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Rural Regions (Beijing, August 2009)

**Agriculture & Rural Structural Change:
An Analysis of Past Accessions in Selected
EU15 regions**

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Objectives



- Analyse the relationships between agriculture, agricultural policy and rural development in 5 selected EU15 case study regions.
- Analysis draws on 4 competing models of rural development (agrarian, exogenous, endogenous, neo-endogenous).
- Evaluates the degree to which trajectories of regions fits with particular models.

Policy Context



- Analysis provides the basis for contributing to the debate on whether the CAP usefully acts as a mechanism for rural development.
- Should rural policy be 'farm centric' or embrace a wider set of actors?
- What should be the balance between the First and Second Pillars?

Outline



1. Models of Rural Development
2. Selection of Case Study Regions
3. Agricultural and the Rural Economy in Selected Regions
4. The CAP and Rural Development in Selected Regions
5. Conclusions

Rural Development Models

	Agrarian	Rural Development (RD)		
		<i>Exogenous development</i>	<i>Endogenous development</i>	<i>Neo-endogenous development</i>
Premise	Viable rural depends on farming, both economically & culturally	A competitive farming sector is not a prerequisite for viable rural areas		
Key determinants	Agricultural productivity and policy	Economies of scale and concentration	Employing local resources (natural, human and capital)	Interaction between local and global forces
Drivers of growth	Agricultural Research & Development	Urban growth poles (external driver)	Local initiative and enterprise	Globalisation, knowledge economy
Function of rural areas	Food production or multi-functionality	Aid urban economies (e.g. food, land and labour)	Diverse 'enclosed' economies	Participation of local actors in local & external networks & development processes
Focus for rural policy	Agricultural policy & increasing productivity	Agricultural productivity, encourage labour and capital mobility	Local capacity building (skills, institutions etc.)	Enhance local actors participation to direct local and external forces to their benefit

Case Study Regions

- Ireland - Border, Midlands & Western Region (BMW):
 - Carmen Hubbard & Neil Ward @ CRE

- Spain - Navarra:
 - Belen Iraizoz @ Universidad Publica de Navarra

- Germany - Eastern Länder and Altmark region:
 - Axel Wolz & Klaus Reinsberg @ IAMO

- Sweden - Skåne:
 - Andrew Copus & Erika Knoblock @ Nordic Centre for Spatial Development (NORDREGIO)

- Austria - Tyrol:
 - Carmen Hubbard@ CRE + Peter Kaufman @ Sussex University

Selection of Case Study Regions

- Selected to offer 'successful' experiences of rural transition following accession to EU
- 'Success' a relative term. Evaluate against performance of Member State post-accession.
- Consider a range of socio-economic and demographic indicators.
- With exception of Skåne, all regions classified as predominately or intermediate rural (OECD / national).
- Studies conducted 2007/8.

Methodology

- 5 case studies: national + one region/country using
- a common framework addressing the same focused questions to allow cross-countries comparisons
 - desk-based research
 - qualitative analysis: documents & interviews with key actors
 - 39 (semi-structured) interviews. A range of topics including:
 - main factors/driving forces for changes in rural areas
 - major national & regional policies
 - EU membership & appropriate EU policies
 - which of these policies were the most important?
- Policy Delphi exercise, in process

Case Study Regions



- **Ireland - Border, Midlands & Western Region (BMW):**
 - GDP per capita increase from 60% of EU15 mean in 1995 to 106% in 2005. 40% of Irish agr output.

- **Spain - Navarra:**
 - GDP per capita: 80% of EU mean in 1995, 98.6% in 2005. 8% of Spain's agricultural and food exports.

- **Austria - Tyrol:**
 - Maintained high income & employment levels post accession. Agriculture's share of GVA 1.2%, but contributes more indirectly.

Case Study Regions (2)



- **Sweden - Skåne:**
 - Most internationally competitive agricultural region in Sweden.
 - Infrastructure improvements allow greater market access.

- **Germany - Altmark region, Eastern Länder**
 - Shares many problems that confront other parts of the Eastern Länder: high unemployment, out-migration.
 - Strong agricultural and forestry sector.
 - Networking at the local level.

Agriculture and the Rural Economy: 1



- In context of developing countries, Bryceson (1996) introduced the term de-agrarianisation to describe 3 interconnected processes of: economic activity reorientation (livelihoods), occupational adjustment (work activity) and spatial realignment of settlements.
- According to this, based on first 2 processes, all case studies regions experience de-agrarianisation.
- In all cases less than 5% of GVA.
- Regions not seen as mere food, land and labour providers (exogenous model).
- Developed manufacturing and service economies. Not orbit urban centres.

Agriculture and the Rural Economy: 2



- Apart from Altmark, no region experience Byrceson's third process of de-agrarianisation - settlement adjustment.
- Changes in population little connection with the fortunes of agriculture.
- Navarra + BMW - follow broadly productivist model of agricultural development. Concentration, intensification & specialisation.
- Altmark also large, specialist farms. Different historical trajectory.

Agriculture and the Rural Economy: 3



- BMW, Navarra and Altmark - little evidence that agriculture acts as a lever for other gainful activity (OGA)
- Tyrol and, to a lesser extent, Skåne follow a more multi-functional path. Farming interwoven to non-commodity and non-agricultural production and consumption.
- Pre-date EU membership.
- Presence of OGAs, not prevent an accelerating downward trend in the number of farms, post accession.

The CAP and Rural Development: 1

- Current importance of direct payments for farmers' livelihoods unquestionable. Beef and sheep farmers in BMW more than 100% of farm income.
- Unequal distribution. Spain 78% of farmers received 17% of total direct aid in 2005.
- Despite direct payments, farm incomes not kept pace with growth elsewhere in the rural economy.
- CAP's welfarist aims not met.
- Worsening terms of trade. Diversification limited palliative.

The CAP and Rural Development: 2

- Second Pillar measures, especially agr-env + LFA, particularly important for Sweden and Austria.
- Pre-dates EU membership.
- Adoption of CAP not led to a greening of agricultural policy.
- Ireland and Spain - European initiatives and policy reforms, rather than domestic pressures, driven ag-env policy.
- In all cases, LEADER popular & well received. Rural tourism, small businesses, training, promotion of natural and cultural heritage.
- LEADER not endogenous. Draw on external capital (Navarra). Neo-endogenous.

Conclusions

- Agrarian model appears anachronistic in an era of de-agrarianisation. Yet CAP, as currently constituted, most closely fits this model of rural development.
- While CAP seeks to support a 'European model of agriculture' contrasts between Altmark, BMW and Navarra and the one hand and Tyrol and Skåne on the other are stark.
- In latter two cases multifunctionality pre-dates, rather than induced by, accession.
- Not downplay role of CAP direct payments to agricultural incomes. Yet these incomes not kept pace with growth elsewhere. Viability of farming cannot solely rest on public support.

Conclusions (2)

- Popularity of LEADER.
- Success depends on combining both local and external resources and capabilities, with local direction for their benefit.
- The implementation of EU policies consistent with neo-endogenous development model would require far more fundamental reform of the CAP than that agreed following the recent 'Health check'.

Case Studies: Profile (2005)



	Area % of total	Population % of total	GDP % of country	GDP/head % of country	GDP/head % of EU27	Unemployment rate
BMW (IE)	47	26.8	19.4	72.6	126.1	4.4
Navarra (ES)	2.2	1.3	1.7	125.5	117.3	5.6
Skåne (SE)	2.7	15	11.4	88.4	128.8	8.4
Tyrol (AT)	15	8.5	8.7	103.3	137.5	3.5
Altmark (DE)	1.3	< 0.3	2.2*	71.5*	86.9*	16.5*

Note: it refers to * Saxony-Anhalt Region

Agriculture's Contribution (2005)

	% of GVA	% of labour force	% of total farms	% of total UAA	Average farm size (ha/farm)
BMW (IE)	5	12	52.6	45	27.6
Navarra (ES)	5	5	3	3	33.0
Skåne (SE)	1.3	2	13	16	53
Tyrol* (AT)	1.2	1.2	9	16	72.6
Altmark (DE)	...	5.2	0.4	1.6	211

* it refers to the agricultural and forestry sector

Case Studies: Profile

<p>BMW (IE)</p>	<ul style="list-style-type: none"> - economic growth significantly higher than EU27 average - GDP/head: 126% of EU27 (2005) - employment rate comparable with national average & unemployment amongst the lowest within the selected regions - agriculture contribution (2004): 5% of the GVA; 12% of regional labour force; ~40% of total Irish output; >50% of Irish farms & 44% of UAA
<p>Navarra (ES)</p>	<ul style="list-style-type: none"> - prosperous region with economic growth above national average - GDP/head: @117% of EU27 (2005) - agriculture contribution: 5% of GVA & regional labour force; 3% of total farms & UAA; 8% of total agricultural and food exports
<p>Skåne (SE)</p>	<ul style="list-style-type: none"> - most internationally competitive agricultural region in Sweden - GDP/head: @129% of EU27 (2005) - agriculture contribution (2005): 1.3% of GVA; 2% of regional labour force; 13% of total farms & 16% of UAA; 25-30% of total cereal production
<p>Tyrol (AT)</p>	<ul style="list-style-type: none"> - most mountains federal province but a relatively wealthy region - GDP/head: @138% of EU27 (2005) - agriculture contribution: 1.2% of GVA & regional labour force; 9% of total farms; 16% of UAA ... core of rural community - high degree of agriculture diversification
<p>Altmark (DE)</p>	<ul style="list-style-type: none"> - post-socialist region with a competitive agricultural sector - GDP/head much lower than the national and EU27 averages; - high unemployment, sharp decline of (mainly young) population