THE CRE'S COMMENTS FOR THE WHITE PAPER ON RURAL AREAS

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Abstract

In October 1994, at the Conservative Party Conference, the Secretary of State for the Environment and the Minister for Agriculture, Fisheries and Food announced they would jointly produce a Rural White Paper. It is intended that the White Paper, to be published in the Autumn of 1995, should present a long term, strategic vision of the future of the countryside into the next century and will be prepared in the context of the Government's Sustainable Development Strategy published in January 1994. This is to be the first explicitly rural White Paper. Previous White Papers affecting the countryside have been agricultural and the most recent of these was published in 1979. Since then, the political and economic conditions for British agriculture have been transformed, and so the new Rural White Paper, in bringing together the two Government Ministries with responsibilities for the countryside, provides a timely opportunity to reassess the priorities for rural policies. This working paper contains the comments of the Centre for Rural Economy to inform the drawing up of the White Paper.
THE CRE'S COMMENTS FOR THE RURAL WHITE PAPER

1. Introduction

Everyday usage of the term 'rural' typically reflects the distinctive spatial pattern of land use in rural areas, but the characterisation of economic activity in rural areas is much less straightforward. First, the nature of such activity is highly diverse so the 'rural economy' cannot simply be equated with particular sectors, certainly not just farming, forestry and raw materials. Indeed, "some rural areas have an employment structure which is more akin to that of successful urban areas" (DoE, 1992). Second, the economic structure of rural areas is dynamic, as is confirmed by the urban-rural shift in manufacturing industry and the growth of the service sector which is now the major source of local employment. Finally, the processes of socio-economic change may extend far beyond the boundaries of the 'rural' and therefore undermine any static and spatially bounded categorisation.

These considerations lead to a characterisation of the rural economy as a complex system, open to the exchange of people, information, energy and other flows (Allanson et al., 1994). This view explicitly recognises that the rural economy may encompass socio-economic processes which extend beyond rural areas to the regional, national or even global level. Interest is focused on the expression of these processes in rural localities by the distinctive material shape, social value and environmental qualities of these areas. Accordingly, the rural economy is not seen as a discrete object for policy action, but rather as the context within which a specific range of issues may be amenable to policy resolution. That is to say, we
do not need a rural policy per se but rather a policy awareness of rural issues.

The following sections consider the prospective Rural White Paper in this light and the specific implications for the design of agricultural policy, rural economic development, social policy and rural community development and rural conservation and environmental management. The final section concludes with some general pointers for policy concerning the rural economy.

2. The Rural White Paper

For a number of reasons, the Rural White Paper represents an important opportunity to bring policy up-to-date with this new thinking.

First and foremost, the White Paper is an opportunity to take stock of major changes that have occurred to the rural economy and others that are in prospect, and the implications of these changes for public policy. It is 16 years since the last White Paper on agriculture and over that period the basic underpinnings of agricultural policy have been removed. The new White Paper is therefore timely - perhaps overdue - but also departs from precedent in its rural orientation. The shift from a narrowly agricultural focus is a welcome recognition of the changing and heterogeneous nature of the economy and society of rural areas.

In keeping with this shift, the White Paper is being produced jointly by the Department of the Environment and the Ministry of Agriculture, Fisheries and Food. This welcome inter-departmentalism gives an opportunity not only to review existing policies but, secondly, to
examine the problems that fall into the gaps between established arrangements and to consider basic institutional and resource questions.

Thirdly and finally, the Rural White Paper provides an opportunity to reformulate the justification and objectives for state intervention in rural areas. We would suggest that the following should be the key objectives:-

- to overcome the specific disadvantages of rural living;

- to safeguard the public interest in the countryside, particularly those public goods which cannot be left to market forces or civil society to protect or supply;

- to help ensure the competitiveness of rural economies.

3. Agricultural Policy

The 1992 reform of the CAP must be seen as a partial and interim step (Harvey, 1994). Important adjustments were made and new principles introduced, but the incompleteness of the reform has destabilised the policy regime making further reform not only desirable but inevitable. Participation in international negotiations on farm policy reflected and reinforced an understanding that escalating costs could not be contained purely through internal measures and isolation from world markets. The partial opening up to world markets and decoupling of support entitlements from production have established a trajectory for reform which must be carried through.
In the medium and long term European farm prosperity cannot be sustained through market price support, but by its own competitiveness. EU agricultural policy will increasingly be subject to international rule under the auspices of the World Trade Organisation. The Union is also preparing to open up its agricultural market to the countries of Central and Eastern Europe which have been undergoing their own painful transitions to market conditions. Under these circumstances, the extension of the current panoply of production controls is unthinkable, and the only viable course is the adjustment of CAP support levels to world market prices and the abandonment of supply controls.

Inevitably, such a transition will have short-term consequences for farm incomes as well as implications for rural employment and countryside management. To tackle the short-term consequences and overcome the resistance of farming groups, compensation payments may be needed for price reductions but these should be limited, of finite duration and decoupled from output levels. The implications for rural employment and countryside management will be complex, geographically differentiated and not entirely negative. To tackle these issues, social and environmental support programmes need to be developed separate from farm production policy. Given the geographic variability and the different aspirations and interests of the Member States in rural development and countryside management, the principle of subsidiarity should be applied and the financing, design and implementation of such programmes should be the responsibility of Member States.

EU agricultural policy should then concentrate on ensuring the fair, efficient and stable operation of the single agricultural market, and encouraging the competitiveness of European farming. That could
include the provision of structural aids, infrastructural development and training to improve competitive ability, especially in disadvantaged regions and prospective EU Member States.

4. **Rural Economic Development**

The rural economy in Britain is diverse and no longer narrowly dependent on agriculture. A recent detailed study of 12 rural localities found that agriculture accounted for between 5 and 25% of the workforce (Cloke *et al*., 1994). In rural areas overall, agricultural employment is now about 10 per cent which is about half the share of manufacturing. However, the large majority of rural jobs are in the service sector (Tarling *et al*., 1993).

In Britain, at least, agricultural support has not been and is not an effective means of maintaining rural employment, either directly or indirectly. Indeed, it has been associated with a sharp decline in the farm workforce. Inevitably, with the workforce now so diminished the absolute rate of decline has tailed off considerably, but the proportional rate has also reduced as the workforce become concentrated on a core of mainly farm family members. The removal of agricultural supports is unlikely to reverse these trends, but nor is it likely to increase the proportional rate of decline. The indirect effects of agricultural support on rural employment are limited because farmers tend to be linked to non-local suppliers and processors (Whitby and Powe, 1995).

Declining farm incomes are encouraging farm families to look for additional income sources, and so-called pluriactivity (multiple job holding) is seen as an important means of maintaining the farming
population. The opportunities to diversify farm incomes depend crucially upon the strength and diversity of the local and regional economy. In other words, the prosperity of farm families increasingly depends on the rural economy, which in turn depends less and less on the performance of the agricultural sector (Lowe et al., 1993). We conclude from this that the focus of intervention to promote rural development and employment should be the rural and regional economy and not the agricultural sector.

The specific resources of an area - natural, human and cultural - hold the key to its sustainable development. In promoting rural economies the objective of policy should be to help rural communities help themselves, to diminish rather than increase rural dependency. Public intervention should therefore play an enabling role and the emphasis should be on rural diversification; on support for indigenous businesses; on the encouragement of local initiative and enterprise; on the reskilling of workers shed from traditional industries; and on the provision of suitable training and support for those previously excluded from the labour market.

There is also a need to integrate planning and rural development policies more closely. This is made explicit in the Sustainable Development Strategy (UK Government, 1994) where it is argued that the sensible siting of new developments can play a key role in minimising energy consumption as well as preserving landscape, wildlife and other natural resources. If the planning system is to play a more positive role in the development of rural areas (as opposed to its negative concern with development control, bolstered by the preservationist instincts of many new rural residents) the White Paper must devise new planning functions. This will mean a reconsideration of planning's scope. The planning
system at present is merely concerned with \textit{land use}. Important as this function undoubtedly is, many of the issues now crowding onto the planning agenda require a more holistic view of development - sensible siting strategies, ensuring buildings are energy efficient, provision of affordable housing for employees, environmental audits, assessments, etc. In turn these new functions must inform rural development strategies right from their inception (Lowe and Murdoch, 1993).

5. Social Policy and Rural Community Development

In the post war period employment in agriculture has declined by around 70%. At the same time substantial in-migration into rural areas has ensured that the population has not only increased but has become much more affluent and middle-class. These in-migrants have not moved into rural areas to work (in the main they are either retired or commute to nearby towns and cities) but to \textit{live}. They are likely, therefore, to be much more concerned about preserving the environment than diversifying the rural economy.

Moreover, these new residents tend to be articulate and resourceful in representing their interests. Through conservation bodies, local councils and local action groups they attempt to influence both the forward planning process and development-control decisions, to preserve the rural environment and prevent unwanted development (Murdoch and Marsden, 1994).

The domination of rural areas by a very mobile, prosperous and conservation-minded middle class has a number of consequences:
- conservation-motivated restrictions on housing development coupled with strong market demand leading to difficulties for local people of modest incomes in gaining access to accommodation;

- diminution in localised services as commercial and public services respond to the buying power and demands of mobile middle class consumers;

- diminution in public transport patronage leading to higher fares and/or service cuts (which in turn lead to reduced use); and

- growing problems of access to basic services for the rural car-less (which may include for most of the time all those in car-owning households except for the one person who must use the car to get to work).

A recent survey of Lifestyles in Rural England, as well as finding extensive evidence of these problems, also reported the feeling of many local residents as "being 'left out' or marginalised in what they thought of as their own place, as others moved in and brought with them relative affluence, influence, different political and social ambitions, and even a different view of what rurality was all about." (Cloke et al., 1994).

Shifts in policy may be exacerbating the problem. The abbreviation of the welfare state and the privatisation of various utilities and services involve the replacement of a public service ethos with a customer/profit ethos and the erosion of principles of universal access, uniform provision and cross-subsidisation. Those with market power will get better quality
services; those without will have to make do with poorer and less accessible services.

Public services and privatised utilities need rules and guidelines to indicate how extensive and localised their coverage should be. At the nub of the matter is our notion of citizenship. In other words, what services should be available as a right to all citizens? The answer should surely be those services that people need to be able to participate fully in their society.

6. **Rural Conservation and Environmental Management**

Liberalisation of agricultural supports alone will not ensure sustainable land management to deliver the various environmental, resource conservation and amenity benefits for which modern society increasingly values rural areas. There is a need for sustainability considerations to be applied to primary production policy, including cross-compliance requirements, the application of the precautionary principle to new technologies and a stronger environmental orientation to farm advisory services (Whitby and Ward, 1994).

There is a strong case for extending agro-environment measures whereby farmers and landowners are paid to provide valued conservation and amenity goods and services. With significant sums of public money being spent on such measures it is important that certain criteria should be applied:

- the public benefits must be clear and proportionate;
institutional mechanisms need to be put in place to ensure that tangible and long lasting environmental benefits result;

- payments need to be targeted to ensure cost effectiveness;

- the level and targeting of funds need to be responsive to public demand; and

- property rights must reflect the overriding public interest in environmental protection.

7. Conclusions

The above sections illustrate the following general points:

(i) Diversity is important to maintain the resilience of the rural economy. The capacity of the rural economy for self-organisation implies a need for *adaptive* policies to deal with unforeseen change.

(ii) Complex inter-relatedness implies a need for an holistic understanding and points to the inadequacy of sectoral or single issue approaches to policy formulation.

(iii) Heterogeneity points to the inappropriateness of blanket policy prescriptions and underlines the need for regional / local sensitivity.

(iv) Openness points to connectivity at different spatial scales and calls for co-ordination between different levels of government.
All in all, there is a pressing need for a more holistic understanding of the complex of interrelated processes which constitute the rural economy in order to inform and manage a range of possible policy directions.
References


