10 Less Favoured Areas and Rural Decline

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10.1 INTRODUCTION

For many years, much attention has been paid to the role of agriculture in regions with longstanding socio-economic difficulties. However, this is only one of a larger and more complex set of issues concerning the rural economy in areas with a disadvantaged economic base. With a specific focus on the role of agriculture, this chapter discusses some of these issues from an economic viewpoint under a number of headings: definitions, classifications, theories, demography, development and policy. Its title, in concentrating on less (rather than more) favoured areas and on rural decline (rather than growth), can be interpreted as reflecting both the political fact that difficulties attract more public attention than opportunities, and the economic fact that change occurs ‘at the margin’.

The attention paid to agriculture’s role in rural development can in part be explained – and criticised (Wibberley, 1981) – by a number of factors. First, agriculture’s relative economic decline to an average of about 3 per cent of GDP in industrialised countries (OECD, 1991) has regional implications: it appears that the technological changes behind the supply side of this phenomenon tend to favour the more central regions with better production conditions and this has implications for both agriculture’s share of regional output, and for the development of upstream and downstream sectors. Second is the ‘bias’ towards agriculture in the political economy (see Chapter 2). Third, farming, as a longstanding and still-important industry in many areas, and one with well-developed organisations and statistics, offers an obvious and easy area of analysis. Fourth, large amounts of public expenditure on agriculture naturally prompt questions of effectiveness in promoting
regional economic growth. Finally, some of the more recent concerns over rural environmental issues (see Chapter 9) have important regional aspects. Thus, agricultural issues continue to play a prominent role in debate over rural affairs despite the growing importance of other sectors such as tourism and public services.

10.2 DEFINITIONS

While issues of rural decline can be discussed in general terms, practical economic analysis cannot proceed very far without clear definitions and corresponding numbers. In the present context, the first problem to be met is what is meant by *rural*, and to what extent it should include elements other than 'pure' countryside, for example, small towns, coastal areas, isolated factories or mountain tops. Negative definitions, such as 'non-metropolitan' or 'unbuilt-up', help a little, but there seems no hope of establishing a single comprehensive definition, and even less of seeing this reflected in official statistics, which are presently collected in a wide variety of ways. Yet without such a definition, it is difficult to reach general conclusions.

Two escapes may be sought from this impasse. One is to accept the diversity of rural areas (a feature which is stressed by all observers), and to agree to gather information and to interpret results in the recognition that universal truths are unlikely to be found. If the problems of rural areas require fresh thinking and the creative adaptation of ideas from elsewhere, this approach has much to commend it. An alternative is to classify rural areas, so as to isolate the features that distinguish each type from others and from non-rural areas. This is explored in the next section.

The term *less favoured* needs to be interpreted with some objective or subjective concept of comparability in mind. At one level, the variability of terrain, climate and other conditions of agricultural production is too obvious to require much further comment. Clearly, attainable yields per hectare can differ widely even within countries, and where low may render farming only marginally profitable. However, as the section below on economic theories will indicate, there are a number of alternative approaches to marginality, including the rather naïve one that all resources will find their optimum use, and that equivalent factors will be equally rewarded wherever they are located.