



Centre for Research on Settlements and Urbanism

Journal of Settlements and Spatial Planning

Journal homepage: <http://jssp.reviste.ubbcluj.ro>



Socio-Economic Patterns and Trends in Rural Development in EU

Emilia PATARCHANOVA¹

¹ South-West University "Neofit Rilskii", Faculty of Mathematics and Natural Science, Blagoevgrad, BULGARIA

E-mail: epatarchanova@abv.bg

Keywords: *rural areas, socio-economic development, endogenous development*

ABSTRACT

Rural areas include most of the EU and nearly half of its population. The specific character of rural areas is determined by their social and cultural identity. Every rural area is unique in terms of its geographical location, its natural resources, history, ethnic structure of the population, religion and traditions, urban network, and economic potential. European rural areas are diverse with multiple functions. The paper discusses the basic patterns of development of the European rural areas. It outlines the current trends in socio-economic development and the changes that have occurred over the past few decades. Some of the main specific characteristics have been outlined.

1. INTRODUCTION

Rural areas cover most of the European Union and are inhabited by nearly half of its population. They provide living space and a means of livelihood for millions of people, is the source of much of the food, provide a number of basic raw materials for the industry as well as they represent a category of recreation space, attractive to visitors. The specific character of rural areas within the European Union is determined by their social and cultural identity. Each of the rural areas has a unique geographical location, natural resources, history, ethnic structure of the population, religion and traditions, urban network, and economic potential. They are characterized by a distinctive way of life, closer relationships between people, direct contact with nature, which is a symbol of healthy living environment. Understanding their nature goes beyond the narrow framework of agriculture and includes contemporary views on multifunctional agriculture, economic diversification of the farm for environmental protection, landscape conservation and preservation of their cultural heritage, customs and

traditions. European rural areas are diverse and with multiple functions that require specific solutions for each region. The establishment of viable rural areas depends entirely on the objectives and effective implementation of policies for their development. Rural areas should be considered as "*areas of knowledge, systematically supported to increase their human capital knowledge and experience*" [2]. Future rural Europe should be the Europe of network cooperation, of strong links between rural areas inside and outside the EU, of close links between urban areas and the surrounding rural areas.

The aim of this paper is to show the basic patterns of development, dominant in rural areas in the EU and to present the changes in socio-economic trends and characteristics of those rural areas in recent decades.

2. THEORY AND METHODOLOGY

The study is based on classical methodology, widely applied in geographic studies. Comparative and statistical analysis of indicators related to population and employment by economic sectors, of the

development of different types of services and related infrastructure, of the economic activity in sectors other than agriculture are primarily used.

3. RESULTS AND DISCUSSION

3.1. Socio-economic development models in rural areas

In the '60s of the twentieth century major investments were directed to the rural areas to help these areas to emerge from the crisis and to organize production, ensuring food of the population in the EU countries. Investments were mainly used for opening new enterprises, relocation of businesses and improving the infrastructure. Some government services were also shifted from urban to rural areas. Because these investments are made in other regions or abroad this development model is called exogenous.

The influence of exogenous model on rural development has not always been successful. On the one hand, new firms provide jobs for the rural population and help local firms by revealing new technologies and management techniques. On the other hand, the expected increase in business, a contingent of skilled workers, trained to spot movement of technology and reinvestment of profits in agriculture are not always implemented. As a consequence, there is a loss at the expense of other areas (usually urban). Recession in the '70s led to the closing down of many enterprises [3]. Foreign investments made agriculture very susceptible to volatility on the global market. All this necessitated a change in the pattern of rural development.

In the early 80's of the 20th century, exogenous model of rural development was limited. It could not achieve the expected results in economic terms. Moreover, in times of economic crisis and high unemployment rates, mobile investment projects are limited while competition for state funds and transfer payments to regional development high. Moreover, new countries enter the competition for mobile investment driven by globalization of the economy.

At that time, successful economic development of areas such as Tuscany and Emilia - Romagna attracted public attention. They featured a high concentration of specialized small and medium enterprises that could be hardly affected by the industrial crisis. Through their flexibility in terms of quality and quantity of supply, these SMEs are better suited to trade on dynamic and volatile markets than large firms, applying economies of scale through mass production.

Due to their experience rural development was shifted to promote local businesses, increase local capacity, local initiatives and economic diversification. This campaign relies on the so-called endogenous development model, which assumes that local

development is created primarily by local impulses based on the greater degree of local resources. Unlike the exogenous model, the benefits of development remain in the local economy and local values increase. The prerequisites for the success of endogenous model relate primarily to the intense interaction between local participants and exchange of information [3].

3.2. Socio-economic trends in rural areas

By the early 80's of the 20th century the perception that rural areas are synonymous with decline and underdevelopment started to dominate in Europe. It was caused by the characteristics and peculiarities of those areas that put them at a disadvantage against a rapidly changing global economy [12]. Among the major characteristics we mention the following:

a). *Rural areas had relatively large agricultural sector compared to urban areas.* The structural changes and innovations in the sector put pressure on the labour market in rural areas. The inability of the industrial and service sector to take over the unemployed workforce, there were two different ways to cope with the problem. The first was related to the constant striving to maintain employment in the sector, which prevents its modernization. The second one - workers sought employment elsewhere, i.e. stimulated the migration and rural areas lost their human resources. The industry, to which the people from agriculture turned to work, also suffers from a reduction in employment, leaving the service sector as the most promising new source of rural employment.

b). *Rural areas are deprived of the advantages of agglomerations.* Powerful economies that characterize metropolitan areas are attractive to many companies that prefer to establish and develop business within their territory, thus, ignoring rural areas. The consequences of this inequality are high. Rural areas have a proportionate share of employment in producer services, which are the engine of national economic growth; the costs of many public, consumer and business services in rural areas are higher; access to local and rural businesses and to critical expert services is rather difficult; wider geographical *dispersion* of producers and consumers in urban areas led to a great increase in the cost of transport and communications compared to rural areas; difficult access to transport and communication networks that are sources of information, innovation, technology and finances adversely affect their development.

c). *All of the above limitations and the lack of economic opportunities have their social projection in rural areas.* In many rural areas income per capita was relatively low, opportunities for professional development especially for highly educated young people are very limited and in some cases do not exist; declining

levels of public services led to the emigration of economically active population, leading to an aging rural population.

3.3. Contemporary socio-economic trends in rural development

Contemporary socio-economic trends in rural development in the EU show that their image of areas with population and jobs, whose number is constantly decreasing, is not relevant anymore [11], [1], [9].

The emergence of dynamically developing rural areas destroys their stereotypical image. New trends in socio-economic development of the '90s are as follows:

a). Rural areas in the EU countries show an increase in population. In the rural areas of most Member States there is more population growth than in urban areas. The exceptions are Germany, Portugal, Finland and Sweden, where population increases more intensively in urban areas. The population growth in most rural areas of Spain and France is also below the level in urban areas. However, it does not depend only on natural growth, but also on migration [10].

b). Agriculture remains an important sector in the rural economy. However, there is an increase of non-agricultural income in the financial resources of the population (less than 1/2 of income comes directly from agriculture). Consequently, rural areas diversify their economy with new sectors, a process of economic diversification.

c). The differences in the structure of employment between rural and urban areas in European countries tend to decrease. This is mainly due to the decline in the share of agricultural and industrial employment and the employment growth in services. At the end of the twentieth century around 60% of the EU workforce was employed in the service sector, about 30% in industry and employment in agriculture declined from 20 percent in the early '80s to 13% in the early '90s [1]. Today, less than 10% of the population is employed in agriculture.

d). The level of creating new jobs in the industry in rural areas increased by 0.5% on average, while in urban areas decreased [10]. A new model of employment has been formed, expressing a decline in agricultural employment and growth in service employment. The development of employment in all different regions leads to the formation of a common pattern of employment, characteristic to the advanced countries: the decline in agricultural employment and growth in service employment. In not well-developed rural areas the tendency for loss of agricultural jobs is greater, and the growth in service employment is lower than in most of rural areas, but the model is the same [5].

e). In the well-developed rural areas of EU countries a correlation between employment growth

and population is observed. There is a difference in the dynamics of the rate of employment growth and the population growth among different categories of rural areas, but one thing is clear: the employment growth and the population growth are parallel [3].

f). The strengths of rural development (closeness to nature, quality living environment, etc.) make them able to attract capital and workforce. They are registering an increase in demand and have real opportunities to create a mass migration to villages in countries like France, England and the Netherlands. Increased travel options (home - job) over longer distances have enabled many people to live in a rural area but work in town.

The decline in agriculture in terms of economy and in terms of the number of employees was identified as a major trend in rural areas. Another trend that can be defined as important not only because it is positive, but because it is stated by many authors as a model for contemporary rural development, has been developing in parallel. The term used for it is *diversification* and it shows the growing diversity of economic activities in secondary and tertiary sectors of the rural economy. The establishment of stable sectors, consisting of various manufacturing activities mark the contemporary socio-economic development of these areas.

Diversification is identified by growth of employment rate in industrial and service sectors, which in most cases makes up for the loss of employment in agriculture. In addition, most rural areas which chose this path of development have registered a growth in population. Hence, the picture of rural areas needs to be seen in its diversity of advanced, medium developed and underdeveloped rural areas [8]. Naturally, the question about the factors determining this development arises. The territorial dynamics, the changes in the social structure of rural population due to migration and globalization processes are considered its basic determinants. Taking that into consideration, Van den Bor and others developed the idea of "rural restructuring" [2].

According to that, agricultural development emerges from the interaction of effects induced by global forces and local reactions. The global forces have derived from this globalization process, while local effects are connected with the diversification of the economic activities and their adapting to the new conditions of the local participants.

The same authors believe that these local effects largely depend on the structural and institutional building of the community, its history, local leadership, and how the effects of restructuring are interpreted - as a threat or an opportunity. As local reactions vary within a great range, rural restructuring process is complex and varies in different regions.

Hoggart believes that the concept of rural restructuring must be seen in the context of a global-

local relationship, yet coloured by national conditions. The importance of national level can be illustrated by the fact that central authorities are the most important factors for the development of public infrastructure, social security, education, etc. Setting up a policy to ensure economic stability has also been carried out at a national level [6].

Rural development largely depends on a combination of specific regional and local factors, structures and trends as entrepreneurial traditions, public and private networks, work ethics, regional identity, participation and the attractiveness of cultural and natural environment.

All these factors, local or regional, are connected with the population and migration. The latter can include economically active persons and pensioners, whose coming from urban or other rural areas may be temporary, with holiday and recreational purposes or permanent.

However, the effect is the same: they affect the social structure of the rural population, bring variety and create new social configurations that vary in different locations. Thus, rural areas can become *public arena* of the kind of clash of old and new conditions of old and new understandings.

The old conditions were associated with traditional development of agriculture, rural experience of farmers and industrial workers. The new conditions relate to the life values of rural areas, natural quality, return to earth and less expensive way of life that *newcomers* identify with the rural area. Wishes and expectations of newcomers set an unprecedented challenge to the very rural areas. In this respect the development in rural areas depends on complex economic, social and political processes in which different groups of actors are trying to achieve results corresponding to their objectives [7], [4].

The result of these processes varies greatly among regions, depending on the strong links between different groups of participants.

In all rural areas, however, transformation has already taken place in which mono-functional farms are being replaced by the new multi-purpose enterprises. They deliver new products and services such as: protection of local natural landscapes, creating new high-quality and regionally-specific products, developing rural tourism, organic agriculture; renewable natural resources are employed and new markets are developed.

3.4. Peculiarities in the socio-economic development of rural areas in the EU countries

There are differences in the distribution of rural population in different countries. In southern Europe and Ireland over two thirds of the population lives in rural areas, while in Belgium, Britain, Germany

and Italy, only one eighth of the people live there. With the exception of Portugal, the population in rural areas of member countries is increasing at different rates:

- in Belgium, Germany, Greece and Spain, the population growth in rural areas is above average for each of these countries;

- in Italy, Britain and Austria growth is similar to that in other regions of each of those countries;

- in Denmark, France, Ireland, Finland and Sweden the growth is lower than in other regions of the parties;

- in Portugal, the rural population decreases.

Between 1995 and 1999 the employment growth in rural areas is about 1% per year and is higher than the growth of the total employment in the EU of 0.8% per year.

The rural character of a region is no longer a barrier to finding work. To the contrary, the attractiveness of natural scenery, cultural diversity and lower population density in these areas are important factors in attracting business investment.

Considering the employment by economy sectors in member countries, significant loss of jobs in agriculture in rural areas stands out, but to some extent this is compensated by opportunities for employment in industry (excluding Germany and Austria) and at particularly in services [13].

4. CONCLUSION

Differences in socio-economic characteristics of rural areas in the EU are found at both national and supranational level. This is the reason they are divided into three groups in terms of their internal and external economic relations and their remoteness from major economic centres:

a). Economically integrated rural areas. They are characterized by the growth of economic performance and positive growth of their populations. These are rural areas that are located near urban centres and have higher income per person than average. Their population is employed mainly in the secondary and tertiary sectors than in the agrarian sector of economy. This type of rural areas may be perceived as areas with highly developed suburban agriculture. However, there is a real risk of losing the values of their natural environment, social and cultural identity.

b). Rural areas of intermediate position. They are located not far from the urban centres and are characterized by good transport links to urban centres. In many of these rural areas the agricultural sector is crucial, even though a process of diversification of economic activities and employment of the population takes place, for example in food industry and in services. In most EU countries in these rural areas there are large farms.

c). *Rural areas that are remote from urban centres*. Usually they are sparsely populated and in most cases involving the peripheral parts of the EU countries. Their isolation is mainly due to mountainous terrain and underdeveloped infrastructure. Other features are their dispersion and aging population. This type of rural areas is also characterized by relatively unqualified workers, mainly employed in agriculture, and low income per capita. Services offered are of poor quality and the internal economic links are poorly developed.

Among these rural areas there are big differences in terms of natural resources and potential for development. Some of them have already managed to make the necessary changes and to achieve results in solving problems.

Others are now starting to remove structural weaknesses to overcome predominantly agricultural land use, to organize their assets for local development. Rediscovering the multifunctionality of farming (provision of food, regional manufacturing, tourism in its proper form, increase in the value of cultural heritage and cultural landscape, use of an alternative form of energy) and the development of activities related to new information technologies will provide better opportunities to realize their local development potential in unison to the principles of sustainable development.

REFERENCES

- [1] **Bollman, R., Bryden, J. eds.** (1997), *Rural employment: An international perspective*. Wallingford: CAB International.
- [2] **Bor, W. Van Den, Bryden, J., Fuller, A.** (1997), *Rethinking rural human resource management: The impact of globalisation and rural restructuring on rural education and training in Western Europe*. Wageningen: Mansholt Institute.
- [3] **Esposti, R., Godeschalk, F. E., Kuhmonen, T. Post, J. H., Sotte, F., Terluin, I. J.** (1999), *Employment growth in rural regions of the EU: A quantitative analysis for the period 1980-1995*. The Hague: LEI-DLO.
- [4] **Flyn, A., Marsden, T.** (1995), *Guest editorial: Rural change, regulation and sustainability*. Environment and Planning, A, 27, pp. 1180-1192.
- [5] **Healy, M., Ilbery, B. eds.** (1985), *The industrialization of the countryside*. Norwich: Short Run Press.
- [6] **Hoggart, K., Buller, H., Black, R.** (1995), *Rural Europe: Identity and change*. London: Arnold.
- [7] **Lowe, P., Murdoch, J., Marsden, T., Munton, R., Flynn, A.** (1993), *Regulating the new rural spaces: The uneven development of land*. Journal of Rural Studies 9-3, pp. 205-222.
- [8] **Persson, L., Westholm, E.** (1994), *Towards the new mosaic of rural regions*. European Review of Agricultural Economics 21-3/4, pp. 409-427.
- [9] **EC** (1997a), *Rural developments, situation and outlook*. Brussels: CAP 2000 Working Document.
- [10] **EC** (1997b), *Employment in Europe 1996*. Brussels/Luxembourg: Directorate-General for Employment: Industrial Relations and Social Affairs.
- [11] ******* (1996), *Territorial Indicators of Employment. Focusing on Rural Development*, OECD Paris.
- [12] ******* (1993), *What future for our countryside? A rural development policy*, OECD, Paris.
- [13] [http:// info regio.com](http://info regio.com)