 1998). The objective was supported by national agricultural policy and later on at the international level through the EEC and later the EU Common Agricultural Policy (CAP). Since the mid-1980s, there have been indications that this phase is giving way to a post-productivist transition of agriculture (PPT) (Ilbery et al. 1997, Bowler et al. 1999). The main characteristics of this phase are the reduced importance of production as the main output, and the emergence of other objectives in rural areas, such as the attainment of environmental and recreational objectives. The introduction of milk quotas in 1984 is a symbolic event in this context, because it marks the first widespread use to production quotas to limit production in the EU, and therefore represents a major change to the policy advocated in previous decades. The main components of the PPT are a reversal of the three components under the productivist phase: 1) from intensification to extensification, 2) from concentration to dispersion and finally 3) from specialization to diversification. The driving forces behind the PPT are the continued problems of surplus production and the declining importance of agriculture in the economy (Ilbery et al. 1998). Furthermore, the serious environmental problems resulting from the intensive production under the productivist phase ensured that environmental objectives assumed increased importance. These considerations resulted in a change in the political priorities of the CAP, expressed, inter alia, in the 1992 CAP reform, which replaced production-oriented subsidy schemes with the arable area payment scheme (Winter 1999). The 1992 CAP reform signalled the beginning of incorporation of environmental objectives into agricultural policies, marking the beginning of the so-called ‘greening’ of the EU Common Agricultural Policy (Potter et al. 1998, Winter 1999). The most significant component of the environmentally oriented policy lies in the accompanying agri-environmental measures under Regulation 2078/92 (Buller 2000).

Ilbery et al. (1998) underline that the actual agricultural development occurring in different locations will be influenced by the specific potentials and

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constraints found in different areas. Bowler et al. (1996) examined the development of the agricultural sector in 71 agricultural regions of Western Europe between 1979 and 1987, along the three dimensions of change outlined above. The results, achieved at this somewhat coarse level of investigation, suggest that the outcome of the differentiation to the restructuring processes is manifested at the international and national levels (Bowler et al. 1996). Other authors contest that uniform explanations can explain the diversity of modes of development across European scales, and that more locally differentiated factors must be included in such an analysis (Ploeg 1994, Wilson 2001). Kristensen (2001) found a complex pattern of trends when examining the PPT at municipal level in Denmark between 1982 and 1989. Broadly speaking, productivist trends dominated in the eastern part of Denmark while extensification and diversification had taken place in central and western regions. The extensification in these areas could be related to a reduction in the number of cattle due to the introduction of EU milk quotas in 1984, while the diversification was linked to a change in crop composition, with an increase in seed crops and a decline in cereal and root crops. However, the results should be interpreted with caution, as specialization was calculated on the basis of land use only, leaving out the influence of livestock production.

**AGRICULTURAL PRODUCTION IN DENMARK: PAST, PRESENT AND FUTURE TRENDS**

The area under agricultural land use reached its maximum in 1939, when it accounted for 76 percent of Denmark's area. More recently, this kind of cover has declined by 0.4 percent every year since 1990, taking the figure to 62 percent at present (Landboforeningen 2002). Most of the reduction in agricultural area has been caused by urban development, or else reflects the need for land for recreational purposes (Strukturdirektoratet for Landbrug og Fiskeri 1996). By European standards, the land use is very intensive, with more than 90 percent of the area in rotation (Eurostat 1996). For more than a century Danish agricultural output has been based on the mass production of dairy and meat products for export (Pedersen 1988). Through its close collaboration between government institutions (in research and education), farmers unions and agro-industrial companies, the Danish agricultural sector has maintained a position as a leading exporter of agricultural products, in particular pork and cheeses (Jensen 1982). The export value of Danish agricultural products has diminished over recent decades, but it still accounts for 14 percent of total export value (Table 1). Roughly two-thirds of the value of production comes from livestock products while one third comes from arable products. A significant proportion of farm income is derived as EU subsidies. Following the 1992 CAP reform, Danish farmers have received approximately 700 Million Euro (MEURO) per year. This amount
corresponds to 50 percent of average farm income in 2001 (Landboforeningen 2002). The labour force employed in the agricultural sector has been reduced in recent decades. Today, primary production only employs 3 percent of the labour force. However, if the employment impact of food processing and other related industries is included in the statistics, a total of 7 percent of the population seem to be dependent on the agricultural sector for their employment (Landboforeningen 2002).

Table 1. Key figures for Danish Agriculture 1980–2000.

<table>
<thead>
<tr>
<th></th>
<th>1980</th>
<th>1990</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of agricultural holdings</td>
<td>114 213</td>
<td>76 978</td>
<td>52 662</td>
</tr>
<tr>
<td>Agricultural area, 1,000 Ha.</td>
<td>2 884</td>
<td>2 657</td>
<td>2 618</td>
</tr>
<tr>
<td>Average size of farm, Ha.</td>
<td>25</td>
<td>36</td>
<td>50</td>
</tr>
<tr>
<td>Labour input, man-years</td>
<td>130 700</td>
<td>95 000</td>
<td>64 800</td>
</tr>
<tr>
<td>Employment (% of active population)</td>
<td>9</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Total arable production, mio. crop units (1 crop unit = 100 kg barley)</td>
<td>1382</td>
<td>1820</td>
<td>1662</td>
</tr>
<tr>
<td>Livestock products, MEURO</td>
<td>3 423</td>
<td>4 748</td>
<td>4 774</td>
</tr>
<tr>
<td>Arable products, MEURO</td>
<td>957</td>
<td>3 042</td>
<td>2 212</td>
</tr>
<tr>
<td>EU Hectarage and headage payments, MEURO</td>
<td>0</td>
<td>0</td>
<td>690</td>
</tr>
<tr>
<td>Agricultural exports, MEURO</td>
<td>3 798</td>
<td>6 425</td>
<td>7 451</td>
</tr>
<tr>
<td>Agricultural exports (% of total exports)</td>
<td>28</td>
<td>21</td>
<td>14</td>
</tr>
</tbody>
</table>

Source: Danmarks Statistik (2001); Landboforeningen (2002).

Agricultural output in Denmark is differentiated into regions in line with the biophysical potential (Jensen et al. 1986, Kristensen 2001). The main division is between agricultural production in the eastern and western parts of the country. The loamy, fertile (calcium-rich) soils of Eastern Denmark developed from till material deposited by the Weichsel glaciation (Breuning-Madsen et al. 1996). This area is very suitable for plant production and is dominated by arable agricultural production, including production of special high-value crops such as sugar beets (Reenberg 1988). The area west of the main stationary line is characterized by poor sandy soils, formed by meltwater deposition of mainly sandy and coarse sediments on the outwash plains in front of the main stationary line. These areas have a rather poor potential for grain production so output is dominated by livestock rearing, and 60 percent of the cattle herd (mainly dairy) is located in this region (Danmarks Statistik 2001).

The differences in agricultural land use between selected regions of Denmark are shown in Table 2 along with the changes in it between 1989 and 2000. The cultivated area in Denmark declined by 4 percent between 1989 and 2000. Cereal production dominates crop production in Denmark and accounts for 65 percent of the area in Vestsjælland county in eastern Denmark, but only for 52 percent in Ringkøbing county in western Denmark in both 1989 and 2000. In contrast,
Søren Kristensen

the area of Ringkøbing County sown to grass and green fodder crops increased from 16 percent in 1989 to 22 percent in 2000. This is a much larger proportion than in Vestsjællands county and reflects the major concentration of dairy cattle in Western Denmark. The increase in the relative area cultivated with grass and green fodder between 1989 and 2000 in Ringkøbing county is caused by an increase in the area of maize and other crops for silage production. These crops have to a large extent replaced fodder beets as cattle feed, due to the labour intensive characteristics of fodder beet production.

The area under cultivation with root crops has diminished significantly in both counties. On the national level the area under root crops has changed from being largely used for the production of fodder beets in 1989 to sugar beets in 2000. In Vestsjællands county 83 percent of the root crop area is devoted to sugar beet production. In contrast, potatoes constitute a similar proportion of the root crop area in Ringkøbing County, where the sandy soils are suitable for potato production.

The cultivation of seeds for sowing is another type of agricultural land use which shows distinct regional differences in cultivation patterns. This speciality crop (mainly for the production of seed of grass such as perennial rye grass) is predominantly cultivated on the better soils in eastern Denmark. Its cover has increased from 5 percent to 7 percent of the cultivated area in Vestsjællands county, though it accounted for 1 percent of Ringkøbing county agricultural land in both 1989 and 2000.

Table 2. Agricultural land use in Denmark and selected regions in 1989 and 2000 (in %).

<table>
<thead>
<tr>
<th></th>
<th>Denmark</th>
<th>Vestsjællands County</th>
<th>Ringkøbing County</th>
</tr>
</thead>
<tbody>
<tr>
<td>cereals</td>
<td>56</td>
<td>57</td>
<td>64   65</td>
</tr>
<tr>
<td>pulses</td>
<td>4</td>
<td>1</td>
<td>3    1</td>
</tr>
<tr>
<td>root crops</td>
<td>7     4</td>
<td>7      5</td>
<td>9     5</td>
</tr>
<tr>
<td>seeds for industrial use</td>
<td>8</td>
<td>4</td>
<td>9    4</td>
</tr>
<tr>
<td>seeds for sowing</td>
<td>3</td>
<td>3</td>
<td>5    7</td>
</tr>
<tr>
<td>grass and green fodder (in rotation)</td>
<td>12</td>
<td>16</td>
<td>5      5</td>
</tr>
<tr>
<td>horticultural</td>
<td>1</td>
<td>1</td>
<td>2    2</td>
</tr>
<tr>
<td>permanent grassland</td>
<td>8</td>
<td>6</td>
<td>5    4</td>
</tr>
<tr>
<td>total (%)</td>
<td>100 100</td>
<td>100 100</td>
<td>100 100</td>
</tr>
<tr>
<td>total (ha)</td>
<td>2774127</td>
<td>2646982</td>
<td>199461 193508</td>
</tr>
</tbody>
</table>

Source: Danmarks Statistik (1990); Danmarks Statistik (2001).

The changes in land use in Vestsjællands and Ringkøbing counties between 1989 and 2000 demonstrate the differentiation to agricultural production in Denmark, which results from differences in agricultural potential. Crop production in western regions, as represented by Ringkøbing county, is closely inte-
grated with dairy cattle production, leading to the large areas being used for roughage (grass, fodder beets, maize) production. In contrast, the favourable soil conditions in eastern Denmark, as represented by Vestsjællands County, have led to more specialized plant production that include such high value crops as sugar beet. Pig production is traditionally associated with cereal production, as barley constitutes the main feed. At present, the largest concentrations are found in the vicinity of large towns where meat processing plants are located.

The following section analyses the effect of agricultural modernization on the agricultural sector in recent decades, in terms of the concentration, specialization and intensification of production.

CONCENTRATION

The number of farms declined by over 60 percent between 1973 and 2000 (from 133,000 to 53,000 farms respectively). The proportion of full-time farms also declined, from 60 percent in 1973 to 40 percent in 2000 (Figure 1). In the same period, average farm size increased from 22 ha to 50 ha, while the proportion of farms larger than 50 ha increased from 7 percent to 32 percent. (Danmarks Statistik 1974 and 2001). These figures underline the concentration of production on a smaller number of large farms. In examining the restructuring of the agricultural sector over time, account should be taken of statistical census units that have changed repeatedly over past decades (Kristensen 1999a). In spite of the uncertainties introduced by these changes, the reduction in the number of farms represents a very prevalent trend. Another significant trend of recent decades concerns the very unevenly distributed production between farms. Although full-time farms constitute a minority, they still account for the bulk of

![Figure 1. Number of farms in Denmark between 1973 and 1997.](http://rcin.org.pl)
production. Large, full-time farms which employ more than 2 full-time workers per year only constitute 20 percent of the farms in Denmark, though these own 75 percent of all cattle and 85 percent of the sows (Landboforeningerne 2002). The concentration of livestock on a minority of farms has led to environmental problems locally. Ammonia emissions from large pig farms can lead to critically high ammonia concentrations in sensitive areas, such as heathlands (Naturradet 2002).

SPECIALIZATION

The typical Danish farm until 1970 was a mixed farm with a combination of crop, cattle and pig production. However, farm production has since become highly specialized, and only a minority of farms today are engaged in all three types of production. The drive towards specialization during the 1990s is shown in Figure 2. The proportion of farms with both pigs and cattle decreased from 17 percent to 8 percent between 1990 and 2000. In the same period, the proportion of farms with only cattle increased from 28 percent to 34 percent, while the proportion of farms with only pigs decreased from 20 percent to 16 percent. Farms without animals constitute almost a half of the total. Specialization has

Figure 2. Proportion of farms with different types of production in Denmark in 1990 and 2000.
economic advantages, as it allows farmers to concentrate funds and resources on a single line of production. There are also the negative environmental consequences—as the reduction in the number of cattle farms and the concentration of these farms in western Denmark reduce the importance of permanent grassland areas (meadows, bogs) to the farmer. As a result, these areas are often cultivated or become scrub or forests through vegetational succession (Joyce et al. 1998, Andersen 2002). Andersen (2002) points out that this unfortunate development has diminished in the past decade, due, in part, to the implementation of the new nature protection legislation and agri-environmental schemes.

INTENSIFICATION

Output from Danish farming increased by 2 percent annually during the 1980s, in spite of a decreasing number of full-time farms. The largest increase was in pig farming (3.4 percent) and plant production (2.7 percent) (Hansen 1995). In contrast, the output from cattle production decreased by 1.2 percent during the period, mainly due to the introduction of milk quotas at EU level in 1984. During the same period, the use of inputs per unit produced decreased for all production types, mainly thanks to the introduction of labour-saving technology which reduced the labour costs in agriculture. As a result, all production types experienced increases in productivity ranging from 2.3 percent for cattle production to 3.1 percent for plant production and 3.4 percent for pig production. In

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Austria</td>
<td>71</td>
<td>2.42</td>
</tr>
<tr>
<td>Belgium</td>
<td>197</td>
<td>12.94</td>
</tr>
<tr>
<td>Denmark</td>
<td>148</td>
<td>2.07</td>
</tr>
<tr>
<td>Finland</td>
<td>137</td>
<td>0.48</td>
</tr>
<tr>
<td>France</td>
<td>159</td>
<td>4.6</td>
</tr>
<tr>
<td>Germany</td>
<td>178</td>
<td>2.93</td>
</tr>
<tr>
<td>Greece</td>
<td>52</td>
<td>4.49</td>
</tr>
<tr>
<td>Ireland</td>
<td>158</td>
<td>2.41</td>
</tr>
<tr>
<td>Italy</td>
<td>109</td>
<td>9.52</td>
</tr>
<tr>
<td>Netherlands</td>
<td>245</td>
<td>11.81</td>
</tr>
<tr>
<td>Portugal</td>
<td>62</td>
<td>5.56</td>
</tr>
<tr>
<td>Spain</td>
<td>77</td>
<td>2.34</td>
</tr>
<tr>
<td>Sweden</td>
<td>85</td>
<td>0.46</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>119</td>
<td>4.88</td>
</tr>
</tbody>
</table>

¹ FAO, 2002
² After (Wascher 2000)
addition to labour saving technology, other factors, such as improved plant and animal species, education of farmers and structural changes in agriculture also contributed to the increase in productivity (Hansen 1995). The intensive use of agro-chemical inputs is another factor which has contributed to productivity increases. The use of mineral fertilizer and pesticides increased between 1960 and 1985. Agro-chemical inputs have decreased since the mid-1980s, however. At present, the use made of mineral fertilizer is rather great in the EU context, with Denmark having the 6th highest application rate in 2001, but the rates of use have decreased by 5 percent during the past decade due to stricter environmental regulation and more effective use of animal manure. Pesticide use, in contrast, is very low in by EU standards, with Denmark recording the 3rd lowest use of pesticides as measured in kg sold active ingredient per area in agriculture in 1995, (average application of 2.1 kg/ha). The development of more efficient pesticides has combined with the introduction of strict environmental regulations to reduce the level of pesticide use (Table 3).

FARM OWNERSHIP: PRESENT STATUS AND FUTURE TRENDS

The family-owned and owner-operated farm continues to be the dominant farm type in Denmark, accounting for 91 percent of all farms (Landboforeningen 2002). This ownership form has been promoted and protected in agricultural legislation for more than a century now. Changes in agricultural legislation have opened up possibilities for other ownership forms and today 9 percent of farms are owned by companies of the shareholders or other types. The agricultural legislation is an important tool by which to influence the structure of agricultural production, and it has been adjusted continuously to reflect economic and political conditions at the given time. For example, the ownership requirements in relation to the purchase of agricultural properties have been relaxed over the past decades. In 1978, an individual was required to have completed a 5-year farmer training course and to live on a farm in order to purchase one. Since 1989, this rule has only applied to farms larger than 30 ha. This change has allowed part-time and hobby farmers to purchase small farms which would not be economically viable as the main source of income, and has also helped the rural population in many areas to be maintained, even if agricultural production is not a main profession.

New ownership forms are emerging in reflection of new trends in society. Young people are often reluctant to become farmers due to the low profitability and hard physical work, involving long hours of work and limited vacation. Emerging new companies based on cooperation between farmers alleviate some of these constraints and make farming more attractive. Such new companies appeared after the amendment of agricultural legislation in 1989 cleared the way for new types of ownership. It is estimated that 600-800 of the companies existing today are based on different types of cooperation (Nielsen 2002). In addition,
the new investment sources that are appearing offer capital to young farmers through the construction of joint-venture companies. The following section describes some of the most interesting and common types of companies and ownership forms.

GREEN FODDER PRODUCTION FOR DAIRY FARMERS

A new type of cooperation between dairy farmers has developed to increase profitability and reduce working hours for the individual farmer. In this type of cooperative, farmers hold their farmland in a jointly-owned company which is responsible for the production of green fodder for the total cattle herd of all the owners. The farmers have relinquished control over their farmland and instead concentrate on the dairy herd, something which should manifest itself in higher milk production and improved health conditions (Svendsen 1999). The large size of the production unit should also lead to improved profitability through a more cost-efficient use of machinery and improved negotiation power to buy farm inputs. Svendsen (1999) investigated the economic performance of 36 companies which had formed after 1990. Six of them were roughage production companies and all participating farmers had recorded improved economic performance after the creation of the company.

JOINT VENTURE PIG PRODUCTION

An investment group which is financed by large pension funds offers capital to finance production facilities and animals while the farmer provides the buildings and is employed as managing director in the company (Dansk Primær Landbrug Invest 2002). The advantages to the farmer would be the inflow of capital which could help establish grater production in a short time. The disadvantage is in the terms of the contract, which demand a certain minimum production level from the farmer, and restrict the farmers’ decision-making on investment and production plans. Nonetheless, the access to external capital can be crucial for new farmers needing to finance investments on a farm, and this new type of financial arrangement may play an important role for young farmers. It should be underlined that the use of this type of investment capital, which differs from traditional banking and credit facilities, is very recent and has been avoided in Denmark for political reasons, to prevent land grabbing and “neo-feudalism”. Approximately 20 joint venture productions had been established by 2002 (Dansk Primær Landbrug Invest 2002).

MULTI-SITE PIG PRODUCTION

The multi-site concept is becoming increasingly popular, especially on large pig farms. In line with it, farmers produce pigs in different stables according to age, to allow for more efficient fodder use and a minimization of infection-rela-
ted health risks (Pedersen 2001). In some cases, farmers will operate jointly, each being responsible for one segment of the production chain. The individual farm therefore forms a functional unit with other farms, often located at some distance from each other. Initial surveys indicate that the multi-site production concept may generate a higher income through reduced animal health problems and improved production management (Graversen 1999). However, the high degree of specialization and dependency on the other units in production may deter those farmers who prefer to be involved in the whole production line or prefer a more flexible type of production.

The preceding section described how traditional farm ownership types in Denmark have been supplemented by new ones over the past 2 decades. Full-time farmers now constitute a minority, and the reduced importance of agricultural income for part-time and hobby farmers introduces new priorities and preferences in rural areas. New priorities are also emerging among full-time farmers. Although the family owned farm continues to dominate, the new ownership forms described above reflect a new sets of priorities (demands for favourable and flexible working conditions), as well as new ways of maintaining profitable agricultural production in a competitive market.

EU MEMBERSHIP AND CAP REFORM

EU regulation of agricultural production has exerted a quite profound influence. While several studies have shown that it is difficult to distinguish the consequences directly related to agricultural policy changes from other factors influencing agricultural structure (i.e., market conditions, technology, consumer preferences), there is no doubt that the CAP is an important driving force behind changes in that structure in recent decades (Wiborg et al. 1997, Landbrugsministeriet 1998). The introduction of milk quotas in 1984 in particular had a strong impact on the dairy industry and has brought about a reduction in the number of dairy cattle since then.

The price support mechanism was a main instrument of the CAP until 1992 (Landbrugsministeriet 1995, Fennell 1997). In this way EU farmers were protected against competition from non-member states through a system of tariffs on imported products and subventioned agricultural production from the EU countries. This policy had a positive effect in exporting nations such as Denmark (Walter-Jørgensen et al. 1994). However, the 1992 CAP reform transformed the subsidy system from an output-based one, which encouraged increased production and led to problems of surplus production, to one based on the area cultivated with different crops, regardless of crop yields. The so-called ‘Arable Area Payment Scheme’ provides financial support to farmers for the cultivation of five types of crops if the farmer abides by a set of conditions. The most significant condition is a mandatory set-aside of farmland corresponding to 10 percent
of the farmed area in 2001 for all farms larger than 17.8 ha (Direktoratet for FødevareErhverv 2002). The Danish farmers received close to 667 MEURO in 2000 through the area payment scheme, while headage payments amounted to 42 MEURO (Danmarks Statistik 2001).

One consequence of the demand for set-aside and the change in the subsidy strategy was a decrease in the proportion of land under grain from 57 percent of the agricultural area in 1991 to 54 percent in 1999. These changes in crop structure meant that the value of the export of crops (grain, peas and rapeseed) was reduced by 62 percent from 900 MEURO in 1990 to 338 MEURO in 2000. An increasing amount of grain is used instead as pig feed. The export value of pig meat increased from 1.756 MEURO in 1990 to 2.648 MEURO in 2000 (Landboforeningerne 2002).

The latest reform of the CAP, the Agenda 2000 reform, is what will determine EU agricultural policy until 2006 (Winter et al. 1998, Rygnestad 1999, Directorate-General for Agriculture 2000). Two of the important objectives of the reform are to prepare for the enlargement of the EU by accession countries, as well as to continue the process by which agricultural policy is brought in line with WTO requirements. The main part of the Agenda 2000 reform relies on the instruments introduced in the 1992 CAP reform, i.e., a continued decoupling of agricultural subsidies from production and a reduction in the intervention prices offered for cereal production (a 15 percent reduction over 2 years) and beef production (a 20 percent reduction over 3 years). Instead, area payments for cereals and headage payments for certain livestock categories have been increased to compensate for these reductions (Directorate-General for Agriculture 2000). The increased reliance on the principle of cross-compliance, whereby farmers are required to fulfil certain environmental requirements in order to benefit from agricultural subsidies is an important component. It signals the continued integration of environmental considerations into EU agricultural policy, and thereby continues the trend introduced in the 1992 CAP reform.

During what have so far been the few years of its implementation, Agenda 2000 seems to have influenced agricultural production quite significantly. The decrease in support levels for most crops except cereals has increased the cereal area by 20,000 ha or 1 percent compared with previous years. As a result of this increase, area payments are expected to reach 675 MEURO in 2001. Agenda 2000 reform measures have also influenced the composition of the livestock sector. The number of headage payments for male bovines rose to 180,000 from 150,000 in 2000. The increase was caused by the increase in headage payment level and the adjustment of a number of conditions needed to qualify for subsidies. It is expected that total subsidies to the cattle sector will increase from their present level of 42 MEURO to 135 MEURO at the end of 2002 when the reform for this sector is fully implemented (Landboforeningenørne 2002).
ENVIRONMENT AND AGRICULTURE: A DELICATE BALANCE

The negative environmental impact of modern agricultural production has caused public concern over past decades (Kazenwadel et al. 1998, Winter 1999, Buller 2000, Lowe et al. 2001). With more than 95 percent of arable area in rotation, the number and size of natural and semi-natural landscape elements in Denmark have been greatly reduced (Ejrnæs 2000). The fragmentation has severely reduced the habitat value of the remaining areas. Legislation has been developed with the purpose of arresting this development. The Nature Protection Act implemented in 1992 contains sections which aim at maintaining the remaining grassland habitats in agricultural use (Strukturdirektoratet for Landbrug og Fiskeri 1996). It allows farmers to continue current management practices (e.g., grazing, hay-cutting and fertilizing) but prohibits any intensification or alteration of land use.

The intensification of agricultural production has serious environmental side-effects in the form of eutrophication of water bodies. The increased nutrient load, in particular nitrate leaching, is a major threat to safe drinking water resources in rural areas (Agger 1999, Linddal 1998, Miljø- og Energiministeriet 1999). This section describes two agri-environmental programs and two environmental initiatives aimed at improving environmental conditions in rural areas. The two agri-environmental programs support land use changes to improve habitat conditions for flora and fauna as well as reduce nutrient pollution. The two environmental initiatives aim specifically at reducing the nitrate load from agricultural production. The section describes the importance of the programmes in terms of uptake as well as the influence of EU membership on these activities. It concludes with a discussion of the rapidly increasing organic agriculture in Denmark. In particular, it describes some of the main factors influencing farmers’ decisions as to whether to convert to organic agriculture.

IMPLEMENTATION OF THE 2078/92 AGRI-ENVIRONMENTAL PROGRAM

A series of EU-initiated agri-environmental programs have been implemented in Denmark since the early 1990's (Andersen et al. 2000). The national implementation of the 2078/92 program is an important effort which includes measures directed at extensifying agricultural production in environmentally sensitive areas (ESA). Funds are available to farmers who adopt certain measures within an ESA designated by each county within one of the following categories:

- areas in which groundwater is threatened by nitrate leaching,
- areas of high natural value (e.g., meadows, slat marshes),
- riverbanks and shorelines.
The types of measures which are designed to raise natural values in these areas are presented in Table 4. All of them are of 5-year duration (except the 20-year set-aside programme) and require a certain minimum size (0.3 ha for most measures, 5 ha for the 20-year set-aside programme and the planting of rye grass as ley in grain crops. The ban on pesticide use must include all eligible areas on the farm).

The level of involvement of farmers in the Danish agri-environmental measures programme ("ESA-agreements") between 1994 and 1996 was evaluated in 1998 (Andersen et al. 1998). Some of the key figures from the evaluation are presented in Table 4. Of the 462,000 ha designated by the counties, agreements have been made for 58,700 ha (12.7 percent coverage). The expenditure on the agreements corresponds to 58 percent of the budgeted costs. 83 percent of this area was covered by agreements under the "extensification of grass land management" package.

Table 4. Adoption of ESA-measures in Denmark between 1994 and 1998.

<table>
<thead>
<tr>
<th>Type of measure</th>
<th>purpose of measure</th>
<th>area covered by contracts (ha)</th>
</tr>
</thead>
<tbody>
<tr>
<td>extensification of grass land management</td>
<td>reduction of nitrate leaching</td>
<td>48833</td>
</tr>
<tr>
<td>improvement of flora and fauna conditions</td>
<td>reduction of nitrate leaching</td>
<td>6441</td>
</tr>
<tr>
<td>reduction of nitrogen fertilizer application</td>
<td>reduction of nitrate leaching</td>
<td>2401</td>
</tr>
<tr>
<td>planting of rye grass as ley in grain crops</td>
<td>protection of groundwater in sensitive areas</td>
<td>1002</td>
</tr>
<tr>
<td>20 year set aside of land</td>
<td>protection of rivers and lakes against pesticides</td>
<td>65</td>
</tr>
<tr>
<td>no use of pesticides in a 12 m. wide buffer next to rivers and lakes</td>
<td></td>
<td>Total 58742</td>
</tr>
</tbody>
</table>


These measures are the most popular, since they frequently do not require major changes in farm structure and management. They serve an important function, as they keep valuable grassland in use and prevent it from being converted to other types of land use. However, in spite of these obvious positive effects, they have been criticized as merely supporting existing practice, without leading to additional benefits (Abildtrup 1999). A number of reasons for the low level of uptake of ESA measures were identified by Andersen et al. (1998):

• farm management: the problem of integrating ESA-measures into current farm production. Farmers might not be able to fulfil the requirements to qualify for the subsidies, as they need area for manure application, crop production and grazing,
• lack of information: some farmers did not know about the ESA-measures or did not know if they had land within the ESA-areas,
• bureaucracy and economic reasons: some farmers estimate that the paperwork involved in applying for the subsidies is too demanding, or that the conditions
stipulated for the ESA are unrealistic for farm production. Furthermore, the low payment for adoption of ESA-measures was mentioned as an obstacle.

AFFORESTATION PROGRAMME

Denmark has implemented an afforestation programme since 1989, with the aim of increasing the national forested area over a 100-year period from 12 percent in 1991 to 24 percent (Landbrugsministeriet 1991). This objective is implemented by a combination of private and public afforestation projects. Individuals can apply for subsidies if they meet different criteria, e.g., have property located inside an area designated for afforestation and a minimum of 2 ha available for the afforestation project. The private projects are subsidized from a combination of EU and national funds with a disbursement of 30 MEURO in 1999 (Miljø- og Energiministeriet 1999). While the programme was initially considered an alternative to agricultural production in marginal agricultural areas, the objectives have been enlarged during the 1990s to include recreational and environmental objectives (Madsen 2002). More specifically, it is seen as a way to reduce groundwater contamination by pesticides and fertilizers, as well as to increase recreational opportunities in urban fringe areas.

The identification of areas designated for afforestation projects is done by each county, which specifies three categories of afforestation areas in its regional plan:
- afforestation areas: where afforestation is encouraged and applicants are eligible for subsidies,
- neutral areas: where afforestation is allowed but not subsidized,
- negative areas: where afforestation is only allowed following approval from the county.

Table 5 describes the afforestation areas designated at national level.

Table 5. Afforestation areas in Denmark

<table>
<thead>
<tr>
<th>Area Type</th>
<th>Area (ha)</th>
<th>Area (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Afforestation areas</td>
<td>186,000</td>
<td>4.7</td>
</tr>
<tr>
<td>Neutral areas</td>
<td>3,942,000</td>
<td>74.2</td>
</tr>
<tr>
<td>Negative areas</td>
<td>830,300</td>
<td>21.1</td>
</tr>
</tbody>
</table>


Altogether the 17,700 ha planted between 1989 and 1999, corresponded to 39 percent of the targeted area. The interest in the programme was rather limited at the beginning, and only 559 ha of new forest were planted with subsidies between 1990 and 1995 (Strukturdirektoratet for Landbrug og Fiskeri 1996). One problem concerns the level of subsidies—too low to interest some farmers. Another limiting factor is the tenure-related consequence of the programme, since an area which benefits from the subsidy programme will be registered as a
The increase in subsidy rates in 1997 and the possibility of combining the subsidy for afforestation with EU agri-environmental subsidies under regulation 2078/92 has since then increased the interest in the programme. Consequently, 1700 ha of forest was planted with subsidies between 1996 and 1999. (Miljø- og Energi-ministeriet 1999, Kirkebæk et al. 2000). The environmental effects of the afforestation projects vary according to tree species planted, soil type, planting and management procedures (e.g., use or non-use of pesticides). A case study which investigated the environmental effects of 36 afforestation projects, estimates that 29 projects (mainly managed by the public forest department) had a positive effect, while 7 did not improve environmental conditions significantly (Kirkebæk et al. 2000). It should be stressed that, due to the recent nature of the afforestation programme, data concerning long-term environmental effects are not yet available.

**WATER PROTECTION PLANS TO REDUCE NITRATE LEACHING**

The risk of nitrate pollution of groundwater resources and eutrophication of lakes and coastal waters led to the formulation of an action plan for water protection in 1987 (Linddal 1998). The action plan aimed at reducing the nitrate contribution from agricultural production by 50 percent from 260 m. kg N in 1987 to 133 m. kg N in 1990. The main mechanisms implemented by the aquatic action plan (VMP1) were:

- 9 month slurry storage capacity,
- improved manure application,
- differentiated land: livestock ratios for different types of livestock farms,
- completion of annual nutrient budgets for each farm,
- 65 percent wintergreen fields (grass, cereals, etc.) on each farm.

The action plan led to massive investment in new slurry storage tanks which could meet the storage requirements. However, several evaluations during the 1990s estimated that the anticipated decrease in N loss to the aquatic environment was not achieved, such that the deadline for meeting the 50 percent reduction was postponed to 2000 in order to give the initiatives time to become effective (Miljø- og Energi-ministeriet 1999). In spite of the new date for meeting the requirements, the expected results did not materialize (Linddal 1998). New problems of eutrophication in 1997 generated increased concerns over nutrient loads in coastal waters. As a result, a second water plan (VMP2) was implemented in 1998. The new plan tightened some of the requirements of VMP1 and also introduced new regulations. For instance, county planning authorities were instructed to identify lowland areas which could become zones of denitrification, leading to reduced nitrate leaching into groundwater reservoirs. The new “denitrification zones” are administratively managed together with the ESA areas identified as target areas for funds allocated under 2078/92. Additional funds were also allocated to the afforestation programme and the promotion of orga-
NITRATES DIRECTIVE

The EU Nitrates Directive (91/676) has been transposed into Danish legislation to ensure a balanced land:livestock ratio. This regulation has had a significant effect in Denmark due to the significance of the country's meat and dairy production. In addition, the regulation has indirectly reinforced some of the structural changes currently dominating the agricultural sector, notably the concentration of production. At present, pig farms may keep no more than 1.7 Animal Units/ha, cattle farms no more than 2.1 Animal Units/ha and other farms no more than 2.0 Animal Units/ha. In 2003, these norms will be adjusted to no more than 1.7 Animal Units/ha for all farm types. Due to uneven distribution of production in Denmark, farms in some areas experience more problems with meeting these requirements. Figure 3 shows the areas that are deficient in land to meet these requirements. The most deficient areas are found in western Denmark, where livestock densities are high.

Figure 3. Proportion of farms deficient in land according to norms in EU Nitrates Directive (91/676) in 2000. After Danmarks Statistik 2001.

On a national level, 6,134 farms (16 percent of the whole) are affected by the problem and need more land than they currently possess (Landboforeningerne 2002). In counties in western Denmark with high livestock densities, as many as 22 percent of all farmers are deficient when it comes to meeting the land: livestock requirements. The deficient farms are forced to make temporary agreements with neighbouring farmers as regards the spreading of manure on their land. Many farmers prefer to either buy or lease land to ensure long term control over the area required for manure spreading. The increased demand for land has led to significant increases in land prices locally. In some areas, the price levels do not reflect the physical potential for crop production, but have rather been inflated to prices 2-3 times above normal levels for that particular area (Kristensen 1999b).

ENVIRONMENTALLY-FRIENDLY AGRICULTURE: ORGANIC AGRICULTURE

Organic agriculture has experienced rapid growth in Denmark since 1990. The number of organic and biodynamic farms increased from 523 in 1990 to 3466 in 2000 and presently corresponds to 5 percent of all farms, cultivating a similar proportion of the total agricultural area (Jacobsen 2001). The sharp increase in the number of organic farms is related to the widespread concern for food quality and the negative environmental effects of conventional agriculture. In addition, a high level of government support for organic production, research, processing and marketing has been very significant (Andersen et al 2000). The increased demand for organic products made it a more profitable enterprise during the 1990s and motivated many farmers to convert to organic production. The rise in the number of conventional farms which converted to organic agriculture since 1995 in particular, is linked to 20 percent premiums offered by the dairy industry, in addition to government subvention of organic agriculture, with a view to the increased demand for organic milk products being met. Organic products as a whole have a market share of 5 percent of all food products (Wier et al. 2002). Organic milk products are the most successful commodity group and account for 10 percent of the market for dairy products, with fresh milk being the most successful and accounting for 22 percent of the milk market. The consumption of organic products is related to a number of socio-demographic variables, and a rural-urban gradient seems to be important. Organic milk accounts for 27 percent of the market in the metropolitan area of Copenhagen, but for only 10 percent in rural areas in Jutland. Other products such as meat and vegetables are significantly more expensive than compared to conventional products and have only gained 2-3 percent market shares (some individual products deviate. The sales of organic carrots accounts for 15 percent of the market) (Wier et al. 2000).

Organic farms are typically large dairy farms, and the average organic farm is larger than a conventional dairy farm (Det Økologiske Fødevareråd 2001). There
are two main reasons why dairy farms dominate organic farming in Denmark. Firstly, these farms are already farming in a way which is close to the principles behind organic farming: a large proportion of farm-produced fodder, manure already used as fertilizer and balanced stocking rates which maintain environmental friendly land:livestock ratios. Secondly, the success of organic dairy products in Denmark makes it financially attractive. However, a recent study by Jacobsen (2001) indicates that the market might have reached saturation point, and that it will be difficult to expand it at the same pace in future. The study points out that one consequence may be that some of the farmers who have converted to organic agriculture might decide to re-convert to conventional farming, if the market loses its financial attractiveness. Since the government subsidy to farms which convert to organic agriculture is given for a 5-year period, a trend towards re-conversion will most likely be delayed until the expiry of the 5-year subsidy, which means that the next few years will bring an answer to this question.

Farmers convert to organic agriculture for a variety of reasons. In a survey among 368 Danish organic farmers, Tress (2001) found that environmental considerations were the most important reasons for farmers’ decisions to convert to organic farming (in 63 percent of cases). Economic reasons were more important to farmers who had converted from conventional farming than for farmers who were new in farming (32 percent and 9 percent respectively). This difference may reflect the lesser importance of farm income as a source of household income for part-time and hobby-farmers, who constitute the majority of new farmers. In contrast, disagreement with the development of conventional agriculture was more pronounced among beginners than with farmers converting from conventional agriculture (52 percent and 24 percent respectively).

CONCLUSION

This paper has examined the processes of restructuring in the agricultural sector in Denmark. The main trend during the productivist phase between 1950 and the mid-1980s entitled the concentration, intensification and specialization of production. The result of these processes is an increased polarization of the farming community into a minority of large full-time farms and a majority of small part-time and hobby farms. The importance of the agricultural production in Denmark has declined in terms of export share and employment effect. Nevertheless, it continues to be the dominant form of land use. The production is regionally differentiated, with the main division between livestock holdings in western Denmark and crop production in eastern Denmark, which reflects differences in agricultural potential due to variations in biophysical conditions and socio-economic opportunities. Family ownership continues to be the dominant form of farm ownership, although new forms are emerging, in order that working conditions might be improved and economies of scale benefits gained.
Organic agriculture has grown rapidly during the 1990s, partly driven by consumer concerns over food quality and high demand for organic products. However, it is possible that the market, especially for organic dairy products, has reached saturation point, such that discouraged organic farmers may reconvert to conventional agriculture in the next couple of years. Intensive agricultural production has made Danish agriculture a leading exporter of produce. However, it has also had serious negative environmental impacts, in the form of eutrophication of water bodies and the fragmentation of natural and semi-natural landscape elements. Several agri-environmental programmes with economic support from the EU have been implemented in recent decades to mitigate the negative effects. The voluntary programmes, such as the 2078/92 measures and the afforestation program had only have limited success in terms of number of participants and area covered. The low subsidies involved and conflict with existing production seem to be major obstacles for greater uptake. The reduction of nitrate leaching has been a central objective in policy of initiatives dealing with environmental effect of agricultural production in Denmark. A first generation of aquatic action plans was implemented a long time ago in 1987. However, the expected outcome, a reduction of nitrate leaching by 50 percent in 1990, was not achieved, and even after a 10 year extension of the period, the results are still unsatisfactory. A second generation of aquatic action plans was implemented in 1998, incorporating a designation of denitrification zones along water-courses. The implementation of the Nitrate Directive in 1991 has slowed down the concentration of livestock and assures a balanced land:livelstock ratio. Only a minority of farms, mostly in western Denmark, are unable to meet the required balance and are forced to enter into agreements with other farmers concerning manure application on their land. Although significant reductions have been achieved through these initiatives, nitrate leaching continues to be a major problem, especially in coastal waters.

The agricultural agenda has changed significantly in Denmark during the past two decades, and reflects the passage from a productivist era to a post-productivist transition, of the kind that has also been seen in several other European countries. Environmental concerns have become important in addition to traditional production objectives. The restructuring of the agricultural sector has concentrated production on fewer and larger farms compared to earlier periods. New ownership forms which are based on economies of scale and demand more favourable working conditions can be seen as an alternative way to gain economies of scale benefits compared with traditional family-owned and managed farms. The increased importance of environmental objectives, the success of organic agriculture and the diversified ownership patterns signal the emergence of a more heterogeneous farming sector, which is divided into different segments with alternative objectives. The spatial diversity and variation of these objectives across Denmark reflect the compromise between the local agricultural potential and higher-level political and economic factors which influence the farm sector.
The restructuring of the agricultural sector must thus be interpreted in the light of the new objectives, rather than purely traditional, productivity-driven objectives. Furthermore, it is necessary to take a multi-level perspective on driving forces, including the local, national and international levels, in order to explain local and regional differences in the agricultural sector.

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FROM PRODUCTIVITY TO SUSTAINABILITY: RESOLVING THE CONTEMPORARY CRISIS IN UNITED KINGDOM FARMING AND FOOD?

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ABSTRACT: This paper interprets a contemporary crisis in the farming and food sector of the United Kingdom and evaluates the response in national state intervention in reorienting the sector from 'productivity' towards 'sustainability'. Policy documents from an advisory Policy Commission on The Future of Farming and Food and the Department for Environment, Food and Rural Affairs in England are examined. The analysis reveals three dimensions in an emerging discourse on the sustainable development of farming and food, namely competition, environment and rural development, together with a continuing tension between the three dimensions in policy making, and constraints placed on national state intervention by the Common Agricultural Policy of the European Union.

KEY WORDS: farming and food, sustainability, competition, environment, rural development, United Kingdom.

INTRODUCTION

Intervention by the state remains a potent process of change in the farming and food sector (i.e., agriculture placed in the context of the wider food chain), despite the withdrawal of state intervention from many other sectors of the economy in developed countries. Such intervention is subject to constant renegotiation amongst stakeholder groups, which in the present context equates with farmers, processors, retailers, traders and government agencies within the farming and food sector. Renegotiation can take place within international organizations, such the World Trade Organization and the European Union (EU), or, as in this analysis, an individual country. Embedded in these renegotiations are the disco-
urses of stakeholder groups; the constructs and consequences of such discourses form the focus of this paper.

The context of the present analysis is the renegotiation of state intervention amongst stakeholder groups in the United Kingdom (UK), placed within a contemporary crisis in the national farming and food sector comprising two main dimensions, namely a precipitous decline in farm incomes since 1995 and falling consumer confidence in the health and safety of the food chain. The contemporary crisis in UK farming and food elicited a positive political response in August 2001, when the Labour Government appointed a Policy Commission on The Future of Farming and Food (PCFFF), chaired by Sir Donald Curry, to “advise the Government on how...(to)...create a sustainable, competitive and diverse farming and food sector” (PCFFF 2002, 5), including associated policy initiatives. The 10 members appointed to the PCFFF were drawn widely from the business community (e.g., banking, consumer representation, agri-business, environment, and marketing) and they consulted widely with stakeholder groups within the farming and food sector (e.g., with farming industry [30.10.01], consumer [31.10.01] and environmental [6.11.01] groups) in drawing up their report for England (PCFFF 2002, 141). A further period of national and regional consultation on the Report then took place between government representatives and a range of ‘key organizations’ in eight Regional Rural Affairs Forums (DEFRA 2002a), resulting in a policy document from the Department of Food and Rural Affairs (DEFRA) in December 2002 on a package of strategic policy initiatives (DEFRA 2002b, 2002c).

This paper interprets the discourse developed by the PCFFF and DEFRA as a contribution to understanding the development of state policy for rural change. Three emergent dimensions within a discourse about the sustainable development of farming and food are identified, namely on competition, the environment and rural development. An assessment is made of their relative significance in the subsequent development of policy measures by DEFRA for England. The parallel developments taking place within Scotland and Wales are not considered here. Interpretation of the three dimensions is based on a critical reading of recently published policy documents, including Farming and Food: a Sustainable Future (PCFFF 2002), Sustainable Food and Farming: Working Together (DEFRA 2002a), Response to the Report of the Policy Commission on the Future of Farming and Food by HM Government (DEFRA 2002b), and The Strategy for Sustainable Farming and Food: Facing the Future (DEFRA 2002c).

INTERPRETING THE POST-1995 CRISIS IN FARMING AND FOOD

One of the outcomes of the national and regional consultation processes noted above has been the development of a broad consensus amongst stakeholder groups on the causes of the contemporary crisis in UK farming and food.
The following section summarizes the resulting consensus as expressed in the PCFFF (2002) and DEFRA (2002a, c) documents and supported by the academic literature.

**FALLING CONSUMER CONFIDENCE IN THE FOOD SUPPLY SYSTEM**

Until recent years, a majority of stakeholder groups subscribed to the long-standing ‘productivist’ discourse on the development of the UK food chain, also termed the ‘industrialisation’ of farming and food (e.g., Atkins and Bowler 2001, 56; Britton 1990). But now there has emerged a wider acceptance of the association between that discourse and an unsustainable trajectory of development in farming and food (PCFFF 2002, 13; DEFRA 2002a, 4). Summarizing the interpretation, from a concern in the mid-1960s with the subsumption of the food system by non-farm corporations (i.e., food processors and retailers), including the consequences for the progressive elimination of family farms (Marsden and Symes 1984), attention turned in the 1970s to the damaging consequences for the environment of intensification and specialization in the farm sector (Kronert et al. 1999). From the early-1990s concern then developed on consumer health and safety issues over agri-chemical residues in foods, animal welfare standards, and the use of additives in processed foods, such as salt, sugar, artificial colourings and preservatives (Atkins and Bowler 2001, 190). These concerns were compounded from the late 1990s by the discovery of Bovine Spongiform Encephalopathy (BSE – ‘mad cow disease’) in the UK beef supply system.

Dispute continues over whether the EU, through its Common Agricultural Policy (CAP), has shaped rather than caused the industrialization of the food supply system in the UK (Ilbery and Bowler 1998). In the former view the continuous development of regulations within the EU on standards in animal welfare, food hygiene and competition policy, reflects exogenous changes in farming practices, food technology and corporate capital investment activity respectively. In the latter view the CAP is interpreted as having stimulated an unwarranted increase in farm productivity until the early 1990s; particularly influential has been the low-risk economic environment for farm investment, brought about by price supports for production, together with the stimulus of maintaining such prices at above world market levels (Fennell 1997).

**RAPIDLY DECLINING FARM INCOMES**

A consensus also exists amongst stakeholders on the judgement that the CAP has been the single most important influence on the changing economic fortunes of UK farming and food over the last three decades (DEFRA 2002a, 12). In particular, the varying level of prosperity over time has resulted from the need to convert CAP farm support prices from European Currency Units (ECU – now Euro) to their equivalent in £ sterling. The national value of support prices, therefore, has
varied with the exchange rate between the ECU/Euro and £ sterling. For example, in the early 1990s UK producers enjoyed favourable rates of exchange and farm incomes, with average incomes rising by 65 percent in real terms between 1990 and 1995. But since the mid-1990s the increased strength of sterling, relative to other European currencies, has produced the opposite effect, with consequential severe downward pressure on returns to farm incomes and production (Table 1). The magnitude of the farming crisis is revealed in the statistic that total national income from farming fell from approximately £8,000m in 1995 to just over £2,000m in 2000 (DEFRA 2002a, 37). In the livestock sector, this trend was compounded from the late 1990s by the banning of international meat exports, first as a result of BSE and then, in 2001, Foot and Mouth Disease (FMD).

Table 1. UK net farm incomes in real terms (1989/90 – 1991/92 = 100).

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<tbody>
<tr>
<td>Dairy</td>
<td>116</td>
<td>102</td>
<td>95</td>
<td>34</td>
<td>20</td>
</tr>
<tr>
<td>Cattle and sheep (upland)</td>
<td>129</td>
<td>106</td>
<td>143</td>
<td>35</td>
<td>30</td>
</tr>
<tr>
<td>Cattle and sheep (lowland)</td>
<td>161</td>
<td>141</td>
<td>116</td>
<td>-4</td>
<td>-</td>
</tr>
<tr>
<td>Cereals</td>
<td>144</td>
<td>180</td>
<td>239</td>
<td>39</td>
<td>25</td>
</tr>
<tr>
<td>General cropping</td>
<td>85</td>
<td>182</td>
<td>104</td>
<td>75</td>
<td>25</td>
</tr>
<tr>
<td>Pigs and poultry</td>
<td>73</td>
<td>44</td>
<td>80</td>
<td>-26</td>
<td>50</td>
</tr>
<tr>
<td>Mixed</td>
<td>124</td>
<td>133</td>
<td>140</td>
<td>5</td>
<td>55</td>
</tr>
<tr>
<td>All types</td>
<td>115</td>
<td>129</td>
<td>126</td>
<td>34</td>
<td>20</td>
</tr>
</tbody>
</table>


Broad agreement has also been reached amongst stakeholder groups that the currency-associated problems of UK farming and food have been exacerbated by post-1992 changes in CAP price support levels, following the completion of the Uruguay Round of negotiations in 1992 (under the General Agreement on Tariffs and Trade – GATT) and the implementation of the 1992 ‘MacSharry’ and 1997 ‘Agenda 2000’ reforms (Charvet 2001). The 1992 reforms, for example, cut farm support prices of cereals throughout the EU by 29 percent and beef by 15 percent over three years, placed individual farm quotas on subsidies in the beef and sheep sectors, reduced the price support on milk by 5 percent but extended the time limit on the 1984 milk quota scheme, and introduced area-based direct (compensatory) income payments for arable crops (the Arable Area Payments Scheme in the UK – AAPs). In sum, the attempt, through direct income payments, to decouple the link between farm incomes and the volume of food produced required the farm sector to become more responsive to competitive market conditions and lower world prices. In more recent years, further reductions have been made in price support levels, although compensatory income payments have not been reduced to the same extent. Indeed only marginal savings have been made to the total cost of the CAP, while large-scale producers have continued to receive the greatest economic benefits.
It should be noted, however, that in the interests of building a consensus amongst stakeholder groups in the UK ("challenging the industry to work together" – DEFRA 2002a, 4), criticism has not been directed towards individual groups. For example, no responsibility is attributed within the food chain for the origins of ‘food safety scares’, such as BSE, only that “consumers are uneasy and concerned about the wholesomeness and safety of the food they eat” (PCFF 2002, 14). Nor has the farm sector been identified as a cause of the environmental problems associated with modern agriculture: “policy instruments sometimes provide the wrong signals” (DEFRA 2002a, 11); “In ramping up production after the war farmers were responding to public policy signals that this was what the country wanted” (PCFF 2002, 69). Similarly, the farm sector’s falling share of the final food price (to the advantage of corporate retailers) is represented only as: “farmers have found themselves unable to negotiate effectively with much larger companies” (PCFF 2002, 15). With the demise of the corporatist relationship between agriculture and the state in the UK during the 1980s, a ‘no-blame’ discourse has become part of building a new social contract between the state and the farming and food sector. Indeed the building of coalition and consensus forms an underlying sub-text to the discourses of both the PCFF and DEFRA, expressed in statements such as: “to build a new relationship…(by DEFRA)...with the whole of the food chain”; “the whole food chain has to reconnect with its customers”; “recognise their (i.e., processors, supermarkets and large food service companies) corporate responsibilities to the chain as a whole” (DEFRA 2002c, 8, 11, 13).

THE EMERGENCE OF A SUSTAINABILITY DISCOURSE IN THE FARMING AND FOOD SECTOR

Significantly the term ‘sustainable’ appeared in the titles of the previously noted policy development documents produced by the PCFF and DEFRA in 2002. On the one hand, the term signifies an attempt to redirect the development trajectory of UK farming and food away from the previously dominant ‘productivist’ discourse; in this way the widely accepted criticism that the development trajectory is economically, socially and environmentally unsustainable might be addressed (Lowe and Ward 2001, Munton 1997, Murdoch 1997). On the other hand, use of the term reflects the present Labour Government’s commitment to ‘sustainable development’, as established in the late 1990s by a succession of government policy documents, such as A Better Quality of Life: a Strategy for Sustainable Development for the United Kingdom (Department of the Environment, Transport and the Regions 1999). The commitment has also been confirmed by the role given to DEFRA (the June 2001 amalgamation of the previous Ministry of Agriculture Fisheries and Food and the Department of the Environment, Transport and the Regions) as the co-ordinator of sustainable development across all government departments.
The principles for sustainable farming and food are set out in DEFRA (2002c, 12) as:

• Produce safe, healthy products,
• Support the viability and diversity of rural economies and communities,
• Enable sustainable land management,
• Operate within biological limits of natural resources,
• Achieve high standards of environmental performance,
• Achieve high standards of animal health and welfare.

A critical reading of the documentation produced by PCFFF and DEFRA, however, places these principles within three dimensions of an emerging discourse on sustainability, namely on competition, the environment and rural development.

THE COMPETITION DIMENSION

The competition dimension of the sustainability discourse emanates mainly from the Ministry of Agriculture, Fisheries and Food (MAFF – the immediate predecessor of DEFRA) (MAFF 1999). It reworks the earlier productivist discourse of the 1970s and 1980s – on the virtues of an industrializing food chain – and is concerned with interpreting the contemporary meaning of ‘economic sustainability’. The reinterpreted discourse develops the need for the national farming and food sector to become more internationally competitive, as evidenced by rising food imports to the UK, the anticipation of further competition from countries in Eastern Europe following enlargement of the EU, and the declining proportion of the final value of food retained in the farm sector. Given the presence of representatives of the food and farming interest amongst the members of the PCFFF, and the extensive consultations with the sector’s key organizations, it is not surprising that this competition dimension had a significant influence on DEFRA’s resulting policy strategy (see below).

The main constructs of the competition dimension speak of ‘international competitiveness’, ‘technical efficiency’, ‘profitability’ and ‘reconnecting the supply chain’ between food producers, processors, retailers and consumers (Table 2). These constructs are placed in the context of disengagement by the state from control of the farming and food sector; rather, the market is to allocate the financial rewards within the food chain. As will be discussed later, the main problem within this dimension of the sustainability discourse is the continuing failure of the EU, through the CAP, to become sufficiently disengaged from the farming and food sector. The problem persists despite the imminent economic pressures that will be brought to bear by enlargement of the EU (Fennell 1997). In addition, the competition dimension relies on its separation from the environment dimension; the latter is assumed to resolve any natural resource and animal welfare diseconomies produced as a result of developing policy measures from the competition dimension.
**Table 2. The sustainability discourse for the post-1995 crisis in UK farming and food.**

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Main constructs</th>
</tr>
</thead>
</table>
| **Competition**  | • internationally competitive  
|                  | • profitable future                                       
|                  | • technical efficiency                                    
|                  | • withdrawal of state control                             
|                  | • functioning of the market                               
|                  | • reconnect the supply chain                              
|                  | • improving farm performance                              
|                  | • disseminating best practice                             |
| **Environment**  | • protecting and enhancing the environment                
|                  | • reward for environmental stewardship                    
|                  | • market for environmental goods                           
|                  | • improved animal welfare                                 
|                  | • reconnect farming with the environment                  
|                  | • food safety                                              
|                  | • high environmental standards                             
|                  | • hold natural resources in good health                    |
| **Rural Development** | • diversified farm economy               
|                  | • sustainable rural communities                           
|                  | • adding value                                             
|                  | • healthy and nutritious diet                              
|                  | • contributor to national economy                         
|                  | • regional and local foods                                 
|                  | • diverse regional countryside                            
|                  | • ‘rural-proof’ government policies                        |

Source: constructs drawn from DEFRA (2002a, c) and PCFFF (2002).

**THE ENVIRONMENT DIMENSION**

The environment dimension of the sustainability discourse emanates from the sustained criticism of the productivist discourse by environmentalists (e.g., Kronert et al. 1999) and acceptance of the validity of producing environmental goods (e.g., herb-rich meadows) (DEFRA 2002c, 11). But it has been given contemporary significance by increasing numbers of consumers rejecting how conventional food is produced, preferring instead quality assurance, organic, speciality and animal welfare foods: together they promise higher standards of food health, food safety and farming practices. Consequently the main constructs of the environment dimension (Table 2) include ‘reward for environmental stewardship’, ‘market for environmental goods’, ‘improved animal...
welfare', and 'hold natural resources in good health' (DEFRA 2002a: 11). These constructs place farming and food within what Lowe and Ward (2001) term 'the environmental economy'; in other words the character of the countryside forms an economic as well as environmental asset. In particular, the environment, in the form of 'stewardship' and 'goods', is interpreted as additional to, rather than embedded in, production processes. As will be shown, this has led to a continuation of agri-environmental policies that are 'bolted' onto (Robinson 1991), rather than integrated within (Morris and Winter 1999), productivist policy measures.

THE RURAL DEVELOPMENT DIMENSION

The constructs of the rural development dimension include 'diverse regional countryside', 'diversified farm economy', 'adding value', 'local foods', and 'healthy and nutritious diet' (Table 2). In effect, farming and food in the UK, as elsewhere in the EU, is being required to contribute to a multi-functional countryside (Lowe et al. 2002), but including a response to the contemporary consumer concern with the health and safety of food. Elements of these constructs can be traced to the emergence of a rural development discourse within the EU (Ray 1998), as given prominence by the 1996 'Cork Declaration' (Winter and Gaskell 1998), and the Rural Development Regulation (1257/99) of the EU (Rutherford and Hart 2000). The constructs have been given a political context in the UK by the collaboration of various countryside interest groups, as the Countryside Alliance, and their protest march in London in 1988. This march, together with subsequent protests, for instance in September 2002, were successful in drawing attention to a range of rural policy issues, including farm incomes, hunting with hounds, transport, services and housing. The protests were considered to have had damaging political consequences for the Labour Government in terms of its newly found constituency of voters in the rural shires (Ward 2002), and they elicited the need for a political response through the development of policy for the countryside. In addition, the 2001 Foot and Mouth disease in the UK, which prompted a 'closure of the countryside', revealed the increasing dependence of the rural economy on non-farming enterprises, such as tourism.

Nevertheless, the rural development dimension has been interpreted in the discourse of the PCFFF and DEFRA mainly in terms of agrarian development within the farming and food sector. Thus the discourse emphasizes the further diversification of the farm and regional economy, including adding local value to food products and developing local food networks. These constructs found partial expression in the immediate national policy response within England to EU Regulation 1257/99 (Lowe et al. 2002). The English Rural Development Programme (ERDP) contained some measures to expand farming and non-farming employment (e.g., Rural Enterprise, Organic Farming, Vocational Training, Processing and Marketing Grant schemes), although equal emphasis
was given to agri-environmental policy measures (e.g., Countryside Stewardship, Environmentally Sensitive Areas, and Woodland Grant schemes). Indeed the PCFFF and DEFRA discourse is largely silent on the wider context of rural development polices, such as the Structural Funds, Objective 1 and 2 regions, and the LEADER (Liaisons Entre Actions de Développement de l’Économie Rurale) programmes of the EU. Rather rural development is interpreted narrowly in the discourse as agrarian development within the farming and food sector.

FROM PRODUCTIVITY TO SUSTAINABILITY: THE RESPONSE IN POLICY MAKING

The main policy initiatives taken by DEFRA (2002b), in response to the sustainability discourse advanced by PCFFF (2002), have been brought together in Table 3. Most of the policy initiatives have been in the public domain for varying time periods, especially in the academic literature, and few claims for novelty in concept can be made. Nevertheless, the PCFFF report required policy makers in DEFRA to be explicit in accepting or rejecting each one of 105 separate policy ‘recommendations’. Of these, and again apparently in support of consensus building, DEFRA took no action on only six percent of the recommendations, for example on licensing livestock farmers who choose not to become involved in food assurance schemes. A further 28 percent of the recommendations were referred for action to other agencies, such as The Tenancy Reform Industry Group and Assured Food Standards. In response to a further 46 percent of recommendations, DEFRA claimed that policy development had already begun, for example on regional food strategies and a code of practice for supermarket purchasing practices. But 20 percent of the recommendations produced policy initiatives and these are summarised in Table 3.

In response to the competition dimension, two groups of policy initiatives can be identified: those concerned with the infrastructure of the agri-food chain, and individual agri-food businesses. The former include developments in information and research, such as establishing a Priorities Board for strategic research; creating an Applied Research Forum; and funding a research-and-development Food Chain Centre (PCFFF recommendations 4, 5, 6, 8 and 31). The latter involve a network of demonstration farms (7), a whole farm approach to management and regulation (29), a new Agricultural Development scheme (10), and an English Collaborative Board – English Farming and Food Partnerships (11) to promote integration in the activities of businesses within the food chain. The whole farm approach, for example, links business auditing to the existing Integrated Administration and Control System (IACS) for making CAP payments to individual farm businesses, thereby minimizing increased bureaucracy but assisting in farm compliance with regulations and requirements to meet new measures, such as codes of good agricultural practice.
Table 3. Main policy initiatives in response to the post-1995 crisis of UK farming and food.

| The competition dimension | • Undertake a review of statistical services (4)  
|                           | • Establish a Priorities Board for strategic research (5)  
|                           | • Establish an Applied Research Forum (6)  
|                           | • Develop a network of demonstration farms (7)  
|                           | • Establish a Food Chain Centre (8)  
|                           | • Introduce a new Agricultural Development Scheme (10)  
|                           | • Establish an English Collaborative Board (11)  
|                           | • Take a whole farm approach to management and regulation (29)  
|                           | • Codify regulation into a single web site – ‘Netregs’ (31)  
| The environment dimension | • Introduce a new ‘broad and shallow’ agri-environment scheme (71)  
|                           | • Stabilize payments to agri-environment schemes (72)  
|                           | • Introduce information technology into administration of agri-environment schemes (73)  
|                           | • Pilot a new ‘entry level’ stewardship tier in recommendation 71 (74)  
| The rural development dimension | • Introduce a new structure for support of regional food initiatives (25)  
|                               | • Develop a pack of advice for retiring farmers (46)  
|                               | • Government to issue a statement of support for farming (59)  
|                               | • Unify the procedures of all ERDP schemes (69)  
|                               | • Introduce an Action Plan for organic food and farming (75, 76)  

Source: drawn from DEFRA (2002b).  
PCFFF recommendation number in brackets.

For the environment dimension, DEFRA accepted the PCFFF’s recommendation to extend the ERDP to include a new ‘broad and shallow’ agri-environment scheme (71 and 74), with specific dimensions for hill and organic farmers. Indeed a new ‘entry-level’ agri-environment scheme is being piloted already in four locations: Tiverton (South West: grassland farming), Mortimer (South East: mixed farming), Market Deeping (East Midlands: crop farming), and Barnard Castle (North East: upland farming). The new scheme provides funding to all farmers prepared to meet basic standards of environmentally sensitive farming. Existing agri-environmental schemes in the ERDP (Hanley et al. 1999), requiring more fundamental changes in farming practices, are to be retained as upper tiers, attracting higher levels of financial compensation (72). The PCFFF’s recommendations also identified a number of national actions within the constraints of the CAP, in response to the environmental dimension of the sustainability discourse. Prominent is the redirection of EU payments from product price supports to environmentally beneficial measures, although this has been advocated in the academic literature for many years (Beard and Swinbank 2001). Under Agenda 2000 (i.e., CAP reforms for 2000-06), national governments have been given the option of transferring (modulating) a percentage of their EU pay-
ments from product price supports (‘Pillar I’) to agri-environmental measures (‘Pillar II’) under the Rural Development Regulation (1257/99), providing that additional matching national funds are provided (Lowe et al. 2002). An already agreed development in the UK will be an increase in the ‘modulation’ rate from 2.5 percent in 2001/02 to 4.5 percent by 2006. The PCFFF argued unsuccessfully that the level of modulation should rise to 10 percent within the 20 percent permitted by EU regulations. This modulation of payments offers new opportunities for funding relevant initiatives (Falconer and Ward 2000), but at present CAP regulations permit the modulated funds to be made available to the farm sector in England only through existing agri-environmental schemes contained within the ERDP for 2000–06.

On the other hand, DEFRA argued that the development of policy, and research funding, to promote Integrated Farm Management (IFM) as a ‘third way’ (Morris and Winter 1999) between conventional and alternative agricultures, such as organic farming, is already underway. Academic opinion, however, is that IMF continues to receive insufficient funding and emphasis in policy making (e.g., Bowler 2002). DEFRA also argued that the notion of ‘risk-based’ regulation in environment, food safety, animal health and biodiversity, including an ‘Environmental Management System’ (EMS) for all farms, is already under development. A proportionate, ‘risk-based’ approach to regulation permeates current government policy making in general (DEFRA 2002a, 15-16), while the EMS will comprise “a package to incorporate environmental management into farmer’s business planning” (DEFRA 2002a, 26). At issue are the environmental costs in relation to the benefits of regulation, especially their cumulative impact on the economic competitiveness of the small businesses that characterize the food and farming sector.

DEFRA also argued that developments were already in progress on cross-compliance between direct production payments and meeting environmental conditions. The mechanisms identified included the national ‘envelope’ for sheep introduced in December 2001: specific sums (£5.3m for the UK) under the CAP’s sheepmeat regime are allocated to Member States that can be spent “within broad guidelines at their own discretion” (PCFFF 2002, 75).

Policy initiatives for rural development remain the least cohesive within the sustainability discourse of the PCFFF and DEFRA. The rural development and environmental dimensions of the discourse have become conflated within the ERDP (see above), while a wide range of policy initiatives, following the EU’s Rural Development Regulation (1257/99), immediately preceded the work of the PCFFF. Consequently the scope for policy initiatives was limited and the outcome fragmented (Table 3). For example, while a new structure of support for regional food initiatives has been announced (25), the other policy initiatives range over a package of advice for retiring farmers (46), a governmental statement of support for farming (59), administrative procedures for unifying the separate schemes of the ERDP (69), and extending the existing Organic Farming Scheme to form a new Action Plan (75 and 76), but covering organic food in all...
parts of the food chain. DEFRA argues that other rural development policy measures are already underway, for example on food labelling (Morris and Young 2000), the integration of the plethora of food assurance schemes (Ilbery and Kneafsey 1999), and expanding funding to the ERDP's Rural Development Service, including its Rural Enterprise Scheme (RES). The RES provides novel financial assistance, for example, on developments in farm and non-farm agricultural marketing, business diversification and the provision of services to the rural community.

CONCLUSION

This analysis has identified three dimensions in an emerging discourse in the UK on the sustainable development of the farming and food sector, namely competition, environment and rural development. The sub-text to the discourse developed by the PCFFF and DEFRA has been the negotiation of a new social contract between the state and the farming and food sector, to replace the previous corporatist relationship lost during deregulatory policy making in the 1980s and early 1990s. Four broad conclusions can be drawn from the emerging discourse with resonance for policy making on farming and food in other countries in Western Europe.

Firstly, some consonance can be identified between the three dimensions of the sustainability discourse by the PCFFF and DEFRA and subsequent policy initiatives (compare Tables 2 and 3). Given the objective of forming a new social contract amongst the stakeholder groups this is to be expected. But the extent of that consonance has been limited by two conditions. On the one hand, stakeholder groups within the farming and food sector, including DEFRA itself, have used the competition dimension as a vehicle for reinterpreting and representing the now discredited productivist discourse of the 1970s and 1980s. The competition dimension has been deployed to justify policy initiatives that maintain or develop essentially productivist constructs, such as ‘efficiency’, ‘best practice’ and ‘profitability’. A similar conclusion has been reached by Winter (2000) in his investigation of the 1992 reforms of the CAP. However, this emphasis on economic sustainability, including the production of food rather than environmental goods, is to be understood in terms of the current parlous financial state of the farm sector in the UK.

On the other hand, stakeholder groups have been able to maintain the interpretation of policy initiatives on rural development and the environment as ‘bolted-onto’, not integrated within, measures on competition. In the discourse this separation is represented as ‘using economic instruments to address the environmental impacts of agriculture’ (DEFRA 2002c, 65). For example, DEFRA's interpretation of the EU’s rural development regulation (1257/99) within the ERDP conflates environmental and rural development policy measu-
res, and represents policy initiatives on environmental sustainability as part of the environmental economy. This representation has resulted in policy initiatives on environment and rural development remaining subservient to the competition dimension within the sustainability discourse.

Secondly, policy initiatives relevant to the environment and rural development dimensions of the sustainability discourse remain constrained by the EU’s CAP. At present national modulation of CAP funding is limited to existing agri-environmental and rural development schemes under the ERDP, and accounts for only £600m of the £1.6b ERDP 2000-06 budget. Increased flexibility under the CAP would be needed to extend significant funding to new policy proposals on environmental goods and other ‘green’ objectives. The results of negotiations on certain CAP commodity regimes under the Mid-Term Review (2002-3), as constrained in turn by ongoing international negotiations supervised by the World Trade Organization, will regulate the development of such flexibility. Equally much depends on the extent to which the UK Treasury is prepared to exploit the opportunities of modulation presented by the Agenda 2000 reforms. For example, at present the Treasury appears to be adopting a cautious interpretation of modulation: on the one hand, increased levels of modulation require additional national exchequer funding; on the other hand modulation would reduce the direct payments to conventional farming, thereby weakening the latter’s international competitiveness (DEFRA 2002a, 13).

Thirdly the regional development dimension of the sustainability discourse places considerable emphasis on the ability of local food networks (LFN) to deliver on all aspects of sustainable rural development - a topic generating considerable current interest within the UK’s rural geography community (e.g., Ilbery and Kneafsey 1999; Morris and Young 2000). From an economic perspective, LFN are represented as providing producers with a profitable route to market, including adding value (DEFRA 2002c, 16); environmentally, LFN cut down on the energy consumption and environmental pollution associated with food transportation (i.e., ‘food miles’) and provide consumer interest in how the land around them is farmed; socially, LFN are held to encourage a sense of community between buyer and seller, and between town and country.

The long-term success of LFN, however, depends critically on establishing a new social contract (i.e., collaboration and cooperation) between stakeholders and the state, as well as between stakeholders within the food chain. At present, the UK, in common with other countries in Western Europe (Marsden 1998), is developing a regulatory environment to facilitate LFN, for example, through certification and quality assurance schemes such as Food From Britain and its Regional Food Groups. In particular the Red Tractor mark – created in June 2000 by the National Farmers’ Union and co-ordinated by Assured Food Standards – was identified by the PCFFF as a possible baseline for all food in England, but with an extension to cover environmental as well as animal welfare standards (PCFFF 2002, 117; DEFRA 2002c, 17). At present the Red Tractor
mark covers six assurance schemes in England: Assured Combinable Crops (cereals, oilseeds, pulses), Assured Produce (fruit, vegetables, salads), Farm Assured British beef and lamb, the National Dairy Farm Assured Scheme, Assured Chicken Production, and Assured British Pigs. However, because of the concentration of commercial power in supermarket chains within the UK’s retail sector, there are few signs of a new social contract emerging within the food chain – in other words between farmers, processors and retailers in the food chain. A code of practice has been drawn up by the Office of Fair Trading to achieve ‘fair and balanced trading’ in the food chain (DEFRA 2002c, 19), but the effectiveness of the code has yet to be demonstrated.

Finally, this paper has investigated how the discourse developed by the PCFFF and DEFRA has begun to reorient the development trajectory of the farming and food sector from productivity towards sustainability. As a medium-term project, such a reorientation addresses the problem of rebuilding consumer confidence in the food supply chain, even though consumers appear to have had relatively little influence in the development of the PCFFF-DEFRA discourse compared with other stakeholder groups. However, the reorientation can have little impact on the current problem of low farm incomes associated with the unfavourable exchange rate between £ sterling and the Euro. Indeed the prospective entry of the UK to the Euro monetary system would not of itself resolve this problem. Herein lies the continuing dilemma for farming and food between a development trajectory based on increasing productivity or sustainability.

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From productivity to sustainability...


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THE AGRICULTURAL RESTRUCTURING IN HUNGARY
1990–2001

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ABSTRACT: This paper considers agricultural restructuring in Hungary. The break-up of cooperatives and changes in farm ownership and organizational structures occurred extensively in the decade following the issuing of the collectivization laws, and resulted in a mixed farm structure with various forms of corporate and individual commercial farms. In the second half of the 1990s, the organizational form of large-scale farms tended to change. The new model allowed for a rapid concentration of assets in the hands of relatively few investors, with voting rights proportionate to ownership. The equivalent of this process among small-scale producers was the emergence of the commercial farm sector, and, in parallel, the withdrawal of large numbers of producers from commodity production into self-sufficient plot farming. However, there have been pronounced regional differences in the agricultural restructuring process in relation to factors such as natural endowments and location relative to urban centres and developing zones.

KEY WORDS: agriculture, post-socialist transformation, concentration processes, commercial farm sector, self-sufficient farming, Hungary.

INTRODUCTION

Before embarking on the main discussion on the agricultural restructuring in Hungary,1 it is necessary to provide some information about the current state of agricultural development, in order to establish the context of the restructuring process.

In sharp contrast to the dynamic growth of the service and manufacturing sectors (other than the food industry), no real regeneration has taken place in agriculture. This means that the volume indices for agricultural GDP have re-
mained under 75 percent of their 1989 level. Following the first dramatic fall, and having reached a low point in 1993 at little more than 60 percent of its 1989 performance, a moderate growth began in the crop sector in 1994, whilst stagnation has prevailed in livestock sectors since 1992. In 2001, agriculture generated 3.9 percent of GDP and 4 percent of employment. These figures represent one third and one fourth respectively of the values recorded for pre-transition times.

A REMINDER: (RE-) PRIVATIZATION OF LANDED AND NON-LANDED PROPERTY IN THE EARLY 1990s

THE PRIVATIZATION OF LAND

As in other post-socialist countries, Hungarian policies on land restitution and property de-collectivisation have resulted in a property structure, wherein property and land are often used inefficiently and inappropriately. This was an inevitable consequence of the fragmented, pre-socialist farm structure, which influenced the emerging new system, despite the attempts of policymakers to reduce its impacts with a unique voucher scheme of tradable and exchangeable vouchers. With respect to land privatization, Hungary opted for compensation rather than restitution. To some extent, the land ownership of the late eighties ‘forced’ this decision, as only one third of landed property was legally owned by its individual proprietors (those members of a cooperative still alive), another small fraction of agricultural land belonged to the state, but the rest (the majority) was the indivisible property of producer cooperatives. Landowners had been prevented from exercising their rights prior to 1989, when the last socialist government amended the land law and restored property rights almost fully (for about one third of the productive land mentioned above). This was the unprecedented situation that the first (right-wing) democratic government had to tackle in 1991-1992. However, as this government was also rather moderate in its political style and preferred to avoid radical solutions, there was probably another motive for its rejection of full and direct restitution. Major elements of the transformation legislation, such as the aforementioned voucher scheme and the granting of small (on average one-hectare) plots to landless cooperative members, secured a smooth land privatization with few disruptions.

To add to Swain’s categories (Swain 1994), the land privatization in Hungary was not only partial (because a depression key was applied in addition to an upper limit of five million forints), indirect (because the beneficiaries received financial instruments and not the property that they had lost) and universal (because all forms of loss were treated similarly), it was also rather market-friendly. This feature of market conformity was particularly noticeable in the institutional framework for land compensation, for example the land auctions and the ‘exchange schemes’ which were offered as alternatives to land purchases.
The access to compensation vouchers on public markets ensured that these vouchers penetrated other branches of the economy as well: for example, the management of industrial firms assigned for privatization could use compensation vouchers as payment devices at face value, thus the cheaper the price at which vouchers were available on the stock exchange, the better the price achieved when assets were bought. This integration of compensation vouchers into everyday economic life and ordinary people’s transactions – the exchange of vouchers for vacuum cleaners, carpets, and refrigerators in shops (for example at the Budapest IKEA) – helped to reduce the ‘mystery’ of landed property, at least to some extent. Another important factor was that pressure at land auctions was considerably lessened by these alternative uses for compensation vouchers, something which was particularly helpful in cases in which there were at least two eligible claimants for the same piece of land.3

Nevertheless, many difficulties and local conflicts emerged during land privatization. In fact, the process has not yet finished in some of the most sensitive areas, where the value of land has more to do with speculative investment (this usually occurs in the potentially lucrative areas, e.g., the fringes of Budapest’s suburban zone, Varadi 1999). Conflicts arose, for example, when the delay in issuing compensation vouchers to claimants prevented them from bidding at the first auctions and thus gaining access to the ‘best, most desired land’ (Kovacs 1998a). Land shortages do not happen only in recreational and suburban areas, but also in the ordinary rural places where there was intense immigration and a distinct role for agriculture in the livelihoods of the local population.4

The relatively swift completion of the process, combined with its market friendly elements, ensured that Hungarian land privatization was more or less of a success. Critics emphasise the possibilities for the misuse of the voucher system. There were particular concerns over the possibility that foreigners could gain ownership of vouchers by means of ‘pocket-contracts’, mostly in the Western parts of the country. While abuses undoubtedly occurred, they had little to do with the voucher scheme itself, and much more to do with the exclusion of foreigners and corporate farms from the land market from mid-1994 onwards, something which inevitably pushed such deals into the ‘black zone’. The ban on foreign and corporate deals was understandable to a certain degree, given that, without such a ban, individual farmers would have been unable to compete and soon would have been squeezed out of the land market. A moderately vibrant land market developed after 1996, when the first parcels bought at auction became tradeable,3 although it was greatly affected by local conditions, such as the alternative sources of livelihood offered by off-farm sectors, geographical location, and the tourist and economic potential of the district, etc. Along with the economic importance of farming in a given area, these factors determine most owners’ emotional and ‘materialistic’ relationship to their land. This is whether they insist on keeping their parcel because it is an insurance, offering the possibility of a retreat to subsistence farming, or because it serves as a major source of

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additional income, or because it is regarded by family members as a safe portfolio investment for the next generation.

THE PRIVATIZATION OF NON-LANDED PROPERTY IN THE AGRICULTURAL SECTOR

Notwithstanding the relative success of land privatization, the privatization of non-land assets has been more controversial. This discrepancy between the privatization of land and other forms of property appears to be a common flaw in the de-collectivisation process throughout East-Central Europe (Rabonowicz and Swinnen 1997), and one that results from objective, structural difficulties. The voucher schemes which were widely used for the distribution of non-landed property were much more limited in the options they offered for exchange, and therefore stimulated the market to a far lesser degree (Kovacs 1998b). Identifying just claimants was also a rather complicated issue. The Hungarian ‘solution’ set wide-ranging criteria for eligibility, and, in addition to active and retired cooperative members, also admitted those who had once contributed labour to the cooperative. This created a group of so-called ‘outside owners’ with partial ownership rights, as distinct from the group of owners with voting rights at the general assembly.

Four decades after forced collectivisation, it was impossible to evaluate accurately the original contributions to the collective farm assets. On the one hand, most of the old tools and equipment that people had contributed to the cooperative had disappeared, on the other hand, assignees generally could not bid for valuable new tangible assets (such as a John Deer tractor) individually, but they refused to become share owners of them. A further paradox was that debts had to be divided too, within the same circle of beneficiaries, something which proved no easier than sharing a John Deer tractor.

The business shares offered by cooperatives had positive elements similar to the compensation vouchers, such as market conformity, tradeability immediately after issue, and state support schemes linked to them as incentives stimulating an influx of external investment between 1994 and 1998. Nonetheless, the way in which the system worked did not meet mass expectations on social equity. In retrospect, it is easy to see that, when general meetings of transforming cooperatives discussed control over property on the basis of joint ownership, social equity expectations were implicit, at least in the heads of most ordinary members. Those who stayed with the cooperative, and the vast majority stayed, would have liked not only to maintain whatever the cooperative had offered to them in the past (employment for themselves or their children, a basis for social assistance, ‘a community of once-a-year stew eaters’, etc.) but also to obtain an improvement in the services of the cooperative, and an end to patronizing attitudes from leaders that went hand in glove with the advantages of the socialist era. They dreamed of ‘partnership’, but their experience was very different.
The crowding out of ordinary members from the ownership of non-land assets – because this is what has happened in many successor farms – could have been sociologically predictable. What blurred the picture, however, was a lack of experience, which brought about a widespread overvaluation of business-shares as real securities. Experts and ordinary cooperative members alike tended to believe what they wanted to believe, namely that these securities would serve as a means of ownership control. It was from this perspective that the distribution of assets was criticised, and that, immediately after the first round of de-collectivisation, worries were expressed about the majority share of retired members (Juhasz and Mohácsi 1993). Later events proved that business shares functioned as an excellent means of transformation in the sense that Rabonowicz and Swinnen (1997) recommended using the term, that is farm restructuring according to market principles. They adequately assisted the process of asset appropriation, or to put it bluntly, the concentration of property in the hands of the few.

THE RE-SHAPING OF FARMING STRUCTURES AND ITS SOCIAL IMPACT

One of the most remarkable aspects of the Hungarian restructuring of farming units is its consistency and the efficiency of the structuring forces. Essentially everything had been achieved by 1995. Data suggest a gradual but efficient adaptation to the market, which has probably been of greater significance than the legislation passed to achieve the transformation.

TRANSFORMING LARGE-SCALE UNITS

Although there is a clear tendency for the large-scale sector to shrink and for the small-scale sector to grow, economies of scale still prevail in Hungary, particularly in the western part of the country, as a result of rental schemes. However, the large or medium-scale successor units do not have an equal chance of survival. Two trends became apparent from 1994 onwards: a shift from cooperative farming towards company farming and a concentration of property ownership. Both of these have been slowly but steadily reshaping Hungarian farm structures. These processes are major components of a secondary transformation of former collective farms as they began to adopt market principles. The data are convincing: from 1992 to 2001, the percentage of the registered capital of agricultural corporations controlled by companies grew from 4 percent to 15 percent in the case of limited liability companies and from 4 percent to 30 percent in the case of joint stock companies, whilst the cooperatives' share dropped from 79 percent to 46 percent. This was a spontaneous adjustment, and it has been sustained, in sharp contrast to the top-down government interventions particularly evident when conservative governments took over in 1991–1994 and from 1998 to 2002.
It is important to note that both these trends are related to the structural weaknesses of cooperative successors. These corporate farms, despite massive cutbacks in employment, inherited over-employment and a distorted system of property-control from the socialist past. Political hostility was a further burden at a time that was already difficult for these farms, a hostility which was noticeable both in the transformation legislation of 1991–1992 and in even open threats against what remained of cooperative property from 1998 to 2002.

Land-use data show the decline in the importance of successor cooperatives more realistically. According to the 2001 arable land-use registry data, full-time and part-time individual farmers registered 12.6 percent and 33.9 percent of the arable land respectively (1,317,115 hectares, 46.5 percent combined), whilst cooperatives used somewhat less than half (652,860 hectares), 16.7 percent of the registered arable land. Here we use only the data from the arable land registry, because arable land was the most reliably and extensively registered (85 percent of the national total). The remaining 15 percent of arable land was used by hundreds of thousands of small-scale producers who did not register at all because they farmed their little parcels for their own consumption or for selling in very small quantities.

Registration has been important for those producers of small or large scale who wanted to qualify for a state subsidy of any kind (area-related and investment grants, preferential interest rates on loans, etc.) or for credit schemes. Therefore, although they were not encouraged by preferential payments of area-related subsidies, as were small-scale farmers, large-scale producers were over-represented among those registering. This was partly because arable farming is the sector in which large-scale farms predominate and partly because they have not been able to survive without the assistance of financing institutions (which demanded certificates for the areas of land their clients use).

Large-scale farming seems to have been losing out rather dramatically in Hungary, although the extent of this has been modest compared to that in countries embarking on more radical restitution methods, such as Lithuania and Latvia from among the Baltic states, and Romania and Bulgaria from southeastern Europe. Rather than deconstruction, what prevailed in Hungary were the related processes of size-reduction and an accommodation of market relations. In its exceptionally severe early version, the bankruptcy law which came into force in 1992 guaranteed the quick disappearance of the bulk of the loss-making units. The threat of this law, followed by an open pro-accumulation policy providing personal income tax allowances for business-share investors and, finally, by the failed intervention of the right wing government between 1999 and 2002, speeded up the structural adjustment process within the large-scale sector, and resulted in a renewed corporate farm structure at one extreme, an emerging small-scale commercial farm category in the ‘lower-middle’, and some 800,000–900,000 plot-farms at the other extreme, providing mainly subsistence or an additional source of income for their owners.
Figure 1. Non-corporate farms (of 10–100 hectares) in the cultivation of arable land, Hungary 2001 (in percent).

Source: MARD, Data of registered farms.

Figure 2. Part-time and semi-subsistence farmers in the farming of arable land, Hungary 2001 (in percent).

Source: MARD, Data of registered farms.
However, the process of agricultural restructuring shows substantial regional differentiation. The factors contributing to geographical differences vary greatly, from natural endowments to the traditional mode of small-scale (peasant) farming and/or the gravity of the collapse of the large-scale sector, the level of independence of auxiliary farming from large-scale farms, the proximity of urban centres, access to alternative off-farms jobs, etc. Figures 1 to 3 show that the small-scale sector is more dominant in the eastern part of the country, and also that this sector is not uniform; it is easy to detect the strongholds in the territories with entrepreneurial traditions in the central zone of the Great Hungarian Plain as well as the North-East corner of the country with its very small parcels belonging to part-time farmers.

AN EMERGING AND DIFFERENTIATING SMALL-SCALE FARM SECTOR

The same processes are discussed in this section of the paper but the emphasis is put on the small-scale end of the continuum. The latest data, from the 2000 agricultural census, are used. The most important information is revealed clearly from a comparison with the previous census in 1994.10

Table 1 shows clearly that the number of ‘individual farms’ (those reaching the required size category of ‘a holding’),11 is falling considerably. The extent of this decrease was 20 percent nationally, a rapid decline within the time-period of six years, indicating that some 250,000 people reduced cultivation significantly.
Table 1. Changes in the structure of individual farm holdings, 1994-2000.

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<tr>
<th>Years of registration</th>
<th>Number of individual farms</th>
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<td></td>
<td>total</td>
<td>below 5 hectares</td>
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<tr>
<td>2000</td>
<td>958534</td>
<td>862014</td>
</tr>
<tr>
<td>1994</td>
<td>1201015</td>
<td>1147669</td>
</tr>
<tr>
<td>2000/1994 (in percent)</td>
<td>80</td>
<td>75</td>
</tr>
</tbody>
</table>


A closer look at the table suggests that it was very small-scale farming that generated this decline (285,655 plots less in 2000 than in 1994), all the other categories increased. A trend showing itself clearly was that of very small holdings either withdrawing into garden-level cultivation or growing to the next category on the basis of land purchases or leases, contributing to an increasing commercial farm sector. The other side of the coin is that the number of units smaller than 'a holding' also grew quickly, an increase of 362,193 from 1994 to 2000, when 835,617 such 'mini-plots' were reported, where commodity production either did not exist or existed to a limited extent. To sum up: although there are still hundreds of thousands of small farming units, so-called 'holdings' in Hungary, there seem to be significant forces at work which lead or coerce those who are unable or unwilling to run even a small farm commodity production to quit. In the meantime, the small-scale commercial farm category is getting stronger.

Unfortunately, nothing has been published yet about the ownership and leasing relations revealed in the agricultural census. However, data in Tables 2 and 3 provide a more precise view of the share of individual farming in various branches of production and in the value of production, suggesting that it has still not spread to one half of the productive land. The level of small-scale farming in terms of production value is similar (45 percent).

Table 2. The share of individual crop farms by land use categories, 2000 (in percent).

<table>
<thead>
<tr>
<th>Regions</th>
<th>Arable land</th>
<th>Orchard</th>
<th>Vineyard</th>
<th>Grassland</th>
<th>Forest</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central Hungary</td>
<td>43.8</td>
<td>42.4</td>
<td>58.5</td>
<td>36.0</td>
<td>19.4</td>
<td>37.5</td>
</tr>
<tr>
<td>Central Transdanubia</td>
<td>36.4</td>
<td>46.2</td>
<td>80.3</td>
<td>39.9</td>
<td>11.1</td>
<td>32.4</td>
</tr>
<tr>
<td>Western Transdanubia</td>
<td>39.0</td>
<td>59.6</td>
<td>91.6</td>
<td>42.1</td>
<td>14.1</td>
<td>31.1</td>
</tr>
<tr>
<td>Southern Transdanubia</td>
<td>36.2</td>
<td>63.8</td>
<td>74.3</td>
<td>47.7</td>
<td>15.2</td>
<td>32.3</td>
</tr>
<tr>
<td>North Hungary</td>
<td>46.6</td>
<td>70.4</td>
<td>92.6</td>
<td>53.0</td>
<td>8.0</td>
<td>33.5</td>
</tr>
<tr>
<td>North Great Plain</td>
<td>57.4</td>
<td>82.2</td>
<td>89.0</td>
<td>44.9</td>
<td>22.1</td>
<td>51.6</td>
</tr>
<tr>
<td>South Great Plain</td>
<td>55.9</td>
<td>82.8</td>
<td>94.2</td>
<td>57.9</td>
<td>22.4</td>
<td>52.4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>47.1</strong></td>
<td><strong>71.0</strong></td>
<td><strong>86.7</strong></td>
<td><strong>48.0</strong></td>
<td><strong>14.9</strong></td>
<td><strong>40.5</strong></td>
</tr>
</tbody>
</table>

Source: Agricultural Census 2000. CSO, Budapest.
Table 3. The shares of farm categories in the production value, Hungary, 2000.

<table>
<thead>
<tr>
<th></th>
<th>Individual Farms</th>
<th>Corporate Farms</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of farms</td>
<td>958,534</td>
<td>8382</td>
<td>966,916</td>
</tr>
<tr>
<td>Production value per farm (million HUF)</td>
<td>0.5</td>
<td>73.7</td>
<td>74</td>
</tr>
<tr>
<td>Total production value (Million HUF)</td>
<td>504,558</td>
<td>617,358</td>
<td>1,121,917</td>
</tr>
<tr>
<td>Proportion (in percent)</td>
<td>45</td>
<td>55</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Agricultural Census 2000, CSO, Budapest.

Table 4. The shares of individual farming in animal breeding, Hungary, 2000.

<table>
<thead>
<tr>
<th>Regions</th>
<th>Cattle and Beef</th>
<th>Pig</th>
<th>Sheep</th>
<th>Poultry</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central Hungary</td>
<td>33.4</td>
<td>59.8</td>
<td>87.0</td>
<td>76.5</td>
</tr>
<tr>
<td>Central Transdanubia</td>
<td>19.2</td>
<td>30.2</td>
<td>60.5</td>
<td>27.9</td>
</tr>
<tr>
<td>Western Transdanubia</td>
<td>28.2</td>
<td>63.2</td>
<td>80.6</td>
<td>62.4</td>
</tr>
<tr>
<td>Southern Transdanubia</td>
<td>22.9</td>
<td>40.3</td>
<td>93.1</td>
<td>63.8</td>
</tr>
<tr>
<td>North Hungary</td>
<td>35.0</td>
<td>59.4</td>
<td>76.5</td>
<td>72.3</td>
</tr>
<tr>
<td>North Great Plain</td>
<td>38.7</td>
<td>50.1</td>
<td>79.5</td>
<td>64.3</td>
</tr>
<tr>
<td>South Great Plain</td>
<td>40.5</td>
<td>57.7</td>
<td>85.1</td>
<td>66.5</td>
</tr>
<tr>
<td>Total</td>
<td>32.2</td>
<td>49.9</td>
<td>80.2</td>
<td>59.1</td>
</tr>
</tbody>
</table>

Source: Agricultural Census 2000. CSO, Budapest.

The livestock figures, however, reveal the gravity of the agricultural crisis in Hungary. It has remained sector-neutral: compared to the 1994 figures, the share of small-scale participation grew moderately in sheep and cattle/beef production (sheep-farming was the first to shift to small-scale farms), but dropped in pigs and poultry, from 53 percent to 50 percent and from 70 percent to 59 percent respectively. In both cases, the figures for 2000 were below the pre-transition level. Two somewhat interrelated factors have been at work. On the one hand, livestock production was the agricultural sector proving itself incapable of making any form of recovery from its low point and standing, in 2001, at 67 percent of its 1990 volume (as opposed to cropping which had achieved a somewhat higher percentage at 94 percent). On the other hand, the lack of enthusiasm for continuing with pig and poultry farming is connected to the end of ‘integration’ activity fulfilled by large-scale farms, which had secured the delivery of feed-stuff and the provision of transport, as well as marketing services.12

In trying to predict the future course of the winding path of agricultural restructuring in terms of farm structure, it still seems likely that the wide variety in the size and nature of farms will be maintained. The producer cooperative, with its confused property relations, is the only current player in agriculture which is most likely to cease to exist in the near future, as a consequence of a change in organizational form to that of a company, or rather as a choice of dissolution/break-up into several private (corporate and individual) enterprises.
The other farm categories seem to be viable for the foreseeable future. Of course, closer examination will identify differences between, for example, three joint stock companies with various historical pasts (state-farm, cooperative, genuine, developed from grassroots), in terms of their different ‘working culture’, but all will nevertheless operate as proper large or medium scale capitalist farms. The tendency towards shrinkage will continue over the next five to ten years. As far as sole producers are concerned, their speed of proliferation will surely decrease, but the number of viable small-scale farms will probably grow in the next decade, creating a ‘farmer class’ in rural Hungary. The prophesies of those who, when analysing the first phase of transformation, predicted the stabilisation of a mixed structure of farming seem to have come true (Csáki and Lerman 1998, Kovács 1998c, Swain 1999).

**PATHS TO NON-CORPORATE FARMING**

The relative winners were highly ranked managers who were successful in saving the integrity of the successor farm that they managed (an achievement in itself, given the adverse economic environment) and, in addition, acquired substantial ownership positions, or else who broke away in time and have by now built up their businesses from the grassroots into medium-sized farms of several hundred hectares. Those who managed to break away in the first round of transformation could be considered the people who escaped the worst, compared with the losers, those who lost their jobs in the cooperative as well as their business shares, either because they sold them at a very low price or because the cooperative was wound up. The first group of people were those who managed to take their property shares in kind, an opportunity which disappeared by December 1993 at the latest. The group of secessionists was mixed, more or less evenly split between those who just wanted to make ready-cash from the pair of cows to which they were entitled, and those who were determined to re-establish a family farm enterprise or other type of farm business, and thus carefully selected the pieces they desired from the reserve available for those who wanted to secede.

Not all of the former cooperative members of this latter group were able to achieve their ambitions to be sole producers in the new era. Those who left the cooperatives in 1992 and took their property out with the intention of farming were forced to face the fact that their holding was too small and the assets that they had taken from the cooperative insufficient for the task, due to age, their value already fully depreciated. Thus, they could not acquire any more machinery from the cooperative, nor could they buy any new machinery because it would cost the equivalent of many years’ production, or, were they to try to buy new machines with state support, they could not get a bank loan because they had nothing to offer as security. What they brought with them in experience from pre- and late socialism (traditions of peasant and socialist subsidiary farming) was only of partial use, due to the structural crisis in agriculture and because the requirements necessary for operating a modern farm (scale, finance, machinery)
could be generated only by a few. State resources could not compensate for the absence of personal resources, because the change in the structure of agriculture was not supported by vast capital injections. The position of those starting again, or starting from scratch, was further hindered by the fact that there has been little cooperation between private farmers in Hungary.

Only a small section of people living in rural communities, typically those who had worked in the second echelon of cooperative management and also had a well-to-do peasant background, succeeded in establishing viable farms. They were usually aided by a common strategic decision within the larger family. They were well informed and the first to take all the necessary steps in the implementation of the transformation process. It is possible that they were well-informed, either because of their prominent position in the cooperative, or because they had become involved in local politics, perhaps as elected members of the local council. Thus former well-to-do families were able to reinforce their position in the new local elite (Thelen 2001). On rare occasions, stubborn old peasants also managed to acquire larger land holdings in order to re-establish their family farm enterprise for their own sake and that of the next generation. (Land auction prices allowed bidders in Hungary to acquire two or more times more land than the original family property, so allowing them to achieve a viable farm further enlarged via land purchases (Harcusa, Kovách and Szelényi 1998, Swain 1996.) In addition to the former and present managerial groups, tractor drivers got a reasonable chance to start a new business, as machinery service enterprises in regions where successor cooperatives collapsed (Kovács 1998c).

One might ask if there are any ‘proper farmers’ or real farms in Hungary? The answer to these questions was suggested unintentionally in the previous section, in that those using more than 10 hectares of land in the year 2000 could probably be considered ‘farmers’ of a sort. Referring once again to the Agricultural Census, it is worth emphasising that the proportion of individual farms using more than 10 hectares of land within the ‘farm’ category is 5.5 percent. Why is it important to emphasise this? Because it highlights the fact that what statistics register as ‘a holding’ is generally far from being a ‘proper farm’ and usually is not compatible with the Western concept of a farm. Although auxiliary farming represents an important segment of agricultural production and could provide some 20 to 30 percent of production value (making the necessary deductions from the figure in the Table 3, according to which sole producers as a group produce 45 percent), they should not be included among the group of ‘proper farms’.

PLOT FARMING AND COMMODITY PRODUCING GARDENING IN HUNGARY

As is well known, the collapse of large-scale farms contributed to a sharp rise in rural unemployment. It is also well known that the approximately 400,000 agriculture-related jobs which have disappeared since the beginning of the trans-
formation could not be replaced by new opportunities in extended rural areas, whether in the farming sector or elsewhere. In this situation, plot farming is essential for masses of rural households for sheer survival, but few of those engaged in this activity understand it as 'farming'. Rather, they pursue it as part of family survival practices, only to leave farming as soon as alternative jobs appear. This is what we found in the town when conducting field research. Our findings allow us to explain the regional variability in the data on the diminishing small-farm category (that is farms of below five hectares): the decline is more rapid in central Hungary where the bulk of the foreign investment in the off-farm sector of the economy was attracted. In other words, the problems of rural poverty can hardly be resolved within the agricultural sector.

Our field research took us to Karikás, a market town of 27,000 population, 15 km from one of Hungary's strongest rural centres and 100 km from the capital city. Here some 3,000 irrigated vegetable gardens have been established around the boundary of the built-up area of the town and the surrounding fields, which means that roughly every third family possesses a garden. These gardens were started in the early 1970s and typically ranged in area from 1000 to 4000 m², although similar intensive gardening was also in operation before the 1950s (some 100 vegetable gardens ceased operation in the early 1950s). The local discourse calls these gardens 'hobbies', but it is not only amusement that people search for there. Massive commodity production has been taking place in the Karikás vegetable gardens, sold either to the local cannery or to the Budapest wholesale market. From interviews we learned that it is not usually the town poor that maintain such gardens, although an estimated quarter of the gardens belong to low-income households (pensioners, unemployed people, etc.). It is predominantly the middle class who work and pursue hobby gardening the most; some of them have developed strong market gardening enterprises (the mayor of the town, for example). Factory workers and the unemployed usually work in the gardens as hired labour in the high season. Both the income and the products gained from these gardens, for either owners or labourers, contribute substantially to household incomes, and might even in extremis (in low-income households and among entrepreneurs) represent the major proportion. Nevertheless, in most cases, people rank gardening as of secondary importance in their strategies. Their main concern is to maintain or acquire a 'proper job' that provides regular income and social security. These are not small-scale farmers, despite the fact that they use the land and are involved in commodity production and that the majority of them have registered as 'sole producers' in the Agricultural Census.

Similar results can be obtained from a survey in northern Hungary (Spéder 1997). In the villages surrounding a traditional rural centre: half of the households never bought meat and vegetables at the shops and a quarter produced such commodities for the market as well as for their own use; 39 percent of the households bought such products occasionally; only 11 percent of village households bought food in shops exclusively. This research also identified small-scale
farming as an integral part of the strategies of families ‘in the middle’. Research on the unemployed of another Great Plain town reported a similar proportion of self-subsistence: 57 percent of those who were dismissed from industrial jobs produced for self-consumption exclusively and 17 percent also marketed some of their produce. Among those who had been made redundant from agricultural jobs, 43 percent produced for own consumption and 41 percent also for the market (Laki 1997). These data underline the importance of plot farming in crisis situations. The author also added the following warning: plot farming (which did not exceed the level of gardening for the majority of the households investigated) is a privilege, despite the widespread access to it. However high the entry price, those who lose access to it are threatened with extinction.

Another, somewhat related, issue is the question of capitalizing on the small amount of land gained within the de-collectivisation process. Those who were beneficiaries, and possessed the means for production, were able to launch individual cultivation activities, others rented their land out or contracted its cultivation. The ongoing restructuring of large-scale farms, however, also threatened the small amount of income generated from small plots of land in environments where large-scale farming was the rule and where successor farms remained in a monopoly situation (Hamar 2001).

What all these factors imply is the enormous complexity of the issue of farm structure and the likely maintenance of plot farming because of its intrinsic integration into family strategies and ways of life. Although maybe in a somewhat reduced form, auxiliary farming is going to preserve its importance in the medium term.

CONCLUSION

To conclude on the strengths and weaknesses of the Hungarian agricultural transformation: the major elements of a market economy that had penetrated agriculture in the late-socialist period provided a marked advantage at the beginning of the transformation process. A market-friendly mode of restitution and later political interventions also facilitated the creation of capitalist structures. The cooperative break-up and changes in farm ownership and organizational structures took place extensively in the decade following the issuing of de-collectivisation laws, resulting in a mixed farm structure with various forms of corporate and individual commercial farms. A concentration of property also began, although poverty rooted small owners to their tiny plots and, in the absence of alternative employment possibilities, slowed down the land concentration process.

What gives serious cause for concern, however, is the problem of rural poverty, which, although connected with agricultural restructuring, can not be solved within the agricultural sector. So far, thanks amongst other things to the privatization of land, the majority of families have survived the years of transformation by relying on agricultural activity that is subsistence-oriented and sells only the
The agricultural restructuring in Hungary 1990–2001

surplus. The substantially greater-than-average rate of decline in small holdings in the regions successfully attracting foreign capital in various off-farm industries (Central Hungary, North and Central Transdanubia) shows that the solution is dependent on the development of other sectors having the capacities to create new jobs or maintain existing ones. All of these factors underpin the fact that agriculture is already not the backbone of the rural economy it once was. Nevertheless, it has an important part to play, and needs, after a long and agonizing period of transformation, to recover. The regeneration is, nevertheless, going to be a cruel process for many and it will follow, or even accelerate, the latest trends of the late 1990s and early 2000s, i.e., differentiation in terms of both the social and spatial distribution of survival chances. This is what is anticipated as we reach the threshold of the house of a desired and yet feared new patron, the European Union.

NOTES

1 This paper is an updated version of the one presented at the Sapporo conference in 2001. I would like to thank Nigel Swain and Ieda Osamu for reading and commenting on the earlier version of the text.

2 Compensation vouchers could be traded on the Budapest stock exchange and be used to buy stocks of industrial firms and banks assigned for privatization, as well as to purchase, for example, one's own council flat. Cooperatives that received these shares at auctions as a means of exchange could also sell their vouchers on the stock exchange, and many did so when the price was 80 percent of the face value or more (usually when there were rumours of privatization campaigns where people could pay with vouchers).

3 Where, for example, the once expelled but later returned minority German families were bidding against Hungarian neighbours who had been expelled from Slovakia and are now living in the same village (Kovacs 1998a).

4 This was the case in Karikas (a pseudonym), a market town with 27,000 inhabitants located on the Hungarian Great Plain, where newcomers moving in from the neighbouring villages bid at town auctions. It was also due to the fact that it was not only those who appeared at auctions whose vouchers compensated for lost landed property, but also those who lost factories or buildings who were entitled to bid for land.

5 The law imposed severe tax penalties to discourage the sale of land within three years of its purchase at a compensation auction.

6 Data of double-entry book keeping companies and cooperatives with agricultural income.

7 The number of staff in an average successor cooperative dropped from 128 to 38 between 1992 and 2001.

8 Right after the conservative parties won the 1998 elections they expressed their will to change the cooperative law so as to allow owners' groups have access to property in kind once again. These had failed to appear amongst secessionists in 1992–1993. The Smallholders' Party, a single-issue 'peasant party', had always been against the new cooperative law that secured stability for the transformed cooperatives by excluding the possibility of taking out further property in kind. What they objected to was the 'manager
buy-out’ that started prior to transformation but speeded up remarkably from 1994–1995. The chairman of this party headed the Ministry of Agriculture and Regional Development from mid-1998 to March 2001. This is a position that obviously secured advantages for the realization of the political preferences of the Smallholders’ Party. However, the new law, issued in 2000, was less ambitious and restricted its preferences to one single group of owners, that is the ‘outside owners’ already introduced. This group had been recruited from the heirs of former members and those who did not belong to the rank of members during the compulsory transformation in 1991, but had contributed labour to the cooperative prior to the date set by the law. Many controversies had emerged in relation to this group of owners, which explains why the government addressed them. On the one hand, the transformation legislation granted property in business shares to the members of this group but deprived them of control over the property when it did not allow them to vote at meetings. On the other hand, this was the group of owners that grew fastest: the heirs of the deceased full-right members were continually being added to this group. Although the law issued at the end of the year 2000 did not solve the latter paradox, it tried to solve the former by compelling cooperatives to pay off outside owners in cash. The price that agricultural cooperatives were supposed to pay was set high, being the face value of business shares at a time when the market value of these shares ranged from 10 percent to 40 percent. Those concerned could register on a list collected via the extension offices of the Ministry. In April 2001, one day before these lists were to be closed, the Constitutional Court ruled against the law. It was argued that the market economy did not allow such rude intervention in the inner affairs of any economic player. The law hurt fundamental property rights and the integrity of cooperatives. The government soon came out with a new proposal suggesting that the claims of outside owners be covered from the state budget. The same was suggested about one year later when the business shares of pensioners by cooperatives were bought from state budget resources. It was decided to use income gained from selling what remained of the state farms for this purpose. This story reveals a lot about the still rather bitter struggle over former collective property, almost a decade after the years when the bulk of the transformation was completed (in 1992–1993).

9 1999 was the first year in which producers had to register the land they worked if they wanted to acquire any kind of state support.

10 The 1994 agricultural census was not a full census in the strictest sense of the word, as it was aimed at registering the new ownership relationships and tenancies. However, with the exception of land-users within a built-up area of settlements, each producer was registered.

11 A farming unit meets the criteria of a ‘holding’ if its area of productive land reaches 1500 m2, or its orchard or vineyard is of at least 500 m2, or of at least one large animal (cow, horse, pig, sheep, goat) is kept, or 50 head of poultry, or 25 rabbits, or 5 families of bees, or if it provides machinery services or was involved in intensive gardening for at least 18 months prior to the census.

12 This was particularly important in poultry production widely reported by surveys and there have been studies which focus on these two areas of production (Laki 1997), while case studies foresee the future decline of dairy and beef farming in the small-scale sector (Varadi 2001).

13 The staff of the Department for Regional Development Research of the CRS, HAS. Most fieldwork was carried out by Monika Mária Varadi and myself.
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SELECTED ASPECTS OF PRESENT-DAY CHANGES IN POLISH RURAL SPACE

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ABSTRACT: The article discusses the concept of the rural area, demographic change therein, the development of non-agricultural economic functions, transformations in agriculture in Poland and its state of readiness for European Union accession. Most attention is thus paid to the agricultural economy.

KEY WORDS: rural areas, agriculture, economic transformation, demographic processes, Poland.

INTRODUCTION AND REMARKS REGARDING TERMINOLOGY

For the last 10–20 years Poland has been under the influence of processes that reflect the need for the country's economy to be adjusted to a new socioeconomic system. The changes that Polish space has been subjected to have not been distributed evenly, however, in as much as it is the urban areas that have changed most, while certain rural parts have witnessed only a limited transformation. Nevertheless, the period post 1989 that forms the subject of this work has ushered in new elements to the socioeconomic life in town and countryside alike. The State Farms were abolished, large private holdings of land appeared, along with new economic functions capable of activating certain rural areas; and there was a dynamic development of the satellite areas around cities, alongside a simultaneous impoverishment of peripheral areas, growth in unemployment and an enlargement of problem areas (Banski 2001). These are just the most visible phenomena that have come to characterize Polish rural areas.
This paper is focused on three aspects of rural change:
• an identification and assessment of population processes ongoing in rural areas,
• the transformations in agriculture, and an assessment of agriculture’s readiness for Poland’s upcoming accession to the European Union,
• the development of non-agricultural economic functions.

These considerations will be addressed to the ‘rural areas’ that have been subject to a wide variety of attempts at definition in the literature (Cherry 1976, Cloke 1994, Cloke and Milbourne 1992, Gilg 198, Halfacree 1995, Ilbery 1999, Kayser 1983, Wibberley 1972, Whitby and Willis 1978). No generally accepted consensus of the meaning of this term has in fact emerged from these efforts.

However, irrespective of the definitions formulated by academics, the practice of macroscale research has tended to adopt definitions from national statistics. Poland’s Central Statistical Office (GUS) accepts as rural any land that lies beyond the administrative limits of towns or cities. If the amount of rural land designated in line with GUS criteria is set against that derived from EU criteria, it emerges that differences in area are of as much as 10 percent, while differences in population are of c. 5 percent (Table 1).

Table 1. Poland’s rural areas in line with different identification criteria.

<table>
<thead>
<tr>
<th>Criterion</th>
<th>Population (%)</th>
<th>Area (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Urban-rural administrative division (after GUS)</td>
<td>38,1</td>
<td>93,4</td>
</tr>
<tr>
<td>Population density up to 150 people/km² (after OECD)</td>
<td>35,0</td>
<td>91,7</td>
</tr>
<tr>
<td>Population density up to 100 people/km² (after the EU)</td>
<td>32,8</td>
<td>83,0</td>
</tr>
</tbody>
</table>

Source: 1999, Spójna polityka strukturalna rozwoju obszarów wiejskich i rolnictwa (A cohesive structural policy for the development of rural areas and agriculture), Ministry of Agriculture and Rural Development.

POPULATION PROCESSES IN RURAL AREAS

CHANGES IN POPULATION SIZE

Going by the criterion of administrative division as recognized by the Central Statistical Office, the rural areas of Poland covered 291,700 km² in 1999, or some 93.4 percent of the country. They were inhabited by 14,871,000 people, giving a mean population density of 51 people/km².

Population density points indirectly to the intensity of management of a given area, the nature and density of its settlement, the resources of labour, etc. In Poland at least, an increase in the value of this indicator generally points to an area’s socioeconomic development, while a decline attests to unfavourable economic processes. The highest population densities to be noted for the country’s rural areas relate to south-east Poland, where the proportion of the overall population that is rural is highest (Figure 1).
Selected aspects of present-day changes in Polish rural space

Figure 1. Population density (persons/km²) of rural areas and proportions of 1999 voivodship populations that are rural (A) and urban (B).

Figure 2. Changes in populations of urban and rural areas (on the basis of censuses, estimated data in the case of 2000).
While through all the post-War years, the population of Poland rose, that in rural areas remained at a rather similar level (Figure 2). However, the process of urbanisation gave rise to a situation in which the share of the overall population that was rural fell steadily. Shortly after World War II, the rural areas of Poland still had some 66 percent of the national population. Today the figure is just 38 percent.

The years 1950–1970 brought a decline in the natural increase in rural areas, alongside a rise in outflows of the rural populace to urban areas. In spite of this, the number of rural residents remained more or less steady, or even rose slightly. However, in the 1970s, the negative migration balance exceeded the natural increase, so that the rural population began to decline. The process by which country-dwellers moved to the cities intensified after 1975, as the administrative reform of the country (involving inter alia the emergence of new and ‘absorptive’ provincial capitals) encouraged a quarter of a million people a year to leave their villages behind. A further unfavourable aspect was the tendency for those emigrating (and especially the women) to be young, and the relatively better educated. In connection with this, the natural increase back in the countryside began to falter, to the point where depopulating areas characterized by a shortage of women of marriageable age began to arise (Figure 3). The percentage of the population of post-productive age likewise became high (Figure 4).
Selected aspects of present-day changes in Polish rural space

Today, the greatest shortfall of women of marriageable age occurs in eastern Poland, as well as the Małopolska Upland and southern part of the Pomeranian Lakeland. There was a similar spatial distribution of this gender imbalance as long ago as 1988. The depiction of the distribution of areas in which the proportion of people of post-productive age is highest (cf. the national average of 14 percent) is in turn very clear-cut, as such areas are concentrated in eastern and central parts.

The economic crisis of the 1980s ensured a first half of that decade in which the migration processes were held back sufficiently to allow natural increase to equal the loss of people from rural areas (Stola 1998). In the late 1980s, however, the natural increase declined as the migration processes weakened markedly. Overall, the number of people in rural areas fell by c. 150,000.

As has been mentioned already, the largest group to migrate from rural to urban areas comprised young people. Among women, it was those in the age group 20–24 that showed the greatest inclination to move out. The corresponding age group for men was 25–29 years (Witkowski 1990). The commonest reasons for the departure from villages were a low level of income to be gained from working on a farm, the unsatisfactory technical and social infrastructure of rural areas, the difficulty of the work on the land, problems with housing, the social barriers considered to exist in rural areas, the difficulties in gaining access to

http://rcin.org.pl
education and culture, and the problems inherent in finding a partner to start a family. According to Frenkel and Rosner (1987), the outflow of people from agriculture depended on: 1) the demand for human resources in the non-agricultural sectors of the economy and the labour-force balance in agriculture, 2) differences in levels of income and standards of living between rural and urban inhabitants, and 3) psycho-social factors (career aspirations, the prestige associated with the occupation of farmer, family traditions, etc.).

In the 1990s, people migrated to the cities in ever diminishing numbers, especially on account of the shrinking labour market and the increase in unemployment. Certain areas even witnessed a reversal of the previous phenomenon, i.e., an increase in numbers of people heading out to live in villages. The number of rural residents thus began to rise for the first time in many years (Figure 5), even in the face of a marked decline in the natural increase (Figure 6). The 1990s can thus be said to have brought a large-scale weakening of the trend towards concentration of the population in urban areas.

A similar phenomenon has been observable for a long time in Western Europe and the USA (Berry 1976, Boyle 1995, Boyle and Halfacree 1998, Champion 1989), with the so-called counter-urbanization there being defined as a process of the deconcentration of population characterized by an outflow of people from areas in which population is concentrated to areas with lower density (Berry 1976). In EU countries, the tailing off of the process of population concentration has reflected a desire to remain in or resettle rural areas (where the environment is clean, access is now good and the full range of social and technical infrastructure is in place, etc.). In Poland, in contrast, the main reason for any such process has so far been the tightening up of the labour market such that, by the 1990s, only the courageous and most successful could dare to allow themselves a move to the city. In this it is worth adding that it was most often the newcomers to urban areas who lost their jobs first, thereby necessitating a return to the village.
THE PROCESS OF URBAN-RURAL MIGRATION

An interesting phenomenon new to Poland is the increasingly marked tendency for people from urban areas to migrate out to villages. This has been confirmed by the author’s work on the balance and directions to migration in gminas (local authority areas) adjacent to Warsaw and Lublin. In 1999, the gminas nearest these cities had positive migration balances, with the population flowing out of the urban areas more often than not originating within them. Areas more distant from Warsaw and Lublin (at between 10-20 and several tens of kilometres away) were still generally characterized by negative migration balances.

It is thus possible to speak of a process of suburbanization, the causes of which are many and deserving of separate sociological study. Those deciding to leave urban areas are first and foremost the well-to-do and well-educated. They often take their small businesses with them as they move out, thereby offering chances for rural areas to develop in economic terms, and in regard to the technical and social infrastructure that the new residents expect. In contrast, the peripheral parts of Poland (especially in the east) are still experiencing a loss of population, if not to such an extent as in the 1970s and 1980s. Most migration balances are negative, with those leaving the rural areas making straight for the towns and cities.

Population changes characteristic of rural areas in the 1990s thus proceeded in two directions. City hinterlands had positive migration balances, while values declined steadily as one moved closer to the periphery. In contrast, the areas distant from towns and cities, where transport access is hindered, are continuing to witness negative migration balances.
The development and improvement of public transport, huge increase in numbers of private cars and planned motorway building all seem likely to bring about an extension of the zone with a positive migration balance in the next few years. This will be most noticeable along the main transport routes.

The last decade of the 20th century thus brought new phenomena as regards changes in population not observed previously in Poland. Foremost among these was a decline in the rate at which population was concentrating in urban areas, most probably as a sign of the onset of a process of population deconcentration that has so far encompassed only the zones of impact of the largest cities.

CHANGES IN RURAL PEOPLE’S LEVEL OF EDUCATION

Worthy of separate consideration are the processes by which the level of education of the rural populace has been changing. The 1990s at last brought an improvement in this regard, which is to say a decline in the numbers with the lowest educational status (primary or incomplete primary education), and a growth in those with secondary education. Alas the improvement was largely confined to the non-agricultural or dual-occupation populations in the countryside, being very indistinct among the rural areas’ true farming stock. As of 2000, only 17.5 percent of the agricultural population had completed its secondary education, while only 1.9 percent had gone on to higher studies.

The work of sociologists shows that only c. 40 percent of the countryside’s young people are contemplating staying there, while only 55 percent of farms can count on a younger generation taking over (Szafraniec 2001). Ironically, parents do not hesitate to accept their children’s departure for the towns, holding out the hope that their lot may improve as a result. However, since those involved are generally the most capable and entrepreneurial individuals, the countryside finds itself increasingly populated by the frustrated, and individuals largely unprepared to meet the challenges of today’s labour market.

Nor would the educational reforms initiated in the 1990s seem to have favoured any improvement in the level of education in rural areas. The prolongation of the overall schooling period and closure of many secondary and vocational schools make it harder for those potentially taking on farms in the future (or else likely to engage in non-agricultural business activity in rural areas) to gain the qualifications that might help them to do these things. The graduates of high schools often find their poor material situation standing in the way of any continued study at higher education establishments. Being so confined to rural areas, they have limited chances to find work outside the agricultural sector.

Improved education of rural society has also not been helped by the closure of many rural primary schools. The commute to institutions several or as many as 10-20 km away is tiring for children and very likely a turnoff when it comes to academic achievement. The result is nothing more or less than a widening of the educational gap between city- and country-dwelling children.
THE DEVELOPMENT OF THE NON-AGRICULTURAL ECONOMIC FUNCTIONS IN RURAL AREAS

Agriculture is the dominant economic function in Poland’s rural areas. In 1996, there were nearly 1300 gminas in which farms constituted more than 80 percent of all business entities (Kaczmarek 1998). The greatest numbers of such gminas were in the eastern and central parts of Poland. In turn, in the zones of impact of the large cities of the west and north, the proportions of businesses that were farms were below 60 percent, as may be confirmed by consideration of the data on employment in non-agricultural divisions (Figure 7).

SERVICES AS THE MAIN NON-AGRICULTURAL FUNCTION IN RURAL AREAS.

As a branch of the economy, services come second only to agriculture in terms of the numbers employed. The function is however concentrated in suburban zones, where it is above all building, transport, repair, wholesaling, etc., services that are located. A relatively high proportion of the population employed
in services also characterizes the western border zone. Indeed, this area shows
the biggest growth in the number of entities involved in services – something that
may be linked with the influx of foreign capital, amongst other things (Kaczmar-
rek 1998). In turn, the rather high share of service-related businesses in the
coastal and mountain gminas and Mazurian Lakeland area may be linked with
the servicing of tourist traffic.

In Poland, tourism really has a chance of developing only where the most va-
luable landscape and cultural features are present. The level of tourist services
rendered in rural areas remains low, frequently low enough to deter potential
clients. Moreover, tourism requires professional qualifications other than those
typical in agriculture. That said, a great many of the studies devoted to the direc-
tions of development of Poland’s rural areas regard rural tourism as an alternati-
ve to agriculture, or more often as something that may at least augment it. Agri-
tourism in particular has become a panacea for those backward Polish rural
areas. Unfortunately, such theoretical possibilities are not shown to have mater-
ialized, according to the latest research into the functional structure of rural
areas (Bański and Stola 2002). This shows that the period 1988-1999 brought
hardly any change in the distribution of those rural gminas in which there was a
leading tourist function, as generally supplemented by agriculture and forestry
(there are around 60 such gminas). That said, the number of farms providing
tourist services has risen. In 2000 there were 11,300 such places, albeit concen-
trated in the three voivodships of Małopolska, Pomerania and Warmia-Mazury.

Perhaps likely to be of greater significance for Poland’s rural areas is the
recreation associated with long-weekend or short-holiday tourism. This can
essentially develop wherever there are woods and water. Indeed, the pressure
being imposed by the inhabitants of some cities is so great that part of the
agricultural land is coming out of farming and being designated instead for the
building of the second homes or dachas long since popular in Poland. Gmina-
level physical development plans are even being changed to meet this need, while
land prices are several times higher in this case than those paid for farmland.
Naturally, a wide variety of other services grow up in the vicinity of such summer
settlements, while a market for local farm produce is also generated.

RURAL INDUSTRY

For more than 50 years now, the highly-developed countries have witnessed
a process whereby there has been some locational shift in industry from cities to
rural areas. The literature describes this as non-metropolitan industrialization and
it, needless to say, began in the USA (Lansdale 1979). However, Western Euro-
pean countries have followed suit with what has been dubbed the urban-
rural manufacturing shift (after Keeble 1980, 1984). Sadly, no analytical conside-
ration has been given to this matter in the Polish literature.3
Research by Instytut Ekonomiki Rolnictwa i Gospodarki Żywnościowej (the Institute of Agriculture and Food Economy Economics) carried out on a selected sample of rural residents revealed a 23 percent decline in the numbers of industrial employees in the period 1988–1996. The causes were, not only layoffs among small farmers employed as industrial workers, but also the collapse of enterprises located in rural areas (Sikorska 2000). While the commercial and service branches nurtured a dynamically-developing private sector taking the place of state and cooperative employers, the small and generally unprofitable industrial firms had no choice but to close.

The research carried out by Domański (2001) makes it clear that foreign investments in rural areas have involved 417 enterprises, or 12 percent of all the foreign investments made in Poland. It also emerges that there are no significant differences to the dimensions of enterprises starting up in rural and urban areas. Nevertheless, foreign investors are first and foremost interested in rural areas close to the big cities. Only half of the investments targeted at rural areas have concerned places in which the agricultural function prevails. Money has above all been invested in plants producing aggregates, as well as food-industry factories.

In Poland, the process of the shifting of industry from urban to rural areas has not yet assumed the dimensions that it has in Western Europe – something that Domański (2001) is able to confirm, in noting that investment per inhabitant rises steadily with increasing size of localities. Nonetheless, in studying the transformation of industry in the Małopolska region, Domański (2002) reports that the role of the established industrial centres of the Tarnobrzeg District and the largest towns has declined, in favour of industry in the small towns across the region and the zone of satellite towns and villages around Kraków. A similar phenomenon is to be observed around Warsaw, Poznań and other large cities.

Of greatest significance for investors are: the proximity of main transport routes, cooperation with gmina authorities, a convenient location as regards customers, the ease with which workers and highly-qualified specialists can be found, and only then (of lesser importance) land prices, good environmental conditions and the availability of cheap buildings (Domański 2001).

It is possible to sum up by saying that the processes of industrialization in rural areas are above all ongoing in the zones of impact of the large cities, and along the main transport routes. The larger the urban centre, the deeper into the surrounding countryside the processes in question are extending.

TRANSFORMATIONS IN AGRICULTURE AND ITS READINESS FOR EU PARTICIPATION

The last several years have brought an intensification of such negative phenomena as the excessive fragmentation of agriculture, extensive methods of production, and an excess of available labour combined with low labour productivity across much of Polish farming.
Successive governments have proved unable to devise an appropriate development strategy for agriculture, so farmers have been left to their own devices. Meanwhile the Polish market has been inundated with cheap food from Western countries, while eastward exports of food from Poland have declined, markets have collapsed, the profitability of output has gone down and the high interest attendant upon any bank credit has minimized on-farm investment. The reduced size of the labour market has hit those with dual occupations first and hardest, depriving such people of their chance to combine farming with work outside, and further increasing the number of (idle) hands on farms. Unemployment has risen, but the total amount of hidden unemployment is much greater, such that rural poverty, social ills and protests have grown. All the processes referred to have hampered any progress in Polish agriculture and merely increased the degree to which it lags behind that in EU member states.

THE LIQUIDATION OF THE NATIONALIZED SECTOR AND CHANGES IN OWNERSHIP STRUCTURE

The liquidation of the nationalized sector was one of the main elements to the socio-political and economic transformation in rural areas. In 1989, the state agricultural sector managed c. 24 percent of all farmland, while by 2000 just 8 percent of agricultural land was in the hands of the public sector (Table 2).

Table 2. Ownership structure of agricultural land in 2000.

<table>
<thead>
<tr>
<th>Managed land</th>
<th>Agricultural land</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Area in '000 ha</td>
</tr>
<tr>
<td>Poland</td>
<td>18,413.2</td>
</tr>
<tr>
<td><strong>Private sector</strong></td>
<td></td>
</tr>
<tr>
<td>Domestic ownership</td>
<td>16,603.4</td>
</tr>
<tr>
<td>Including:</td>
<td></td>
</tr>
<tr>
<td>Individually-owned farms</td>
<td>13,282.7</td>
</tr>
<tr>
<td>Farming cooperatives</td>
<td>366.2</td>
</tr>
<tr>
<td>Foreign ownership</td>
<td>113.6</td>
</tr>
<tr>
<td>Mixed ownership</td>
<td>30.3</td>
</tr>
<tr>
<td>Land not on farms</td>
<td>228.1</td>
</tr>
<tr>
<td><strong>Public sector</strong></td>
<td>1437.8</td>
</tr>
<tr>
<td>State ownership</td>
<td>1048.6</td>
</tr>
<tr>
<td>Holding of the Treasury Agricultural Property Agency</td>
<td>632.2</td>
</tr>
<tr>
<td>Local-government-owned</td>
<td>12.2</td>
</tr>
<tr>
<td>Mixed ownership</td>
<td>4.2</td>
</tr>
<tr>
<td>Land not on farms</td>
<td>372.8</td>
</tr>
</tbody>
</table>

Ownership change in agriculture above all reflects the closure of the State Farms, as well as the restructuring of the cooperatives (which are now in private hands). The process of closure of the State Farms (PGRs) began in 1989 and took the next couple of years to complete. Assets passed to the Treasury Agricultural Property Agency, which has sold around one-fifth of the land, leaving the rest in its hands, though in the main leased out with a view to its one day becoming large privately-owned farms. 3900 such farms are involved with the leasing of some 1.8 million ha of agricultural land (Zglinski 2002).

The spatial structure of farmland ownership remains largely unchanged on the macroscale. The areas with the biggest public-sector role continue to be found in the north and west, though the difference with the rest of the country is smaller than it once was. The scale of changes in ownership structure was thus relatively limited, and not capable of exerting a greater influence in encouraging a larger number of new family farms. Nevertheless, more than 10 percent of the individually-owned farms in western and northern Poland did manage to increase in size.

A separate issue is the onset of negative economic and social effects brought about by the liquidation of the state sector. Although this concerns a relatively limited area, it forms – and will in the next few decades continue to represent – a challenge for the regional policy of the governments of all complexions taking power in Poland. The situation of forests is rather different, since the majority of the area is state-owned. In 2000, the figure was 82.4 percent, and of this some 98.9 percent was the property of the Treasury.

THE DEVELOPMENT OF TECHNICAL INFRASTRUCTURE

Thanks to a dynamic development of technical infrastructure, including mains water supply, the 1990s saw an improvement in the conditions of functioning of agriculture. The construction of water mains, sewerage and wastewater treatment plants has been and remains a priority development for most rural gminas. As a result, the disproportion between urban and rural areas in relation to the connection of dwellings to a mains water supply has declined. Data from the Central Statistical Office suggest that the proportion of rural dwellings with mains or on-farm water pipes increased from 67.6 to 83.1 percent in the years 1990–2000, while the respective figures for urban areas were 95.3 and 97.6 percent.

The situation as regards the equipping of rural areas in sewer systems is much less favourable. In 1999, only 4.5 percent of rural dwellings had sewerage on average. This means that the disproportion between rural areas’ mains water and sewer infrastructure is massive. For example, in the year 2000, there were 9 connections to mains water for every one to the sewer system. Nevertheless, from the late 1990s on, it was possible to observe an increase in the funding assigned to the development of sewer systems, something that may at last herald a reduction in the aforementioned disproportion. Outlays on developments associated
with wastewater treatment plants have also risen. However, the size of the need in this regard is attested to by the fact that only 11 percent of rural-dwellers were being served by wastewater treatment plants in the year 2000.

The process of making up for years of infrastructural neglect in rural areas has been associated with a widening of spatial disparities. According to Raport o stanie wsi – Polska wies (The Polish countryside – A report on the state of rural areas) from 2002 there are gminas at one end of the scale in which, for example, the level of mains water supply to dwellings is much below the mean for rural areas in 1990, while at the other extreme there are those whose degree of outfitting in infrastructure gives a standard comparable with that in cities.

CHANGES IN AGRICULTURAL LAND USE

As in earlier years, so also in the 1990s, there was a steady decline in the area of agricultural land (Figure 8). Rising at its expense was the amount of land in the remaining categories. Agricultural land of low quality was in the main reafforested (Figure 9).

![Figure 8. Area of agricultural land, 1988-1999.](http://rcin.org.pl)

![Figure 9. Area of forest, 1990-1999.](http://rcin.org.pl)
The increase in the area of non-agricultural land was generally even in successive years and did not experience more marked fluctuations. On this basis, it can be said to be a persistent trend capable of being observed in future years also. Indeed, in the face of the country’s dynamic economic development, expansion of cities, planned construction of a modern transport network and need to adapt agriculture to EU requirements, there must be a strong presumption that the area of agricultural land will decline at a faster rate than has been the case hitherto.

CHANGES IN AGRICULTURAL OUTPUT

The loss of eastern export markets led to a drastic fall in the profitability of production, which in turn caused a decline in investment outlays, the closure of the State Farms and a fall in agricultural output\(^5\) of nearly 15 percent in the years 1990–1994 (20 percent where commercial output was concerned) (Kulikowski 2002). A shortlived rise in output between 1995 and 1998 was followed by stagnation or somewhat downward trends in subsequent years. If 2000 figures are compared with those for 1995, the only increase (of c. 9 percent) is seen to concern commercial output.

The number of head of cattle declined in the 1990s (from 10 million in 1990 to 6.1 million in 2000), most notably in the north-west where the large State Farms had previously operated. The result was a decline in the role played in overall output by livestock production (from 49.4 percent do 45.3 percent), as well as a fall in the share taken of commercial output (from 66.8 percent to 60.9 percent).

Livestock for slaughter predominated in overall and commercial output, accounting for 25.7 percent and 38 percent of the totals respectively, though significant roles were also played by cereals and milk where overall output was concerned, and by milk and fruit and vegetable growing with regard to commercial production. Almost 2/3 of the output of livestock for slaughter consisted of pork, with the 1990s witnessing a near-halving of the production of beef.

POLISH AGRICULTURE SET AGAINST THAT OF THE EU MEMBER STATES.

An index was devised to compare the level of Polish agriculture with that in EU countries. However, the very varied agroecological conditions affecting production and the management of land in the different states ensure that any comparisons of this kind need to be treated with caution, especially since these are summary indicators that take account of only a limited number of comparable features. Thus, in assessing the 1998 levels of development of agriculture in Poland and EU countries, the following features were selected:

http://rcin.org.pl
meat yield per pig,
mean yields of wheat (1995-1998),
number of combines per 100 ha of arable land,
milk output of cows,
farm size,
the value of exports of agricultural products per person employed in agriculture.

Following standardization of features, an index summing the part-values for all those features was generated.

The index obtained for the level of development of agriculture (Figure 10) has values of between 4.1 points for Belgium and 1.6 for Greece. The situation of Polish agriculture does not look favourable against this background, with comparison needing to be made in particular with those countries in a similar climatic zone (i.e., Germany, Denmark, the U.K., etc.). The level currently observed in EU countries will be achieved in Poland only after several more decades.

The revised Common Agricultural Policy (CAP) pursued in the last 10 years aims at more environment-friendly, extensive and deconcentrated agricultural production. Ilbery and Bowler (1999) identify three features which characterize the post-productivism period in agriculture, i.e., shifts from: 1) intensification to extensification, 2) concentration to dispersion, 3) specialization to diversification.

Thus Polish farming may seem to be closer to the new thrusts of EU agricultural policy than that in certain member states. After all it produces by extensive, environment-friendly methods over very considerable areas, with only between one-third and one-half as much mineral fertilizers being used, and only one-seventh as large an amount of pesticides.
POLISH AGRICULTURE AND THE EUROPEAN UNION

Agriculture was the most difficult subject to be broached in accession negotiations with the EU. The direct payments to farmers proved the biggest hurdle of all, since the Polish negotiators held out for a level of payments comparable with those on offer within the 15. However, since such payments together account for c.50 percent of the EU budget, it was always hard to imagine that they would grow further to help the new members. Moreover, internal EU policy has for some time now been moving towards a limitation of financial support for agriculture. The result of negotiations may nevertheless be a widening of the gap between Polish farming and that among the leaders in the EU.

A second controversial matter has concerned the freedom to buy and sell land following Poland’s accession. Poland’s farmers were not placated by a 10- to 20-year transition period negotiated in this regard. Compared with EU member states, Poland offers very cheap land (on average a hectare of farmland sold for 1100 euros in 1998). For this reason, the farmers fear purchases by rich farmers from EU member states (notably Germany, The Netherlands, Denmark and Sweden). The fears for their post-accession future expressed by Polish farmers were nicely encapsulated in survey research carried out in 1999 (Bański 2000). The respondents were asked for their opinion on the changes to agriculture that would follow Poland’s accession to the EU. Almost half of those surveyed in two study areas were negative, voicing a supposition that the changes would be unfavourable for them (Figure 11). According to Szafraniec (2001), the level of support for integration processes among farmers fell from 63 percent in 1995 to under 40 percent in 2000.
This lack of goodwill towards EU membership has usually been explained by reference to the traditionalism and conservatism of Polish farmers. The media have been full of such 'explanations'. But this does not put a good atmosphere in place for any preparation of the country's agriculture to meet EU requirements. The Polish farmer thus needs to be convinced and persuaded by a presentation of the obvious benefits accruing from membership. This was what happened in Denmark, for example. In spite of a then crisis situation in both the economy and agriculture, the Danish campaign preparing for accession was able to bring most of Denmark's rural population over to support for joining the European Community in the referendum which was ultimately held on the subject.

EU AID FOR POLAND'S RURAL AREAS

Poland, together with the other nine CEECs aspiring to EU membership, has been the recipient of various forms of pre-accession aid since the beginning of the 1990s. The aim has been to prepare the countries for EU membership, as well as to help even out the economic and social differences to be noted from region to region. Three programmes which incorporate Poland, i.e., PHARE,
SAPARD\textsuperscript{10} and ISPA\textsuperscript{11}, are playing a key role, in that they offer funding extending into billions of euros. Success with the implementation of these assistance programmes is dependent on their proper and purposeful disbursement regionally. The assistance should first and foremost be directed at the most weakly-developed areas, in order that these might be activated economically, while disparities in development between regions lagging behind and most highly developed are to be evened out.

Among the three aforementioned programmes, it is PHARE that is most advanced and has been implemented for longest. The years 1990–1999 saw Poland obtain c. 2 billion euros from this source, or almost 30 percent of the programme’s entire budget. If the last two years (of record-breaking assistance) are taken into account, the overall sum granted approaches 3 billion euros, of which the greater part has been targeted at infrastructural development.

The obtainment of assistance funding is very much dependent on the preparation and justification of individual projects. In this regard, a major plus factor is knowledge and innovation on the part of those competing for this type of funding. Consideration of the spatial breakdown to the sums awarded by PHARE in assistance funding (Figure 12) reveals a marked correlation with the spatial distribution of gmina councillors with varying levels of education (Figure 13).

![Figure 13. Percentage of gmina councillors with higher education, 1999.](http://rcin.org.pl)
It can thus be presumed that better-educated councillors are attracting higher levels of funding, since they are more adept at devising good projects. The impact of real need is presumably more limited.

Assistance funding has not always been used appropriately in Poland. Year-2000 audits indicate that PHARE funding has gone on unnecessary work, among other things by (mainly Western) consultancies. There have also been many-month delays in the implementation of projects, as well as other areas of neglect.¹²

ISPA supports development in the fields of environmental protection and transport. In 2000 it designated 351 million euros for Poland. Where the environment is concerned, the money goes mainly on improving wastewater management in large cities.

SAPARD was in turn established by the Council of the European Union in 1999, though it has been operational in Poland only since 2002. It is targeted mainly at farmers, but the first information on implementation gives limited grounds for optimism. Polish farmers are showing only minor interest, on account of the fact that they themselves must make a considerable financial contribution. As a result, only the wealthiest farms and agricultural backup entities can permit themselves the luxury of getting involved. There is thus a justifiable fear that SAPARD funds will pass largely to areas in which agriculture is already in reasonably good condition, while the poor areas will make little or no use of the money available.

CONCLUDING REMARKS

The 1990s brought economic, social and cultural change in Poland’s rural areas. There are rural areas in which a dynamic development of new economic functions has taken root, as well as those in which there has been stagnation or even decline. The highest growth rates have in general been characteristic of rural areas in the hinterlands of large cities. The further towards the periphery one moves, the slower is the rate of change, to the point where even elements of depression have arisen. The eastern part of Poland can serve as an example of a problem area displaying unfavourable demographic changes and increasing poverty.

However, there was also a slowdown in the rate of migration from rural to urban areas in the 1990s. This reflected a tightening of the labour market and rising unemployment, as well as a more desirable trend in the growing interest in rural areas as places to live. The last phenomenon has found reflection in satellite towns and villages around cities, some of which have witnessed even increases in population at the expense of those urban centres.

The period has been a very difficult one for agriculture. The collapse of the state sector led to the overnight emergence of extreme unemployment black-
spots, while markets evaporated and cheap food came flooding in from abroad. Investment was very much abandoned. Farmers are thus considered the group that has lost most from Poland's economic transformation. No surprise then that they voice fears in relation to EU membership negotiations.

An analysis of the pluses and minuses to the processes ongoing in rural areas inclines the observer to conclude that rural areas have paid a much higher price for the transformation than the city. Nevertheless, the last decade of the 20th century did bring many new and favourable elements to socioeconomic life in rural areas. Certain economic functions (tourism-, service- and housing-related) have grown in strength, while the quality of life in the countryside has improved overall.

NOTES

1 The State Farms (PGRs) were initially set up as auxiliary holdings serving peasant farms in the management of ex-German land and land left fallow after World War II. As time passed, their importance rose as an important element of the socialist economy in rural areas. State Farms ultimately accounted for half of the agricultural land in the northern part of the country. In contrast, they managed less than 10 percent of the land in the centre and the south. The process of closure of the State Farms began in 1989, with the assets being taken on by the Treasury Agricultural Property Agency.

2 Rural tourism denotes all forms engaged in rural areas, while agritourism is connected with farms specifically.

3 A detailed study of the output of world science in this sphere was made by Grzeszczak (1998).

4 In 2000, Poland had 1,886,000 farms with a mean area of 9.6 ha (including 8.5 ha of agricultural land). The most fragmented were the farms of the south-east, where average size is 3-5 ha. Nearly half of all farms have land in four or more separate pieces.

5 Final agricultural output is the sum of the value of commercial production, the natural consumption of agricultural products from one's own farm and the balance between the reserve of agricultural products and values for the number of head of livestock.

6 Standardization was achieved using the formula:

\[ a_{ix} = \frac{i_x}{x_{\text{max}}} \]

where: \( i_x \) is feature \( x \) for the unit (country) \( i \), \( x_{\text{max}} \) the maximum value of trait \( x \) in the set of units.

7 An indicator calculated in line with the formula:

\[ W_P = \sum_{x=1}^{6} a_{ix} \]

where \( a_{ix} \) is the normalized value of trait \( x \) (\( x = 1,2,...,6 \)) for units \( i \) (\( i = 1,2,...,15 \)).

8 Survey research was carried out on 240 farms in agricultural areas differing greatly in their level of development, i.e., the Vistula Delta area and the Świętokrzyskie Mountains.

9 Poland and Hungary Assistance for the Reconstruction of Economies.

http://rcin.org.pl
Support for Pre-Accession Measures for Agriculture and Rural Development.

Instrument for Structural Policies for Pre-Accession.

For example, the Technical Assistance Information Exchange – an EU institution – anticipated 1999 expenditure on training, translations, database construction, etc., of more than 11 million Euro (Source: http://europa.eu.int). That said, the money flowing from Brussels and constituting assistance funding for Poland tended to return to it. In those circumstances there has to be a question as to who gained most from such aid?

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CHANGES IN THE RURAL AREAS IN BULGARIA: PROCESSES AND PROSPECTS

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ABSTRACT: In the last decade of the 20th century fundamental changes in all spheres of social-economic life occurred throughout the rural areas in Bulgaria. The most important of them are the economic, demographic and social changes. This article treats only some of these multilateral changes. Now the development of the rural areas is one of the priorities of Bulgaria's national regional policy.

KEY WORDS: rural areas, economic and social transformation, depopulation, ageing, prospects for development, Bulgaria.

INTRODUCTION

In the last decade of the 20th century fundamental changes took place throughout the rural areas in Bulgaria. The rural regions are the focus of research by many Bulgarian and foreign experts from different scientific branches. As this paper is rather concise, it cannot discuss and evaluate extensively the publications which deal with the results of the investigations of Bulgaria's rural areas and their transformations during the last decade of the 20th century and at the beginning of the 21st century. Considering the Bulgarian publications on rural development in Bulgaria published in the period 1990–2002, as well as some foreign ones, we can draw the following conclusions:

• Compared with other countries in transition (e.g., Poland, Hungary), Bulgaria's publications in this field are much less numerous.
• Most of the publications deal with specific problems in the rural areas, including the geographical aspects of these problems. Most numerous are the geographical publications devoted to the development problems in agriculture – the agrarian reform and land use (Iliev 1998, Iliev, Ilieva and Opp 1995,
The present and future development of the rural areas in Bulgaria is an important element of its constantly changing regional and economic policy.

SOME CHARACTERISTIC FEATURES OF ECONOMIC CHANGES IN RURAL AREAS

The changes in the rural regions in Bulgaria are predetermined by the specific conditions of the country and the characteristics of 'the Bulgarian model' of transition from centralized planned to market economy. Very important are the economic changes, predetermined by the political ones after 1989. The transformation started first in the economic sector and it was the economic changes that altered the demographic conditions and the employment.

In the rural areas agriculture is the major branch that has the greatest impact. Therefore, the transformation of the rural regions generally reflects the effects of the transformation in agriculture. The transformation in Bulgarian farming began in the early 1990s and coincided with the changes in the ownership and with the liquidation of the cooperative farms. The restoration of private ownership of farmland to the former owners and their heirs is considered to be one of the characteristics of the organizational structural reform in Bulgarian farming. Almost all the land had to be restituted because for quite a long period about 95 percent of it had been involved in cooperatives. Therefore, in comparison with the other countries of Central and Eastern Europe that were going through a period of transition, this produced more significant changes, difficulties and adverse consequences.
The recent agrarian reform in Bulgaria took roughly 10 years and towards the end of 2000 was almost completed – approximately 5.7 million ha, i.e., 99.8 percent of the restitutable land, was returned to the former landholders. Land fragmentation is a common feature today, which can be attributed both to the type of Bulgarian farming in the past (until the middle of the 20th century Bulgaria had petty farming) and to the adopted procedures of land restitution. Now land fragmentation in Bulgaria is much greater than that in the other countries in transition – Hungary (Kovacs 1999), the Czech Republic and Poland (Jasiulewicz 1998, Bański 1998). This negative consequence strongly influenced land use; the inefficiency of agricultural production will impede the formation of individual farms and will require land consolidation.

Bulgaria encounters much more serious difficulties in the formation and development of new organizational forms in agriculture than do the other post-communist countries of Central Europe. The greater extent of this process results from the collective farming that had prevailed, with the practical absence of private farms during the 1950s – 1980s, and from the abolition of the traditions, the loss of managerial skills and habits and the comparatively poor knowledge in the management of private farms. The long duration of the agrarian reform, the land fragmentation, the huge destruction of farm property (buildings, machines, irrigation equipment, perennial crops, animals, etc.), which was greater then in any of the other countries in transition, in the course of the liquidation of the cooperatives also exerted a negative effect on the establishment of private farms. Bulgaria is the only exception among the Central and East-European countries in transition where the transformation of the organizational structures in the agrarian sector is not accompanied by setting up of new, alternative structures, co-existing with the old ones (Stoyanova 1999). The changes in agricultural ownership and organizational forms in the other post-socialist Central European countries are less (Zgliński 1999, Csatari 2000, Gałczyńska and Ilieva 2001).

The reform of the 1990s has caused organizational restructuring of farming, and now there are different forms of production organization in Bulgaria, dominated by private farms. The processes of transformation in the 1990s had a strong impact on agricultural characteristics and particularly on ownership. A total of 98.3 percent of the arable land and 98.8 percent of the cropland was incorporated into private farms. Now the private farms yield most of the main crops (cereals, vegetables, industrial crops, potatoes, fruit) and of livestock products. Average yields have diminished because of the lower intensification of production. Indeed the lower intensification of agriculture is another characteristic feature of the restructuring of Bulgarian farming.

As private land property has been restored over small plots, most of the individual farms today are small – 94 percent of the farms cultivate only 15 percent of the usable land and produce mainly to meet their own needs (1999–2000) (Structura na zemedelskite... 2001). Certainly, the formation of a large number
of petty farms is not the most efficient way of transition from a centrally planned to a market economy in agriculture. But nowadays these petty farms have a social significance as a source of incomes (Ilieva and Schmidt 2001). Their gradual transformation into larger farms will favour the development of Bulgarian farming in the coming years.

The structural changes in agriculture are only part of the social and economic transformation in rural areas. In addition, very important seem to be the changes in the functional structure of the villages, consisting of the acceleration of their non-agricultural functions at the expense of the traditional farming activities (Kaczmarek 1998).

During the period of transition the rural areas have experienced contrasting tendencies towards increasing and decreasing the role of industry in the economic and employment structure. In Bulgaria, as in the other countries in transition in Central and Eastern Europe, due to the transfer to private farming of those formerly occupied in the cooperative farms, ‘as well as of the former peasant-worker dismissed from the closed rural industries and services, as also some retired urban dwellers, the overall percentage of the employees in agriculture has increased in most rural regions. The small private agricultural enterprises became the refuge of all those dismissed or threatened by the unemployment’ (Lenormand 1995). In many villages small industrial plants and subsidiaries of bigger central plants were closed during the transition period. ‘So, the result is a de-industrialisation of the countryside, which brought about more unemployment’ (Bachvarov 2000). In other regions, especially in the agriculturally well-developed ones, there is now a specific association between agricultural activities and manufacturing industry, primarily food-processing. The latter is referred to as one of the stabilizing factors in the development of the rural regions. The number of small and medium-sized enterprises established with foreign capital is much less than in the other countries in transition (Poland, Hungary, etc.). As for the individual municipalities, this is definitely beneficial but as a whole the rural regions in Bulgaria are still inadequately attractive for direct foreign investment.

The increasing relative share of the private sector and activities is another characteristic feature of the transforming rural regions. The increasing number of workplaces in non-agricultural activities and their rising percentage share in the economy of rural regions is considered to be crucial for multifunctional rural development in the future. In some regions, tourism and recreation play a significant role today in their economies, incorporated into Bulgaria’s traditional tourist regions (the Black Sea coast, the mountain regions – Central part of Stara Planina Mountains, Rhodopes, etc.). The elaborated strategies on the development of communities throughout the country, and particularly in the rural regions, focus on future development of tourism in all its forms – rural, ecological, recreational, balneological, cognitive, etc.).
The importance of the technical and social infrastructure also increased in the period of transition. Elements of the technical infrastructure of rural regions are in rather poor condition. It is necessary to improve the road and water-supply network systems in order to achieve better communications etc. The rural regions in Bulgaria have a social infrastructure of their own — health (ambulatory-polyclinic establishments), educational (crèches, kindergartens and schools in almost every settlement), cultural (community clubs, libraries, club-houses), etc. There have been many negative processes in the rural service sector during the transition — reduction of public transport, centralization of medical institutions and reorganization of health care, deterioration of cultural activities, an insufficient budget for financing some services etc. (Bachvarov, 2000) — but in many types of services there is increased importance of the private sector. At present its usage and management are assumed to be the main problems because of the deteriorated age structure of the population, insufficient capital, etc. (Natsionalen Plan za Regionalno... 1999).

The economic restructuring of Bulgaria's rural areas is closely related to changes in the demographic conditions and it impacts on social life. The current demographic situation in the rural areas is more complicated than the demographic situation at a national level.

**DEMOGRAPHIC CHANGES IN RURAL AREAS**

Most of the present demographic problems in rural areas have been inherited. They are a result of social, economic and demographic development. The low living standard and the unattractive agricultural work prompted large internal emigrant flows in the 1950s-1980s. The emigration resulted in a deformation of the parameters of the demographic situation, which is the basis for deepening the processes of depopulation of villages. In the last decade the parameters of the demographic situation in the rural areas were the most unfavourable in Europe. Such demographic deterioration is typical of many CEE countries (Rey and Bachvarov 1998). According to Geshev (1994), the rural areas differ on the basis of the stability of the demographic situation in six types: 1) those of steady demographic development; 2) those of unstable demographic development; 3) those of constant outflow of population; 4) those in the process of depopulation; 5) those of strong depopulation; 6) those of immediate process of depopulation. Their demographic characteristics can be seen on Table 1.

The development and transformation of villages are influenced by political, economic, social and psychological factors which historically have been changing. The change in the social and economic system has not positively influenced the demographic situation. As a result of the negative natural and migration increase, rural population numbers have declined. The decreased population is typical of all rural settlements, even those with favourable environmental, trans-
Table 1. Basic demographic indicators for rural regions in Bulgaria.

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Types of demographic stability</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>first</td>
</tr>
<tr>
<td>Average annual population (1992–1994)</td>
<td>515 424</td>
</tr>
<tr>
<td>Share (in %, 1992–1994)</td>
<td>18,9</td>
</tr>
<tr>
<td>Average annual population (1996–1998)</td>
<td>513 075</td>
</tr>
<tr>
<td>Share (in %, 1996–1998)</td>
<td>18,9</td>
</tr>
<tr>
<td>Crude birth rate (in %o, 1992–1994)</td>
<td>11,1</td>
</tr>
<tr>
<td>Crude birth rate (in %c, 1996–1998)</td>
<td>8,6</td>
</tr>
<tr>
<td>Crude death rate (in %o, 1992–1994)</td>
<td>12,4</td>
</tr>
<tr>
<td>Crude death rate (in %o, 1996–1998)</td>
<td>13,7</td>
</tr>
<tr>
<td>Natural increase (in %o, 1992–1994)</td>
<td>-1,3</td>
</tr>
<tr>
<td>Natural increase (in %o, 1996–1998)</td>
<td>-5,1</td>
</tr>
<tr>
<td>Internal immigrants (in %o, 1992–1994)</td>
<td>17,6</td>
</tr>
<tr>
<td>Internal immigrants (in %o, 1996–1998)</td>
<td>18,4</td>
</tr>
<tr>
<td>Internal emigrants (in %o, 1992–1994)</td>
<td>18,1</td>
</tr>
<tr>
<td>Internal emigrants (in %o, 1996–1998)</td>
<td>17,8</td>
</tr>
<tr>
<td>Migration increase (in %o, 1992–1994)</td>
<td>-0,5</td>
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<tr>
<td>Migration increase (in %o, 1996–1998)</td>
<td>0,5</td>
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</table>

Source: Author’s calculation on the data of National Statistical Institute. (Types of demographic stability according to Gesher, 1994).

The constant decline in the population leads to the formation of vast depopulated rural areas, the parameters of which affect adversely the settlements. The quality and the quantity of the land property are not correspondingly dependent on the size of the population. The agrarian relations have changed adversely as a result of the administrative-commanding approach of management and of the deformed mechanisms of the centralized planning which have ignored the territorial conditions and factors. Indirect influences on the development of the depopulation processes have included urbanization, the higher level of education and culture, the intensive labour migration, the limited possibilities for real performance of professional skills and for meeting the needs of culture and labour, the inertia of the psychological adjustment to migration from villages to towns, the economic crisis, the slow reforms in agriculture, etc. The depopula-
tion processes cause stagnation of the social life in the villages and generate motivations for migration. The negative influence of migrations to the towns in the 1960s-1970s was stronger in Bulgaria than in other transition countries. During the transition the territorial scope of the depopulation processes extended considerably and covered large parts of the plains. Yet they are developed most in the mountainous and hill areas where the extensive agrarian structure prevails. During the last decade the rate of reduction of the population was higher.

The regressive type of reproduction of the rural population is a critical contemporary social problem of Bulgaria. The negative values of natural increase had been identical since 1975 and during the transition years and 2000 they reached 11.5 percent. The high values of negative natural increase in the last decade have been responsible for a decline of three-quarters in the rural population. On the other hand, this has some positive aspects because the parameters of the age structure of the rural population normalize. The low birth rate of the rural population has been a social problem of a structural character for years. During the transition period it varied from 6.7 to 9.0%. These very low values represent a strong regressive type of population decrease. Over the territory of the country there are very few areas where the natality level is close to or higher than that necessary for extensive reproduction (the Western Rhodopes, some villages in the Eastern Stara Planina, etc.). In recent years the level of mortality has varied from 10 to 20% in the villages. The reasons for this high level are numerous: the multilateral social problems, the high ageing of the population, the limited possibilities for good health care in villages, the economic crisis and the delay in health-care reform, etc.

In the recent decade migration has no longer been so important for the census of the population. Commuting was limited severely by the restructuring and privatization of industry. A number of inefficient plants were closed. Commuting is greater in the rural territories situated near the large industrial complexes (Varna-Devnya, Sofia, Burgas, Kozloduy, etc.) but the flows of people are lessening. The decline in commuting negatively influenced the rural population and the villages. This created a number of social problems connected with the reduced incomes, the delay of the urbanization processes, the insufficient use of the favourable ecological conditions of life, the stimulation of permanent migration, etc.

Some positive values of migration increase to villages (about 3 percent) can be seen which are due to the economic and foreign policy instability during the transition in the recent decade in Bulgaria. The larger migration flows are a result of restructuring of the economy, large unemployment, restitution of land property, lower cost of living and possibilities for providing food from the personal farms in the villages, etc. This is a positive process from demographic, geographic, social and economic points of view. But it is mainly pensioners and people of non-productive age or those who have difficulty in procuring work under the new conditions of the labour market who migrate to the villages. This does not improve the structures of the rural population. An important regional
problem is the migration of young active people from villages with relatively favourable age structures of their populations; this intensifies ageing and limits the possibilities for development. ‘In all Central and Eastern Europe countries the rural population is getting older (even in the Muslim areas of the Balkans, though their population is still relatively young). The process of ageing is more or less drastic, according to the rate of the urbanization process’ (Rey and Bachvarov 1998).

The age structure of the rural population in Bulgaria is of the regressive type. A negative tendency in its development is its accelerated ageing, which predetermines the type of reproduction of the population and the socio-economic development of the rural areas. The percentage of the population aged over 60 in the villages, according to the 2001 census, was 32.5 percent and it had increased by 1.4 since the census of 1992. The territories with the most aged population coincide with the territories strongly affected by depopulation. The ageing leads to a very high degree of economic dependence on the active population (Figure 1). The high degree of economic dependency is typical of the rural areas of North West Bulgaria, the Western border territories, the Central Balkan and the Pre-Balkan, Strandzha and Sakar, as well as a number of parts of the plain territories.

The educational structure of the rural population is of low level. According to the 2001 Census, the educational structure is: population with higher education 1.6 percent, with upper secondary school and college 28 percent, with primary

Figure 1. Age dependency ratio in the rural regions of Bulgaria (2001).
Changes in the rural areas in Bulgaria: processes and prospects

school 40.6 percent and lower than primary 29.8 percent. Compared to the 1992 Census, the percentage of the people with lower education had decreased by 0.6 points. The low educational and qualification levels prevent the development of the villages and do not allow the introduction of modern technologies in agriculture etc. National educational programmes in agrarian technologies and management have not been elaborated. To a certain degree, this can be overcome through the programmes for qualification and re-qualification of unemployed people but these are in the sphere of agriculture.

The liquidation of the cooperative farms and of many industrial plants in the villages and the reconstruction of industrial enterprises resulted in substantial labour redundancies. Unemployment in the rural regions has increased. Currently in Bulgaria there is no information about specifically rural unemployment but an idea about its dimensions can possibly be obtained from the differences among the territorial units (Figure 2). The highest level of unemployment is in the communities of North West and North East Bulgaria. There are definite difficulties for reducing the unemployment in the villages – the unattractiveness, the low prestige and the low income of agricultural work are an important hindrance to overcome. For example, the gypsies, who have very low cultural and educational status, own no agricultural land and are mostly unemployed, refuse to become owners of agricultural land or rent it from the state and community land fund regardless of the favourable conditions.

Figure 2. Level of unemployment by municipalities (December 2000).

http://rcin.org.pl
PROSPECTS FOR DEVELOPMENT OF RURAL REGIONS

Solutions to the problems regarding the future development of the agriculture and rural areas in Bulgaria underlie the national and regional plans and programmes and the respective policies. In compliance with the Programme ‘Bulgaria 2001’ and the National Plan for the Development of Agriculture and Rural Regions (2000-2006) in the country, a policy aimed at the development of market structures in farming, at improving its competitiveness, at integrated development of the rural regions and at preparations for entry into the EU has been implemented (Agraren doklad 2000).

An essential problem for the performance of efficient farming at this transitional stage is to find an optimal way in which to reorganize Bulgarian agriculture. A large number of small private farms were constructed, so much work lies ahead in order to create larger efficient farms. The problems of creating competitive farms, of helping them and of subsidizing agrarian production are of crucial importance for Bulgarian agriculture and the further successful development of the rural regions.

‘The sustainable development of the rural areas, corresponding to the best practice in the sphere of environment protection by creating alternative jobs, by diversification of the economic activities and by building up the necessary infrastructure’ is among the major priorities in the National Plan for Development of Agriculture and Rural Regions during 2000–2006. The sustainable development will improve the living conditions and will afford better job opportunities and higher salaries for the rural population. An important role in the next few years will be the stimulation of the development of underdeveloped rural regions, which cover 24.3 percent of the territory of the country. Various measures will be taken to overcome the decline of agriculture and to use the natural, labour and economic potentials more efficiently, to enlarge the structure of industries through raising the percentages of agricultural processing industry, crafts, tourism, etc., through aiding the rural regions in the process of their adjustment to the market conditions etc. The stimulation of development in the rural regions will also be very important for the future economic development of the country, for the increase of its possibilities to export raw and processed agricultural products and for the complete integration of Bulgaria with the European Union countries.

The development of the rural regions as a priority of the policy will meet the requirements for membership of the European Union and will create conditions for financing agriculture and the regions by the structural funds of the European Union. The experience of the EU member countries and the Central European states in using efficiently the EU structural and pre-accession funds for the development of the rural regions and agricultural-related infrastructure might turn out to be very useful for encouraging the private farms, for subsidizing agriculture and for the development of the rural areas. For example, under the SAPARD Programme (Special Programme for Agriculture and Rural Development)
Changes in the rural areas in Bulgaria: processes and prospects

during 2000-2006, Bulgaria can receive 364 million EURO gratuitously. This programme will finance different projects dealing with the development of agriculture and rural regions. Many municipalities have an opportunity to receive financial support by the SAPARD Programme, because the rural areas, fixed in the National Plan for Regional Development, are too limited in size. They include towns with population up to 30 000.

Bulgaria started negotiations for joining the European Union in 2000. In May 2002 all chapters were opened and the talks on the chapter “Agriculture” are still under way. On a national level it is considered that the process of accession to the European Union requires an advance in agriculture by two criteria: harmonization of the legislation and structural reconstruction. This must guarantee the successful transition to a market economy and the creation of competitive production structures. Without consolidation and stabilization of the production structures, Bulgarian farmers will not be in a position to benefit from their integration to the European Union, even if the country becomes a full member of the European Union (Monitoring ... 2000).

In recent years the local governments have begun to play a greater role in the solution of regional problems. It is well known from the experience of other countries that the development of horizontal links between municipalities and their joint efforts enable them to pose and solve common problems and to participate in more programmes and projects, including those financed by the EU structural funds. Non-governmental organizations of the municipalities include territorial units in different parts of the country. They also play an important role in the expansion of transborder cooperation between Bulgaria and neighbouring countries. There is the aim of putting into practice the idea of shaping a Euroregion in this part of Southeastern Europe.

The municipalities ‘have to become legitimate participants in the development process. This applies especially to the underdeveloped rural municipalities because only in this way they would be able to overcome their backwardness. The combined efforts at a local, regional and national level provide the basis for solving successfully the problems of employment, for developing effective and environmentally friendly agricultural production, for improving the infrastructure and the living conditions and for achieving sustainable development in the backward rural regions’ (Iliev 2002).

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IRISH RURAL DEVELOPMENT WITHIN THE EUROPEAN UNION

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ABSTRACT: After the Republic of Ireland joined the European Union in 1973, its rural development efforts tended to focus more specifically on agriculture. Development during the first two decades of EU membership is discussed, followed by considerations of the reform of the Common Agricultural Policy, of EU Structural Funding and of rural community development initiatives. Since the mid 1990s, and prompted by the EU, there have been moves towards the evolution of a strategically planned and more broadly based and integrated approach to rural development policy.

KEYWORDS: agriculture, European Union, Ireland, rural development.

INTRODUCTION

The European Union (EU) has had a major influence on the extent and nature of economic and social development in the Republic of Ireland since accession in 1973. This effect has related in particular to the agricultural sector, a consequence principally of the traditional importance of farming in the Irish economy and the dominance of the Common Agricultural Policy (CAP) in the EU budget. The evolution of Irish agriculture under EU membership was traced by the author (Gillmor 1999). 'Rural' had been almost synonymous with 'agricultural' in policy terms but over the last decade there has been a distinct broadening of the concept of rural development. That is the focus of this paper. The emphasis is on aspects of rural development other than agricultural but necessarily there is some reference to farming and some common ground with the previous paper.

The specification of what constitutes rural in Ireland could be debated for long, as it has been elsewhere. For census purposes, the rural population is taken to be people who live in the open countryside and in settlements of less than 1500 population. This accounted for 42 percent of the national population in 1996 and for 58 percent of the population outside of County Dublin. Since 1971,
the rural population had increased by 7 percent and the urban population by 36 percent. In terms of land use, urban land occupies only about 2 percent of the total, so that almost all of the country might be regarded as rural. All areas apart from the immediate environs of the five main urban centres were taken to be rural in a recent policy report (Government of Ireland 1997). Because of this extent of the rural, there is a close correspondence between regional and rural development in Ireland.

Rural areas in Ireland experience difficulties in common with those in many other countries. A traditionally high dependence on agriculture in which the labour input has diminished greatly, combined with inadequate alternative employment opportunities, have led to major outmigration, especially of the better educated youth. It is estimated that only one-third of farms are economically viable. Population trends vary over time with the national situation but many rural areas have experienced substantial losses. As compared with the urban population, there is an older age structure, higher dependency rate, greater reliance on state transfers and lesser financial and social capital. With increased rationalization and centralization of many services, and with inadequate public transport, there are problems of service accessibility, isolation and social exclusion. The situation varies spatially, however, with the incidence of rural poverty being greatest in much of the northwest and west (Curtin et al. 1996). The less favourable economic and social conditions in that part of the country are an outcome of a complex combination of influences, which includes poorer quality land resources, remoteness, smaller farm size, lower capitalization, weaker urban structure, inadequate employment opportunities and less favourable social characteristics. To some extent there is a gradation in the character of rural areas with distance from the main urban centres. The places with the lowest populations and locational disadvantage have tended to perform least satisfactorily (Cawley and Keane 1999). Despite the diversity within rural Ireland, however, consideration in this paper necessarily is mainly at the national level.

PRIOR TO EU ACCESSION

Brief reference to the situation before joining the EU seems desirable in order to enable comparison with recent developments to be made and to counter the frequent tendency to suggest that much of the change in rural Ireland began with accession. There had been significant agricultural development from the late 1950s. This occurred in the contexts of national economic growth, expanding markets, greatly increased government support and the expansion of agricultural education and research. Another stimulant, however, is likely to have been the optimism generated by the prospect of EU membership with the greatly extended market, higher prices and large farm subvention which this would bring. With farming accounting for 36 percent of employment and 61 percent of exports in 1960, agriculture figured prominently in state policy.
As farm employment continued to decline, however, the need to promote other forms of rural development was recognized in the 1960s. County Development Teams were established in the twelve western counties, with the objectives of promoting and coordinating broadly-based rural development, essentially what came to be known later as integrated rural development. The state policy which was pursued most vigorously and which was to have the greatest impact on rural areas, was that of spatially dispersed manufacturing development. The Undeveloped Areas Act 1952 had initiated this in the west of Ireland but industrial promotion was later extended to all parts and greatly expanded. Sectoral efforts in rural development were undertaken by the state also with regard to tourism, forestry and fisheries (Gillmor 1985). Regional development was a focus of much attention in the 1960s and several regional studies were commissioned in recognition of the need for strategic planning on an area basis. The problems of the west of Ireland were of major concern and particular effort was applied to the Gaeltacht areas where the Irish language is spoken. The promotion of rural development followed very much a 'top-down' approach, but an initiative which had been undertaken in Glencolumkille in County Donegal was to act later as a catalyst for community development efforts elsewhere.

THE FIRST TWO DECADES OF EU MEMBERSHIP

The 1970s were a time of greatly improved prosperity in Irish agriculture. Product prices rose towards EU levels over a five-year transition period. Agricultural output increased by more than one-third. National farm income doubled between 1970 and 1978 and it was being shared amongst a diminishing labour force. Modernization of farming continued with a substantial growth in capitalization. At the individual farm level, there was increased intensification, concentration and specialization. The benefits of development were not being shared equally, however, as the gains accrued disproportionately more to the larger farms, to the dairying and arable enterprises and consequently to the south and east of the country. A substantial number of farmers were being left behind in the modernization process, so that inequality in family farm income increased under the CAP.

Rural and regional development outside of farming in the 1970s may be seen to have borne certain relationships to the CAP but in some respects it was quite separate. Through the multiplier effect, the prosperity of farming benefited the many services used by the farm community in rural areas and market towns. The high expectations of the impact of the CAP, however, seem likely to have led to the assumption that agricultural development would largely solve the problems of rural areas. The attitudes of both government and the farmers' organizations was that the national interest was served best by a focus on gaining maximum agricultural advantage. This, combined with the treatment of the Republic
of Ireland as a single region under the European Regional Development Fund, in order to maximize transfers from the EU, and a focusing of government attention on national economic and social problems, contributed to the demise of the 1960s interest in broadly-based rural and regional development. Instead the government allocated responsibility for regional development to the Industrial Development Authority (IDA). Through regionalizing its structure and formulating regional industrial plans, the IDA followed a vigorous policy of dispersed manufacturing development, with particular attention given to the least industrialized regions of the west and midlands. Substantial growth in manufacturing employment occurred in these areas, based mainly on multinational branch plant development. Meanwhile tourism was recovering only slowly from its 1969-1972 recession, which had been associated with the initiation of conflict in Northern Ireland, but it was making a valuable contribution in some rural areas. Some initiatives in local community development were undertaken, especially in Gaeltacht areas.

The spin-off effect of agricultural development, the increase in manufacturing and the substantial expansion of the service sector resulted in considerably improved prospects in non-agricultural employment, with the farm labour force continuing to decline. Increasing car ownership and commuting gave greater access to urban jobs for rural dwellers. These developments, combined with improved social welfare services and diminished job prospects in traditional emigration destinations, contributed to a turnaround in rural population in the 1970s. Growth, which had been confined to the vicinities of the main urban centres and parts of the east, extended westwards and diffused into many rural areas, though population decline at a reduced rate continued in some of the more remote and less urbanized localities in the west.

The relatively favourable impacts of the CAP on Irish agriculture soon began to suffer setbacks. The adoption of a prudent price policy by the EU from the late 1970s, combined with inflation in input costs, led to a severe price/cost squeeze for Irish farmers. There followed in the 1980s a series of measures intended to curtail agricultural output, the most serious from an Irish perspective being the imposition of a superlevy on surplus milk production from 1984. Confidence in farming was affected and this was reflected in reduced inputs. Farm incomes recovered slowly but with further widening of the gap between the modernized and marginalized sectors.

Reflecting in part the difficulties experienced in agriculture, there was a substantial decline in the dominant role of agriculture in the Irish rural economy as its share of household income lessened. As an element in this, transfer payments from the state made an increasing contribution, especially to the low income farms and areas. Pluriactivity, whereby a proportion of income is derived from other economic activity whether on or off the farm, became a more common feature of the rural scene. An increasingly significant component in the survival strategy of farm households was the adoption of alternative enterprises on the
farm, including agritourism, farm forestry, alternative livestock and crops, and on-farm processing and marketing. More farmers sought gainful employment off the farm and worked their holdings on a part-time basis, most commonly on the smaller farms. Additionally, an increasing proportion of farm spouses engaged in full-time or part-time employment outside the farm and this has become an important factor in the sustainability of many farm businesses. On nearly one-half of farms the holder or the spouse now has an off-farm job.

The increased availability of employment within commuting distance of farms resulted mainly from the growth and dispersal of manufacturing industry and the major expansion of the service sector. National unemployment was high in the 1980s, however, and new manufacturing and internationally traded service industries were showing a greater tendency to locate in the major urban centres, with implications for the employment opportunities of rural dwellers, especially in the more remote places. The availability of accessible employment was insufficient to compensate for the decline in agricultural work and to accommodate the numbers of young people reaching employment age. Thus, in contrast with the dispersed population growth of the 1970s, there was widespread rural population decline away from the vicinities of the main urban areas in the 1980s and early 1990s.

CAP REFORM IN THE 1990s

There were increasing pressures on the EU to undertake fundamental reform of the CAP in the late 1980s and early 1990s. These resulted from budgetary strains because of high costs of disposing of the surplus agricultural production, the growing public concern about the environmental impacts of intensive farming, and the increasing tension associated with the liberalization of international trade. A new set of principles to guide the operation of the CAP was implemented in 1993. The package of reform measures consisted of interrelated components involving supply control restrictions on output from some sectors and, to offset income losses from these, compensatory payments direct to farmers. Provision was made for the funding of three accompanying measures, relating to agri-environmental policy, afforestation and early retirement of farmers. The shifts in policies and measures implemented from 1993 were continued and extended under the reforms associated with Agenda 2000. Inherent in the reforms of the CAP is the belief that the rural economy can no longer be dependent solely on agriculture and that in this respect policy must break away from its traditional mould.

The restrictions on agricultural output involved in the reforms of the CAP had major implications for the future of Irish farming. While there had been substantial achievements since about 1960, agricultural production in the Republic of Ireland had been a late starter compared with some other EU members. Now
its expansion was being curtailed while far from reaching its full potential, especially its ability to exploit its comparative advantage in grass-based production. From the broader national and rural economy perspectives, the benefits of the substantial EU agricultural transfers were to be restricted. Nonetheless, the reforms did incorporate the beneficial effect of some shift of financial support towards the smaller producers in the context of the compensatory payments. Because of the distribution of farm size in Ireland, this suggests also some westward shift in the geographical distribution of agricultural expenditure benefits.

The EU agri-environmental policy is implemented in the Irish Republic through the Rural Environment Protection Scheme (REPS) initiated in 1994. It provides annual payments to farmers throughout the country who undertake to farm in environmentally beneficial ways. The benefits are proportionately less for the larger farmers as payment is limited to 40 ha, although the plan must be implemented on the entire farm and the payment rate per hectare is higher for holdings of under 20 ha. Apart from its environmental objective, the REPS has the important socio-economic dimension of supplementing farm income and contributing to farm viability. This contribution to rural development is greatest in the northwest and west where adoption has been highest. In the country as a whole, the REPS now applies to over one-third of the land used for agriculture.

The encouragement of afforestation by the EU, as indicated by the CAP accompanying measure for forestry, has been based mainly on the favourable market prospects for timber as compared with agricultural produce. The EU has provided much of the funding for a major expansion of Irish afforestation since the mid 1980s. Some of this is for planting by the state, which had been predominant, but the major development has been in the huge expansion of private afforestation. Private planting had averaged only 193 ha per annum over the period 1930-79 but rose to a peak of 16,556 ha in 1996, stimulated by greatly increased planting grants and, most importantly, the introduction of annual payments to landowners who plant trees. In 1999 15,340 ha of land was afforested, 12,668 ha through private planting and 85 percent of this was by farmers. The forest cover has increased from only about 1 percent in the early twentieth century to 9 percent now and the national strategy is to double the area by 2030. This constitutes the largest land use change occurring in rural Ireland and it is happening in a largely unplanned fashion. There are divergent views concerning the role which forestry should have in Irish rural development, ranging from those who regard it as the panacea for rural areas to perceptions of trees replacing people.

**STRUCTURAL FUNDING**

Substantial financial support for the changing approach to rural development has come in Ireland from the Structural Funds of the EU. Associated with the development of the Single European Market, and recognizing the possibility of
negative impacts from it on lagging regions, the EU increased its commitment to
economic and social cohesion by greatly expanding its expenditure on structural
policies and reorientating expenditure towards the areas most in need. These
Structural Funds have been expended in three phases, covering the periods
been receiving maximum funding as a single Objective 1 region, a designation
applied to regions which have a GDP per capita which is less than 75 percent of
the EU average. Ireland would not have qualified for this status under the current
phase, as national income rose towards the mean EU level, and so agreement
was obtained to subdivide the country into two new NUTS II regions. Their
proportions of EU average Gross Value Added were 70 percent in the Border,
Midlands and Western (BMW) Region and 102 percent in the remainder, which
constitutes the Southern and Eastern (S&E) Region. The BMW Region retains
Objective 1 status to 2006 and the S&E Region qualifies for a phasing-out regi-
me for Objective 1 Structural Funds to 2005. Regionalization was sought with
the objective of maximizing EU funding and the regional boundaries are not sa-
tisfactory but the subdivision has the effect of bringing some specific regional
orientation into the Structural Funding. Projected expenditure in 2000–2006 will
be 14,051 euro per capita in the BMW Region and 10,157 in the S&E Region.
This reflects in part the more rural character and greater need for development
resources of the BMW Region, 68 percent of its population being rural as com-
pared with 32 percent in the S&E Region. With reduced EU funding, reliance in
the current National Development Plan (Government of Ireland 2000) has to be
placed more on the Irish exchequer and on private investment.

Structural Funding specifications for individual sectors have been contained
in a series of Operational Programmes. Of most relevance to rural areas in the
first phase was the Operational Programme for Rural Development, which was
based on a multi-sectorial approach. Other Operational Programmes in that
phase, which had particular relevance to rural development, were those for far-
myard pollution, tourism and forestry. Of major significance in the second phase
of Structural Funding was the Operational Programme for Agriculture, Rural
Development and Forestry. Others related to tourism, fisheries and local urban
and rural development. In the National Development Plan 2000–2006, for the
first time, there are two regional Operational Programmes for the BMW and
S&E Regions. These specify expenditures on regional infrastructure, social in-
clusion and productive investment equivalent to 2741 euro per capita in the BMW
Region and 1425 in the S&E Region.

Apart from providing substantial investment finance, the EU Structural
Funding process has had certain other implications for Irish rural development.
The requirements that it must be based on development plans, which had to be
approved by the EU, and that the programmes are subject to monitoring, have
promoted a more systematic approach to development than might otherwise have
prevailed. While much of this planning was sectorial, the need to diversify the

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rural economy and to have a more broadly based approach to rural development was recognized. In particular the EU encouraged greater regional and local dimensions to the planning and development processes. This is in accordance with the principles of subsidiarity and partnership, whereby decisions should be taken at the lowest appropriate level and there should be close cooperation between different administrative levels and between government and non-government agencies. This was resisted in Ireland, most strongly in the first phase of Structural Funding. In it, regional consultative and advisory committees had to be established and they made submissions, but there seemed to be comparatively little evidence of local input in the final programmes.

For the second phase of Structural Funding the consultative role of regional review committees was strengthened substantially and eight Regional Authorities were formally constituted as statutory organizations in 1994, with the functions of monitoring the programmes and coordinating public services within their regions. Like predecessors which existed from 1969 until their abolition in 1987, however, they have no executive power. Also in 1994, under the Operational Programme for Local Urban and Rural Development 1994–1999, 36 County Enterprise Boards were established. Their main function is to develop indigenous potential and stimulate economic activity at local level on a multi-sectorial basis, primarily through the provision of financial and technical support for small enterprises. The County Enterprise Boards were established in recognition of the need to try to complement 'bottom-up' approaches, empowering local communities with a 'top-down' framework which would facilitate cooperation with development agencies.

Approval by the EU of the subdivision of the country in the current phase necessitated the establishment of two Regional Assemblies and there were two consultancy studies on regional investment priorities. In the preparation of the National Development Plan there was consultation with the Regional Authorities and there was a submission from a Western Development Commission, but liaison was mainly at the national level, including that with the Social Partners (employers, trade unions and farmers). The twofold subdivision of the country for the purposes of Structural Funding has involved minimalist regionalization and has done little to alter the situation in which administration and allocation of funding remain highly concentrated in central government in the Republic of Ireland. Local government is mainly on a county basis and is weak with no statutory administration at a lower level in rural areas.

**RURAL COMMUNITY DEVELOPMENT**

In addition to the broad sectorial thrust of the Operational Programmes under the EU Structural Funds since 1989, there has been a series of local community and area-based initiatives, most of which have received EU funding.
Many of these initiatives are characterized by a multi-sectorial approach and by an emphasis on partnership between state, private and voluntary actors in the design of strategies and in the implementation of development measures and, increasingly, in the sourcing of funding. Two of these initiatives merit special attention.

The first was a Pilot Programme for Integrated Rural Development (IRD) initiated in 1988 and administered by the Department of Agriculture and Food in twelve sub-county areas. A rural development coordinator was appointed to each area and given the task of organizing a core group of local leaders who would decide on local development priorities and ensure their implementation. An evaluation of the programme concluded that it demonstrated that the IRD approach is capable of stimulating considerable initiative by local people to promote economic and social development (O'Malley 1992). The process was not spontaneous, however, but relied heavily on clearly focused and carefully directed interventions. Therefore, while the initiatives taken on projects were genuinely local, there had to be systematic central guidance of the whole process.

The second and much larger initiative is the EU LEADER programme which superseded the IRD. As elsewhere in the EU, its purpose is to encourage and assist local groups to plan the development of their areas in accordance with their own priorities; it is an area-based bottom-up strategy involving integration and participation. Following the announcement of the programme in 1991 there was a very high level of interest in Ireland, which resulted in applications for participation by 34 local partnership groups, half of which were successful. Funding for specific projects was sought by local individuals, businesses and community groups and, if successful, they generally had to provide half the required finance. The activities supported in the first phase of LEADER included vocational training, assistance for employment, rural tourism, development of small firm and craft enterprises and the marketing of local produce; 35 percent of the enterprises funded were in the rural tourism sector. There are questions concerning the extent to which some of the claimed employment would have taken place in the absence of LEADER and about the displacement of other employment. The concept of partnership between the state, the private sector and voluntary organizations was central to LEADER but there were some problems relating to this (Kearney et al. 1994). While partnership structures were established, the development of partnership as a process was more difficult to achieve. Inflexibility on the part of the representatives of some government agencies in dealing with the local groups was identified. Local capacity building through training courses took place but the need for half the funding for these courses to be provided locally placed constraints on this dimension. Expenditure on LEADER I was about 44 million ecu.

The next phase, LEADER II, related to the period 1995–1999. There were 34 area-based local action groups, covering the whole country, and two sectorial groups concerned with rural tourism. The Irish LEADER Network was established
as a coordinating body. The types of eligible projects in LEADER II were: technical support; training and recruitment; rural tourism; small firms, craft enterprises and local services; agriculture, food, forestry and fisheries; improvement of the environment and living conditions. Aid for these could be given towards technical assistance, capital investment, marketing, training, interest/rent subsidies and employment. As a result of the experience with LEADER I, special emphasis was placed on innovation, capacity-building, animation and pre-development work in LEADER II and groups endeavoured to promote greater local awareness. Yet the nature and extent of community involvement varied considerably between the groups; in particular local power structures may have been unaltered and the interests of the more marginalized in rural society may not have been represented adequately (Storey 1999). Expenditure on LEADER II was about 124 million ecu.

After some delay in the transition, LEADER+ for the period 2000–2006 is coming into operation. It is structured around three support actions: for integrated territorial rural strategies of a pilot nature; for inter-territorial and transnational cooperation; for networking of all rural areas in the Community. Allocated funding is about 73 million ecu. Because of the more restricted nature of LEADER+, the substantially reduced funding and application to only parts of the country, the Irish government has inaugurated a national mainstream LEADER programme to continue with the LEADER II type approach. Funding of this National Rural Development Programme will be about 77 million ecu.

Apart from LEADER, particular rural areas and groupings have been the beneficiaries of specific allocations of funds. The EU allocated a global grant under Structural Funds to Ireland from 1992 for the purpose of supporting the development of indigenous potential at local level through integrated social, economic and community approaches. Issues targeted include economic development measures, the promotion of local leadership capacity, the support of community-based initiatives and the provision of employment for the unemployed. Funding by the local partnership organizations has a particular social dimension but the individual amounts available are modest. Following an initiative from within the west of Ireland, the EU, in collaboration with the Irish Department of Finance, funded a study designed to identify measures for offsetting rural depopulation and social and economic deprivation there (Euradvice 1994). Arising from this, a Western Development Partnership Board and, in 1999, a Commission for Western Development were established by the Irish government. Rural areas have benefited from the European Social Fund since the 1970s under a series of programmes to offset poverty and promote local development, which are administered through the Irish Combat Poverty Agency. The EU Social Fund is also a key source of funding for employment and training programmes, which raise skill levels, encourage entrepreneurship and assist in overcoming exclusion from the workforce. Such training provides an important adjunct to local and community-based development initiatives.
TOWARDS A RURAL DEVELOPMENT POLICY

The reform of the CAP, the use of Structural Funding and the initiatives in community development involved significant broadening of the concept of rural development beyond agriculture but fell far short of comprising a comprehensive and coherent rural development policy. Such an approach had been advocated in *The Future of Rural Society* (CEC 1988) and moves in that direction were being made in some countries. Irish rural population decline in the 1980s had demonstrated that all was not well in the countryside. The west of Ireland study had drawn attention again to the plight of that part of the country in particular. Accelerated development of the national economy occurred in the 1990s, involving sustained growth rates of about 8 percent per annum which were higher than those of any other EU member country, with application of the term 'the Celtic Tiger'. It became evident, however, that all of the country was not sharing equally in this prosperity and that rural areas, and in particular some of the remoter places, were not benefiting proportionately. These influences together have contributed to the moves towards giving rural matters a higher profile in national affairs and towards formulation of a rural development policy indicated in three official publications.

A foundation was laid in the report by the Rural Development Advisory Group, which had been established in 1995 to bring together expertise from a range of organizations to advise the relevant minister on policy (Government of Ireland 1997). The Group stressed the need for a strategy which would reverse the current socio-economic decline by the development and diversification of the rural economy and the provision of appropriate infrastructure and services, so that the process would be re-enforcing and self-sustaining in its impact over time. Agriculture had been the traditional strength of rural Ireland and attention should be given to its competitiveness, to maintaining the maximum number of farm families and to targeting the smaller units; but it must be recognized that the survival of many farm households could be ensured only through provision of off-farm employment. To ensure access to employment and services, the strategy should link the dispersed countryside population with a hierarchy and network of regional, county and district towns and villages. Rural and urban development are complementary. While developing the rural economy by exploiting indigenous potential and attracting inward investment is fundamental, the Group stressed the needs to address issues of poverty and social exclusion, to promote cultural development, to provide social infrastructure and services on an equity basis, to involve the local community through partnership and consultation and to base policies on environmental sustainability. While these elements transcend sectional interests, the Group, for convenience, made proposals relating to a wide range of individual sectors. With regard to institutional arrangements, it suggested that a single 'lead' government department should be responsible for all aspects of rural policy and development, that partnership should be promoted at all levels of
administration, and that all state policies should be 'rural proofed' in an effort to avoid them having any adverse impacts on the economic, social, cultural and environmental conditions of rural communities.

In these institutional arrangements, as in other respects, the subsequent White Paper followed on very much from the report of the Advisory Group reflecting the outcome of the consultative process (Department of Agriculture and Food 1999). The lead role, with this reflected in an addition to its title, was given to the Department of Agriculture, Food and Rural Development. It was proposed to establish a Cabinet Sub-Committee and Interdepartmental Policy Committee to ensure a coordinated approach to policy at central level, a National Rural Development Forum to debate current issues and identify policy responses, and a Rural Development Fund to provide for review and analysis. Rural proofing of all national policies would be introduced as an over-riding general principle. There was commitment to implementing a strategy for rural development on the basis of an inclusive approach to sustainable development, the integration of policies, a regional dimension and partnership with the rural community. The broad rural development policy agenda was specified as being 'all government policies and interventions which are directed towards improving the physical, economic and social conditions of people living in the open countryside, in coastal areas, towns and villages and in smaller urban centres outside of the five major urban areas. In particular policies will aim to facilitate balanced and sustainable regional development while tackling the issues of poverty and social exclusion' (Department of Agriculture and Food 1999, 20).

Principles and general policy commitments set out in the White Paper were given effect in the National Development Plan for the period 2000–2006 (Government of Ireland 2000). Proposed funding of 8.6 billion euros was specified under rural development, with additional expenditure under the other Operational Programmes. Allocations were 4.6 billion euros in the BMW Region and 4.0 billion in the S&E Region. While brief consideration was given to forestry, fisheries, rural infrastructure and rural industries, much of the chapter on rural development in the Plan was devoted to agriculture and food. A broadening of some agricultural schemes is indicated by extension of qualification to part-time farmers. The government committed itself in the National Development Plan '... to ensuring the economic and social well being of rural communities, to providing the conditions for a meaningful and fulfilling life for all people living in rural areas, and to striving to achieve a rural Ireland in which there will be vibrant sustainable rural communities where individuals and families will have a real choice as to whether to stay in, leave or move to rural Ireland' (Government of Ireland 2000, 199–200).
CONCLUSION

The recent shifts in Irish rural development towards a strategically planned and more broadly based and integrated approach have been outlined. It is evident that these have been brought about principally by the requirements of the EU and the changing CAP in particular. As they have occurred in response to these external forces, it is ironic that they bear close similarities to the principles that were being adopted within Ireland itself from the 1960s and from which the country was diverted largely because of accession to the EU. If Ireland had continued in the directions that had been initiated perhaps it could have provided the leadership in European policy rather than being a passive responder to the belated shifts in EU approach and funding. At least the main concrete moves in the new direction of rural development came in the early 1990s under the Irish EU Commissioner for Agriculture and Rural Development, Ray McSharry.

Another aspect in which a return to earlier thinking seems to be evolving relates to urban-rural relationships. Buchanan (1968) had proposed a strategy which included the designation of regional and local growth centres but government favoured greater dispersion. The importance of urban-rural linkages received increasing recognition in Europe in the 1990s, leading to the polycentric spatial proposals of the European Spatial Development Perspective in 1999. In Ireland, the significance of interaction with urban places in the context of rural development was stressed by National Economic and Social Council (NESC 1994) and the Task Force and in the White Paper and National Development Plan. In the latter there were proposals for regional gateways and also the spreading of growth to smaller towns and rural areas throughout the country in the context of balanced regional development. This approach is to be specified in a National Spatial Strategy currently being prepared; it seems possible that again there will be tensions between concentration and dispersion. Long-distance commuting to urban centres is increasing and, while it provides access to employment for rural residents, there are environmental, economic, social and personal costs involved.

The movement in Irish policy can be seen as being in the direction of the ideals set out in the declaration on rural development made at the European conference at Cork in Ireland (CEC 1996). It offered reassurance for rural populations but also it highlighted the need for greater self-sufficiency. The ten point programme reiterated support for the European countryside and its population. The first point in the Declaration expressed a commitment to preferential treatment for rural areas, designed to achieve sustainable rural development. The following nine points related, respectively, to: the need for an integrated approach; diversification; sustainability; subsidiarity involving community development and partnership between the decision-making levels; simplification of legislation; programming of development efforts; encouraging the use of local finance; enhanced management procedures; and the incorporation of evaluation and
research procedures in development measures. The commitment to rural development was clear, but it was equally clear that greater responsibility for the future of rural areas and their populations had to be accepted by national governments and by the recipients of developmental assistance.

Undoubtedly rural Ireland has derived major benefits from the CAP and EU membership. The large financial support of agriculture has contributed significantly to the improvement in the standard of living of the declining farm population, amongst whom the incidence of poverty is less than in non-farm rural households (Department of Agriculture, Food and Rural Development 2001). Direct agricultural employment is now only 7 percent of the total, the proportion amongst the rural population engaged in agriculture, forestry and fishing in 1996 having been 24 percent. The agricultural funding has benefited other sectors through the multiplier effect and it enabled some of the Irish government subvention for agriculture to be diverted to other purposes, such as education, health and social welfare. The fact that the CAP is becoming more responsive to the market is to be welcomed, with the shifts towards supporting income rather than production, and recognizing the role of farmers not only as food producers but also as guardians of the countryside. Direct payments now account for more than one-half of Irish farm income and support thus becomes more visible. There must be questions concerning the extent to which, in the longer term, such a large proportion of the EU budget can be channelled towards a relatively small proportion of the European population.

Despite the recent initiatives in more broadly based rural development, the vast bulk of expenditure under the CAP is directed still towards agriculture and farming remains the major focus of attention. This major support of food production may be seen as distorting choices and delaying the transfer of land to other uses and people to other activities (Matthews 2000). Nonetheless EU funding for non-agricultural development has supported a wide range of economic and social initiatives in rural Ireland. The country's share of this funding has fallen already, however, as national income has increased and it will decline further with EU expansion.

Just as the farm population has benefited very unequally from agricultural spending, so other development efforts may be uneven in their effect. The substantial improvements in road and telecommunication infrastructure have tended to focus more on the urban areas and the links between them, so that some rural areas, and the northwest in particular, have fallen behind in this respect. The benefits of development to date vary considerably over rural space, so that the greater needs of particular areas and sectors of society are evident. There are spatial variations in the resource base potentials, in the planning and administrative abilities of organizations, and in the capacities to raise the local funding required. The areas most deficient in such features may be the areas most needing development. Then within many rural areas, despite the general economic advancement, there is still some underemployment and unemployment,
low-incomes, exclusion from decision-making and poor access to services among some groups (Curtin et al. 1996; National Economic and Social Forum 1997). Those on low incomes, the elderly and women living in isolated areas are particularly disadvantaged. The fact that the benefits of development are being unequally distributed amongst different sectors of the rural population raises questions concerning the merits of area-based versus people-oriented approaches.

In acknowledging the multisectorial and multidimensional nature of rural areas, progress has been made towards a rural development policy which is broader and more integrated and coordinated in many respects. Principles of partnership and empowerment are being implemented to some extent, The wider participation of those affected by the development process has its limitations to date, however, and the appropriate balance between the bottom-up and top-down elements varies from place to place. The bottom-up approach must never be used merely as a means of government abrogating its responsibilities. Efforts are being made to achieve greater coordination, including the establishment of County Development Boards, but effecting this is not easy, in part because of the involvement of a multiplicity of organizations with differing approaches and overlap of responsibilities. The number of agencies with which an entrepreneur must negotiate may cause confusion and act as a deterrent. On the contrary, Irish rural entrepreneurship needs very active encouragement and promotion. There is now greater planning, monitoring and evaluation of programmes and schemes but the real additional employment created needs to be demonstrated. It remains to be seen whether or not the policy and practice which are evolving can lead to the sustainable development of rural Ireland.

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DEMOGRAPHIC DEVELOPMENT AND THE EMERGING DISCOURSE ON URBAN-RURAL INTERACTION IN FINLAND

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ABSTRACT: The population development in urban and rural areas in Finland indicates increasing regional disparities. An ageing population and strong migration flows towards the largest centres have the future in most of the rural areas looking bleak. Regional policy agendas show different reactions towards this tendency, among them a call for an urban-rural interaction policy.

KEYWORDS: migration, ageing, urban-rural interaction, regional policies, Finland.

INTRODUCTION

At the beginning of the 1990s a severe recession hit Finland, and the unemployment rate shot up to almost 18 per cent. A recovery began a few years later, and the speed of internal migration started to rise simultaneously. A migration boom has been prevailing since the mid-1990s. For example, between 1995 and 2000 about 1.5 million Finns migrated between municipalities (on average, 5 percent of the population per year), while the respective figure for the period 1985–1990 was only 1.2 million.

After the recession, not only did the rate of migration accelerate, but its concentration also became stronger. Nowadays, migration is directed towards a few large towns located mainly in southern Finland, and in-migration has become highly focused on urban areas, with even some provincial centres and medium-sized towns experiencing negative net migration. Evidence shows that the migration process in Finland has the feature of cumulative causation (Tervo 1997,
Ritsila and Tervo 1999), which may lead to increasing disparities between areas.

Hence, as in many European countries, the trend in Finland seems to be towards a greater concentration of the population and economic activity. However, the magnitude of the concentration in Finland is substantial, and in fact among the strongest in the EU. Currently, nearly 90 percent of Finnish territory is suffering from out-migration (Hanell et al. 2002). Geographically, the northern and eastern parts of Finland have been hit hardest by out-migration, and regional polarization of the population seems to have primarily disadvantaged the periphery.1

It is the young segment of the population that moves (e.g., Nivalainen and Volk 2002), and therefore migration adds pressure to the already unfavourable age structure of many peripheral regions. Ageing of the population further complicates matters. During the next 20 years or so, the proportion of the elderly in the Finnish population will rise very rapidly, reaching about 25 percent in 2030. Ageing will be the fastest in Europe, and very fast by international standards, too. As population growth slows and people grow older, interregional differences in population structures will become more acute.

The role of interregional migration in the concentration of the population, human capital and economic activity is a very important question from the perspective of regional policy. Therefore, demographic changes and the advantage of the major urban centres over the rest of the country have not escaped public attention. A rather intense debate about the causes and effects of the present spatial development has been going on, certainly not being neutral to the political front lines in discussion of the diagnosis. However, among the opponents of strong concentration there are also many competing discourses trying to define the cure. The development of regional policy on the national scale has seen a variety of programmes in recent years, all differing in their relation to the urban and rural areas. One set of nurturing tools that has been proposed concentrates around the concept of urban-rural interaction, which is also the main focus of this paper.

The first half of this paper portrays population development in urban and rural areas in Finland. First, recent demographic trends are described, and a short review of the underlying factors is provided, considering especially the role of internal migration. Next, to demonstrate the long-term effects of the ongoing divergent process, a projection of future regional population development is presented, assuming that the current concentrating trend of migration continues for 30 years. The scenario can be regarded as illustrating future spatial development in the face of the prevailing regional policy.

The second half of this paper analyses the debate on current spatial development by focusing on what has been stated about the role of urban-rural interaction in that context. Besides its moderate visibility in the Finnish spatial development discourse, the theme of the urban-rural dimension has been included among the key policy concepts formulated in the European Spatial Development Perspective (ESDP), a result of intergovernmental cooperation of the EU
Member States in so-called European spatial planning. The relationship between Finnish and EU-wide discourses is analysed at the end.

DEMOGRAPHIC DEVELOPMENT IN RURAL AND URBAN FINLAND

URBAN AND RURAL REGIONS IN FINLAND

The division of Finland into urban and rural areas and into common interaction zones can be seen in Map 1. The definition of these area types is based on various characteristics such as population density, and on the functions of regions (Urban-Rural Interaction 2001).
Municipalities belonging to urban areas are densely populated and have a low share of primary production. These can be regarded as centres of economic activity. Here, the capital region (Helsinki + 3 neighbouring municipalities) stands out from other centres due to its leading role and special character. Generally speaking, the municipalities of rural areas are characterised by scattered settlement, a high share of primary production and a remote location with respect to large centres. A common interaction zone is located in the neighbourhood of urban centres, and these municipalities typically have a high share of commuters.

By international standards, Finland is a sparsely populated country, and its urbanization rate is one of the lowest in the EU. On average, there are about 17 inhabitants per square kilometre (land area). Regionally, the population density varies from nearly 1300 in the capital region to under 3 inhabitants per square kilometer in sparsely populated countryside (Map 1). Over half of the Finnish municipalities can be considered rural, and according to the above division almost a quarter of all Finns live in the countryside. The interaction zone accounts for another quarter and about half of all Finns live in urban areas (of which about one third in the capital region).

RECENT DEMOGRAPHIC TRENDS

The population in rural areas, and especially in the sparsely populated countryside, has been decreasing steadily since the 1970s, with the ongoing structural change and continuing urbanization of the country. However, the severe recession of the 1990s was a clear turning point, and in the latter part of the decade regional divergence occurred much faster than previously (Figure 1). In this sense, Finland is not unique, as a similar phenomenon has been observed in other Nordic countries, too. The difference from the spatial development in the rest of the EU is, however, substantial (e.g., Hanell et al. 2002).

Figure 1. Regional population development in 1975–2000, index (1975 = 100).
Since the recession, the capital region's population has been increasing at great speed, such that Helsinki is currently one of the fastest-growing centres in the EU. At the same time, the countryside has been losing population at an accelerating rate. At present, population outflow is one of the most severe problems of rural areas, and the threat of desolation is substantial in a large part of the country, especially in northern, eastern and central Finland.

A major part of the accelerated divergence can be attributed to new features of internal migration. When the recovery started, not only did the rate of migration speed up, but its concentration also became stronger. Since the mid 1990s, the rate of migration has increased steadily and the highest-ever migration figures were recorded in 2001. Geographically, people are heading from the north and east to the south, where the largest centres are located. Migration is characterised by a shift towards the areas of economic growth (e.g., Haapanen and Ritsila 2001). In addition to the countryside, medium-sized towns and even some of the provincial centres are now suffering from constant net migration loss. In other words, a heavy regional polarization is taking place.

There are several factors contributing to this phenomenon. Fast economic growth speeded up migration in the latter part of the 1990s. During the upswing, the creation of new jobs was, and still is, heavily concentrated in a few fast-growing urban regions. At the same time, the demand for labour was especially low in the eastern and northern parts of the country. Currently, the average unemployment rate in Finland is around 10 percent, thus being well above the corresponding EU15 average. Regional variation is substantial however. For example, among the Nordic countries, Finland has the widest regional spread of unemployment rates, taking both the highest and lowest positions (Hanell et al. 2002).

Moreover, in 1994 a new law (the Home Municipality Act) allowed students to register themselves as permanent residents in the municipality in which they study. The law further strengthened the concentration tendency of the population, since most of the growing regions are also educational centres. In addition, in recent years the importance of knowledge and know-how as engines of growth has increased. This structural change, together with the rapid growth of information technology and related services – which are concentrated in just a few localities – has also been reflected in regional development.

Table 1. The components of population change according to area type in 2001.

<table>
<thead>
<tr>
<th>Region</th>
<th>Internal migration</th>
<th>International migration</th>
<th>Natural increase</th>
<th>Total change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital region</td>
<td>0.3</td>
<td>0.2</td>
<td>0.5</td>
<td>1.0</td>
</tr>
<tr>
<td>Other centres</td>
<td>0.2</td>
<td>0.1</td>
<td>0.1</td>
<td>0.5</td>
</tr>
<tr>
<td>Interaction zone</td>
<td>0.4</td>
<td>0.0</td>
<td>0.3</td>
<td>0.7</td>
</tr>
<tr>
<td>Core countryside</td>
<td>-0.8</td>
<td>0.1</td>
<td>-0.2</td>
<td>-0.9</td>
</tr>
<tr>
<td>Sparsely populated countryside</td>
<td>-1.2</td>
<td>0.1</td>
<td>-0.4</td>
<td>-1.6</td>
</tr>
<tr>
<td>Whole Finland</td>
<td>0.0</td>
<td>0.1</td>
<td>0.1</td>
<td>0.3</td>
</tr>
</tbody>
</table>
At present, internal migration is the most important determinant in regional population growth (Table 1). It is of great importance in general, and in rural areas in particular. For example, in 2001, the sparsely populated countryside lost as much as 1.2 percent of its population through out-migration. Core countryside has also experienced a net migration loss of around 0.8 percent. In addition, negative natural population growth has further accelerated rural population decline.

In general, it is the young segment of the population that moves (e.g., Nivalainen and Volk 2002). However, regional age profiles of net in-migrants show great variation (Figure 2). Migration removes young and working-aged people from the countryside and transfers them to centres for study or the pursuit of a career. In the capital region, for example, in-migration adds some 5 percent to the 15–24 age group every year. In the countryside, the respective yearly loss is 7 percent on average. Later on, at family-formation age, migrants tend to head from centres to the interaction zone, in which commuting distances are short but living costs tend to be much lower.

The evidence shows that migrants are educated persons (e.g., Ritsila and Tervo 1999, Haapanen 2002, Nivalainen forthcoming), and especially the highly-educated tend to move to urban locations (Ritsila 2001). Moreover, Pekkala and Tervo (2002) demonstrated that, in addition to observable characteristics (e.g., education), migrants also tend to be better equipped in terms of unobservable characteristics (e.g., ability and other human capital factors). As human capital plays an important role in the economic growth and future prospects of a region (e.g., Krugman 1991, Barro and Sala-i-Martin 1995), migration also contributes to a widening regional gap by redistributing human capital from lagging to prosperous areas. This may have severe negative effects in the longer run; the loss
of physical capital can be temporary but the loss of human capital tends to be permanent (Forslid 1999).

Table 2. Regional age structure in 2000.

<table>
<thead>
<tr>
<th>Region</th>
<th>0–14</th>
<th>15–29</th>
<th>30–64</th>
<th>65+</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital region</td>
<td>17</td>
<td>21</td>
<td>50</td>
<td>11</td>
</tr>
<tr>
<td>Other centres</td>
<td>17</td>
<td>21</td>
<td>47</td>
<td>15</td>
</tr>
<tr>
<td>Interaction zone</td>
<td>21</td>
<td>16</td>
<td>50</td>
<td>13</td>
</tr>
<tr>
<td>Core countryside</td>
<td>18</td>
<td>16</td>
<td>46</td>
<td>19</td>
</tr>
<tr>
<td>Sparsely populated countryside</td>
<td>17</td>
<td>15</td>
<td>48</td>
<td>20</td>
</tr>
<tr>
<td>Whole Finland</td>
<td>18</td>
<td>19</td>
<td>48</td>
<td>15</td>
</tr>
</tbody>
</table>

Due to earlier migration and historical differences in birth rates, existing regional age structures vary considerably (Table 2). In the capital and other centres, young and prime working-aged adults are well represented, while the interaction zone has a higher-than-average proportion of children. In turn, in the countryside, the proportion of working-aged people is lower than average, while old people account for a large proportion of the population.

FUTURE POPULATION DEVELOPMENT

In Finland, as in most European countries, ageing will be among the greatest future challenges. Ageing in Finland will be the fastest in Europe, and very fast by international standards too (see e.g., Parkkinen 2002). Due to the ageing of the post-war baby-boom generation (born 1945-50), the proportion of the elderly in the population will rise very fast in Finland, reaching about 25 percent in 2030. Given this magnitude, it is no wonder that the phenomenon has received considerable attention lately, and that the public debate has been lively. However, in Finland the major focus has been on the macro-economic effects of increasing proportions of elderly at the national level, while regional aspects have remained almost unexplored.

The population scenario presented here illustrates the evolution of urban and rural populations by 2030. It is, of course, impossible to know in what state the population will be in 30 years. However, it is possible to examine the implication of certain assumptions, and this is exactly what is done here. Broadly speaking, the scenario describes the outcome of a continuation of current trends in fertility, life expectancy and immigration. Most importantly, the prevailing strongly-concentrating trend of internal migration is assumed to continue for 30 years. In other words, the scenario illustrates the future spatial development in the presence of prevalent regional policy (see Nivalainen and Haapanen 2002 for a more detailed description of the assumptions).
Due to decreasing natural growth and a low level of international migration, the Finnish population will be about the same in 2030 as it is today. For the same reasons, the major force behind regional population changes will be internal migration. In Figure 3, 'natural increase' illustrates population development in the case of no migration between 2000 and 2030, i.e. it describes the evolution of the population residing in the area in 2000. 'Migration' presents the total cumulative effect of migration during the next 30 years, that is, in addition to the direct effect of migration on the population, it also includes indirect effect (births and deaths among migrants).

![Figure 3. The effect of natural increase and migration on regional population changes in 2000–2030.](http://rcin.org.pl)

Continuation of the current trend in internal migration means vast depopulation of rural areas on the one hand, and concentration of the population in the capital and other urban regions on the other. During the next 30 years, the number of inhabitants will decrease by nearly 40 percent in the sparsely-populated countryside and by 20 percent in the core countryside. This is nearly twice as fast as during the last 30-year period. In both absolute and relative terms, population increase will be fastest in the capital region. By 2030, its population will have grown by 25 percent, and practically all of this will have been due to migration. In practice, this means that every square kilometre in the region will have 300 more inhabitants in 2030 than at present. In addition to the concentration of population in the capital region, polarization is taking place among the other centres too. An increasing standard deviation to average centre sizes between 2000 and 2030 indicates that the largest centres will grow while the smallest will decline.

As a result of uninterrupted migration, large changes in regional age profiles will emerge. Migration will have a direct negative effect on the population structure in rural areas, but it will also distort the age balance through reduced birth
rates. At the same time, a constant inflow of young migrants to urban centres and surrounding areas will maintain their young age structure and high natural growth rates. In other words, the continuation of the current concentration trend means an increasing imbalance in regional population structures.

Table 3. Size of different age groups in 2030 in relation to 2000, index (2000=1).

<table>
<thead>
<tr>
<th>Region</th>
<th>Age group</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0-14</td>
<td>15-29</td>
<td>30-64</td>
<td>65+</td>
<td>Total</td>
</tr>
<tr>
<td>Capital region</td>
<td>1.0</td>
<td>1.1</td>
<td>1.1</td>
<td>2.3</td>
<td>1.3</td>
</tr>
<tr>
<td>Other centres</td>
<td>0.9</td>
<td>0.9</td>
<td>0.9</td>
<td>1.8</td>
<td>1.0</td>
</tr>
<tr>
<td>Interaction zone</td>
<td>1.0</td>
<td>1.0</td>
<td>0.9</td>
<td>2.1</td>
<td>1.1</td>
</tr>
<tr>
<td>Core countryside</td>
<td>0.7</td>
<td>0.6</td>
<td>0.6</td>
<td>1.4</td>
<td>0.8</td>
</tr>
<tr>
<td>Sparsely populated countryside</td>
<td>0.4</td>
<td>0.4</td>
<td>0.4</td>
<td>1.3</td>
<td>0.6</td>
</tr>
<tr>
<td>Whole Finland</td>
<td>0.9</td>
<td>0.9</td>
<td>0.9</td>
<td>1.8</td>
<td>1.0</td>
</tr>
</tbody>
</table>

The number of old people will increase everywhere, but the largest change will take place in the capital region, where the elderly population will grow by over 100 percent between 2000 and 2030 (Table 3). In the interaction zone, the number of elderly people will also double. Meanwhile, due to the older existing age structure, the elderly population in the countryside will increase only by 30-40 percent. However, to view ageing in its proper context, it is necessary also to pay attention to changes at the young end of the age spectrum. By 2030, the number of people of working age will be growing only in the capital region. While other centres and the interaction zones also manage to keep their young and working-aged populations are nearly constant, the countryside will lose up to 60 percent of its under-65-year-old population.

Table 4. Regional age structure in 2030.

<table>
<thead>
<tr>
<th>Region</th>
<th>Age group, %</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0-14</td>
<td>15-29</td>
<td>30-64</td>
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<td></td>
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<tr>
<td>Capital region</td>
<td>14</td>
<td>19</td>
<td>46</td>
<td>21</td>
<td></td>
</tr>
<tr>
<td>Other centres</td>
<td>14</td>
<td>18</td>
<td>43</td>
<td>25</td>
<td></td>
</tr>
<tr>
<td>Interaction zone</td>
<td>19</td>
<td>15</td>
<td>41</td>
<td>26</td>
<td></td>
</tr>
<tr>
<td>Core countryside</td>
<td>16</td>
<td>13</td>
<td>38</td>
<td>33</td>
<td></td>
</tr>
<tr>
<td>Sparsely populated countryside</td>
<td>12</td>
<td>9</td>
<td>35</td>
<td>44</td>
<td></td>
</tr>
<tr>
<td>Whole Finland</td>
<td>15</td>
<td>16</td>
<td>42</td>
<td>26</td>
<td></td>
</tr>
</tbody>
</table>

Due to the decline in younger age groups, the age structure in the countryside will become highly skewed towards the older age groups. By 2030, the share of the population in the sparsely populated countryside that is elderly will be over 40 percent. The figure for the core countryside will be over 30 percent (Table 4). At the same time, only one-in-five of the capital region’s inhabitants will have passed their 65th birthday. Moreover, the speed of ageing, measured by the
ratio of the proportion of the population over 65 in 2000 and 2030, will be fastest in the sparsely populated countryside, where the share accounted for by elderly people will more than double over the 30 years.

Figure 4. Regional age dependency ratios (young- and old-age component separated) in 2000 and 2030.

A simple measure of the pressure caused by ageing is the age dependency ratio, which indicates how many dependants (aged 0-14 and over 65) are supported by each working-aged (15–64 years-old) person. It is clear that the ageing population will result in rising dependency ratios in all regions (Figure 4). However, in the capital region and other centres, growth will be fairly modest, while rural areas will witness a very sharp increase. The sparsely populated countryside will be hardest hit; the ratio will more than double, being nearly 1.3 by 2030. The increase is due to the rise in the old-age dependency ratio (ratio of people aged 65 and over to the working-aged population), which will reach 1.0 in 2030. In the core countryside the old-age ratio will also become very high.11

A look at the above figures makes fears about widening regional disparities seem justified. In the case of an uninterrupted high level of migration, the demographic structure of rural areas in Finland will deteriorate so much that maintenance of basic services may be endangered. Solving the equation of an increasing elderly population with increasing health care needs, a shrinking labour force, a decreasing number of taxpayers and narrowing economic resources will be hard. In addition, migration also increases educational disparities between regions, which will further weaken the growth potential of rural areas. Clearly, continuation of the current trend constitutes a severe threat to the settlement structure in rural Finland.

On the other hand, a heavy concentration of the population will cause problems in expanding areas as well. Intense in-migration may result in adaptation
problems and more permanent agglomeration diseconomies. For example, a constantly increasing population places pressure on public services, requires new infrastructure and tightens the housing market. In addition, congestion, pollution and social problems will eventually increase. Moreover, we are not necessarily aware of all the negative effects of the concentration process, some of which might appear only in the longer run.

The scenario would even be reinforced if regional development were considered to be determined by a cumulative process (Myrdal 1957, Fujita et al. 1999). This self-feeding process would further feed the depopulation of rural and remote areas, and could lead to an accelerating downward spiral. Once started, the process can be very hard to stop.

EMERGING DISCOURSE ON URBAN-RURAL INTERACTION

The described migration patterns and speculation about their causes and consequences have given impetus to a rather intense debate about spatial development policies in Finland. One strand of this debate is the discourse related to urban-rural interaction and its role in regional policy-making. Some actors see the fostering of urban-rural interaction as a set of countermeasures to alleviate the deepening regional polarization. The migration flows, being a part of the urban-rural interaction phenomenon itself, are thus to be slowed down by taking more out of the positive types of urban-rural interaction. The most eager discussants talk about a profound reconsideration of the relation between the rapidly urbanised Finnish society and its countryside. As a reminder of the scale, the Finnish population is five million people living within an area nearly the size of Germany.

The Finnish urban-rural agenda is like a slowly revolving discussion to which different actors have to relate when proposing new policy documents and their implementation. It has not been about reinventing the wheel but rather about bringing up the interaction perspective where relevant – or when required by some other actors to receive funds. The evolving urban-rural discourse is certainly not alone in defining the design of regional development policies. It has faced opponents and ignorants in several camps. An analysis of this discourse follows.

GRASPING THE DISCOURSE

In the current Finnish debate, the concept of urban-rural interaction has two intermingling functions: as a synonym for the everyday spatial phenomena on the urban-rural axis, and as a conscious urban-rural interaction policy. The conceptualization of interaction varies significantly between policy initiatives. In general, it is not highly developed intellectually, partly because it has not been an agenda for which some party would have the main responsibility. This also
makes it very interesting, as no single actor has tried to monopolize the discussion on urban-rural interaction.

Table 5. The analysed policy agendas and their main elaborators.

<table>
<thead>
<tr>
<th>Policy document</th>
<th>Elaborators</th>
</tr>
</thead>
<tbody>
<tr>
<td>Urban Programme (incl. the programmes of the three urban regions that chose to be urban-rural interaction programmes)</td>
<td>Committee for Urban Policy + respective urban regions, 1997–1998</td>
</tr>
<tr>
<td>Regional Centre Programme</td>
<td>Committee for Regional Centre and Urban Policy, 2001</td>
</tr>
<tr>
<td>Report of the Working Group on Urban-Rural Interaction</td>
<td>joint group of urban and rural policy committees, 2000</td>
</tr>
<tr>
<td>Objective 1 &amp; 2 programmes in Finland</td>
<td>several elaborators, 1999</td>
</tr>
<tr>
<td>Regional Rural Development Plan</td>
<td>several elaborators, 2000</td>
</tr>
<tr>
<td>Leader+ (incl. the Development Documents of the eight Local Action Groups that run under the theme urban-rural interaction)</td>
<td>Ministry for Agriculture and Forestry + respective LAGs, 1999–2000</td>
</tr>
</tbody>
</table>

In relation to different types of classification of urban and rural areas, the ones visible in Finnish policy discourse are descriptive in nature, serving the municipality-based allocation of resources. They stick to population density, settlement patterns, commuting statistics, and so on. Other possible conceptualizations that could form the basis of the classification, such as sociocultural or locality-based ones, or the view based on social representations (Halfacree 1993, Murdoch and Pratt 1997), have not gained ground. However, the last view in particular should be incorporated into the discussion, as much of the potential related to urban-rural interaction lies precisely in the symbolic dimension. From the interaction perspective, it is not as important to develop tools for increasingly exact recognition of what is urban and rural, as it is to understand the different geographies in people's minds. The mappable divisions remain crucial when it comes to the allocation of funds and studies such as described above. But how can one encapsulate, for example, the fact that in many respects most of Finland is rural when perceived by an urbanized citizen of Helsinki, the capital city and the largest urban region in the country?

The rural development policy documents provide some examples of the harnessing of the manifold symbolic meanings, although the values laden in the approach might not please every reader. In contrast, the Urban Programme, and now the Regional Centre Programme, seem to take for granted that urban centres matter. They assign urban regions the role of growth generators without further articulation. The contact surface to the urban grassroots is also limited. In concrete terms, only some of the Local Action Groups (LAGs) carrying out rural development policy in their own areas have actively formulated the symbolic
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The power of the images that are filtered through individuals' own experiences about being, experiencing and also consuming what is urban and rural seem to have inspired the LAGs. The EU's Objective 2 programmes, on the other hand, have turned the imagery against a fruitful interaction, as they express their antipathy towards the capital city region, the main economic growth pole at present.

ANALYSIS OF THE CONTENTS

The different strands to the policy discourses also speak of their relation to the relevance of the urban-rural axis in policy making and for society as a whole. Running in parallel is a discussion as to whether the urban-rural framework should continue to be of interest in research. Most say that, with definitions of the urban and rural, we are dealing with differences of degree, rather than type (Hall 2001, 17–18). The urban and the rural are more like labels reflecting perception, and therefore meaningful themes of enquiry. On the one hand, this seems to suggest that there is nothing that is uniquely urban or rural. On the other hand, one can argue that it makes no sense to abandon the concepts, as they persist as a meaningful construct in people's minds. Mathieu (1998) claimed that the interrelations of these persisting concepts could in particular be employed usefully in understanding the forces of spatial restructuring within Europe. Either way, policy-making has to reflect on the proposition that what is rural or urban is no longer mappable as a set of physical or social conditions. An alternative is to adopt a reflexive approach, one that discusses the ways we make divisions and considers the power relations of our categories and concepts (Murdoch and Pratt 1997, 56).

What about the position of the policy documents analysed for this paper? Quite understandably, urban policy considers Finland to be a highly urbanized country, whereas rural policy stresses its rural characteristics (see Eskelinen and Schmidt-Thomé 2002). Regarding the position vis-à-vis the urban-rural dimension, the Rural Policy Programme is a powerful expression of the persistence of the urban-rural dualism. Numerous straightforward references to the urban realm are made, though avoiding confrontation. The regional programmes of Objectives 1 and 2 are more schizophrenic, as on the one hand the programmes seem to be enthusiastic about the urban-rural axis, attacking the crowding and pollution of the cities and southern Finland in general, and praising the rural idyll. On the other hand, the same programmes seem to rely strongly on the merely reflective effects of urban growth.

The Urban Programme and now its successor, the Regional Centre Programme, underline the role of competitive urban regions for whole nations, while hardly discussing their relation to the rural. The clearest example of ignorance towards what is rural is the Centres of Expertise programme, which has enjoyed rather generous funding from both public and private actors in the high-tech
business. This is a flagship, a symbol of the larger tendency visible in regional policy-making in Finland. Another symbol is the new proposal for renewal of regional development legislation. The proposal has completely abandoned the concept of balance in favour of increasing stress on competitiveness. This tendency, by which the urban regions try to keep up with the challenges of globalization and seek their role within the urban network, makes it difficult to find a place for the rural (Saartenoja 2000).

Who then could benefit from the urban-rural interaction called for in development programmes? It is evident that the legitimacy of older regional policy-making is being lost (for a historical review of Finnish regional development policies see Eskelinen et al. 2000); the one-sided channelling of resources to regions lagging behind is ceasing. There is an increasing requirement that the process must be interactive and able to benefit urban centres as well. The Finnish policy documents are contradictory in this respect. Rural policy documents sell the idea of interaction more as something that the countryside deserves, whereas urban policy documents try to satisfy by promising growth impulses to rural areas. The emerging interaction policy tries to find a happy medium, stating that both urban and rural areas can provide a high-quality and versatile life if new links between urban and rural areas are established.

According to Ray (1999, 260), identity is central to the territorial approach to development. Besides one's own place, identity in terms of the knowledge of other people's territories can be important: 'by celebrating the uniqueness of others, one confirms one's own uniqueness'. For territories, this opens up the possibility of constructing identities that correspond to both local needs and extra-local opportunities (Ray 1999, 261). This is of direct relevance to the discussion surrounding urban-rural interaction, especially when different ways to legitimize rural development policies are referred to. Valtakari (1999) has called for a thorough debate on the legitimacy of Finnish rural policies, not to undermine the importance of rural development but to improve awareness of the policy foundations. The discourse on urban-rural interaction could certainly be a way to reach the core of legitimacy issues.

KEY STRANDS OF THE DISCOURSE

The main emphasis of the Finnish interaction discourse is on the 'reflective effects' of urban centres on their respective hinterlands. However, there is little evidence of these reflective effects being able to penetrate the areas beyond the immediate vicinity of the urban centres themselves (Eskelinen and Schmidt-Thome 2002, Hanell 2002). In a country such as Finland, with vast areas beyond the limits of the urban, it is thus obvious that urban-rural policy cannot profitably be based upon urban strengths alone. The limited benefits evident from these Urban Programmes should be taken into account in the construction of their successors, the Regional Centre Programmes.
The theme of inter-municipal cooperation has also been placed under the heading of urban-rural interaction. However, the cooperation procedures have seldom been concentrated purely on urban-rural dynamics and interaction policy. Instead, power struggles connected with organizational issues (especially in relation to the common production of certain services) seem to dominate the picture. It thus remains to be seen whether or not the urban-rural axis can prove itself a useful implement in the mediation of such interests. Indeed, if it were to be constructed upon a wider framework than that of the municipalities themselves, then the process might be successful in distancing itself from such inter-municipal disputes.

The least-explored part of this urban-rural discourse is that of the potential for urban-rural exchange. On the edges of the intermingling urban-rural continuum there still lie the somewhat distinct entities of the “rural” and the “urban”, at least in people’s minds. A potential for such distinctiveness to gain profitable conversion into partnership arrangements now seems to be emerging, albeit slowly. Moreover, the creative use of natural and cultural heritage as development assets can often conjure up hitherto unforeseen success stories.

A simple but important dividing line in interaction policy that few seem to be aware of, but which could be useful in structuring the discussion, is the two-fold nature of the emerging policy. On one hand, interaction policy seems to be about joint efforts on the parts of different regional actors, looking for common interests and development strategies. On the other hand, it is about celebrating the distinctiveness of places, bringing out their own development potential in a wider context, and relating the local to the global.

EUROPEAN CONNECTION

It is also fruitful to compare the Finnish interaction discourse with that which has emerged in the field of European spatial planning. In regard to inter-governmental and rather informal cooperation that has already been ongoing for a couple of decades, the main outcome so far has been the so-called ESDP document, the European Spatial Development Perspective. A key concept of the ESDP is the polycentric (urban) development of the European territory. As a kind of compromise, the ESDP introduces the concept of urban-rural partnerships as a means to connect rural with urban growth.

Richardson (2000) has analysed European spatial policy discourses, especially the ESDP and its relation to the integrated rural development policy at the European level. His message is that the ESDP should be more sensitive to rural policy. The ESDP approach is clearly ignorant of European ruralities, defining rural areas as nothing more than hinterlands of urban regions (Böhme 1999). The areas beyond the reflective effects have little to say in ESDP thinking, which is problematic from the Nordic perspective. The risk is that the urban hegemony of the EU spatial policy will prevail, and if this happens, the survival of locally-
constructed ruralities in Europe appears unlikely (Richardson 2000). The Finnish urban-oriented policy strands seem to have learned their ESDP-lessons, or in other words, the ESDP seems to complement the Government’s increased emphasis on urban policies in Finland (Eskelinen et al. 2000).

CONCLUSIONS

In this paper a picture of Finnish spatial development has been presented through demographic analysis on the urban-rural axis, and the recent policy initiatives were reviewed as they relate to the urban-rural interaction discourse. While migration has traditionally been considered an important equilibrating mechanism in the economy, it seems not to have been so in Finland even though migration has been very intense in recent years, regional differentials have not diminished – indeed the opposite would seem to apply (e.g., Taipale 2002, Tervo 2002).

Because of migration, rural and remote regions are constantly losing the most competent (young, educated) segment of their population to a handful of prosperous urban regions. As a result of this selective process, the development potential of rural areas will decrease both quantitatively and qualitatively. This is likely to further accelerate the rural population decline and increase regional imbalance, eventually endangering the existence of rural Finland. There is a genuine threat of desolation, such that those policy actors (especially rural policy advocates), who are concerned about the strong migration flows and centralizing path of development, have been calling for a conscious urban-rural interaction policy. The urban camp, on the other hand, counts on the ability of the urban centres to generate growth, and understands urban-rural dynamics mainly as a synonym for reflective effects.

The question that Finland needs to answer concerns whether an urbanized society is still able to recognize the existence of the rural, and to react against the emptying and ageing of the countryside. Legitimacy for this idea could be found in the new interactive links between the urban and the rural, in connections that contribute to the general well being of all. However, in the light of the urban-rural mainstream, it appears more likely that, beyond the vicinity of urban centres, rural areas will have very little to look forward to. The policy strands not satisfied with this have a huge endeavour if they want to change the scope. Urban-rural interaction seems one of the candidates ready to face the challenge.

NOTES

1 At the municipal level there is a strong correlation between out-migration and a peripheral location (Hanell et al. 2002).
2 Structural change in Finland started later than in many other countries and is still taking place.
3 The threat of desolation is substantial if the share of square kilometres in which the youngest inhabitant is over 50 exceeds 16 percent of all inhabited square kilometres (Suomen Kuntaliitto 1997).

4 Between 1993 and 2001, employment in Finland increased on average by about 2 percent per year. Regionally, this varies from about 4 percent to −0.3 percent. That is, some regions have still not reached their pre-recession level of employment (PTT Economic forecast 1/2002).

5 This is much more than, for example, at the beginning of the 1990s, when the net migration rate in sparsely populated countryside was only −0.4 percent and in core countryside as low as −0.1 percent.

6 The natural population increase has been negative in sparsely-populated countryside since the mid 1980s and in core countryside since the beginning of the 1990s.

7 The educational level of urban Finns is already 47 percent higher than of rural Finns (Haven 1999).

8 The level of international migration in Finland is among the lowest in the EU.

9 During the period 1970-2000, population loss was 24 percent in sparsely-populated countryside and 10 percent in core countryside.

10 In 2000 the standard deviation of the population in ‘other centres’ was 40497; in 2030 it will be 52640. For comparison, in 1975 it was 35701.

11 In Finland the old-age dependency ratio will be 0.5 in 2030. By comparison, it is projected to be under 0.4 in 2030 in the EC, Canada and the United States (OECD, 1996).

AKNOWLEDGEMENTS

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Demographic development and the emerging discourse on urban-rural interaction in Finland


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COUNTERURBANIZATION IN A GROWING LOCAL LABOUR MARKET IN SWEDEN

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ABSTRACT: This article analyses an internal migration pattern in terms of out-migration from the core of a growing urban region to the hinterland. The case addressed is that of the Umeå region in northern Sweden. The analysis is divided into two parts; examining socio-economic characteristics among the out-migrants on one hand, and on the other testing various spatial components in the hinterland with regard to their impact on where out-migrants have settled.

KEYWORDS: attractiveness, counterurbanization, migration, rural areas, Sweden.

INTRODUCTION

In recent decades Sweden has, like many other countries in the western world, experienced a process of strong concentration of people in towns and especially the largest cities. While this population growth in towns and cities has in part resulted in depopulation in rural areas, the dominating pattern of concentration often conceals contradictory processes, often labeled counterurbanization (e.g., Beale 1975, Berry 1976, Vining and Kontuly 1978, Fielding 1982, Perry et al. 1986, Champion 1989). This raises questions as to the role of life values and lifestyles as driving forces behind the decisions concerning where to live (Garvill et al. 2000), as well as to the attractiveness of different elements in the natural and built environment in small towns and rural areas.

Earlier studies of counterurbanization in Sweden have mostly been carried out on an aggregated level for the whole of Sweden (for overviews, see Håkansson 2000 and Westlund and Pichler 2000). An analysis in a specific functional regional context has only been made on the hinterland of Stockholm (Amcoff
processes of significant counterurbanization may also be found in growing medium-sized urban regions. In this article, therefore, the aim has been to analyse the case of the Umeå urban region in the period 1985 to 1995. Umeå is a university city in northern Sweden that has experienced strong population growth since the establishment of the university in the mid 1960s. This means that the study period is not a unique episode in the development of the region over recent decades. Further, the case of Umeå can be seen as of broader general interest, since such knowledge-based urban regions are in a majority when it comes to the regions within Sweden that have grown rapidly in recent decades. The analytical focus in this article is on personal characteristics of out-migrants from the city core to the hinterland, and also on place attributes which explain local environment choices in the decision of where to settle.

The operative delimitation of the Umeå urban region entails a 50-kilometer radius from the downtown area of Umeå. It is within this area, that a dominant share of all Umeå-related commuting to work is to be found. This delimitation has a strong functional character as a local service market as well. Within this territory, migration from the centre to the hinterland – interpreted as counterurbanization – is defined as change of dwelling from the contiguously built city environment to a place more than one kilometer beyond its limits. In the literature, out-migration to a place just a few kilometers outside a city is sometimes labeled suburbanization. Further, though efforts have been made to distinguish between suburbanization and counterurbanization, no general concluding definition exists (Champion 1989, pp. 24–28). As a consequence, all the types of out-migration analysed in this article are characterized as counterurbanization. It should further be noted that, while migration from the towns in the hinterland of Umeå to the surrounding countryside may also be considered counterurbanization, this relatively small flow of migration is not included in the analysis. Cases in which people have migrated once again during the studied years after having migrated to the hinterland are also not followed.

THEORETICAL STANDPOINTS

The individual or household decision concerning where to live or migrate to is related to several different types of influencing factors. A division may be made into three main principal categories: the economically, structurally or behavioristically stipulated. In line with the economic perspective, migration is a consequence of spatial differences in wage levels and living standards. Each individual is regarded as a decision-maker who can influence his or her own life and thereby optimize and satisfy decisions against the potential of options available. The decision to make a housing carrier by staying or moving to a certain other place depends on where it is possible to achieve the highest personal economic utility. According to the structural perspective, a person’s behaviour is a reaction
Counterurbanization in a growing local labour market in Sweden

to the structure of society. Migration is explained by factors such as unemployment in the present place of residence, education that is not available, a dearth of housing accommodation or excessive costs entailed in renting an apartment. In turn, according to the behaviouristic perspective, the reasons behind a decision to migrate are to be looked for at the individual level. Like in the economic perspective, the individual is regarded as someone searching for utility maximization. However, the difference is that the utility is dependent on personal preferences based on an apprehension of important life values, which cover a wider range than merely the economic values. Possible examples are a choice to live in a rural area instead of in a city core, or to migrate to a place where relatives and friends live. It may be further noted that Stjernstrom (1998) has found that social relationships have a significant impact on migration flows in Sweden.

The gravity model presents a law-regulated relationship between different parts of a spatial system. The model is based initially on Newton’s theory that the attraction between two objects is in proportion to their masses and the distance between them. As early as in 1946, Zipf connected the gravity model to social science and research on social interaction (Holt-Jensen 1999, p. 80). Accordingly, the model estimates the size of the interaction between two or more places. In practice, the gravity model considers only two factors: the size of places and the distance between them. The assumption is that interaction between two places increases with their sizes and decreases with the distance between them. There is thus, distance friction in the model.

Pull and push factors refer to place-specific advantages or disadvantages (Barret 1998, p. 139). Pull factors are occurrences that attract people to a place. Typical examples are beautiful nature, a rich cultural supply, good job options and social factors such as the proximity of relatives and friends. Push factors are occurrences that cause people to migrate from a place. Typical examples are unemployment, a dearth of housing accommodation or a lack of social relationships.

Mental maps are a traditional behavioristic analytical tool. The mental map describes the subjective picture a person has about the surrounding world. This means that the image of a certain place may differ significantly among different people, depending on knowledge, preferences and experiences. These factors play a significant role in personal decision-making concerning where to live (Johnston 1991, pp.144-145). The disposition to move to a certain place or built environment depends on the personal perception of how it is to live there. Important dimensions of life values related to this concern leisure-time options, safety and environmental qualities. On the basis of an interview study among British urban-to-rural migrants, Halfacree (1995) identified the following physical and social place attributes for attractive rural areas: openness, quietness, aesthetic quality, a slower pace, security and a good environment for children.

Since Berry (1976) introduced the concept of counterurbanization, a great number of empirical studies have been conducted. For an overview, see Amcoff
The studies have resulted in several different types of explanation. Kontuly (1998) summarized these into the following six categories:

- Cyclical economic factors
- Structural economic factors
- Spatial environmental factors
- Socio-economic/socio-cultural factors
- Governmental policies
- Technical innovations

Gordon has launched a division of counterurbanization into three levels and has associated them with a dominating type of explanation: at the national level, counterurbanization depends mainly on labour-market-related factors; at the regional level, on environmental qualities and at the local level on the conditions on the housing market, primarily in terms of vacancies and price levels (e.g., Boyle et al. 1998, pp. 143–148). In line with this categorization of counterurbanization, our hypothesis is that the phenomenon as observed in the Umeå region has an environmental explanation, but is also a consequence of the supply of vacant dwellings.

From this overview of research on migration and counterurbanization, three categories of hypotheses have been formulated. Of two based on the gravity model, the first holds that migration from a city to a hinterland decreases as distance from the city increases, while the second argues that migration to towns in a hinterland is more common than that to more sparsely settled areas. A third hypothesis, also possibly falling into this category if we label all three as accessibility-related, holds that proximity to a public road is of importance in the decision concerning where to settle down.

Two hypotheses thus deal with place characteristics, the first highlighting the attractiveness of proximity to waters (lakes, rivers and the sea), the second holding that direct proximity to an open rural landscape is more attractive than other rural areas.

The third category of hypotheses concerns migrants’ socio-economic characteristics. Based on earlier studies of counterurbanization in Sweden, presented and discussed in Amcoff (2000), our hypothesis is that the socio-economic characteristics of migrants assume a wide range in terms of both income and education. It is further hypothesized that young families with children are in the majority.

PATTERN OF MIGRATION FROM THE CITY TO THE HINTERLAND

In 1995 the Umeå urban region, as defined here, had a total population of 120,000. Of this, approximately 53,000 people lived in the hinterland. In administrative terms, the region covers the Umeå municipality with its just over 100,000 inhabitants, and parts of five surrounding municipalities. Figure 1 illustrates the settlement structure in the region. The map consists of population data on a grid.
cell level of 100x100 meters. From each of these cells, the number of inhabitants within five kilometers is calculated. The principal pattern may be characterized as high density in the rural areas just beyond the edge of the city and the majority of the remaining population in the hinterland being concentrated in a few small towns. Four of these towns are centres of municipalities. It may further be noticed that three of the towns – Nordmaling, Vindeln and Robertsfors – are located just inside the limit of the studied region.

Figure 1. Population distribution in the Umeå region 1995. The map illustrates the number of inhabitants within five kilometres of each 100x100-metre cell.

During the period 1985 to 1995, the overall population change noted in the region was an increase of 19,100 inhabitants. The change in the hinterland entailed growth of approximately 5,100 inhabitants. These changes resulted in
a decreased proportion of people living in the hinterland of the region, the share decreasing from 45 percent to 42 percent. The main trend during the period may thus be characterized as further concentration towards the city. However, when analysing the more detailed pattern of population changes we find a total out-migration of 12,364 people from the city to the hinterland between 1985 and 1995. The balance between men and women among out-migrants was close to 50/50. By the end of the studied period, 77 percent of the out-migrants still lived in the hinterland. Eventual relocations within the hinterland have not been studied. Among those who did not stay in the hinterland, approximately 1,600 migrated back to the city, while 1,000 left the region. Figure 2 illustrates the spatial distribution among the migrants from the city to the hinterland, on the basis of

![Figure 2. Out-migration distribution in the Umeå region 1995. The map illustrates the number of out-migrants within five kilometres of each 100x100-meter cell.](http://rcin.org.pl)
the same technique as in Figure 1. The general impression is that the out-migration reflects the density variations in population distribution to a high degree. An overrepresentation in some coastal areas and in some of the towns may be noted, however.

Figure 3 shows that the number of out-migrants varied between approximately 1,100 and 1,500 during the studied period. The lowest number of out-migrants was noted in 1987. Out-migration reached a peak in 1990, when Sweden was experiencing an economic boom. However, the correlation between the economic situation and the tendency to migrate from urban to rural areas seems weak in this case. For example, out-migration may be observed to have increased after 1991, in spite of a strong depression accompanied by rapidly growing unemployment.

![Figure 3. The annual number of out-migrants from the city to the hinterland, 1985 to 1995.](http://rcin.org.pl)

The dominating household structure among out-migrants was younger families with children. At the time of moving, the average age of the out-migrants was 26.1 years. From a generation perspective, the highest number of adults were between 25 and 35 years of age and children below school age. This age structure among the out-migrants is in accordance with results from similar analyses, as well as with the life cycle theory (Champion and Fielding 1992, pp. 167-187), according to which people make a career in housing. Around the age of 30, it is usual to move from a small apartment into something bigger. As the most common type of housing in rural areas and small towns in the hinterland of Umeå is single-family houses, we may assume that a majority has bought this type of dwelling.

With reference to Kontuly's reasoning concerning spatial and environmental factors as explanations behind counterurbanization (Boyle and Halfacree 1998, p.66), we have analysed the migrants' choice of location in relation to proximity to certain landscape qualities and accessibility to infrastructure in the hinterland. A highly valued landscape factor is proximity to the sea or other water surfaces.
The settlement structure shown in Figure 1 indicates a strong tradition of locating private houses in such areas in the Umeå region as well.

Table 1 shows that almost 50 percent of out-migrants have moved to a house less than 1 kilometer from a shore. Almost every third person moved to a location closer than 500 meters, and 7 percent to a location less than 150 meters distant. An important explanation behind this spatial micro distribution is to be found in the legislation on protection of shore areas from private exploitation. Under this law, the building of new private houses less than 100 meters from a shoreline is prohibited in order to maintain a high level of accessibility for all people to use these water areas for various types of leisure purposes. However, some older settlements and a few exemptions from the current law mean that there is a significant supply potential of houses precisely at the waterfront. During the studied period, almost 900 out-migrants moved to these exclusive locations. It may further be noted that, among the three analysed distances from water, a slightly higher number of people chose locations close to the sea, rather than to lakes or rivers.

Table 1. Share of out-migrants moving to houses close to shores.

<table>
<thead>
<tr>
<th></th>
<th>1000m</th>
<th>500m</th>
<th>150m</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sea</strong></td>
<td>26%</td>
<td>16%</td>
<td>3.6%</td>
</tr>
<tr>
<td>(n=3235)</td>
<td></td>
<td></td>
<td>(n=443)</td>
</tr>
<tr>
<td><strong>Lakes/rivers</strong></td>
<td>23%</td>
<td>14%</td>
<td>3.5%</td>
</tr>
<tr>
<td>(n=2821)</td>
<td></td>
<td></td>
<td>(n=438)</td>
</tr>
<tr>
<td><strong>Sum</strong></td>
<td>49%</td>
<td>30%</td>
<td>7.1%</td>
</tr>
<tr>
<td>(n=6056)</td>
<td></td>
<td></td>
<td>(n=881)</td>
</tr>
</tbody>
</table>

In summary, the results indicate that housing in proximity to a shore is a significant pull factor on people outmigrating from the city. Another indicator dealing with landscape qualities for residents is land use pattern. Other Swedish studies of counterurbanization have shown that the open landscape is also a pull factor (Amcoff 2000). In the Umeå region, 78 percent of the territory is forested, while only 12 percent has an open character, which in most cases is related to agriculture.

In order to analyse the out-migrants’ choice of location in relation to parts of the region with an open landscape character, a digital version of the official land use map was used. Target areas defined as open landscape locations include an extra buffer zone of 50 meters around these zones according to the map. The argument behind this is that some houses are located just on the border between forested and open landscape. It may be further noted that the towns in the hinterland are not included in this exercise. The result confirms the conclusions of other Swedish studies regarding the open landscape as a significant pull factor. One-third of the out-migrants moved to this type of landscape setting. From a general perspective, a reflection may be added that the scenery created by traditional agricultural production is highly valued among new categories of inhabitants in these rural areas commuting to work in Umeå or other places.
A set of indicators has also been used to illustrate the roles of quality of infrastructure and accessibility to services. The earlier-launched hypothesis on the special magnetic role of the towns in the hinterland is related both to a higher number of housing vacancies there and to the fact that these places offer a more diversified service supply in terms of quantity as well as quality. The total number of out-migrants who settled in the towns of the hinterland was 55 percent. The definition of a town follows the Swedish official delimitation of towns as places with more than 200 inhabitants and with a housing density equating to less than 200 metres between buildings. Most of these people migrated to the bigger towns in the hinterland. If a radius of 1 kilometer is added around the towns, the share of out-migrants to this type of area was 63 percent.

Another launched hypothesis, based on the gravity model, is that there is a distance decay in out-migration from the city core. Table 2 shows the distribution of out-migrants in distance zones. With the exception of the nearest zone 1–10 kilometers from the city, the pattern of out-migration follows the principal model. As a further part of the role of distance from the city, a quality aspect on accessibility by road is added. An important underlying argument for highlighting this dimension is the fact that 75 percent of the out-migrants with jobs are daily commuters to Umeå city. In the hinterland, there is a significant difference in road quality between public and private roads. The analysis shows that approximately a third of the out-migrants have moved to a house within 100 meters of a public road.

In summary, the presented ways of analysing the role of direct proximity to service infrastructure, distance to the city core and good quality of transport options show that these conditions have a significant impact on the choice behaviour.

Table 2. Out-migration from Umeå city to the hinterland, 1985-1995, with division into distance zones.

<table>
<thead>
<tr>
<th>Distance from Umeå city in km</th>
<th>Number of migrants</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1–10</td>
<td>1,785</td>
<td>14</td>
</tr>
<tr>
<td>10–20</td>
<td>5,663</td>
<td>46</td>
</tr>
<tr>
<td>20–30</td>
<td>2,835</td>
<td>23</td>
</tr>
<tr>
<td>30–40</td>
<td>1,051</td>
<td>9</td>
</tr>
<tr>
<td>40–50</td>
<td>1,030</td>
<td>8</td>
</tr>
<tr>
<td>Total</td>
<td>12,364</td>
<td>100</td>
</tr>
</tbody>
</table>

RESOURCE CAPACITY AMONG THE HOUSEHOLDS

The social and economic capacity among the outmigrating households is believed to reflect the general structure in Umeå among corresponding generations of households. Individual wage levels, employment status and education are used as indicators. There are no obvious reasons to make assumptions about
either a dominance of poor households forced to find less expensive housing options, or the opposite, concerning wealthy people who can afford to buy houses in the hinterland. The differences in price structure between the city and the hinterland in a middle-sized Swedish urban region are not of this distinctly segregated character. Figure 3 shows average wage and employment levels among the out-migrants compared with those among the total populations in the hinterland and the city. It may be noted that the out-migrants have a lower income level compared with the city population but a higher income level compared with the hinterland population.

Table 3. Wage and employment status among different subgroups in the Umeå urban region 1995.

<table>
<thead>
<tr>
<th>Population group</th>
<th>Average gross wage among employed, in thousand of SEK</th>
<th>Share of employed in the group 19–63 years, percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Out-migrants</td>
<td>158.6 (n=6,923)</td>
<td>77.0 (n=8,908)</td>
</tr>
<tr>
<td>Population in hinterland</td>
<td>156.1 (n=23,833)</td>
<td>79.4 (n=29,201)</td>
</tr>
<tr>
<td>Population in Umeå city</td>
<td>167.8 (n=32,093)</td>
<td>66.9 (n=31,333)</td>
</tr>
<tr>
<td>Out-migrants aged 25–35</td>
<td>144.1 (n=4,198)</td>
<td></td>
</tr>
<tr>
<td>Population in Umeå aged 25–35</td>
<td>149.5 (n=12,927)</td>
<td></td>
</tr>
</tbody>
</table>

As the out-migrants are dominated by young families with children, the income level in the age group 25-35 years has especially been compared with the same age group in the city. This comparison shows that the average wage level is approximately 5,000 SEK lower among the out-migrants.

In terms of employment status, the level among out-migrants is almost as high as among the total population in the hinterland. In comparison with the city population, the level is 10 percent higher among the out-migrants. A major part of this difference is due to the relatively high share of students living in the city.

Figure 4. Educational profile among out-migrants compared with the total population in the city and the hinterland in 1995. Age group 19-63 years.
In Figure 4, the educational profile among the out-migrants is compared with the profile among people in the city and in the hinterland. On average, the out-migrants have a higher educational level than people in the hinterland, but lower than among people in the city. There is a wide variety of educational level in all categories, however.

A concluding remark may thus be that the results of the analysis support the hypothesis advanced. Measured in terms of income and education, the out-migrants represent both low and high social classes.

**REGRESSION ANALYSIS**

To determine the extent to which different factors contribute to an explanation of how the out-migrants are distributed spatially over the hinterland, a multiple regression analysis was conducted. The dependent variable is the number of out-migrants from Umea to target zones in the hinterland with a size based on a spatial resolution of 100-meter squares and including a place environment of 1.5 kilometer from each 100-meter square. The independent variables are selected on the basis of the presented theoretical aspects launched by Kontuly (1998), and on hypotheses rooted in the gravity model.

The model was created by multiplying the coefficient for each variable with its theme in the function “map calculation” in Arc View. The coefficient specifies how the number of migrants changes with distance or presence in a certain type of territory. More precisely, the calculation concerns the amount that $y$ changes when $x$ increases by 1, or by one unit. Thereafter the different themes involved in the procedure were summarized, resulting in a theme in which the accumulated degree of explanation may be illustrated on a map. It should be noted that the separate variables for distance to a lake, a river or the sea have been combined into one variable in these calculations as their explanatory power as separate variables was very low. As approximately the same number of out-migrants chose proximity to the sea as to a lake or a river, these two variables were combined into one.

Table 4. Model overview.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Classes</th>
<th>Explanation</th>
<th>Type value/Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distance to water</td>
<td>3</td>
<td>$&lt; 500 \text{ m}, &lt;1000 \text{ m}, &gt;1000 \text{ m}$</td>
<td>$&gt;1000 \text{ m} 51%$</td>
</tr>
<tr>
<td>Distance to town</td>
<td>5</td>
<td>In town, $&lt;1$, $&lt;2$, $&lt;3$, $&gt;3 \text{ km}$</td>
<td>In town $55%$</td>
</tr>
<tr>
<td>Proximity to public road</td>
<td>Dummy</td>
<td>$&lt;100 \text{ metres} &gt;100 \text{ metres}$</td>
<td>$&gt;100 \text{ m} 70%$</td>
</tr>
<tr>
<td>Open landscape</td>
<td>Dummy</td>
<td>$&lt;50 \text{ m from and within, 50 m}$</td>
<td>$&gt;50 \text{ m} 67%$</td>
</tr>
<tr>
<td>Distance from Umea city</td>
<td>5</td>
<td>$-10, 10$–$20, 20$–$30, 30$–$40, 40$–$50 \text{ km}$</td>
<td>21 km</td>
</tr>
</tbody>
</table>

http://rcin.org.pl
The variables inserted in the regression analysis achieve an explanatory level of 66 percent. The analysis of residuals (Durbin-Watson test), which reports on the degree to which patterns in residuals from the regression line are systematic, shows satisfactory results.

Table 5. Results of the multiple regression analysis.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Std. Error</th>
<th>t</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distance to towns</td>
<td>-1.799**</td>
<td>-.025</td>
</tr>
<tr>
<td>Proximity to public road</td>
<td>.648**</td>
<td>.061</td>
</tr>
<tr>
<td>Open landscape</td>
<td>1.403**</td>
<td>.085</td>
</tr>
<tr>
<td>Distance to water</td>
<td>-1.235**</td>
<td>.031</td>
</tr>
<tr>
<td>Distance to Umeå</td>
<td>-1.439**</td>
<td>.029</td>
</tr>
<tr>
<td>Constant</td>
<td>4.220**</td>
<td>.208</td>
</tr>
</tbody>
</table>

Adjusted R Square: .598
Durbin-Watson: 1.923
** p<0.01

Table 6. Correlation analysis.

<table>
<thead>
<tr>
<th></th>
<th>Town</th>
<th>Road</th>
<th>Open Landscape</th>
<th>Dist. Umeå</th>
<th>Water</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOWN</td>
<td>1.000</td>
<td>.015</td>
<td>-.705</td>
<td>.088</td>
<td>.028</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.095</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td>N</td>
<td>12,292</td>
<td>12,292</td>
<td>12,292</td>
<td>12,292</td>
<td>12,292</td>
</tr>
<tr>
<td>ROAD</td>
<td>.015</td>
<td>1.000</td>
<td>.026</td>
<td>-.116</td>
<td>.001</td>
</tr>
<tr>
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<td>.004</td>
<td>.000</td>
<td>.945</td>
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<tr>
<td>N</td>
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<td>12,292</td>
<td>12,292</td>
<td>12,292</td>
</tr>
<tr>
<td>OPEN</td>
<td>-.705</td>
<td>.026</td>
<td>1.000</td>
<td>-.055</td>
<td>-.136</td>
</tr>
<tr>
<td>LANDSCAPE</td>
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<td></td>
</tr>
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<td></td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.004</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td>N</td>
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<td>12,292</td>
<td>12,292</td>
<td>12,292</td>
<td>12,292</td>
</tr>
<tr>
<td>DISTANCE</td>
<td>.088</td>
<td>-.116</td>
<td>-.055</td>
<td>1.000</td>
<td>-.112</td>
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<tr>
<td>UMEA</td>
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<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
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<tr>
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<td>12,292</td>
<td>12,292</td>
<td>12,292</td>
<td>12,292</td>
</tr>
<tr>
<td>WATER</td>
<td>.028</td>
<td>.001</td>
<td>-.136</td>
<td>-.112</td>
<td>1.000</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.002</td>
<td>.945</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
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<td>12,292</td>
<td>12,292</td>
<td>12,292</td>
<td>12,292</td>
</tr>
</tbody>
</table>

** Correlation is significant at the 0.01 level (2-tailed).

The overview presented in Table 5 shows that all independent variables have significant t-values (p<0,01). The coefficient for variables with a distance dimension in relation to a physical quality is negative, indicating that the probability of settling decreases with the distance from these places. We have thus found that the most favoured locations among out-migrants from Umeå city are in proximi-
Counterurbanization in a growing local labour market in Sweden

A check between variables tested in the model shows no remarkable correlations. It may be noted, however, that there is a correlation of notable size regarding the variables towns and open landscape. A more concrete interpretation of this is that the effect of open landscape would have been higher if towns had not been controlled for.

Figure 5 demonstrates the spatial result of the model’s explanatory strength and Figure 6 the residuals between the model results and the empirical data. The
comparison shows that in many cases the model overestimates the number of out-migrants to the most sparsely populated areas in the periphery of the urban region. Another significant difference is that the model underestimates the number of out-migrants to the towns nearest to Umeå city. The white areas on the map have the best fit between the empirical data and the model result. A common feature among most of these places is that they are small villages located rather close to Umeå city.
CONCLUDING DISCUSSION

The presented pattern of counterurbanization in the Umeå urban region during the studied period was of a rather high relative magnitude in Sweden outside the metropolitan areas. It is to a high degree rooted in a significant growth of the university, resulting in various types of positive direct and indirect impacts on the local economy and employment.

Our hypothesis that households in the most active ages for housing careers are prevalent dominance among the out-migrants has been verified. We have also found the hypotheses based on the gravity model have been verified. Both a distance decay pattern from Umeå city and a pull impact from towns in the hinterland have been identified. The combined result of these two tendencies is that areas classified as rural (outside towns) have increased their share of the total population in the Umeå region from 19 percent to 20 percent.

Another category of hypotheses highlighted capacities and qualities in the housing environment. Places with proximity to the sea especially, but also to lakes and rivers, appear as attractive locations. The attractivity of open landscape environments and locations with good access to a public road has also been verified.

It may further be concluded that the out-migrants represent a wide range of household types in terms of resources measured in income, employment status and educational status. Our interpretation of this is that freedom of choice in housing has dominated among the out-migrants. The decision to leave the city seems in most cases to be rooted in a distinct life value framework. This is expressed as lifestyle preferences in line with attractive attributes in the environment around the city in combination with commuting to job options in the city.

The period analysed in this study, was followed by the initiation of an inter-municipal planning process in the Umeå region. This effort has been further supported through special projects funded by EU regional policy measures. A LEADER (Liaisons Entre Actions de Développement de l'Economie) programme ran during the period 1997–1999, aiming at greater urban-rural integration in the Umeå region. Since 2000 this activity has continued under the umbrella of the Structural Funds' Objective 1. During both stages, there has been a focus on building a stronger socio-economic structure in the hinterland of Umeå. These projects cover a wide range of initiatives. We may describe it as capacity building in social, economic, cultural and environmental dimensions.

However, as is to some extent demonstrated by the empirical data, we may finally conclude that housing careers favouring rural areas are highly vulnerable to different types of disturbances. Patterns of household attitudes and preferences may change between cohorts. In addition, households with a strong preference for out-migration may also meet barriers and thresholds in terms of institutional laws and rules, individual and public economic resources, cost levels, available housing alternatives and deficient service infrastructure.
ACKNOWLEDGEMENT
We are grateful to Urban Lindgren, Department of Social and Economic Geography, Umeå University, for his valuable comments on this article. We also wish to think the Urban Design research programme at Umeå University, financed by EU Structural Funds Objective 1, for providing financial support.

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NEW PROSPERITY FOR MARGINAL REGIONS IN MORAVIA?

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INTRODUCTION

The Czech countryside passed through considerable changes in the 1990s. They originated in the changing economic base of the society as a whole, and of rural regions in particular. In 2001, the share of employment accounted for by the primary sector of the Czech economy (agriculture, forestry and fisheries) was 4.4 percent, while that of the secondary sector (the extraction of minerals, industry and building) was about 38 percent.

However, the Czech countryside does not appear to be a homogeneous whole. Rural settlement in the vicinity of the largest cities, such as Prague, Brno, or Ostrava, and to a lesser extent also in the vicinity of other large towns, is affected by the processes of suburbanization and urban sprawl and is gradually becoming a part of spatially open city organisms. Fertile, readily accessible and densely-populated rural regions of the Bohemian and Moravian lowlands are taking opportunities to link intensive farming with other activities.

The least favourable conditions for attaining prosperity are those characterizing the marginal regions, classified as those having a very small chance for both foreign and national investments. The situation is caused by difficult transport conditions (diversified relief, an absence of highways, main roads and railroads) and/or by a position on the state border. The settlement structure of such regions is often a fragmented one containing small and very small settlements and communes (with less than 200 or even 100 inhabitants), which do not create a sufficient internal market for the establishment of even the most basic services. Their budgets rarely allow for communal investments, while a lack of educated
people limits successful management. Local centres are usually too weak to be able to satisfy the basic urban function for the region. Due to the diversified relief, natural conditions for intensive farming are often less suitable.

In Moravia this applies mainly to areas near the state border. In addition to the state borders with Austria and Poland, there is a new borderline traced with Slovakia in 1993. It is exactly this border that contributed to the marginalization of the former transit space of the Czecho-Slovakian border land. However, there are also the so-called internal peripheries. The most extensive of these is the region of the Bohemian-Moravian Highland, which is cut through by the historical Bohemian-Moravian border.

The aim of the work described here has been to analyse the development of marginal regions in Moravia on the basis of three case studies, representing the Moravian – Austrian borderland, the Moravian – Slovak borderland and the inner periphery (in fact the Moravian – Bohemian borderland), in order to compare them and to arrive at some general conclusions. Central to this study of the marginal Moravian regions is the interaction of natural and human aspects of the situation. These interactions are target-evaluated by reference to the potential for prosperity of the individual regions. The basis of this contribution is represented by the New Prosperity for Rural Regions project (Vaishar, Špes, et al. 1997).

**MARGINAL REGIONS IN MORAVIA**

This study is based on the analysis of the three regions (Figure 1), with them being delimited as the hinterlands of the former judicial districts which existed in the 1940s. These administrative regions were the last in Czechia to take into account the actual socio-geographical relations. All later administrative divisions were decided upon by political and economic criteria. The more recent divisions include in one unit both the developed core and the periphery, something which makes them unusable for our purposes.
The three regions represent three different situations: first, a border region on the Czecho-Austrian border after the fall of the Iron Curtain (district of Vranov nad Dyji/Jemnice), second, the development on the new Czecho-Slovak state border (districts of Bojkovice/Valašské Klobuky), and third, the internal periphery (district of Kunstat).

Several approaches have been combined in our study: the traditional analysis of literature and statistical data, field research in order to monitor and document the actual situation, interviews with representatives of all 125 municipal councils and an extensive public inquiry at primary and secondary schools (3 944 respondents) to find out how the present situation is perceived (Zapletalová and Stračová 1999).

REGION OF VRANOV NAD DYJI/JEMNICE

The present marginality of the region is caused mainly by its positioning on the state border (Figure 2) which for forty years was a part of the Iron Curtain countries. Its centres (Jemnice with a population of 4 310 and Vranov nad Dyji with 924 persons) are not able to integrate fully the settlement structure. Fully equipped district centres are to be found at a considerable distance and their accessibility is worsening due to the inefficiency of the public transport.

The region’s seat structure is very much fragmented. 19 (39 percent) of the communes in the region have less than 200 inhabitants. Many of these result from a spin-off process affecting larger municipalities after 1990 as a reaction to the newly-won freedom and individual rights. The population of the region is

Figure 2
shrinking, ageing and losing its more educated members. These processes are differentiated spatially. Municipalities with a favourable transport position have better prospects to keep their population. However, the western part of the region, which has no railway connection and dilapidated roads, is in a critical situation. There are hardly any services to be found in small villages – not even a small shop or restaurant. Municipalities pay greatest attention to improving the technical infrastructure, though this is hardly efficient economically in the small and remote villages. Rural municipalities in the region have 23.6 percent of their labour force engaged in agriculture, forestry and fisheries, 35.8 percent in the manufacturing, building and extractive industries and 40.6 percent in services (including transport). Obviously, in this region, the high percentage of the labour force in services does not indicate a transition to the post-industrial society but rather results from the shortage of job opportunities in other sectors of the local economy. The only town in the region, Jemnice, has 7.8 percent of its labour force engaged in agriculture, but as many as 47.8 percent and 44.4 percent in industries and services respectively. Thus, a small town in a marginal border region appears to be mainly industrial, with a relatively high share of services and an above-average percentage of the labour force in the primary activities. This town is also characterized by an unfavourable educational structure in which only 17.8 percent and 3.3 percent of the population aged over 15 years have accomplished secondary and higher education, respectively. The numbers of believers (all religions) amounted to 55 percent.

Although the state farms and some cooperative farms in the region have been closed down, the land is not lying idle. Local agriculture reports losses of workers to the non-farming activities. The number of individual farmers is not high; they usually cultivate a small acreage in villages, their farms are insufficiently mechanized, and they are, themselves, often too old for work. The villages situated right in the border-zone, in which the original German population was nearly completely replaced by Czechs after 1945, differ from the villages that were Czech even before the War. It is practically impossible for a historical proprietary relation of people to land to ever develop in the border villages.

The region was little industrialized before 1990 and only by subsidiaries of companies based in the large towns. In the process of improving the efficiency of production, these subsidiaries were the first to be closed. A number of enterprises suffered because of unclear ownership relations in the process of privatization. A few of the new enterprises, usually focussed on the processing of local raw materials (timber, farm produce), employ tens of workers at the most. The formerly underdeveloped service sector cannot absorb all the labour force that is superfluous in manufacturing. The region thus has a high rate of commuting to distant centres or external assemblies, to construction works or transport where bread-earners leave the region for weeks or months. It is uncommon to find a job legally in Austria; there is no doubt that illegal employment exists there but it is countered efficiently by Austria.
The eastern part of the region has very good conditions for summer recreation at the Vranov dam reservoir. The attractiveness of the region is backed up by the architecturally valuable chateau of Vranov, castle of Bitov and historic town of Jemnice. One of the four Czech national parks, Podyji, the valuable biocenoses of which have been conserved as a result of the former restrictions on entry, offers recreation for learning. The eastern part of the region is relatively accessible from both Brno and Vienna, and its infrastructure is suitable for modest tourism. The second homes are for summer use, with chalets and cottages being highly developed and constituting a considerable part of the housing resources in some villages. Although improved maintenance of rural houses can be seen in these villages, they are occupied more or less seasonally.

Nature protection is not perceived in a clearly positive way by the local population. On the one hand, it puts restrictions on the development of certain entrepreneurial activities and limits the municipalities in the management of their sole valuable property – forests. On the other hand, the municipalities are incapable of attracting visitors to the national park with provision of services and income generation from it.

Although the state border ceased to be a political barrier after 1990, the marginalization of the region is increasing. Hopes associated with the positive significance of the state border with Austria have not been fulfilled. It should be noted that the opposite side (Waldviertel) is one of the least developed Austrian regions. Border crossings are lacking and people on the Moravian side are insufficiently prepared for cooperation. The exchange of population after World War II broke all historical contacts between the people on both sides of the border.

REGION OF BOJKOVICE/VALASSKÉ KLOBOUKY

The region is situated at the meeting point of three districts (Uherské Hradiště, Zlín and Vsetín). Its marginality is due primarily to the montane topography of the White Carpathians and a rather difficult traffic situation. Before 1993, the area ensured contact between Czechia and Slovakia. After the subdivision of Czechoslovakia, a new state border became the barrier between the two countries. The population has been living in this region for many generations, its relations to land and villages being very intimate. Tradition and folklore are deeply rooted. Religiosity reaches 90 percent in rural communes and 70 percent in towns. Settlement structure is formed by four small towns (Bojkovice, Slavicín, Brumov-Bylnice and Valasské Klobouky) ranging from 4,788 to 5,215 inhabitants, four larger rural centres and a number of large and medium-sized communes of which only four have less than 200 residents.

Almost 7 percent of the labour force in the rural communes of the region is engaged in agriculture, forestry and fisheries, about 54 percent in manufacturing, building and the extractive industries and 39 percent in service activities. The four small towns and thirty-three communes in the region have almost iden-
tatical shares of the labour force in agriculture (approximately 4 percent), manufacturing (about 48 percent) and services (about 49 percent). In fact, the structure of employment corresponds to the present development of the non-marginal Czech countryside, where a greater part of the rural population works in manufacturing, while small towns begin to show a slight increase in services. The educational structure of the population in the rural communes is only slightly better than in the first region. Although more inhabitants have reached a secondary level of education (20.1 percent), the share of university graduates is lower (2.8 percent). The better educational standard is due to the urban population, in which 28 percent of inhabitants have reached the second level of education and almost 7 percent university level.

The main reason for the collapse of the region’s economy is the conversion of the armaments industry which was located in the region for strategic reasons in the 1930s. Natural conditions are most suited for animal production. Even before 1990, the local farm co-ops based their prosperity on activities other than farming. During the transformation period, the originally non-agricultural premises of agricultural enterprises were used for the localization of a range of small firms in metal-working, wood-processing and other industries. However, some of the farmland lies idle, which creates considerable problems for landscape maintenance. The majority of the communes constitute sufficient local markets for basic services and retailing, creating employment for people who are superfluous in manufacturing. Unemployment amounts to 10 percent.

The state border is considered a political problem by the two capitals: Prague and Bratislava. In the past, borderland inhabitants used to build friendly relationships between the two nations. Close friendship, including family and property connections, was frequent. Commuting across the border was quite normal. Although the borderline regime is very soft for Czech and Slovak citizens, the borderline itself has become a serious problem today. Commuting became complicated and nearly stopped after the two social and currency systems separated. The standard borderline regime for citizens from third countries complicates the possibilities for gaining income from foreign tourists. The situation is also difficult for the real estate owners on the other side of the border. Criminality is increasing in connection with the illegal passage of refugees from southeastern Europe and Asia to western European countries. The border situation will become more complicated as Slovakia will enter the European Union at a different time from the Czech Republic. This would make the Czech-Slovak border an external border of the European Union with all its consequences.

A considerable part of the region is within the protected landscape area of the White Carpathians and has its counterpart on the Slovak side of the border in terms of large-scale nature protection and conservation. The territory is at the centre of attention of various non-governmental organizations of naturalists. The natural attractiveness of the region offers a considerable potential for tourist development. Climatic conditions are favourable for winter recreation, as
well as for summer travelling. The area is suited for family recreation and for people with moderate financial resources. However, mass development of recreation would be curtailed by the large-scale protection of nature and the inadequate infrastructure. On account of this, the region could not be classified as one of the most important recreational areas in the Czech Republic.

REGION OF KUNŠTAT NA MORAVĚ

The region belongs to the inner periphery of Czechia (Figure 3). Its settlement structure is based on the three rural centres of Kunstat, Lysice and Olesnice, having 2,550, 1,855 and 1,773 inhabitants respectively. Two of them, Kunstat and Olesnice, have gained the status of town only very recently. However, none of these centres is able to provide its hinterland with even basic urban services. This is why the area is serviced partially from the more remote centres, namely Boskovice or even Brno.

The region’s marginal situation is due primarily to its complicated geomorphological conditions that limit development of traffic. For this reason, the rail-
way was not introduced in the region during the 19th century, thus putting a stop to the economic development of the region. Kunštát na Moravě, a seat of an important noble family in the Middle Ages, has been losing significance gradually. The region's settlement structure is dominated by small and very small communes. Of the 38 there are 27 with less than 300 inhabitants; of these 5 have even less than 100. Local markets are so small that they do not allow for the development of services. The seats of the communes are small, their population is often old. The linkages between these seats depend to a considerable extent on public transport. However, its efficiency remains low.

The employment structure of the region is as follows: 10.4 percent of the labour force is in agriculture, forestry and fisheries, 47.1 percent is in manufacturing, building and the extractive industries and 42.5 percent in services. The region's population is better educated than that in the other two regions: about 24 percent of inhabitants have gained a secondary education and 5.6 percent have a university degree.

The local labour market was severely affected, not only by the loss of many local jobs, but also by the economic problems of the more remote centres of Blansko, Letovice and Adamov. Commuting to Brno is possible from the Lysice sub-region and from some villages situated on the main roads. However, the cost of commuting that far to work could be too high for people with lower incomes. The vicinity of Brno also means the competition of its hypermarkets and other commercial establishments and services.

Surprisingly, the fact that the region has been gradually losing significance since the Middle Ages brings a certain advantage. The local population has come to terms with the development and those who have remained in the region have a positive relation to it. A relatively strong position among the 65 percent of the population that are believers is occupied by Evangelicals; some villages on the divide between Blansko and Žďár can even be considered mainly Evangelic districts. It is probable that the predecessors of the present inhabitants left the region at the time of the forced re-Catholicising.

Local industry harks back to the traditional branches. Kunštát is a centre of hand-made ceramic and earthenware manufacture which is connected with some other artistic activities. The third largest Moravian dairy in Olešnice provides an opportunity for local farming. Lysice and some other rural seats report a return of crafts. However, these activities cannot compensate for the loss of jobs in the main industries. What is particularly missing is work for women. Young people usually do not come back to the region after graduating from university or leaving secondary school. This is one of the reasons for the ageing of the local population.

Despite the existence of some attractive features such as the Lysice chateau, caves and viewing-tower (in Rudka), the region is not predestined for mass recreation (Kallabová and Skrabalová 1999). Water recreation is limited by the protection zones of drinking water reservoirs at Vír nad Křetínka. The recreatio-
nal infrastructure is underdeveloped. The main positive feature of the region is its landscape, with alternating woods, fields, villages and fishponds. The region seems rather fitted for family relaxation and modest tourism.

The future of the Kunstat region clearly relates to the vicinity of Brno, the largest town in Moravia situated about 30 km from the region's south-eastern end. Fortunately, the region is too far from Brno to become a target for massif urban sprawl. Nevertheless, the region is suited for the second housing of Brno inhabitants. Even today significant proportions of the houses in some villages are summer houses. In a number of cases, their owners are younger, with higher qualifications and levels of education, as well as more intensive social contacts, than the local people. They represent an important impulse for local life. It happens that some of them later become permanent residents of the region.

A COMPARATIVE LOOK AT THE THREE REGIONS

After 1989, all three studied regions lost a significant part of their job opportunities. The downgrading of agriculture, which operates in unfavourable natural conditions, is due mainly to the low competitiveness of the sector. The curtailment of job opportunities in manufacturing results both from a general displacement of the labour force from the secondary to tertiary sector and from privatization problems, as well as the low attractiveness of the marginal regions for capital investment. The increasing employment in services cannot compensate for job losses in manufacturing industries. In consequence, these regions suffer from high unemployment.

However, unemployment is not always perceived as an unfavourable ratio between the numbers of vacant jobs and of candidates for them. More frequently it results from a combination of factors, such as an unmatched qualification structure of the labour force and the possibilities to develop the black or grey economy. Thus for low qualified people it is much better to be on social allowance and to benefit from occasional, random and often illegal receipts, than to commute to work which is far away and badly remunerated. Migration for work is usually not taken into consideration, because people are bound to their properties, houses and land. Besides, living in the regions with greater job opportunities would be more expensive.

Conversely, all three regions suffer from human resource deficiencies, mainly a qualified labour force that would be able to stimulate the local economy. The problem is that better qualified people leave the marginal regions, especially when there is no possibility of maintaining even a secondary school, as occurs in two of the study regions. Demographic regression is selective. It is only the existence of the smallest and most remote settlements that is put in danger. Mass emigration from rural regions to towns slowed down due to what was practically a stoppage of municipal housing construction therein. On the contrary, a return
to the countryside is observed, usually in connection with retirement. Structural changes such as disadvantageous age and education structures are more problematic. When a great part of the population lives on pensions and social benefits, their motivation for accepting development projects might be rather low.

The character and appearance of villages were already changing in the Socialist era. Rural structures were losing their productive functions gradually. Manufacturing was shifted into large-scale production premises arising on the outskirts of the rural seats. These premises included not only the industrialization of farming operations, such as cowsheds, but also administrative buildings, garages, repair-shops, etc. In some cases, sidelines formed an important part of manufacturing programmes in farming and included diverse activities from tiny metal works up to the production of computers.

The technical infrastructure of most villages in the three regions improved after 1990. The problem appears to be that the rural population hesitates to look for technical solutions appropriate for low population densities and a rural style of living. In many instances, the providing of technical infrastructure such as gas lines, sewer systems and municipal sewage treatment plants proved to be inefficient.

New housing developments, usually implemented through self-help with massive support from farm cooperatives and state farms, often took the form of box-like detached houses with flat roofs, which were not in harmony with traditional rural buildings. Some agricultural and forest establishments even erected apartment houses for their workers; there were also new shopping and service centres built by consumer cooperatives or community centres emerging in larger villages.

From the social point of view, an important indicator of the viability of communes is the level of community life. After 1990, the activity of most associations organized formerly under the supervision of the Communist party nearly ceased, the only exception being voluntary fire brigades. Church activities have been limited to their traditional scope. Particularly pressing is the problem of how to integrate young people into community life. A major blow is usually dealt by the closing down of a school, which provided for some cultural life in the past, the reason being a lack of pupils. However, some cases should be noted in which local councils pay attention to and financially support community activities with a certain degree of success. If we consider that people constitute the greatest wealth of the village, investment into community life seems even more reasonable than that into infrastructure.

After 1990, the many small villages that spun off from the larger administrative units became a problem. The first euphoria from the acquired independence has already faded. It is clear today that very small communes are often incapable of setting up a list of candidates for local elections and of ensuring the functioning of the local administration and its technical agendas. Their budgets are very limited. It appears that it is the towns themselves that earned from these spin-offs since they got rid of responsibility for small and often remote villages.
We are apparently facing a new integration that is going to consist at its initial stage in some authorities of the state administration taking over some technical agendas from the municipal councils.

CONCLUSION

Since the political change of 1989, the Czech countryside has been passing through changes in the life style and perception of rurality as well as a differentiation of rural space. The transition to a market economy revealed that agricultural production in unfavourable natural conditions is not competitive, especially in comparison with the heavily subsidized agricultural production in the EU countries. The most important technological factors include the growing individual car ownership and the development of telecommunications (e.g., mobile telephones, the Internet).

It is the very concept of countryside and village that is changing. A part of the original rural settlement can be treated as a transitional form between town and village. Villages situated in the vicinity of large towns are affected by such processes as suburbanization or urban sprawl. The life style in these villages and the character of buildings is urban, their inhabitants work and socialize in towns. In a number of cases, the housing density or land size does not differ from the town either.

The traditional production regions of the Bohemian and Moravian lowlands and basins have a settlement structure with a dense traffic network based on large villages with developed local markets. Urban attractions are within the reach of villagers in real time, via individual and public transport. The micro-regional structure begins to disintegrate and people meet their requirements for services and social contacts in large and medium-sized towns. Thus, living in the countryside, they have urban facilities at their disposal. It can be expected that some small towns will experience ruralization and that the range of transitional settlements will widen.

The authors incline to the opinion that in today's Czech conditions the traditional concept of countryside is best perceived as marginal or peripheral regions without larger towns and sufficient transport links. It is these regions which absorb globalization tendencies at the slowest pace and preserve their specific cultural and ethnographical elements of life, as well as the quality of their natural environments. Even here we can see their value for society, and a certain comparative advantage in terms of prospects. So far, part of the peripheral countryside has been a destination of a financially modest tourism, family recreation and the second housing of town inhabitants.

The three empirical studies have shown considerable differences among the marginal regions. Those differences are based on a number of factors, such as historical development, the character of the state border (in the case of the border-
line regions), natural conditions for farming, the occurrence of raw material resources, the settlement structure, the gravitational forces of micro-regional centres, the presence of important traffic lines and the accessibility of regional centres. After 1989, it is the role of individual factors, such as the entrepreneurial spirit of the local population and the capacity of decision-makers to ensure development, and the successes or failures with privatization or the random localization of activities that have been of increasing importance.

ACKNOWLEDGEMENT
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REFERENCES


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BOOK REVIEW

**Atlas historyczny wsi w Polsce**
by Halina Szulc, Instytut Geografii i Przestrzennego Zagospodarowania (Institute of Geography and Spatial Organization), Polska Akademia Nauk, Warszawa, 2002 – ANNGRET SIMMS.

This is a very special publication. The Atlas is a collection of Polish village-plans from the beginning of the 19th century, representing the major growth phases in the evolution of the Polish countryside. As such the Atlas represents primary source material which cannot go out of date.

The village-plans have been assembled by Professor Halina Szulc in a lifetime's labour of love from a variety of different archives, often under difficult circumstances, as in some instances the maps were not yet catalogued or were in such poor condition that they had to be redrawn before printing. Altogether Halina Szulc collected about 2500 plans from which she selected 200, representative of the country as a whole, to be included in this Atlas.

The majority of village-plans were produced under the auspices of the General Commission, which was established in Prussia in connection with the emancipation of the peasants and the consolidation of open-fields. These maps and those produced under the Congress Kingdom date from the 1820s/1830s. The remainder of the maps from the former Galicia region of Poland are part of the Josephinian cadastre and are dated 1848-1852.

One of the two general maps which precede the individual case-studies provides a classification and distribution of the morphogenetic types of rural settlement in early 19th century Poland. The main distinction is between irregular and regular villages. It is generally assumed that the irregular forms are the older ones, probably linked to the earliest Slavic settlements. These irregular settlements are most numerous in a wide region around Warsaw. The regular villages, mostly street-and green-villages as well as forest-villages, are connected with two major phases of settlement growth. The first and most important one is the high-medieval period of innovations, when Polish kings adopted settlement forms
from western Europe and radically transformed settlements and when German lords and Teutonic Knights brought innovations to those parts of present-day Poland which they colonized. Therefore regular settlement forms are particularly dominant in former Eastern Pomerania, West-Prussia, Silesia and in the forests of the Sudetes and the Carpathians. The region around Bialystok in the eastern part of Poland is characterised by regular street-villages. The large area of irregular settlement in the middle of the country is interspersed with linear settlements. The Atlas succeeds in showing similarities and differences within these given morphogenetic types of villages in the different regions of Poland.

The second phase during which regular settlements were developed is the early-modern period. In the 16th century the Polish aristocracy established new settlements according to the medieval tradition. In the 17th and 18th centuries very regularly laid out marsh-villages were set up by Dutch settlers in the Vistula delta. After the partition of Poland Frederician and Josephinian ‘colonies’ were created whose regularity is stunning.

The early-modern period is also the time when villages were transformed by the evolution of estates which were the creation of the aristocracy. Many of the village-plans show how the estate-house with park replaced former peasant-houses in the village and how big blocks of the estate-land lie intermixed with the slim parcels of peasant fields. Some of the plans also show the small properties of cottiers who owned nothing but their cottage and garden.

In the same period, particularly in Lesser-Poland, former broad strip fields which would have surrounded green-villages were fragmented into narrow strips as the result of population pressure. In the early 19th century, with the emancipation of the peasants, reforms were carried out and fields were amalgamated. Some village-plans show both conditions, before and after reform in one and the same map.

The second general map which precedes the case-studies shows the location of the major towns and gives numbered locations of the individual case-studies. This map shows a concentration of village-plans north-west of Warsaw, around Wroclaw and Kraków and an almost total absence of village plans from the area around Bialystok or Lublin towards the Russian border. This pattern reflects the availability and state of preservation of village-plans in the different parts of Poland.

The 200 village plans contained in the Atlas are organized into four major regions: 1. Western Pomerania and Gdańsk, Warmia and Mazuria, 2. Silesia and Wielkopolska, 3. Mazovia, Podlasie and northern part of Małopolska (Lesser Poland) and 4. Małopolska. Each region is introduced on two large format pages by a distribution map and four air-photographs. These photographs were taken by Dr. Marek Ostrowski. They are of high quality and give an impression of the beauty of the Polish countryside. It is a pity that the settlement types are not identified in the captions.

The individual village-plans make fascinating reading. The maps would be

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of interest to scholars of 19th century cartography. The style of the village-plans differs depending on who did the mapping and whether the maps date from the 18th or 19th century. The Atlas would also give information to agricultural historians in respect to the measurement units used. Some plans also provide the names of farmers who owned individual fields. These are of interest for two reasons: they illustrate the fragmented ownership pattern and they tell a story by the representation of Polish and German names.

For settlement historians, this collection of primary source material, which one could never hope to see otherwise, is a great treat. I find myself marking those plans to which I want to return as particularly good examples for teaching on the evolution of the Polish countryside. For example, the village plan of Rożental from 1822 (Tablica 24) shows a fragmented ownership pattern on which the consolidated ownership pattern of the agricultural reform is superimposed. The map also shows the names of peasant proprietors, a mixture of German and Polish names. The beautifully coloured plan of Niezabyszewo from 1823 is juxtaposed with an air-photograph of the village from 1999 showing that the historical village core is still intact but substantial expansion of houses, not necessarily farm-houses, has occurred to the south-east of the village. The plan of Smolecin from 1827 (Tablica 15) is a good example of a green-village associated with the three-field system. Individual fields lie in long strips in three major fields. When it comes to fragmentation of fields before regulation, the redrawn plan of Nowa Dąbrowa from 1799 (Tablica 21) is a prime example. The sheer effort for the farmer to reach all his different long strip fields must have been tremendous. The redrawn plan of Stare Chrapowo from 1753 (Tablica 26) shows a green-village with highly fragmented fields before regulation. This is one of the few places where the location of the church can be easily identified.

The irregular settlement of Ruda Kozielska on a plan from 1818 (Tablica 31) shows how the settlement and fields stand out as a clearance island in a forested area. The redrawn plan of Miejsce Odrzańskie from 1795 (Tablica 32) shows the fields and meadows of the farmers in blocks and those of the cottiers in short extremely narrow strips. The village plan of Nowa Wieś Królewska from 1806 (Tablica 42) is an impressive example of a large street-village surrounded by three large fields described as Summer Field, Seed Field and Fallow Field. These large fields were divided into many narrow strip fields. The redrawn plan of Zlotogłowice from 1879 (Tablica 46) shows a long regularly laid out street-village. The topographical map of the village from 1984 and an air-photograph from 1999 indicate how little the village has changed between 1879 and 1999. The same observation is true for the village of Jodłów (Tablica 52), where the air-photograph of 1999 shows practically no growth beyond the lay-out of the 19th century village.

The redrawn village-plan of Czerwona (Tablica 70) dated to the turn of the 19th century shows a Frederician ‘colony’ in all its symmetrical splendour laid out in a circle, while the plan of Kolejka from 1872 (Tablica 71) shows a Frederi-
cian 'colony' built in a straight line. A singularity is the redrawn plan of Holendry Baranowskie from 1959, which shows farmsteads regularly arranged off a number of roads on land reclaimed by Dutch settlers in the early-modern period. In contrast the Dutch colony of Dzierżążnia, shown on a redrawn map of 1827 (Tablica 99), is arranged amazingly regularly just along one single straight road.

These few examples demonstrate the variety of issues raised by the study of the early 19th century village-plans. It is fascinating to realise how European these villages were in their make-up, being influenced by Polish traditions as well as German, Austrian and Dutch. The Atlas is not only an important academic contribution to the history of the Polish countryside but it also highlights the important heritage of Polish villages, which should be respected in any future developments.

It is a blessing for scholars working on Central European landscapes that the keys to the maps in the Atlas are given in Polish, German and English. The translations into German benefited from the personal support of the project by the late Prof. Jiirgen Nitz, one of the best scholars of settlement history in Germany. It proved to be very difficult to find the equivalent terminology in English. The problem is that elaborate morphological classification schemes as they exist in Polish and German settlement studies do not exist among English scholars. There is a healthy scepticism as to the basic continuities from the medieval to the modern period and whether these continuities can always be assumed. It might have been better to use a terminology in the Atlas which is already in use in English language texts on Central European landscapes, rather than attempt to find direct translations of Polish and German words.

For example, large irregularly laid out villages surrounded by unenclosed fields are referred to in English as 'open-field nucleated villages', planned villages surrounding an open green are referred to as 'green-villages', small irregularly laid out settlements are referred to as 'hamlets', regularly laid out settlements along a street are called 'street-villages'. Linearly laid out villages in the forest are called 'forest-clearing villages' or simply 'forest villages' and linearly laid out villages in reclaimed marshland are called 'marsh-villages'. Irregular settlements with an entrance from only one side are called 'cul de sac villages' and settlements with a circular lay-out and an entrance from only one side are called 'round-villages'.

There are all kinds of problems with the English translation in the captions, but these do not take from the sheer pleasure of having direct access to such varied primary source material. After all, without the effort of translation most non-Polish scholars would be at a loss.

The Atlas includes a brochure in which Prof. Szulc discusses the nature of her source material, the many archives which were visited and the methodology which she used to assemble the 200 plans which are reproduced in the Atlas. The brochure ends with a two-page contribution by Hans-Jürgen Nitz, who sets the village plans into their historical context. This discussion is extremely helpful.
for the student of historic settlement forms. It would be of tremendous help to the student of Polish rural settlement history, if Professor Halina Szulc would write a specific companion volume to the Atlas in German and English, in which she would use her intimate knowledge of the morphogenesis of Polish villages which she has already presented in major Polish monographs published by the Academy of Sciences in Warsaw. The village-plans would then be set into a chronological framework, with reference to major issues such as colonizations, innovations, regulations and socio-economic changes in the Polish countryside in a European context.

It would be great if other European countries followed the example of Halina Szulc and produced similar atlases of their rural settlements. The idea was discussed some ten years ago at a meeting of the Standing Conference of European Rural Geographers in Stockholm with the aim of promoting comparative studies. Some of the European national atlases provide a page or two of rural settlement types but that is too little. In Ireland we are fortunate enough to have the Atlas of the Irish Rural Landscape.

Since the 1950s most European countries have participated in an international project producing Historic Towns Atlases with town-plans at the same scale (1:2500), so that comparative studies are facilitated. By now almost 300 towns have been published under the auspices of this project. Poland has recently become one of the most successful contributors to this urban atlas scheme. It is fitting that at last rural settlements are treated in a similar way.

Halina Szulc is to be commended for having persevered with the difficult task of compiling this Atlas and the Polish Academy is to be congratulated for having supported the project and seen it through to such a splendid publication. It is hoped that the collection will find a wide distribution as there is a renewed interest in Central European landscapes and this collection allows unprecedented insight into a pivotal European region.

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Regional policies and comparative advantage

This book is a collection of papers given at a seminar entitled ‘Evaluation of regional policies’ which took place in June 1999 at Fiskebäckskilf, Sweden. The 21 papers have been included within four subject groups entitled: 1) regional policy and location, 2) the assessment of regional policy, 3) regional policy: methodological approaches, and 4) new concepts and perspectives.
Notwithstanding the diversity of subjects, it is possible to discern premises introduced from the changes that have taken place since the 1980s as regards the way economic development is conceptualized in the regions. For the period in question has seen ever greater emphasis on the perception of regions, not as administrative units that are parts of countries, but as independent marketplaces linked by way of inter-regional and international trade (Ch. Karlsson and R. Stough, paper 1). Inherent in such a premise are three strands: 1) that the concept of regional competitive advantage has changed, 2) that there is an attendant need to see regional policy from a new perspective and 3) that in consequence, a new approach to assessing the effects of regional policy is needed.

Traditional concepts regarding regional specialization proceed upon the assumption that the comparative advantages of regions depend on the supply of fixed resources. While the new concepts do not negate such factors, they add further elements, assuming for example that advantage develops through dynamic interactions between geographical market potentials and firms operating rationally. Advantages seen in this way take on the form of incomes rising in line with the scale of activity, arising in certain places (e.g., where competition is intense and industry is aggregating rapidly). Such a conceptualisation brings to light the role of regions as marketplaces and carriers of specialization advantages. The economic development of countries is not now a question of national specialization and competitive strength, but rather a matter of regional specialization based on aggregations and geographical comparative advantages.

The modified concept of comparative advantage puts regional policy in a new perspective. Regional policy may still influence the development of advantages through investment in fixed resources like infrastructure, human capital and research-and-development units. However, the endogenous economic growth of a region generating increasing incomes results in large measure from internal conditions and processes that are capable of being influenced by appropriate regional policy. Such internal conditions and processes should be created and followed-up using specific local and regional knowledge.

The new theoretical concepts and new regional policy based upon them necessitate a new approach to assessing the results of regional policy. To do this, attention has to be focused around new activities and their consequences, while a new time perspective needs to be taken up and new models applied. The authors of the different chapters try to align themselves with the objectives set. They modify earlier theory on siting and location, analyze and generalize from new observations on regional development and regional policy and thus contribute to the development of assessment methodology where policy is concerned, or else adjust existing methodology to new situations.

Ch. Karlsson and R. Nilsson (paper 2) set the assumptions of central place theory as regards the location of industrial enterprises with respect to the
dimensions of the regional market against data in this field obtained in Sweden. They are convincing as they seek to show that the main determinants underpinning a factory's location are not the dimensions of the market but the mutual impacts between those dimensions and the benefits related to the scale of production. E.J. Malecki (paper 3) in turn studies the impact on regional development of the technological change taking place under the influence of the Internet. He comes to the conclusion that the level and strength of telecommunications infrastructure are ever more closely linked with the highest level of the urban hierarchy.

F. Bruinsma, C. Gorter and P. Nijkamp (paper 4) turn their attention to an analysis of the 'nomadic firms' concept – concerning firms who enjoy freedom of location and are thus highly mobile. Their role in the developing knowledge-based net economy is also considered. The following features of the nomadic firms are identified: they usually have multiple centres, are very much capital-intensive, and they operate in the services sector, most especially in international trade and transport.

I. Gordon (paper 7) analyzes the impact of regional policy on the way in which labour markets operate, considering in detail the supply-side adaptation to the situation on those markets, as well as the influence that regional policy exerts on unemployment. A reduction in unemployment requires structural transformations in regions that lag behind, so regional policy should aim beyond the direct and immediate objectives such as increased income, thinking instead of long-term activity seeking to modify the socioeconomic structure. In turn, in paper 18, M. Johansson considers the relationships between the reindustrialization obtained in Sweden in the period 1970–1990 and changes in productivity. The conclusion he arrives at is a surprising one, that tends to undermine the entrenched opinion regarding the favourable influence of structural transformation in industry. The author considers such a transformation to have at best a limited influence on productivity and at worse no influence at all. He has noted that a rise in productivity is achieved instead through improved activity in branch plants and enterprises. The process of streamlined activity in such plants is accompanied by the closure of those with low productivity.

In the methodological part of the work, attention is drawn to two chapters devoted to contrafactual analysis and general equilibrium computer models. Contrafactual analysis – as addressed by P. Cheshire and S. Magrini, as well as J. Monnesland – is an interesting development of an existing methodology. It allows for the situation of regions to be assessed in the absence of regional policy, and hence for a determination of whatever it is that regional policy is able to add. General equilibrium models were in turn of a very abstract nature until recently. However, the numerical methods and calculation techniques generated thanks to the use of computers make it possible to take a new approach to the above kind of model, and thus to confer an applied character upon it.
Applying a multiregional general equilibrium computer model, G. Gillespie, P.G. McGregor, J.K. Swales and Y.P. Yin (paper 11) are able to show that improvements can be made to the approach taken hitherto when it comes to assessing the influence of regional policy on both the development of the beneficiary region and the rest of the country.

In the chapter summing up the results of the research that the book presents, B. Johannson (paper 21) poses a question as to whether it is possible to identify an influence of regional policy on the presence of locational advantages in a region. The answer to the question reveals the difficulties encountered as attempts of this kind are made. These result from the fact that two factors impacting upon a region's situation (i.e., regional policy and market adjustments) interweave together, so that their separate impacts are hard to determine. Attempts at analysis should nevertheless be made, because regional policy consumes rare resources and cannot therefore go unevaluated. Moreover, they are part of the learning process and further attempts at assessment will allow for a fuller understanding of the influence of regional policy.

The value of the reviewed book lies in the fact that it considers new problems arising in regional development and regional policy, new theoretical concepts explaining contemporary phenomena and processes, and new methods of assistance in resolving difficult problems. The reader who sets him or herself the difficult task of reading through the book will go away enriched by new specialized knowledge and methodology. The book should interest scientific workers specializing in economic geography, the economics of cities and regions and of course regional policy. It may also be recommended to those participating in Master's or doctoral seminars in these fields.

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Atlas historyczny wsi w Polsce (Historical atlas of villages in Poland, Historischer Atlas der ländlichen Siedlungen in Polen) by Halina Szulc, Annigret Simms

Ryszard Domański

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