Chapter 1
Introduction: Dynamics in Rural Development Beyond Conventional Food Production

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Introduction

This book outlines current economic dynamics in rural areas with a focus on recent developments in agricultural production which go beyond the classical conventional food production as it emerged e.g. in Europe and North America after World War II. Starting from a general discussion on the changing importance of agricultural production and the development of structural weaknesses we broaden our perspective by taken into account the changing role and functions of agricultural production systems and rural areas in the context of global and local changes. Here, we discuss the conceptual works on structural weaknesses of rural areas, regional production systems and value chains as well as functional and multifunctional approaches and present case studies of recent developments from Belgium, Germany, India, Kenya, Poland, the United States, and Vietnam.

Structural Weaknesses of Rural Areas

The variety of definitions of rural areas and their defining characteristics is quite broad in nature. Typical constituting characteristics can be seen in contrast to urban or suburban areas, such as lower population and building density. The role of agricultural production as a constitutive element of rural areas is outlined less prominently (see e.g. Isserman, 2005; McCarthy, 2005). In industrialized societies, agricultural production as a basis for growth and employment has declined over the past decades. This is discussed in various works on structural changes and weaknesses in rural areas (see e.g. Goodman and Watts, 1994; Anríquez and Stamoulis, 2007; Sedlacek et al., 2009; Dannenberg, 2010). From the early 1950s to the mid-1980s in particular, rural areas in the global North were often marked by concentration processes in agriculture, increasing mechanization, more intensive biochemical input use and increasing specialization (productivism;
Ilbery and Bowler, 1998). While this did lead to an overall increase in production, it also contributed to a loss of employment in agriculture which was formerly the backbone of the socio-economic structure of these areas. Today, the share of core agricultural production in terms of gross domestic product and employment in rural areas in most industrialized nations has lost its dominant position and often lies well below 10 per cent (Dannenberg and Kulke, 2005; Anríquez and Stamoulis, 2007).

This – together with other developments – has led to high unemployment rates and a decreasing population, especially in peripheral rural areas, whereas positive migrant flows and economic activities cumulate in larger cities and commuter belts. While typically young and well educated people leave rural areas, the elderly and retired as well as the less qualified workers stay behind. The combination of an already low population in rural areas together with outmigration makes investing in infrastructure in these regions very expensive in relation to population density. Many schools and kindergartens close down for lack of demand, which hinders young families from migrating to such regions. The result is typically a negative cumulative process of population decline, loss of jobs, loss of infrastructure (including public areas of transport, health, but also private infrastructure like food retailing) and further outmigration (see Figure 1.1; Wießner, 1999; Sedlacek et al., 2009).

On the other hand also in industrialized and highly developed countries – even without having a larger direct socio-economic impact anymore – agricultural production is still shaping the structure of the landscape of rural areas and can be seen as a crucial factor for the development of various activities and functions (e.g. housing, recreation, and environment).

In rural areas of the global South – where rapid industrialization has not taken place so far – agricultural production is, even today, frequently the most important factor for socio-economic development (Anríquez and Stamoulis, 2007). However, agricultural production in the global South is often marked by limited market opportunities. Furthermore, producers all over the world are increasingly facing international competition (Wilson, 2001; D’Hease and Kirsten, 2006; Woods, 2012). As a result, rural areas in the global South are often marked by severe structural deficits. This is especially the case in sub-Saharan Africa, where large parts of the rural population are facing poverty and vulnerability with no stable source of income, no reliable access to food, clean drinking water, health services and education (D’Hease and Kirsten, 2006). Opportunities to secure a decent livelihood through employment and self-employment apart from agriculture are in many cases non-existent, insufficient or unstable.
Figure 1.1  Typical cumulative process of structural weaknesses in rural areas

Source: Own design; Wießner, 1999: 301; Sedlacek et al., 2009.
Current Dynamics in Regional Agrarian Systems and Value Chains

Given the challenges and structural weaknesses outlined above, there is much discussion in the international arena as to how rural development can be sustainably achieved. In the agricultural sector, this includes research on how regional agrarian systems can either gain or maintain a competitive position in both national and international markets. In Economic Geography and related disciplines this is reflected in a number of studies conducted to analyse the impact of regional production systems or clusters in terms of their function; as a source of business knowledge exchange and as a means to create and maintain competitive advantages (Porter and Bond, 1999; Bathelt, 2005; Dannenberg and Kulke, 2005). Such regional agrarian systems do not only consist of agricultural producers but also suppliers (e.g. of seeds, chemicals, and equipment), buyers (e.g. processors and wholesalers) and public and private services (e.g. extension and finance) which are interlinked with each other. A mutual interaction and cooperation between these actors can lead to an exchange of experiences, enlarges product competences and therefore the competitiveness of the involved units. Given the large number and variety of actors involved, a broad regional agrarian system incorporates a significant volume of economic activities and therefore has the potential to substantially increase the economic performance of the whole rural area, assuming it can make use of its advantages (Dannenberg and Kulke, 2005; Morrison and Rabellotti, 2009).

Figure 1.2  Typical connections between the regional agrarian system and the value chain

Source: Dannenberg and Kulke, 2005.
Besides the local linkages, agricultural units are more and more integrated and influenced by supraregional commodity chains (see Figure 1.2). The interrelations within the chain – based on the flow of products, the exchange of information and power relations – strongly influence the form and intensity of agricultural production. During the last decade, supraregional interrelations have markedly increased and even remote areas of developing economies have been influenced by these linkages. The recent scientific discussion on value chains considers these interrelations in the concepts of global commodity chains (GCC), of global value chains (GVC) and of production networks (GPN):

- The global commodity chain approach (Gereffi, 1996, 2001) focuses on material/immaterial linkages (e.g. the flow of goods and information) and is especially useful for analysing power relations in the chain; the agricultural sector is often considered to be strongly influenced by powerful buyers such as wholesalers, food processing and supermarket chains. Some of the chapters in this volume analyse these power relations, as agriculture seems to be increasingly dependent on external standards (e.g. social and environmental standards), on the purchasing power of retail chains and on changes in consumer behaviour, rather than on product standards alone.

- The global value chain approach (Gereffi et al., 2005; Gibbon et al., 2008) considers the different forms of coordination within the chain. The complexity of knowledge transfer, the codification of knowledge and the capabilities of the actors involved are important elements which influence the different forms of coordination. For agricultural production, the flow of information is increasingly important; it presents possibilities to upgrade processes (in other words to innovate to increase the value of products, processes or of functions). Upgrading can increase farmer incomes and may open new market opportunities for specialized products; some of the chapters discuss the potential and success factors of these.

- The global production network approach (Henderson et al., 2002; Coe et al., 2008) discusses the vertical linkages within the chain in addition to the horizontal relations of actors in the regional environment (such as universities, financial, state, private, educational, research, and development institutions). Three elements of analysis characterize this comprehensive approach: embeddedness, power, and value. Agricultural production may be strengthened by establishing collective power or institutional power based on horizontal linkages; developing networks or realizing diversification (e.g. in organic production or agritourism).

Dynamics in the Functions of Rural Areas and Multifunctional Approaches

Given the loss of importance of the core agricultural production (farming) – as a direct factor for economic development and employment, especially in the
global North but also in the global South – rural areas are increasingly regarded as providers of other functions for society. From an analytical perspective, common classifications of the functions of rural areas include agriculture, leisure and recreation, ecosystem services, locations for businesses, infrastructure, and housing (see e.g. Goodman and Watts, 1994; Henkel, 2004; Pollermann et al., 2013).

This analytical approach still seems viable for a general categorization of the various functions of rural areas. However, as discussed above, today rural areas and their functions are affected by different global and local developments and frameworks including (D’Hease and Kirsten, 2006; Palang et al., 2006; Dannenberg, 2009; Hughes, 2009; Pacione, 2009):

- a growing urbanization of the world population;
- globalization processes;
- technological progress;
- dependencies and power asymmetries between urban centres and actors on the one hand and rural areas and actors on the other hand;
- changing political paradigms and regulatory regimes (e.g. the reforms of the agricultural regulations of the European Union, GATT/World Trade Organization (WTO) and the NAFTA or the still ongoing structural changes in Eastern Europe after the political transformation);
- changing consumer behaviour (e.g. required transparency in food consumption);
- changing demands of society (e.g. a growing environmental awareness); and
- demographic changes.

As a result, over the last decades new functional and multifunctional approaches to food production and agriculture but also to rural landscapes have been topics of great discussion and interest in the scientific community as well as among politicians, planners and businesses (FAO, 2000; McCarthy, 2005; Rigg, 2006; Wüstemann et al., 2008). These works take the outlined overlapping and combined functions of rural areas into account. In agriculture this includes e.g. the discussion of how far the shift from productivist production to the wide-ranging diversity that now exists within the productivist/post-productivist spectrum (seen for example in the rise of organic farming and alternative food networks; Wilson, 2001) took place.

In this context, the contribution of agriculture beyond commodity production to other functions and economic sectors is discussed. As stated by the Food and Agriculture Organization of the United Nations (FAO, 2000), the most important role of agriculture remains the production of food. However, agriculture and related land use activity can also deliver a wide range of non-food goods and services (including ecosystem services), influence the natural resource system, shape social and cultural systems and contribute significantly to economic growth. Such contributions are for example identified in the practice of sustaining attractive rural landscapes as an amenity and cultural heritage tribute (which are
important for the tourism and housing sector, protecting biodiversity, generating employment and generally contributing to the viability of rural areas. In this way the concept of multifunctionality can be used as an integrated framework to interrogate contemporary rural dynamics which go beyond a simple classification of actors and their functions (McCarthy, 2005; Wüstemann et al., 2008).

Also in Western politics and planning a shift of agricultural politics from a commodity output orientated productivist focus to a broader perspective on different values, functions and possible activities of rural areas has taken place. This can be seen for example in the progressive withdrawal of production orientated state subsidies, growing environmental regulations, the promotion of endogenous development and building the capacity of rural people in different economic sectors, as practiced for example in the LEADER initiative of the European Union (Wilson, 2001; Evans et al., 2002; Shucksmith, 2010; Domon, 2011). In developing countries the FAO, the International Fund for Agricultural Development (IFAD), and other organizations underline the role of food security which goes beyond the pure production of food (which could be limited for example on export-orientated cash crops) but also provides stable availability and access to food for the local rural population (FAO, 2000). However, also in the global South, further multifunctional and post-productivist perspectives are gaining importance. For example organic farming, environmental protection and agricultural tourism are expanding (Raynolds, 2004; Rigg, 2006).

However, even though new functional and multifunctional approaches have been critically and controversially discussed for years it still remains unclear how far such new rural functions or the shift to new types of production will result in a better or more sustainable development of rural areas. A more in-depth, scientific analysis of the developments and perspectives of these functions is needed.

Our Contributions in This Volume

The aim of this book is therefore to analyse, explain, and assess ongoing changes and dynamics in rural development from a functional perspective. The preceding book in this series, Regional Resilience, Economy and Society: Globalizing Rural Spaces (Tamásy and Diez, 2014), took an actor-based perspective, focusing on the behaviour of rural actors in a globalizing world. This book develops an additional understanding in how far traditional functions of rural areas are changing, new functions in rural areas are developing and multifunctional approaches, actors and developments are gaining importance. Furthermore it outlines new approaches in policy, practice and theory. Here we start from a narrow perspective on current approaches and challenges of agriculture and afterwards broaden our view to further related developments in rural areas.

While rural geography was in the past mainly focused on rural areas of industrialized anglophone countries (see also the critique by McCarthy, 2005), this book aims to discuss developments in rural areas in different parts of the
world. Following this introduction (Part I) the chapters can be divided into two main parts: Part II and Part III.

Part II brings together different case studies which provide examples of ongoing processes and new developments that are taking place within the agricultural food production function. Here we outline ongoing external and internal factors which are shaping rural food production systems and the related challenges. In Chapter 2, Dannenberg and Nduru discuss the influence of horizontal linkages and embeddedness in regional agrarian systems of export oriented horticultural farmers in Kenya, along with the impact of these in terms of competitiveness in international value chains. Chapter 3, by Vishwanath Gowdru et al., also focuses on small scale farmers in the global South, examining organic and conventional tomato farmers and the factors which influence their market access. Both examples show that the simple production of food, even in developing countries, is often not enough to secure entrance into the markets of choice. Farmers are instead required to fulfil special standards set by large retail chains, in addition to complying with consumer demand. This is often manifested in product and process standards including environmental (e.g. chemical and water usage), social (e.g. worker protection), and economic aspects (e.g. delivery terms and conditions). These requirements are particularly difficult for small scale farmers with low financial capacity to fulfil.

Regarding the global North, Miller et al. (Chapter 4) discuss the challenges faced by traditional farming systems in the United States and Belgium to overcoming outdated business practices and learning to utilize new technology. Jablonski (Chapter 5) explores the literature on the role of rural–urban economic linkages on rural resilience, and the evidence for relocalized food systems as a viable strategy to support rural economic development. Using a case study from Germany, Vogt and Mergenthaler (Chapter 6) analyse short food supply chains and identify typical success factors and bottlenecks as well as starting points for policy advice.

In Part III we give examples of rural functions which go beyond food production, even though they are often linked to it. Here we offer a differentiated discussion of practiced alternatives for rural development including leisure and recreational functions, environmental functions, housing functions and different business location functions. This is introduced by Panzer-Krause (Chapter 7), who analyses the potential of rural small and medium enterprises in the renewable energy market in Germany. Another German case study, analysing wholesale cooperation as an alternative way of securing local supply in rural areas of the West German federal state Hesse, is presented by Trebbin, Franz, and Hassler (Chapter 8).

Looking towards the other side of the River Oder to Poland, Kacprzak and Maćkiewicz (Chapter 9) examine organic agritourism; an approach that brings together environmental and agricultural production, as well as the leisure and recreational functions of rural areas and farming. A similarly multifunctional approach is examined by Kołodziejczak (Chapter 10), who studies agricultural
businesses in the European ecological network NATURA 2000 in Poland. While the housing functions of rural areas have been widely recognized in the past (Pacione, 1984), Heffner and Czarnecki (Chapter 11) analyse a special aspect of it, specifically the role of the second home phenomenon in the economic and social development of rural areas in Poland.

An example of rural development outside agricultural production in the global South is given by Mausch and Diez (Chapter 12). They examine the location factors of rural areas for small and medium enterprises (SMEs) in Vietnam and the potential of these SMEs for the creation of non-farm employment as additional income sources.

Finally, Part IV sums up the main findings of these chapters and derives brief general implications for academics, planners, and practitioners in rural areas.

References


Economic Development in Rural Areas


