



# Future Directions in Rural Development?

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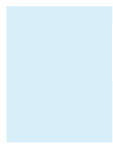
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An Executive Summary is also available to download on our website.



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# Foreword



The Carnegie UK Trust is proud of our long history of supporting rural community development. In our 100 year history, we have supported the early development of rural community councils, funded the building of village halls, and supported the rural voluntary arts network.

More recently, the Trust initiated an inquiry into rural communities. Over three years (2004-2007), it undertook one of the most comprehensive consultations on the challenges and opportunities facing local rural communities across the UK and Ireland in recent years, resulting in its 2007 publication, *A Charter for Rural Communities*. It made a serious assessment of the state of the UK and Ireland's countryside communities and also looked ahead, in order to understand what might happen to rural areas in the future.

Five years on since the publication of the Rural Charter, we were interested to know what had changed and to explore in more detail the possible futures facing rural communities in the UK and Ireland.

Professor Shucksmith has set out two visions – one focused on the retrenchment of the state and its impacts on rural communities. He highlights the unequal distribution of wealth and other less tangible assets and cautions against leaving rural communities to 'get on with it' in the age of austerity. The second possible future is one which relies on recognising and supporting rural areas as economic resources in their own right, not merely as recipients of urban growth.

CUKT has always been optimistic about the future of rural communities and we are confident that this second possible future can be achieved. But Professor Shucksmith presents compelling evidence that it won't happen on its own. Rural communities will require support if they are to reach their potential.

One of the most significant changes since 2007 is the role of technology and, in particular, the essential nature of broadband to facilitate business and community in the 21st century. If we fail to extend access to all rural communities, they will suffer a profound and permanent structural disadvantage. Governments at all levels should make this a priority area for rural development in the next five years.

**Martyn Evans**  
Chief Executive

# Executive Summary

## The changing context of rural communities

Much has changed since the Carnegie UK Trust published *A Charter for Rural Communities: the report of the Commission for Rural Community Development* in 2007<sup>1</sup>. At a political level, there are new governments in the UK and Ireland and in the devolved government of Scotland. The economic crisis in 2008 has left a legacy of fiscal austerity which impacts on rural communities at least as much as their urban counterparts.

Rural economies are now much less dominated by agriculture, which has continued its decline over this period. The rural economy has shifted towards manufacturing, the service sector and quality food products. The public sector, however, continues in many areas to be the biggest employer and source of income, and rural areas are therefore particularly negatively affected by the decrease in public sector spending. But it should be noted that most rural businesses are micro business or small and medium-sized enterprises (SMEs) and there are high levels of innovation and entrepreneurship.

The make-up of rural communities has changed, too. Accessible and 'attractive' rural communities have seen an in-migration of young families, retirees and commuters, reversing the trend of net out-migration from the countryside to urban areas. More remote rural communities however continue to struggle with an outflow of young people to urban areas. Overall, across rural areas the population is aging faster than the urban population.

Rural communities are not homogenous and the disparities between the accessible, better-off rural communities and the more remote, less well-off rural areas have become more pronounced. There is a growing inequality in capacity between people and places.

These changing patterns in the rural demography are placing new demands and pressures on local public services and creating new community dynamics and opportunities.

New technology such as superfast broadband provision and renewable energy, present both challenges and opportunities for rural communities. Business and community benefits can only be realised if market, community and infrastructural barriers to roll out of these technologies can be reduced.

## Models of rural community development

Evidence has shown the classic 'top-down' model of rural development to be ineffective at driving rural development and fails to recognise the considerable potential for growth in rural areas. Consequently, there has been a new focus on alternative 'bottom-up' development models.

While locally-led, place-based development is important, there is recognition that 'bottom-up' development centred on the mobilisation of community assets is not enough and can be undermined by national or international policies.

To be successful, rural communities need networks that extend beyond their locality, include diverse partners and provide access to all levels of government. This 'networked' model of rural development requires government support at all scales. There is a new role here for government as facilitator and enabler rather than provider or manager.

The challenge now is to help all rural communities successfully take part in networked development, whatever their existing local capacities and resources. This will require action from national, devolved and local government on two levels:

- Investment in capacity building in communities to support networked action at a local level;
- Rural proofing of national, devolved and local policies to address persistent patterns of structural differentiation.

<sup>1</sup> Carnegie UK Trust, *A Charter for Rural Communities*, Dunfermline: Carnegie UK Trust 2007 <http://www.carnegieuktrust.org.uk/publications/2007/a-charter-for-rural-communities>

# 1 Background

## 1.1 A changed context

The economic downturn has had a major impact in the UK, and especially in Ireland, where the economy has been hit particularly hard.

In both countries, new governments have been elected, each pursuing policies of fiscal austerity to try to reduce spending deficits and to reduce sovereign debts. Meanwhile, the Eurozone is in crisis, and most members of the EU have signed a fiscal pact which will prevent their governments spending to boost demand.

Since the start of the financial crisis in 2008, growth has stuttered and the UK economy has experienced 'double-dip' recessions in 2008-09 and 2011-12. The Office of Budgetary Responsibility is forecasting growth to improve only slowly over the next five years, such that potential output will take until 2014 to return to its long term average growth rate of around 2.3 percent per year<sup>2</sup>. Cambridge Econometrics are projecting that half of any new jobs created will be in London, and are therefore likely to be of less benefit to people living in rural areas<sup>3</sup>.

The UK Coalition Government announced in its 2010 Spending Review spending cuts of £81 billion over a four-year period<sup>4</sup>, later extending the period of reduced spending to 2016/17 in its 2011 Autumn Statement<sup>5</sup>. At the same time, austerity measures such as a public sector pay freeze, reduced increases to tax credits and other benefit reforms were announced. In parallel, the Government announced

its Plan for Growth<sup>6</sup> (including measures aimed at improving economic competitiveness and jobs in rural areas), and a £1.4bn Regional Growth Fund aimed at generating new jobs in areas reliant on public sector employment.

In Ireland, there have been far more severe reductions in public spending, following the rescue of the Irish banks, and a dramatic contraction of the Irish economy. Alongside these, there have been substantial pay cuts for all public sector workers, a halving of house prices, and sharp increases in unemployment and poverty.

The context for rural development for the foreseeable future is therefore one of reductions in public spending, as well as uncertainties over domestic demand for goods and services as people cut back on their spending. This is the age of austerity.

## 1.2 Trends in rural areas

Despite popular perceptions of rural areas as essentially changeless, embodying timeless qualities, rural areas have altered considerably over recent years, in the UK and Ireland and, indeed, across Europe.

Rural economies are no longer dominated by farming and have become much like urban economies in terms of their economic activities. At the same time, rural social change has proceeded apace. Rural areas have become more diverse.

### Changing rural economies

The most pervasive change affecting rural economies is that most jobs are now in the service sector. Since 1997, the decline in agriculture has continued with fewer people now working in agriculture, which contributes merely 0.55% of national output<sup>7</sup>. It is anticipated that this decline in relative importance

2 Office for Budget Responsibility, *Economic and Fiscal Outlook – March 2012*, London: The Stationary Office 2012 <http://budgetresponsibility.independent.gov.uk/wordpress/docs/March-2012-EFO1.pdf>

3 Cambridge Econometrics and Institute for Employment Research, *Working Futures 2010-2020*, report for the UK Commission for Employment and Skills (1st Edition), London: UK Commission for Employment and Skills 2012.

4 HM Treasury, *2010 Spending Review*, London: The Stationary Office 2010 [http://cdn.hm-treasury.gov.uk/sr2010\\_completereport.pdf](http://cdn.hm-treasury.gov.uk/sr2010_completereport.pdf)

5 HM Treasury, *Autumn Statement 2011*, London: The Stationary Office 2011 [http://cdn.hm-treasury.gov.uk/autumn\\_statement.pdf](http://cdn.hm-treasury.gov.uk/autumn_statement.pdf)

6 HM Treasury and Department for Business Innovation & Skills, *Plan for Growth*, London: HM Treasury 2011 [http://cdn.hm-treasury.gov.uk/2011budget\\_growth.pdf](http://cdn.hm-treasury.gov.uk/2011budget_growth.pdf)

7 Defra, *Statistical Digest of Rural England 2012*, London: Defra 2012 <http://www.defra.gov.uk/publications/2012/06/12/pb13782-stats-digest-rural-england/>



will continue for the foreseeable future even though agriculture is currently enjoying better returns from higher food prices. Two main economic processes underlie this change:

- the growth of manufacturing and especially service employment in rural areas – sometimes referred to as the ‘New Rural Economy’<sup>8</sup>;
- agricultural activity has become much more capital-intensive, shedding its workforce and, more recently, has refocused towards quality food products and environmental benefits.

Both these processes contribute to the diversification of rural economies, such that agriculture now employs only 4.5% of the rural workforce<sup>9</sup>. The structural shift from agriculture towards the ‘New Rural Economy’ is generally associated with higher incomes and rising prosperity, but has benefited rural areas unevenly, boosting accessible rural areas more than remoter rural areas.

The ‘New Rural Economy’: Fewer people now work in agriculture. Manufacturing and service employment in rural areas has grown and agricultural activity has refocused towards quality food products and environmental benefits.

Most rural businesses today are micro-businesses or small and medium enterprises (SMEs): two thirds of rural England’s businesses are micro-businesses and most of the rest are SMEs<sup>10</sup>. Rural businesses have a good record of innovation, and include many knowledge-intensive businesses associated with growth. However, remoteness can impede innovation if there is a relative absence of networks which extend beyond the immediate locality. Highly localised networks may hamper the development of technical

and market intelligence and limit market opportunities, while links to more distant markets can broaden innovation possibilities<sup>11</sup>.

While the development of diverse SMEs in rural areas is in accordance with the shift towards the ‘New Rural Economy’, the public sector (education, health, social services, libraries, etc) is often the biggest source of employment, especially for women. North found that 26% of jobs in rural England were in the public services, and that women occupied 75% of these posts<sup>12</sup>. The OECD review of rural policy in England<sup>13</sup> confirmed that public services were the largest employer. However, public expenditure cutbacks present rural areas with a number of challenges, both in respect of loss of public sector employment and in maintaining the delivery of essential services to dispersed rural populations. Investment in social services and educational facilities not only improves the support and opportunities available to rural communities, but also generates valuable employment – perhaps, indeed, the main source of professional employment for those living beyond commuting distance of major cities. In the Western Isles of Scotland, for example, Roberts and Thomson have estimated that state funding of public sector activity gives rise to 37% of the total value of output, 41% of factor incomes and 33% of total employment in the local economy<sup>14</sup>.

An important element in the growing differentiation of rural areas is their response to changing consumption patterns, whereby rising income levels have led to increased spending on the leisure goods and services offered in rural areas. Tourism has developed in diverse ways, in part rooted within particular local landscapes, traditions and farming styles. Local culture heritage and cultural landscapes are crucial elements of rural tourism, with rural places offering destinations for visitors. Making money from the appeal of landscapes, rural environments and local cultural heritage is thus an important economic

8 Taylor M, *Living Working Countryside: The Taylor Review of Rural Economy and Affordable Housing*, London: Department for Communities and Local Government 2008 <http://www.communities.gov.uk/documents/planningandbuilding/pdf/livingworkingcountryside.pdf>

9 Defra, 2012. Full citation available in footnote 7.

10 Phillipson et al, *Rural Economies: Incubators And Catalysts For Sustainable Growth*, Submission by the Centre for Rural Economy, Newcastle University, in collaboration with the UK Research Councils’ Rural Economy and Land Use Programme to the Government’s Growth Review, Newcastle: Centre for the Rural Economy, Newcastle University 2011 <http://www.ncl.ac.uk/guru/documents/govsgrowthreview1.pdf>

11 Atterton J, *Assessment of evidence about the effectiveness of rural development schemes*, Report commissioned by the Committee of Inquiry on Crofting 2007

12 North D, *Public Service Sectors in Rural England*, Report to the Countryside Agency, London: Centre for Enterprise and Economic Development Research 2004 [http://eprints.mdx.ac.uk/3748/1/CEEDR-Public\\_service\\_sectors\\_in\\_rural\\_England.pdf](http://eprints.mdx.ac.uk/3748/1/CEEDR-Public_service_sectors_in_rural_England.pdf)

13 OECD, *Rural Policy Review: Enaland, United Kingdom*, Paris: OECD 2011 [http://www.oecd-ilibrary.org/urban-rural-and-regional-development/oecd-rural-policy-reviews-england-united-kingdom-2010\\_9789264094444-en](http://www.oecd-ilibrary.org/urban-rural-and-regional-development/oecd-rural-policy-reviews-england-united-kingdom-2010_9789264094444-en)

14 Roberts D and Thomson K, ‘Sources of structural change in peripheral rural areas: the case of the Western Isles, 1988/89 to 1997’, *Regional Studies* 37: 61-7, 2003

development strategy. Rural areas which have successfully employed such a strategy have been able to associate strong local identities with an external marketing image, though failure to undertake wider engagement can result in an inward form of localism impeding development<sup>15</sup>, as found, for example, in Maremma, Italy<sup>16</sup>. Of course, the appeal of some rural areas to wealthy, non-rural dwellers or commuters, not only stimulates the tourism and cultural sectors, but also produces a demand for housing in rural areas which can distort housing markets and inflate house prices to levels which are unaffordable to those employed locally.

### The changing social composition of rural societies

The social composition of rural areas has been transformed in recent decades, principally by selective migration, in particular counter-urbanisation and out-migration from rural areas<sup>17</sup>.

Counter-urbanisation is a reversal of the migration from countryside to urban areas normally associated with economic and social development. This reversal began in the UK in the 1970s, facilitated by improvements to transport between urban and rural areas, and has led to rapid social change in many rural places, based upon the proximity of urban areas and associated services, commuting between accessible rural areas and urban centres, and the spatial growth of urban and suburban areas. This counter-urbanisation further erodes any lingering association of the rural with agriculture<sup>18</sup>. Meanwhile, some sparsely populated rural regions, unless they are attractive to holidaymakers and retirement migrants, may still suffer from rural out-migration. With rural out migration comes the risk of the demise of the skill and knowledge base (including the traditional rural skill base), loss of social and cultural capital in

the community and a weakening of rural community ties to the land. All of these social changes can affect the identity and cohesion of rural communities, with variable implications for rural development.

...rural areas of the UK are becoming increasingly differentiated.

The movement of young people (age 16-29) away from rural areas has occurred alongside counter-urbanisation, which tends to involve both older people and families with young children moving to rural areas. The net result is an ageing population in most rural areas, and especially in peripheral rural areas. In rural England, 40% of the population is over 50, a quarter is over 60, and one in 12 is over 75; and these proportions are growing. The median age of a rural resident is 42, whereas urban residents have a median age of 36. Over the next 20 years, the median rural age is set to rise towards 50, higher in the more rural districts<sup>19</sup>.

The provision of services is a pressing concern, both in more remote and in more accessible rural areas. The withdrawal of services in the context of a falling and ageing population undermines rural development and compromises those most in need of support (the elderly, people with disabilities and children). This situation has been exacerbated with the shift away from agriculture and associated social structures, producing new demands for service provision. As a result, regional disparities – between urban and rural areas and between different rural areas – have widened<sup>20</sup>.

### Impacts on cultural identity

Accessible rural areas are increasingly exhibiting urban characteristics and, in this process, the meaning of rurality itself is being redefined and contested between new rural dwellers and others who have lived there longer. Each of these social groups may have different requirements and aspirations, and indeed conflicting ideas of countryside.

15 Bryden JM and Hart JK, 'A New Approach to Rural Development in Europe: Germany, Greece, Scotland and Sweden', *Mellen Studies in Geography* 9, Lewiston NY: The Edwin Mellen Press 2004

16 Cecchi C, 'Social Capital in Rural Areas: Public Goods and Private Services' in eds Arnason A, Shucksmith M and Vergunst J *Comparing Rural Development: Continuity and Change in the Countryside of Western Europe*, Farnham: Ashgate 2009

17 Shucksmith M, 'Class, power and inequality in rural areas: beyond social exclusion?', *Sociologia Ruralis*, published online, 20th June 2012

18 Champion T and Brown D, 'Migration and Urban-Rural Population Redistribution in the UK and US' in *Rural Transformations and Rural Policies in the US and UK*, eds Shucksmith et al, New York: Routledge 2012

19 Lowe P and Speakman L, *The Ageing Countryside*, Age Concern Books, 2006

20 Shucksmith M, Talbot H and Lee R, 'Meta-Narratives as Heuristic Generalisations of Rural Change' in *The New Rural Europe: Towards Rural Cohesion Policy* eds Copus A and Hornstrom L, Stockholm: Nordregio 2011



These transformations are also associated with individualisation and the decline of social structures, such as the church, extended family and community associations. Individualisation refers to a loss of the communal and the social (including public spaces such as the Post Office or bus), and greater emphasis upon individual action, responsibility and choice. For example, young people are less able or likely to follow established pathways into farming, but instead have an apparently bewildering set of career choices to navigate: by the same token, they are increasingly held responsible for their own success or failure, even in a context of structural youth unemployment.

One consequence is changes to the cultural heritage and identity of rural areas. This more diverse rural society places may place stresses on traditional ties and shared senses of identity, but can also open up opportunities for stronger rural – urban ties and new social and economic ventures<sup>21</sup>. A tension is evident between the benefits of maintaining strong cultural identity and the need to adapt to changing social conditions. For instance, the immobility of cultural and natural resources in an area can contribute to the success of small-scale tourism businesses, whereas without the presence of an identifiable rural culture and lifestyle there may be little basis for rural tourism enterprises. The inherent diversity of European rural cultures is a highly valuable resource for development and uniform development strategies could undermine this diversity.

Indeed, rural areas of the UK and Ireland are becoming increasingly differentiated. In their book, *The Differentiated Countryside*, Murdoch et al argue that rural England can be characterised in terms of four ideal types, according to the dominant form of social relations. The four types were:

- the *contested countryside* (where traditional agricultural and development interests increasingly conflict with incomer populations attracted by the high-quality residential environments);

- the *preserved countryside* (dominated by pastoral and preservationist attitudes and decision-making processes with substantial numbers of middle-class commuters);
- the *paternalistic countryside* (where large private estates and large farms dominate, with landowning interests controlling the development process) and;
- the *clientelist countryside* (usually remote rural areas where rural development is determined by state agencies)<sup>22</sup>.

Similarly, different types of rural housing markets have been identified and mapped by Shucksmith et al<sup>23</sup> and Bevan et al<sup>24</sup>. This growing diversity suggests the need for differentiated policies and actions tailored to local circumstances.

### 1.3 Unequal places

There is a growing inequality both between people and between places.

In the UK, inequality increased markedly during the 1980s and 1990s<sup>25</sup> and then stabilised (but did not reduce) between 1997-2010. Incomes of the richest tenth of the population increased by more than 60% between 1979 and 1997, whereas those of the poorest tenth rose by only 11%<sup>26</sup>. Poverty also increased sharply from 7.1m in 1979 to 12.5m people in 2001<sup>27</sup>. In contrast, the personal wealth of the wealthiest 1% grew as a proportion of the national share from 17% in 1991 to 24% in 2002<sup>28</sup>.

21 Terluin I, 'Differences in economic development in rural regions of advanced countries: an overview and critical analysis of theories', *Journal of Rural Studies* 19: 327-344, 2003

22 Murdoch J, Lowe P, Ward N and Marsden T, *The Differentiated Countryside*, London: Routledge 2003

23 Shucksmith et al, *Classification of Rural Housing Markets in England & Wales*, London: HMSO 1995

24 Bevan M et al, *Social housing in rural areas*, Coventry: Chartered Institute of Housing for the Joseph Rowntree Foundation 2001  
<http://www.jrf.org.uk/publications/social-housing-rural-areas>

25 Hills J and Stewart K (eds), *A More Equal Society? New Labour, Poverty, Inequality and Exclusion*. Bristol: Policy Press 2005

26 Sefton T and Sutherland H, 'Inequality and Poverty under New Labour', in *A More Equal Society? New Labour, Poverty, Inequality and Exclusion*, eds Hills J and Stewart K, Bristol: Policy Press.

27 Flaherty J, Veit-Wilson J and Dornan P, *Poverty – The Facts*, 5th Edition, London: Child Poverty Action Group. 2004

28 Dorling D et al, *Changing UK: The way we live now*, London: BBC 2008  
<http://sasi.group.shef.ac.uk/research/changingUK.html>

Inequalities have widened between places, too:

*Since 1970, area rates of poverty and wealth in Britain have changed significantly. Britain is moving back towards levels of inequality in wealth and poverty last seen more than 40 years ago. Already wealthy areas have tended to become disproportionately wealthier. There is evidence of increasing polarisation, where rich and poor now live further apart<sup>29</sup>.*

Again, the general trend during the 1945-79 period of post-war consensus – underpinned by Keynesian economic management and the Beveridge report – was of increasing social equality, followed by growing spatial disparities in the 1980s and 1990s with increasing spatial segregation and concentration of poverty and wealth in Britain.

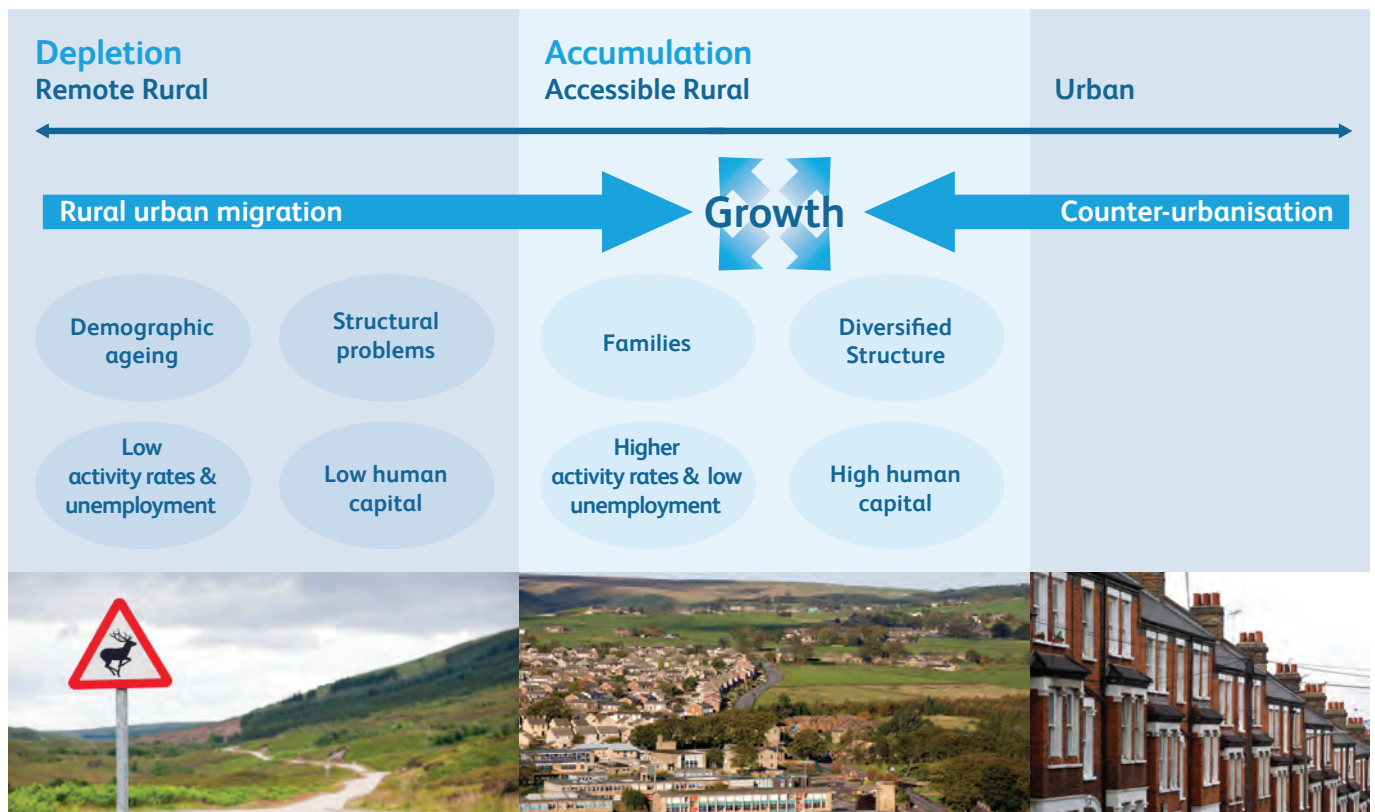
Britain is moving back towards levels of inequality in wealth and poverty last seen more than 40 years ago...<sup>30</sup>

Some of the areas which have become most exclusive are accessible rural areas, especially in the south of England. Analysis of government statistics show that both house prices and household incomes are systematically higher the smaller the settlement, whether in sparse or less sparse areas<sup>31</sup>. But it is in accessible rural areas of Britain that incomes have risen most over the past decades, much faster than in either urban areas or sparse rural areas. These tendencies have been summarised diagrammatically by Copus et al, See figure 1.

While this may appear to support the view that rural areas depend on cities for their prosperity, in a later paper, Copus has called into question much of our established thinking about urban/rural relations, showing how little evidence basis there is for the ‘stylised fallacy’ that growth originates in urban centres and trickles out to rural hinterlands<sup>32</sup>. This is

**Figure 1: Zones of Accumulation and Depletion in Remote Rural, Accessible Rural and Urban areas**

Adapted from Copus A et al, *Study on Employment in Rural Areas*, Brussels: European Commission DG Agriculture 2006  
[http://ec.europa.eu/agriculture/publi/reports/ruralemloyment/sera\\_report.pdf](http://ec.europa.eu/agriculture/publi/reports/ruralemloyment/sera_report.pdf)



29 Ibid

30 Ibid

31 Commission for Rural Communities, *Rural Economies Intelligence, December 2010: Rural Housing*, London: Commission for Rural Communities 2010

32 Copus A, 'New relationships between Rural and Urban Areas in EU Countries', Invited paper presented at the conference 'The territorial approach in agricultural and rural policies: an international review', Rome: 4-5 November 2010

also a conclusion reached by the OECD<sup>33</sup>. So how can we explain the divergent fortunes of different places, rural and urban?

There have been many attempts to explain why places are materially unequal. In the 1960s, explanations focused on natural resource endowments and proximity to markets, with disagreement between those who saw spatial inequality as a temporary phenomenon that would disappear as resources followed market signals (e.g. workers moved to areas offering higher wages), and those who thought poorer places would become ever poorer, and richer places ever richer (Myrdal's cycle of cumulative causation) unless governments intervened. Sociologists debated the merits of 'modernisation theory', seeing rural areas as lagging behind urban areas in the development process, and 'dependency theory', instead seeing rural areas as exploited by capitalist relations. For example, Carter<sup>34</sup> argued that the so-called 'Highland problem' in Scotland stemmed not from underdevelopment, as often supposed, but from capitalist exploitation, a theme which resonated with Highland audiences when dramatised in *The Cheviot, The Stag and the Black, Black Oil*. Often, thinking was framed in terms of evolution (stages of economic growth) and penetration (by external modernity). By the 1990s, these explanations were challenged in turn by emerging ideas of 'bottom-up'<sup>35</sup> and 'networked' rural development<sup>36,37,38</sup>, which are discussed in more detail in Chapter 2.



## 1.4 Technological change: challenges and opportunities

Technological change has continued apace since the Carnegie UK Trust published *A Charter For Rural Communities*<sup>39</sup>, providing opportunities but also challenges for communities wishing to engage with the benefits they could bring.

Two topics provide particularly pertinent examples of this issue: the challenges for communities of rural broadband provision and the challenging opportunities for them from 'alternative' energy generation. Not only do these highlight challenges and opportunities that will clearly continue into the future, but they also show how quickly technological change can bring new topics onto the agenda, and/or provide a very uncertain environment in which a community might take action.

The benefits that Information and Communications Technologies could bring to rural communities through improved local services and business opportunities have been well-documented<sup>40</sup>; however, these can only be realised via a good quality telecommunications infrastructure. The relatively poor state of rural broadband provision and the likelihood that market forces alone would not allow rural areas

33 Freshwater D, *The OECD Approach to Rural Development: Emphasizing Differences in Opportunities Across Space*, unpublished draft manuscript 2012

34 Carter I, 'The Highlands of Scotland as an underdeveloped region', in *Sociology and Development* eds de Kadt E and Williams G, London: Tavistock 1974

35 Van der Ploeg J D and Long A, *Born from Within: practice and perspectives of endogenous rural development*, Assen: Van Gorcum, 1994

36 Lowe P, Murdoch J and Ward N, 'Networks in Rural Development: Beyond Exogenous and Endogenous Models', in *Beyond Modernisation*, eds Van der Ploeg, J D and Van Dijk C. 87-105, Assen, The Netherlands: Van Gorcum 1995

37 Ray C, 'Neo-endogenous rural development in the EU', in *The Handbook of Rural Studies*, eds Cloke P, Marsden T and Mooney P, London: Sage 2006

38 Shucksmith M, 'Dis-integrated Rural Development: neo-endogenous rural development, planning and place-shaping in diffused power contexts', *Sociologia Ruralis*, 50, 1-15, 2010

39 Carnegie UK Trust, 2007. Full citation available in footnote 1.

40 Plunkett Foundation and Carnegie UK Trust, *Rural Broadband: Reframing the Debate*, Dunfermline: Carnegie UK Trust 2012 <http://www.carnegieuktrust.org.uk/publications/2012/rural-broadband---reframing-the-debate>

to 'catch up' was formally acknowledged by the EU in 2006/7<sup>41</sup>. At that time, what was measured was the extent to which telephone exchanges, using the existing copper connections to premises, had been 'DSL-enabled'. By 2008, the British government was investigating the Next Phase of Broadband UK<sup>42</sup> and 'superfast broadband' (now defined as at least 24 megabits per second (mbps)) which would necessitate a technological step change from the incremental upgrading of the old telephone system to the widespread introduction of fibre optic cabling. A 'final third' who were unlikely to benefit from private sector roll out were identified, mainly in rural areas<sup>43</sup>, culminating in the Broadband Delivery UK (BDUK) measures of the Coalition government<sup>44</sup>. However, the commitment for provision of superfast broadband is to 90% of homes and businesses, neglecting some of the 'final third', who are promised only 'at least' 2 mbps<sup>45</sup>.

This presents an enormous challenge to more than half the rural population of the UK unless they accept broadband of less than a tenth of the speed of the rest of the country (2 mbps vs 24 mbps). The technological context is very fast moving (in 2006, average national speeds were less than 1mbps<sup>46</sup> in 2009, the UK government defined 'basic broadband' as 2 mbps<sup>47</sup>; by 2015, 90% of UK premises should have speeds in excess of 24 mbps<sup>48</sup>. The telecommunications technologies are constantly developing, and while fibre might currently be favoured for superfast broadband, this might not be appropriate for the long distances needed to some rural areas, and other technologies (wireless

and satellite) are becoming more effective. The government has focused its efforts on providing 'fixed' services, but mobile telephony is also developing and may be well worth considering as an alternative in some areas.

There is opportunity for rural community enterprise initiatives to rise to this challenge and fill the gap left by the market and government programmes. These opportunities are discussed in the recent Carnegie UK Trust and Plunkett report, *Rural Broadband: Reframing the debate*, which highlights examples of pioneering community-led broadband services in rural areas in the UK. The report also recognises the challenges that community providers face and calls on national and local government, rural and community enterprise support organisations and the telecommunications industry to provide more support so that other rural communities can be similarly empowered<sup>49</sup>.

The opportunities to rural communities of alternative energy provision were outlined in the Carnegie UK Trust's *A Charter For Rural Communities*<sup>50</sup>. But these opportunities are difficult for rural communities to grasp, partly because they can be quite contentious, but partly because they are also subject to technological developments, changes in relative costs, and government support is often time-limited and targeted at specific groups or geographical areas.



41 Commission of the European Communities, *Bridging the Broadband Gap - COM (2006) 129 Final*, Brussels: Commission of the European Communities 2006 [http://eur-lex.europa.eu/LexUriServ/site/en/com/2006/com2006\\_0129en01.pdf](http://eur-lex.europa.eu/LexUriServ/site/en/com/2006/com2006_0129en01.pdf)

42 Caio F, *The Next Phase of Broadband UK: Action now for long term competitiveness. Review of Barriers to Investment in Next Generation Access. Final Report*. London: HMSO 2008 <http://www.berr.gov.uk/files/file47788.pdf>

43 Department for Business Innovation and Skills and Department for Media, Culture & Sport, *Digital Britain*, London: Department for Business, Innovation and Skills 2009 <http://www.official-documents.gov.uk/document/cm76/7650/7650.pdf>

44 Department for Business Innovation and Skills and Department for Media, Culture & Sport, *Britain's Superfast Broadband Future*, London: Department for Business, Innovation and Skills 2010 <http://webarchive.nationalarchives.gov.uk/+http://www.culture.gov.uk/images/publications/10-1320-britains-superfast-broadband-future.pdf>

45 Department for Media, Culture & Sport, *£363 million for broadband roll-out in England and Scotland* [www.culture.gov.uk/news/media\\_releases/8388.aspx](http://www.culture.gov.uk/news/media_releases/8388.aspx) 2011

46 Commission of the European Communities, 2006. Full citation available in footnote 41.

47 Department for Business Innovation and Skills and Department for Media, Culture & Sport, 2009. Full citation available in footnote 43.

48 Department for Media, Culture & Sport, 2011. Full citation available in footnote 45.

49 Plunkett Foundation and Carnegie UK Trust, *Rural Broadband: Reframing the Debate*, Dunfermline: Carnegie UK Trust 2012 <http://www.carnegieuktrust.org.uk/publications/2012/rural-broadband---reframing-the-debate>

50 Carnegie UK Trust, 2007. Full citation available in footnote 1.



## 2 Approaches to Rural Development

### 2.1 'Top-down' vs 'bottom-up' rural development

The classic formulation of rural development, prevalent in post-war Europe, was a 'top-down' model ('driven from outside' or sometimes called exogenous), based on industrialisation, economies of scale and concentration.

Urban centres were regarded as growth poles for the economic development of regions and countries. Rural localities were thought of as distant technically, economically and culturally from the main (urban) centres of activity. In all of these respects rural areas were perceived as 'backward' and marginal.

From this perspective, appropriate policy might subsidise the improvement of agricultural production, while encouraging labour and capital to leave. Most European countries adopted a top-down approach to their rural areas, but it was particularly strongly pursued in France, Ireland, UK and Scandinavia. By the late 1970s, there was growing evidence that the model had not worked (and indeed had been to the detriment of many rural areas). Top-down development was criticised as 'dependent development', reliant on continued subsidies and the policy decisions of distant agencies or boardrooms. It was seen as 'distorted development', which boosted single sectors, selected settlements and certain types of business (e.g. progressive farmers) but left others behind and neglected the non-economic aspects of rural life. It was cast as 'destructive development', which erased the cultural and environmental differences of rural areas and was unresponsive to the local knowledge held within these localities, and 'dictated development' devised by experts and planners from outside local rural areas<sup>51</sup>.

Most European countries adopted a top-down approach to their rural areas . . . but by the late 1970s, there was growing evidence that the model had not worked.

Instead, many advocated the bottom-up approach to rural development ('driven from within', or sometimes called endogenous) based on the assumption that the specific resources of an area – natural, human and cultural – hold the key to its development. Whereas top-down rural development saw its main challenge as overcoming rural differences and distinctiveness through the promotion of universal technical skills and the modernisation of physical infrastructure, bottom up development saw the primary challenge as capitalising on difference through the nurturing of locally distinctive human and environmental capacities<sup>52,53,54</sup>. The bottom-up model mainly concerns the mobilisation of local resources and assets.

### 2.2 An alternative model –'networked' development

The spread of bottom-up development ideas elicited a further critique from researchers at Newcastle University, proposing instead the notion of networked development<sup>55,56</sup> or what is sometimes called 'neo-endogenous' development.

They argued that social and economic development processes in any locality inevitably include a mix of bottom-up and top-down forces. The local level necessarily interacts with places elsewhere, beyond the locality itself. The critical issue is the balance

51 Lowe P, Murdoch J and Ward N, 'Networks in Rural Development: Beyond Exogenous and Endogenous Models', in *Beyond Modernisation*, eds Van der Ploeg, J D and Van Dijk C. 87-105, Assen, The Netherlands: Van Gorcum 1995

52 Bryden J and Hart K, 2004. Full citation available in footnote 15.

53 Van der Ploeg J D, and Long A (eds) *Born from within: practice and perspectives of endogenous rural development*, Assen, The Netherlands: Van Gorcum 1994

54 Shucksmith M, 'Endogenous development, social capital and social inclusion: perspectives from LEADER in the UK', *Sociologia Ruralis*, 40 (2), 208-218, 2000

55 Lowe P, Murdoch J and Ward N, 1995. Full citation available in footnote 51.

56 Ray C, *Culture Economies*, Newcastle: Centre for Rural Economy, Newcastle University 2001 <http://www.ncl.ac.uk/cre/publish/Books/CultureEconfinal.pdf>

of internal and external control of development processes to their benefit. Critical to the socio-economic development process are those institutions, actors and networks that have the capacity to link businesses, communities and institutions involved in governance at a variety of scales. Networked development therefore also advocates an emphasis on local capacity-building. From this perspective, development should be reoriented so as to use local territorial assets (physical or human, tangible or intangible, within or outside) with the objective of retaining as much as possible of the resultant benefit within the area concerned. It agrees that local territorial partnerships should assume responsibility for the design and implementation of development initiatives so long as they make full use of both internal and external markets, institutions and networks. In this way, rural areas are no longer seen as playing a passive, dependent role in the global economy but are able to generate innovative processes and shape future development<sup>57</sup>. Regions become involved in 'place shaping' using communication between actors and institutions to identify and exploit territorial potential<sup>58</sup>. Moreover, the lessons learned from place-based action may help to inform – and transform – policies and processes which operate more at higher levels.

Networked development is a mix of bottom-up and top-down forces . . . dense local networks build social and economic capital, but strategic connections beyond the locality are vital in positioning the territory to its best advantage.

The focus of networked development is therefore not only on the dynamic interactions within local areas, but also on those between local areas and the wider political, institutional, trading and natural environments. Dense local networks are important for building social and economic capital, but strategic connections beyond the locality are vital in positioning the territory to its best advantage. Such connections may be created and maintained by a variety of actors and institutions. Indeed in recent years, interest has grown in how the EU LEADER Initiative has fulfilled this mediating function between the bottom-up and the top-down<sup>59</sup> with the result that LEADER has become a focus for studies of networked rural development.

The EU LEADER initiative is intended to develop innovative solutions to rural problems which reflect what is best suited to specific territories and which actively use place-based identity.

Ray<sup>60</sup> identifies three aspects of the LEADER approach: a territorial basis; the use of local resources; and local contextualisation through active public participation. LEADER is still often presented as bottom-up development, building on people's wish to believe in their community. Nevertheless, LEADER-type activity is now increasingly recognised as networked development, joining together local aspirations with assets within and beyond the territory<sup>61</sup> – such as funds from the EU – in a process of mobilisation of place, space and democratic decision-making.



57 Shucksmith M, 2010. Full citation available in footnote 38.

58 Commission of the European Communities, *Green Paper on Territorial Cohesion Turning Diversity into Strength*, COM(2008)616 Final, Brussels: Commission of the European Communities 2008 <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2008:0616:FIN:EN:PDF>

59 Shucksmith M, 2010; Shucksmith M, 2000. Full citation available in footnote 38 & 54.

60 Ray C, 'Endogenous Development in Era of Reflexive Modernity', *Journal of Rural Studies*, 15(3): 257-67, 1999a

61 Shucksmith M, 2010. Full citation available in footnote 38.

**Table 1: The New Rural Paradigm**

	Old approach	New approach
<b>Objectives</b>	Equalisation, farm income, farm competitiveness	Competitiveness of rural areas, valorisation of local assets, exploitation of unused resources
<b>Key target sector</b>	Agriculture	Various sectors of rural economies (rural tourism, manufacturing, ICT industry etc.)
<b>Main tools</b>	Subsidies	Investments
<b>Key actors</b>	National governments, farmers	All levels of government (supranational, national, regional and local), various local stakeholders (public, private, NGOs)

Source: OECD, *The New Rural Paradigm: Governance and Policy*, Paris: OECD 2006 <http://www.oecd.org/gov/regionaldevelopment/thenewruralparadigmpoliciesandgovernance.htm>

These ideas were reflected in the OECD’s influential *New Rural Paradigm* report in 2006<sup>62</sup>. This highlighted an international transition whereby the relative economic importance of agriculture in rural areas is declining, so creating development opportunities for the growth of new businesses and the adaptation of the production based sectors. The OECD saw this as accompanied by shifts in approaches to rural policy and governance, with rural policy increasingly based on territorial or ‘place based’ approaches to rural development across a range of sectors, focusing especially on local specificities as a means of generating new competitive advantages, such as amenities (environmental or cultural) or local products. It also advocated co-ordination of sectoral policies, decentralisation and increased use of partnerships between public, private and voluntary sectors in the development and implementation of policies. This approach underpins all of the OECD’s rural policy reviews, including those of Scotland<sup>63</sup> and England<sup>64</sup>.

### Asset based Community Development

Asset-based community development (ABCD) is defined by the Carnegie Commission for Rural Development ‘*An approach that is driven by the community for their own local development*’<sup>65</sup>, as focusing on their own strengths and assets. It seeks to build inclusive and resilient communities through capacity building, rejecting portrayals of areas as weak and instead emphasising strengths. Of relevance here is the ‘7 Capitals Framework’, which draws on work on community development in the US to suggest that the asset base consists of seven basic types of ‘capital’ – financial, built, social, human, natural, cultural and political<sup>66</sup>.

Asset-based approaches are complementary to ideas of networked rural development, having a basis in similar philosophies of the capacities and capabilities of rural communities and institutions. But networked rural development challenges us to think about the ways in which assets and resources external to the territory can be used creatively to enhance rural development, so extending understanding of the asset base and of how assets can be mobilised and enhanced. It also highlights the important role of governance institutions in enabling the local and the regional, the national and the international to come together to mobilise and extend the asset base.

62 OECD, 2006. Full citation under Table 1.

63 OECD, *Rural Policy Reviews: Scotland, UK*, Paris: OECD 2008 [http://www.oecd-ilibrary.org/urban-rural-and-regional-development/oecd-rural-policy-reviews\\_19909284OECD](http://www.oecd-ilibrary.org/urban-rural-and-regional-development/oecd-rural-policy-reviews_19909284OECD)

64 OECD, 2011. Full citation available in footnote 13.

65 Carnegie UK Trust, 2007. Full citation available in footnote 1.

66 It must be emphasised that this framework is derived from community development practice, and is not well theorised.

A further strand of academic work of direct relevance to rural development practice derives from urban planning theory and practice. Healey<sup>67</sup> developed concepts of ‘collaborative planning’ and ‘deliberative place-shaping’ which have proved highly influential in urban areas. At its heart, place-shaping is about:

*...self-conscious collective efforts to re-imagine a city, urban region or wider territory and to translate the result into priorities for area investment, conservation measures, strategic infrastructure investments and principles of land use regulation<sup>68</sup>.*

It highlights the connection between the past and the future, continuity and change. In the context of new modes of governance, Healey argues this activity must more than ever be re-organised around deliberative processes and collective action – involving stakeholders and citizens in thinking together about what future they seek for their own place and how to achieve this. Deliberative place-shaping can therefore be seen to be closely related to ideas both of networked development and of asset based development, emphasising the imperative to mobilise actors and communities in pursuit of their development objectives, with support from the state and other social actors. Indeed, while the concept of deliberative place-shaping has its intellectual roots in urban regeneration initiatives, the mobilisation of local actors around place-based identities and symbolic constructions of community has been the basis of recent practice in rural development<sup>69</sup>, as noted above.

### Issues of inequality and capacity

These new approaches place emphasis on the capacity of people themselves to ensure the future prosperity of their places, drawing on local assets and networks. This raises important questions regarding the autonomy of local actors, the distribution of local power, and inequality more generally.

Research has revealed that bottom-up and networked approaches can risk exacerbating inequality, both between places because of the uneven capacity of local place-based communities

to pursue development from within<sup>70, 71</sup>, and within communities because internal power relations are often ignored or obscured such that powerful elites capture most of the benefit<sup>72</sup>. These risks could be moderated by the state engaging in capacity-building and investment. This requires an ‘enabling state’, not an ‘absent state’.

...bottom-up and networked approaches can risk exacerbating inequality both between and within communities ... these risks could be moderated by the state engaging in capacity-building and investment. This requires an ‘enabling state’, not an ‘absent state’.

Further, there is debate about the extent to which issues of fundamental structural disadvantage can be addressed solely through ‘development from within’, whether bottom-up or networked. Structural disadvantages might include poor resource endowments, disconnectedness from markets and networks, historical events (such as colonialism, war or occupation, or industrial restructuring), and exploitation and powerlessness. Such disparities are acknowledged in terms of the ‘global south’, or the ‘post-Soviet transition’, or in Britain by the ‘north-south divide’, but the structural causes are complex and often long-standing. These are fundamental concerns of the EU’s Cohesion Policy<sup>73</sup>, and the EU Commissioner for Regional Policy, Danuta Hübner, invited Dr Barca (a distinguished Italian economist) to compile an independent assessment of past and present cohesion policy. The Barca Report<sup>74</sup> concludes that a place-based approach is most likely to be successful, but raised the question of whether remote rural areas have ‘territorial potential’, and this remains a crucial empirical question for both research and EU policy.

67 Healey P, ‘The Treatment of Space and Place in the New Strategic Spatial Planning of Europe’, *International Journal of Urban and Regional Research*, 28(1): 45-67, 2004

68 Ibid

69 Shucksmith M, 2000. Full citation available in footnote 54.

70 Shortall S and Shucksmith M, ‘Integrated Rural Development: Issues arising from the Scottish Experience’ *European Planning Studies*, 6(1): 73-88, 1998

71 Arnason A, Shucksmith M and Vergunst J, *Comparing Rural Development: Continuity and Change in the Countryside of Western Europe*, Surrey: Ashgate 2009

72 Shucksmith M, 2000. Full citation available in footnote 54.

73 Commission of the European Communities, 2008. Full citation available in footnote 58.

74 Barca F, *An agenda for a reformed Cohesion Policy: a place-based approach to meeting EU challenges and expectation* Independent report prepared at the request of Danuta Hübner EU Commissioner for Regional Policy 2009 [http://ec.europa.eu/regional\\_policy/archive/policy/future/pdf/report\\_barca\\_v0306.pdf](http://ec.europa.eu/regional_policy/archive/policy/future/pdf/report_barca_v0306.pdf)



This question is returned to Section 2.3.

A central implication of all these developments in recent academic thought concerns the state's changed role, which is said no longer to be primarily to direct investment, using authoritative power, but to exercise generative power to stimulate action, innovation, and release potential. In Healey's words this is done 'to release potentialities and to innovate'<sup>75</sup>. We therefore now turn specifically to consider this changing role of the state in supporting rural development.

## 2.3 Nobody in charge?

Only a few years ago, any discussion of the role of the state in promoting sustainable rural development would have alluded to the concept of Integrated Rural Development, a term which originated in developing countries in the 1960s and 1970s<sup>76</sup>, and was introduced into Europe during the 1980s. In essence, this was a model which emphasised co-ordinating at local level the various top-down actions of the state to form a new territorial approach, linking the top-down and the bottom-up, essentially through the local state. Today, however, the predominant view is that the state can no longer achieve its goals by acting on its own. Instead, there has to be a mobilisation of numerous local actors, working together through partnership structures and arrangements.

The concept of governance is widely used to describe this<sup>77, 78, 79</sup>, reflecting a recognition of the changing role of the state (at all levels) and the greater propensity for public, private and voluntary sectors to work together in diffused power contexts.

### From government to governance

There has been a fundamental shift from 'government' (state sponsorship of economic and social programmes) towards 'governance' ('*governing styles in which boundaries between and within public and private sectors have become blurred*')<sup>80</sup>. This is understood to imply a shift from state sponsorship of

economic and social programmes and projects, as in the original Integrated Rural Development model, towards the delivery of these through partnerships involving both governmental and non-governmental organisations and perhaps other actors, as in LEADER. According to Goodwin, the increasing use of the term governance '*indicates a significant change in the processes by which rural society is governed and rural policy is delivered*'<sup>81</sup>. Features of this style include a new role for the state as co-ordinator, manager or enabler rather than as provider and director; the

... there has been a fundamental shift from government to governance.

formation of tangled hierarchies, flexible alliances and networks through which to govern and the inclusion of new partners, notably from the private and voluntary sectors. 'Governing through community' or 'government at a distance', by which the state appears to decentralise power but, in fact, retains control through hidden 'managerial technologies' is often also a feature. As Stoker put it, these are the elements of '*managing a nobody-in-charge world*'<sup>82</sup>.

One reason which has been put forward for these developments is the argument that the modern state can no longer govern national spaces in an all-inclusive fashion, but since it does not wish to be seen as exclusionary it has been forced to promote self-government instead. On the one hand this may be seen positively as an opportunity for participation and empowerment, leading to capacity-building. But equally this may be seen as an abdication of the state's role and responsibilities, and 'outsourcing' public services in such a way that it is easier for cuts to be imposed in hard times. The Archbishop of Canterbury, for example, has suggested that:

*Big society rhetoric is all too often heard by many as aspirational waffle designed to conceal a deeply damaging withdrawal of the state from its responsibilities to the most vulnerable*<sup>83</sup>.

75 Healey P, 2004. Full citation available in footnote 67.

76 Morris J, *Synthesis of Integrated Rural Development Projects*, Evaluation Study 438, London: Overseas Development Administration 1981

77 Goodwin M, 'The Governance of Rural Areas: Some Emerging Research Issues and Agendas', *Journal of Rural Studies*, 14 (1), 5-12, 1998

78 Cheshire L, *Governing Rural Development*, Surrey: Ashgate 2006

79 Shucksmith M, 2010. Full citation available in footnote 38.

80 Stoker G 'Public-private partnerships and urban governance', in *Partners in Urban Governance: European and American Experience*, ed Stoker G, London: Macmillan 1996

81 Goodwin M, 'Partnership working and rural governance: issues of community involvement and participation' paper presented to *Social Exclusion and Rural Governance Seminar*, Defra, ESRC and Countryside Agency 2003

82 Stocker G, 1996. Full citation available in footnote 80.

83 Williams R, *Faith in the Public Square*, Continuum. Extracts quoted in the Observer, 24 June 2012

Moreover, there is a tension between the concern to promote local participation and ‘civic renewal’ and the reliance on a set of managerial technologies such as targeting, audit and financial control which are deployed to ensure that local institutions are accountable to, and still do the bidding of, (central) government<sup>84</sup>. Critical questions emerge both over the effectiveness of these new styles of governance, and over who has been involved, who has not, and why<sup>85,86</sup>. In terms of policy relations, it has been found that well-established ‘policy communities’ with distinctive discourses and practices related to the different sectors (such as agriculture) have often retained power and influence, perhaps trapping governments *‘in modes of thinking and acting which lack the flexibility to respond to new ways of living, new ways of doing business in a globalising context and new cultural awareness of the significance of environment and place qualities’*<sup>87</sup>. Allmendinger and Haughton<sup>88</sup> also warn of the dangers of consensus-based models which may obscure the conflicting interests inherent in development actions.

### Power and capacity

This leads us quickly into issues of power relations in rural societies. From the governance perspective, power is reconceptualised as being a matter of social production (groups’ capacity to act) rather than of social control (by government or elites), that is with ‘power to’ rather than ‘power over’. Essentially, local actors are cast as the catalysts for change in their local area through collective, networked action. While audit controls and performance targets clearly still do exert ‘power over’, *‘what is at issue is not so much domination and subordination, as a capacity to act and accomplish goals’*<sup>89</sup>.

These approaches rely upon resources and actors being mobilised on the basis of a perceived shared identity – for example, a crofting heritage or the

Gaeltacht<sup>90</sup>. While not exclusive to rural policy, this approach does build upon the notion of co-operative social relations frequently associated with rural areas.

...partnership and integration at the local scale are not sufficient: integration between actors at different levels (and especially between different levels of government) is also essential...

Through the frameworks and arenas of the new rural governance, individuals and institutions may enhance their capacity to act and/or organise by joining together in new partnerships, alliances, networks, social movements. Frequently, this involves the imaginative reorganisation of market, state, and third sector relations and is manifested in different ways by the interaction of political power, economic power and civil society in different rural localities.

Research has however revealed that the possibilities for local action are often highly circumscribed. Thus, McAreavey and Swindal found that supposedly bottom-up initiatives (in Alabama and Northern Ireland) did not emerge from the local community. Far from being autonomous, participation and engagement took place only in the ‘invited spaces’ of rural governance, defined and *‘conceptualised by the state and into which communities are invited’*. In their UK case, *‘the field of what is ultimately possible is determined by central government and by the European Commission, and to a lesser extent by the local council cluster’*. Nevertheless, these new forms of governance and community empowerment can build action while simultaneously placing limits on it. They conclude that *‘the invited space of rural governance may represent the best opportunity for the state and civil society to interact’* since staying aloof from this space *‘limits the capacity of local communities to engender change. But entering that space is not trouble-free’*, since it indicates an acceptance of the terms of engagement and of imbalances of power<sup>91</sup>.

84 Mackinnon D, ‘Rural governance and local involvement: assessing state-community relations in the Scottish Highlands’, *Journal of Rural Studies*, 18(3), 304-327, 2002

85 Ellis A, *Power and Exclusion in Rural Community Development : the case of LEADER II in Wales*, PhD Thesis, Swansea: Department of Geography, University of Swansea 2001

86 Shortall S, ‘Social or economic goals, civic inclusion or exclusion? An analysis of rural development theory and practice’, *Sociologia Ruralis* 44, 1, 109-123, 2004

87 Healey P, de Magalhaes C, Madanipour A and Pendlebury J, ‘Place, identity and local politics: analysing partnership initiatives’, in *Policy Analysis for Network Societies*, eds Hajer M and Wagenaar H, Oxford: OUP 2000

88 Allmendinger P and Haughton G, ‘Post-political spatial planning in England: a crisis of consensus?’, *Transactions of the Institute of British Geographers*, NS 37, 89-103, 2012

89 Stone C N, *Regime Politics?*. Lawrence: University Press of Kansas 1989

90 Ray C, 2001. Full citation available in footnote 37.

91 McAreavey R and Swindal M, ‘Rural Governance: Participation, Power and Possibilities for Action’ in *Rural Transformations and Rural Policies in the US and UK*, ed Shucksmith M et al, New York: Routledge 2012

The tendency towards new styles of governance has relied upon partnerships as a central component, along with advocacy of citizen participation and stakeholder involvement, even if these have been unevenly realised in practice. The Cork Declaration, for example, asserted that rural policy ‘*must be as decentralised as possible and based on partnership and co-operation between all levels concerned*’<sup>92</sup>. Goodwin<sup>93</sup> cites the examples of schemes such as LEADER in Europe, Landcare in Australia, the Vermont Environmental Partnerships in Communities program in the USA and the French intercommunalité system of horizontal inter-governmental partnerships at the local scale which assist smaller rural authorities in service delivery and economic development. What is often omitted from such discussions, however, as the OECD point out in *The New Rural Paradigm* report<sup>94</sup>, is that partnership and integration at the local scale are not sufficient: integration between actors at different levels (and especially between different levels of government) is also essential, along with a fuller consideration of how power continues to be exercised by higher authority in subtle and hidden ways.

## 2.4 Localism and community empowerment

These debates are highly relevant to the localism agenda currently being promoted across the UK, and especially in England through the introduction of the Localism Act and a National Planning Policy Framework (NPPF). This is intended to pass power to local communities, by abolishing regional bodies and devolving strategic responsibility to local authorities, who in turn are expected to pass some of their powers and responsibilities to neighbourhoods.



92 European Commission, *The Cork Declaration – A Living Countryside*, [http://ec.europa.eu/agriculture/rur/cork\\_en.htm](http://ec.europa.eu/agriculture/rur/cork_en.htm) 1996

93 Goodwin M, *Rural Governance: A Review of Relevant Literature* Paper prepared for ESRC, Countryside Agency and Defra, Aberystwyth: University of Wales 2003

94 OECD, 2006. Full citation available under Table 1.

## England

In the foreword to the Government’s summary of the Localism Act 2011, the Minister (Greg Clark) writes as follows:

*For too long, central government has hoarded and concentrated power. Trying to improve people’s lives by imposing decisions, setting targets and demanding inspections from Whitehall simply doesn’t work. It creates bureaucracy. It leaves no room for adaptation to reflect local circumstances or innovation to deliver services more effectively and at lower cost. And it leaves people feeling ‘done to’ and imposed upon – the very opposite of the sense of participation and involvement on which a healthy democracy thrives. We think that the best means of strengthening society is not for central government to try and seize all the power and responsibility for itself. It is to help people and their locally elected representatives to achieve their own ambitions. This is the essence of the Big Society*<sup>95</sup>.

Reading this, one might imagine that responsibilities, powers and budgets would be devolved substantively to local government however the localism agenda has been accompanied by cuts imposed on council budgets in England of 27% in current spending from 2011-2015 with ensuing reductions in council staff and services. Local authorities therefore enjoy increased responsibilities, but will also see a serious reduction in budget.

The Localism Act 2011 contains many detailed measures<sup>96</sup> including: a general power of competence; directly elected mayors (for ‘core cities’); a community right to challenge; a community right to bid for assets of community value (in competition with commercial bidders); a right to veto excessive council tax rises in referenda; and various measures relating to planning and housing. As with the general debates summarised earlier in this section, opinion is divided about the merits of these reforms. Some view these positively: as empowering communities; reducing bureaucracy and encouraging efficiency by introducing competition. Others see these as central government seeking to evade responsibility for cuts to local services (passing the blame on to local government), and as the state’s abdication of its responsibilities to its citizens. Indeed, in a ‘nobody-in-charge world’ who should be held accountable?

95 Department of Communities & Local Government, *A plain English guide to the Localism Act.*, <http://www.communities.gov.uk/localgovernment/decentralisation/localismbill/> November 2011update

96 <http://www.communities.gov.uk/localgovernment/decentralisation/localismbill/>

The UK government's proposals on planning and housing have been particularly controversial, with countryside preservation groups claiming that the proposed 'presumption in favour of sustainable development' will lead to concreting over the countryside and loss of protected areas, such as green belt and national parks. Meanwhile, others in rural communities have been looking for strategies to address the need for affordable rural housing and for jobs.

The Localism Act 2011 replaces regional strategies with a duty on local authorities and other public bodies to co-operate on planning issues. Local communities have been given various new rights, notably including a right to draw up a neighbourhood plan, either to prevent development or to grant full or outline planning permission in areas where they want to see new homes and businesses. The neighbourhood plan must however accord with national planning policy and with the strategic vision for the wider area set out by the local council, and must be approved in a referendum. A community right to build similarly gives community groups power to bypass the planning system however there are concerns that this process is complex and time-consuming. There has also been much scepticism as to whether this power will be used or if it is more symbolic in nature, intended to signal to planning authorities the imperative of growth.

The aim of the policy, is to reduce regulatory burdens while introducing incentives (such as the New Homes Bonus<sup>97</sup>) in place of national or regional targets. Questions remain, however, as to how affordable housing in rural areas is to be financed. A 50% cut has been passed on to the Homes and Communities Agency and there are similar cuts to councils' capital budgets. Would private developers be able or willing to cross-subsidise social housing construction? Recent levels of new housing construction are not encouraging: affordable housing starts in England are down by 65% in 2011/12 (19,967 starts in 2011/12 compared to 59,451 in 2010/11)<sup>98</sup>. This will be a litmus test for the Localism Act's success.

## Scotland

In Scotland, localism has taken a different form. In recent years a vision of community ownership of land has developed<sup>99</sup>, not only to address historical grievances, but to remove landlord obstructionism as an obstacle to rural development, and to underpin a collectivist, asset-based community development model.

In essence, the Land Reform (Scotland) Act 2003<sup>100</sup> gave communities a first option to purchase feudal estates of which they were a part (The 'Community Right To Buy'). Beyond this, crofting communities were given the power to exercise a pre-emptive, or hostile, right-to-buy the landlord's interest in land under crofting tenure, where a majority of both crofters and the broader community are in favour and where this promotes sustainable rural development (The 'Crofting Community Right To Buy'). A Community Land Unit was established by the regional development agency, Highlands and Islands Enterprise, to assist communities in drawing up their plans and in the purchase and management of land; and a Scottish Land Fund<sup>101</sup> (initially of £10m, later increased to £15m) was set up with UK Lottery Money to assist rural communities to acquire and develop land and buildings. A further £6m was announced in February 2012. Communities typically establish a democratic and locally-controlled body (usually a company limited by guarantee) to acquire the land, draw up a business plan, and raise funding from gifts and loans to buy the land. Hunter<sup>102</sup> offers a full, up to date analysis of the process, with detailed interviews with those involved.

In Scotland, localism has taken a different form. Here, community land ownership underpins a collectivist, asset-based community development model.

97 Department of Communities and Local Government, *New Homes Bonus*, <http://www.communities.gov.uk/housing/housingsupply/newhomesbonus/> 2012

98 Note also that these starts are mainly affordable rented (ie. near to market rents) rather than social rented (which collapsed from 35,690 to 1,048). Source: Homes and Communities Agency, *National Housing Statistics, 2009-12*, [www.homesandcommunities.co.uk/national-housing-statistics](http://www.homesandcommunities.co.uk/national-housing-statistics) 2012

99 Bryden J and Geisler C, 'Community-based Land Reform: lessons from Scotland', *Land Use Policy*, 24, 1, 24-34, 2007

100 Scottish Parliament, *Land Reform (Scotland) Act 2003 (asp 2)* [http://www.legislation.gov.uk/asp/2003/2/pdfs/asp\\_20030002\\_en.pdf](http://www.legislation.gov.uk/asp/2003/2/pdfs/asp_20030002_en.pdf)

101 Big Lottery, *Scottish Land Fund*, [http://www.biglotteryfund.org.uk/prog\\_scottish\\_land\\_fund.htm?regioncode=sco](http://www.biglotteryfund.org.uk/prog_scottish_land_fund.htm?regioncode=sco)

102 Hunter J, *From the Low Tide of the Sea to the Highest Mountain Tops: community ownership of land in the Highlands and Islands of Scotland*, Isle of Lewis: The Islands Book Trust 2012



Mackenzie sees this community-centred land reform not only as a movement towards collective ownership with strong historical resonances, but also as the removal of land from circuits of global capital, in turn permitting a re-visioning of the political possibilities of place and a commitment to social justice and sustainability. While the move towards collective ownership is borne out of historical claims to the land, rights are now defined in terms of the community of place, opening up rights to those who previously had none and so is inclusionary. Moreover, she argues, people are ‘written into the land’ through the exercise of collective rights. The interests of sporting landowners or non-local conservationists are challenged through the performance of community stewardship. Community wind-farms also reproduce nature as a worked landscape and, while they use the market to generate income, this is ‘mediated through a local and collective rather than global and corporate or private ethic’, such that the wind’s commodification becomes part and parcel of the community’s rights to the land and of their resistance<sup>103</sup>. This is a very radical model of place-shaping.

More than half the land area of the Western Isles is now in community ownership.

This experience of community-based land reform illustrates many of the themes developed above. Central government and its agencies act to build the generative power of communities to imagine and realise their own futures. According to Bryden and Geisler, the state’s Community Land Unit and Scottish Land Fund have been ‘*vital tools for community empowerment and enterprise in fragile rural areas of Scotland*’<sup>104</sup>. Even in the context of severe financial constraint, in 2012, Scottish Ministers announced a further £6m for the Scottish Land Fund, in partnership with the Lottery Fund and HIE. More than half the land area of the Western Isles is now in community ownership, with the majority of those islands’ residents having come together in their communities to debate the merits of community ownership, and then to develop strategic plans for

the development of their communities – including, of course, how to pay back the loans. This has given people a new confidence in their abilities and potential, while at the same time requiring them to take responsibility for the future of their communities – with crucial help from a mostly supportive governance framework, even if many of the ‘managerial technologies’ of the central state, such as the Common Agricultural Policy, still work in opposition to local efforts. This experiment exemplifies the empowerment of communities of place, through the state becoming a catalyst for local action, mobilising less powerful actors and becoming an agent for change.



Despite this, not all branches of the state always act supportively. For example, the government’s environmental agency, Scottish Natural Heritage, objected to a proposal from the North Harris Trust for a small wind-farm which was supported by all the other statutory bodies, leading to much criticism of Scottish Natural Heritage as lacking local legitimacy, very much as portrayed by Mackenzie<sup>105</sup>. Furthermore, sector-specific policies (such as the Common Agricultural Policy) continue to work against local development strategies. For example, decoupling of agricultural support together with poorly-targeted agri-environmental payments have eroded the incentive to farm these areas actively, such that livestock numbers in the crofting areas fell by a third between 2000-07 and were predicted to halve by 2010, with consequent damage to internationally important habitats as well as to incomes and identity<sup>106</sup>. Similarly, economic development support has been focused toward larger businesses in more populated areas at the expense of micro-businesses in more fragile areas. Nevertheless, despite these

103 Mackenzie F ‘“S Leinn Fhein am fearann (This Land is Ours): re-claiming place, re-creating community’, North Harris, Outer Hebrides, Scotland, *Environment and Planning D*, 24(4): 577-598

104 Bryden and Geisler, 2004. Full citation available in footnote 99.

105 Mackenzie, 2006. Full citation available in footnote 99.

106 Committee of Inquiry on Crofting, *Crofting Inquiry: Final Report*, Edinburgh: Committee of Inquiry on Crofting 2008

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deficiencies, these examples of the state actively empowering and supporting communities do illustrate the efficacy of networked rural development and the potential of this approach.

Of course, very few communities are interested or willing to take land into collective ownership as a platform for asset-based rural development, particularly in England and Ireland where strong taboos surround such notions. Even where there is interest, many communities lack the social capital, the networks and the capacity to mobilise collectively, and this raises important questions of how to build these capacities. In many places, too, divisions within communities make it unlikely that they could take advantage of the community right-to-buy, at least in the short term. We return in Section 2.5 to the question of how might rural development be promoted more broadly?

## 2.5 A Question of values?

One of the ways in which power is exercised is through framing debates and ways of thinking. One example is the way in which we construct our ideas of ‘countryside’ in different ways in different countries – with the British idea of countryside rather unusual in the European context.

Increasingly over the last few decades, there has been a tendency to see things primarily as commodities, and in terms of monetary values. Thus debates about the environment now tend to be couched in terms of ‘eco-system services’, which must be valued in monetary terms and for which payment must be made. Support for social and community activities is couched in terms of business models of financial returns, self-financing and financial sustainability: increasingly, it is suggested that such voluntary activities are only worthy of support if they can survive without subsidy, on a sound business footing. More generally, there is an assumption that markets will provide solutions and that the only rationale for state action and intervention is market failure: in other words, there is an implicit acceptance of the superiority of markets over social values.

As Michael Sandel has argued in his recent book, *What Money Can't Buy*:

*‘we live at a time when almost everything can be bought and sold. We have drifted from having a market economy to being a market society in which moral debate is replaced by the law of the market, and all value judgements are replaced by the question ‘how much?’<sup>107</sup>.’*

Could the current financial crisis and the ensuing re-examination of some of the deep-rooted values and principles that underpin our institutions and government also offer opportunities for the emergence of new alternative forms of rural development, rooted in local cultures, values and movements – what Peck et al have called the ‘progressively variegated economy’<sup>108</sup>?

Might place-based rural communities in the UK and Ireland lead the search for alternative values and alternative economic and social models?

In a recent article, Peck et al have argued that while the banking crisis has certainly brought the dominant ‘neoliberal’ approach to markets under fire neoliberal policies are deeply politically and institutionally rooted and may continue to survive in what they call its ‘zombie phase’<sup>109</sup>. While such a climate would be constraining, as we have seen above, new models of economic development can still emerge and community-based land reform in Scotland already offers one prime example of this.

This brief discussion raises a fundamental question for the future of rural development. How far should rural development policy and practice conform to the dominant discourses of neoliberalism (such as competition, market failure, eco-system services)? And to what extent should it seek to develop alternative, radical new possibilities, asserting alternative values and ethical principles? Who is driving rural development? Either way, there are big challenges ahead in how to pursue rural development into the future.

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107 Sandel M, *What Money Can't Buy*, London: Allen Lane 2012

108 Peck J, Theodore N and Brenner N, ‘Postneoliberalism and its Malcontents’, *Antipode*, 41(s1): 94–116, 2010

109 Ibid

## 3 Into the Future?

### 3.1 Rural development in an age of austerity?

Rural development practice, and our understanding of it, has evolved towards a networked approach, characterised by dynamic interactions both within a locality and also between local areas and the wider political, institutional, trading and natural environments. As public spending reduces, how will such a model perform in an age of austerity?

The networked approach to rural development involves:

- the mobilisation of **assets**, both within and out with the locality
- the building of **capacity to act**, amongst individuals, of course, but especially collectively in terms of the capacity of people within an area to work together towards a shared vision of their future, and
- **networks** which connect people within and beyond the locality.

In a networked approach, the crucial issue is the balance of internal and external control of development processes and how to enhance the capacity of local actors to steer these larger processes to their benefit. Critical to the rural development process are those institutions, actors and networks that have the capacity to link businesses, communities and institutions involved in governance at a variety of scales, in an apparently ‘nobody in charge’ world.

As described in Chapter 1, however, for the foreseeable future, rural development must proceed in a context of reduced public expenditure, privatisation and deregulation. This is likely to mean reduced capacity in central and local government, and in the community and voluntary sector, alongside changes in the institutional framework. What impact will this have on networked rural development?

### 3.2 A return to bottom-up development models?

In these circumstances, one possibility is to revert to a bottom-up development model, in which rural communities are increasingly left to themselves without support from cash-strapped central or local government – with other external institutions and networks also under pressure from reduced resources.

Some would say that this is the essence of the UK Coalition Government’s ‘Big Society’ idea (‘big society, not big government’ as David Cameron put it), although the Business Secretary, Vince Cable, is adamant that ‘the state matters and it must be allowed a central role in helping reshape the economy as Britain recovers from the downturn’<sup>110</sup>. Either way, local and central government will be less able to foster and support local development action with fewer staff and fewer resources.

#### Uneven capacity

Some rural communities will rise to this challenge, working, for example, to start community broadband initiatives or establishing community businesses to replace bus services or to save failing village pubs or Post Offices from closure. Notwithstanding this and the high levels of volunteering in rural communities, the evidence shows that most rural communities will not mobilise so effectively, and that few partnerships in rural Britain emerge purely from the grassroots<sup>111</sup>. Instead, a highly uneven geography of rural development is likely to emerge as the state’s role weakens, with primarily the more affluent communities with greater institutional capacity-to-act organising to defend their interests and to pursue their objectives, taking advantage of whatever government schemes remain. Meanwhile, poorer rural communities and those without institutional capacity (knowledge, networks, and ability to mobilise) will find it more

110 Guardian, *Vince Cable tells why he has gone into coalition – with Michael Heseltine* <http://www.guardian.co.uk/politics/2012/mar/09/vince-cable-michael-heseltine-karl-marx>, 9th March 2012

111 Edwards W.J, Goodwin M, Pemberton S and Woods M, *Partnership working in rural regeneration: governance and empowerment?*, Bristol: Policy Press, 2000

difficult to generate rural development actions. They may well lose services and facilities, enjoying less control over changes affecting them. Such inequalities become self-reinforcing:

*...areas where established partnerships have successfully encouraged communities to become proactively involved in regeneration tend to generate more applications to funding programmes, and have the advantage of experience and stable structures in bidding for new sources of funding<sup>112</sup>.*

...a highly uneven geography of rural development is likely to emerge as the state's role weakens, with primarily the more affluent communities with greater institutional capacity-to-act organising to defend their interests and to pursue their objectives, taking advantage of whatever government schemes remain.

The highly uneven capacity of different communities of place to bring forward 'development from within' has been a consistent finding of studies of rural development in Britain and abroad<sup>113</sup>. There is a strong consensus amongst researchers and professionals that there is therefore a need for capacity-building in two respects. First, this is necessary to enable the most marginalised individuals to gain the confidence, competencies and skills they need to participate as active citizens in local civil societies. Second, this is necessary to allow new institutions and groups to emerge in less active places, enabling them to articulate a collective view on the form and content of regeneration for their locality and on how best to realise this vision. The UK Coalition Government's view, articulated by Greg Clark, the Minister for Decentralisation & Planning, is that such a notion of unequal capacities is patronising<sup>114</sup>, and that there is no need for the State to play any role in capacity-building. Without the State engaging in such an active, enabling role, inequalities within rural Britain will widen.

## Community First

A very different approach to localism has been pursued in Wales, explicitly seeking to reduce inequalities between places. The Welsh government launched the Community First programme<sup>115</sup> in 2001 with the aim of increasing participation and the capacity of Welsh communities, targeting the worst-scoring neighbourhoods on the Welsh Index of Multiple Deprivation 2000. These 150 neighbourhoods each have a Communities First Partnership for local planning and decision-making, a third of each partnership being residents, a third being statutory body representatives, and a third from voluntary and community organisations and the business community. There are six eligible themes: child poverty; environment; community safety; health and wellbeing; jobs, business and income generation; and education, training and skills.

The current programme runs from 2009 to 2012, with three funding sources available to the eligible communities: a Community First Trust Fund (small grants to community organisations); outcomes fund for developments and delivery of themes; and core funding for the staff team and overheads. A new programme for 2012-2015 is planned, although not yet finalised. These appear reminiscent of the former Neighbourhood Renewal Funds in England.

## Rural development networks

Rural communities also gain support, and exchange information, through a multitude of internal and external networks – indeed these constitute one of the principal assets for community action. Might these help to support rural development practice through the climate of austerity, or even substitute for withdrawal by the State? A recent report from the Carnegie UK Trust shows that rural development networks indeed do play an important role in building community capacity, with new technologies enabling such networks to expand their reach and improve communications between users<sup>116</sup>. Rural development networks allow people not only to receive advice and information, but also to share local learning and experiences, to develop creative ways to solve local problems and needs, and to identify sources of support. However, such networks are themselves vulnerable to the effects of public expenditure cutbacks. The report found that:

112 Shucksmith M, 2000. Full citation available in footnote 54.

113 Copus A and Hörnström L, *The New Rural Europe: Towards a Rural Cohesion Policy*, Stockholm, Sweden: Nordregio 2011

114 Greg Clark's response to a question following his CPRE Annual Lecture in 2011.

115 Welsh Government, *Communities first*, <http://wales.gov.uk/topics/housingandcommunity/regeneration/communitiesfirst/?lang=en>

116 Miller M and Wallace J, *Rural Development Networks – A Mapping Exercise*, Dunfermline: Carnegie UK Trust 2012 <http://www.carnegieuktrust.org.uk/publications/2012/rural-development-networks---full-report>



*The knock-on effect of funding cuts across the UK and Ireland are being felt in terms of the reduction in the number of paid members of staff, and in terms of organisations' abilities to continue to deliver services.*

It concludes that:

*Within the current climate of austerity and public spending cuts across the UK and Ireland, rural development networks and the communities they represent are presented with a challenging future.*

Sustaining such networks is especially important where regional institutional structures have been dismantled, as in England, and in this context it will be helpful to monitor the Department for Environment, Farming and Rural Affairs (DEFRA) new (unfunded) Rural and Farming Networks<sup>117</sup> which are now to represent rural interests to DEFRA and Local Enterprise Partnerships. In the interim, many of those working to promote rural development feel increasingly isolated and atomised.

### Voluntary and third sector support

One of the most obvious effects of the economic downturn and the associated cuts in public expenditure and in charitable funding, is the loss of staff posts in the voluntary and community sector (VCS). Already, surveys suggest that local authorities have cut their funding of the voluntary and community sector disproportionately, passing on cuts from central government and leading to sharp reductions in the income and staff employed in voluntary and community organisations<sup>118</sup>. But does this loss of funding and staff matter? Can't volunteers continue their work without pay?

Volunteers are already stretched in many cases, and it is unlikely that they would be able to expand their work further to substitute for the loss of paid staff as cuts bite.

This touches on a long-running debate about the professionalisation of the voluntary and community sector. Some claim that professionalisation improves

the standing of a low profile and marginalised group of workers, and helps provide them with the training, continuous professional development and other development opportunities that they struggle to acquire.



Critics of professionalisation tend to appeal to the core values of the voluntary and community sector (especially independence) and of community development practice. First, in terms of independence, citing the growing influence of the state over the workings of the sector through 'new public management' requirements, partnership working and increasing bureaucratisation. Attempts at 'professionalisation' in social movements and radical organisations are viewed as potentially depoliticising and neutering. Second, the setting up of some people as experts in a restricted entry profession is seen as disempowering the ordinary citizen, and more generally running counter to the key values of community development<sup>119</sup>. This is where any schism between paid workers, who might become professionalised, and the volunteers is perhaps most acute, with fears of paid workers moving up to become an 'elite', alongside a qualification system that excludes lay knowledge, skills and experience.

Having said this, most rural development organisations currently enjoy good relations between volunteers and employees, with paid staff recognised as enhancing their capacity. Volunteers are already stretched in many cases, and it is unlikely that they would be able to expand their work further to substitute for the loss of paid staff as cuts bite. Moreover, volunteering is not cost-free: training, travel, insurance and many other aspects will continue to require funding from one source or another, and it is often the uncertainty around such funding which limits capacity.

117 Department for Environment, Food and Rural Affairs, <http://www.defra.gov.uk/rural/economy/engaging/rfn/>

118 Guardian, *Cuts: what does a voluntary sector financial crisis look like?* <http://www.guardian.co.uk/society/patrick-butler-cuts-blog/2011/mar/07/what-does-a-charity-financial-crisis-look-like> 7 March 2012

119 Geoghegan M and Powell F, 'Community Development, Partnership Governance and Dilemmas of Professionalization: Profiling and Assessing the Case of Ireland', *British Journal of Social Work*, 845-861, 2006

### 3.3 Local responses to wider forces are insufficient

The central theme of recent thinking about rural development, and of the preceding sections, has been place-based, networked development actions. As we have seen, these employ concepts of assets, networks, capacity and local empowerment. But is localism and place-shaping enough?

A recent study of processes of differentiation across rural areas of Europe found these operate at many scales (global, national, regional, local) to influence rural change<sup>120</sup>. This presents authoritative evidence that at the European scale, there are clear and persistent patterns of structural differentiation, closely associated with disparities in economic performance. For example, between core and periphery; between the consumption countryside and agricultural and ex-industrial rural areas; and between western and eastern and southern Europe. At a more local scale, the authors find that the key issues do indeed relate to ‘territorial capital’ – assets and

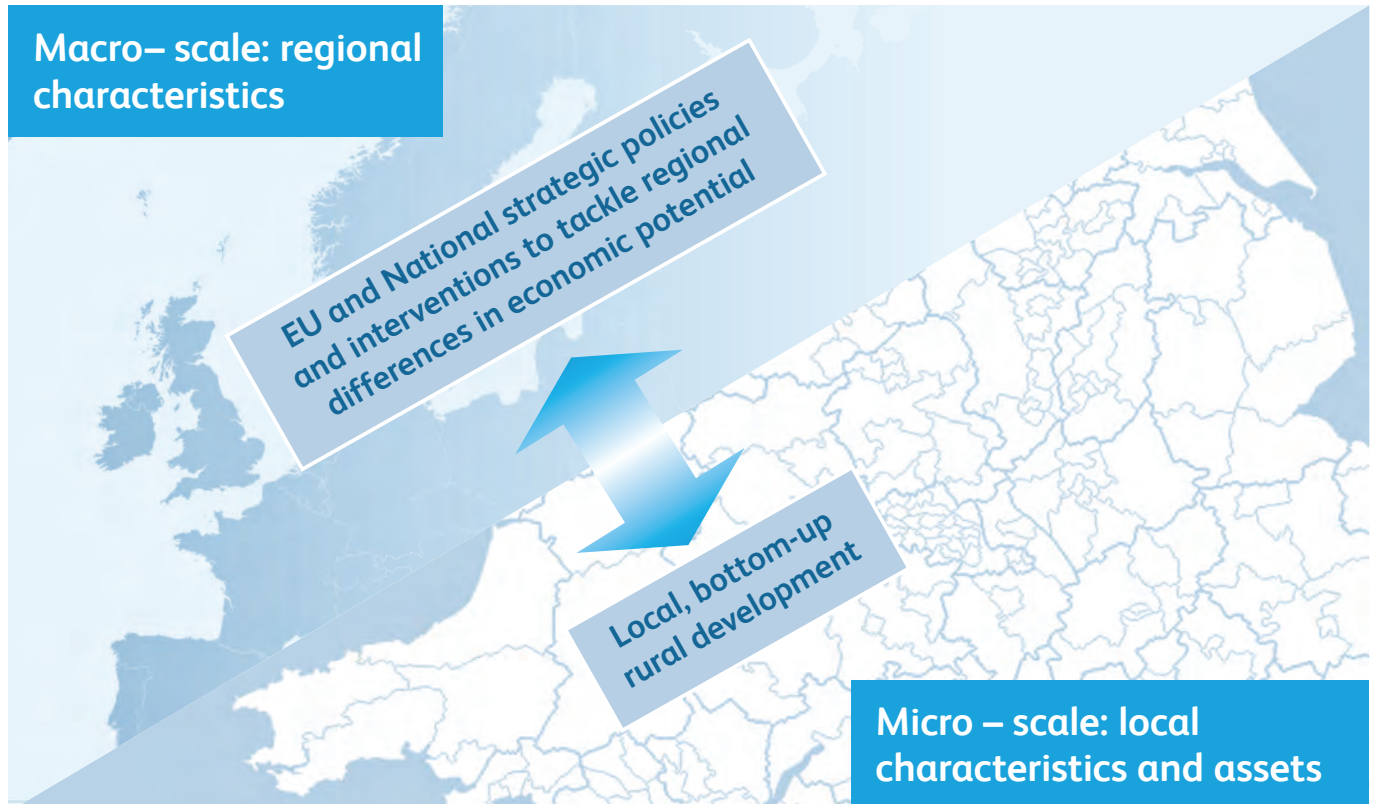
capacity, much as indicated in section 3.1 above – and point to networked rural development models, such as LEADER. However, EU policies such as those mentioned above can never be sufficient. Figure 2, taken from Copus and Hörnström, illustrates this interplay between processes of change at these two different levels, along with the appropriate policy responses at each level.

... local responses to wider forces are valuable but insufficient; there is also a need for regional, national and EU policies which can address the broader forces acting upon each locality.

The authors conclude that the changes affecting rural areas across Europe cannot be explained purely in terms of assets and capacity at the local level. On the contrary, there are systematic patterns across the EU which show clearly that broader processes are at

#### Figure 2: Processes of change

Adapted from Copus and Hörnström 2011. See footnote 113.



120 Copus A and Hörnström L, 2011. Full citation available in footnote 113.

work, structuring rural change in ways that advantage some rural areas and disadvantage others. They conclude that:

*There is still a strong argument for macro-scale diagnosis, strategic planning and intervention. Localised, place-based policy processes will not be sufficient. A two-tier structure is more appropriate.*<sup>121</sup>

In other words, local responses to wider forces are valuable, but insufficient. There is also a need for regional, national and EU policies which can address the broader forces acting upon each locality.

Moreover, the state is itself a major player in rural economies and societies. Roberts conducted an analysis of the Western Isles economy which demonstrated that national economic policies (on interest rates, taxation and public expenditure, for example) *'are a much more significant force in shaping the development path of a rural region'* than local policies<sup>122</sup>. This is consistent with a UK government report on rural economies which argued that *'policies with a national sweep have a much greater impact on economic health than any rural-based initiative but contrasts with much policy expectation and effort'*<sup>123</sup>.

Yet many policies are spatially blind to their territorial impacts. There is a growing recognition amongst policy-makers of the blindness of national and EU policies to issues of space and place. Most EU sector policies have been found to run counter to the objectives of territorial cohesion<sup>124</sup>, including most notably the territorial impacts of the Common Agricultural Policy, which tends to benefit richer areas in the core of Europe rather than poorer regions around the periphery of the EU<sup>125</sup>. Within the UK, economic policy, social policy, housing policy and even science policy embody, if only implicitly, certain principles of spatial organisation and ordering, and these have too rarely been given explicit consideration. For example, it has been suggested that benefits might be related in future to local pay levels, even though this would favour the south-east of England as against the north and west. It might also mean lower benefits for rural areas. Instances of a new attention being paid

to these issues include the requirement for all English policies to be 'rural-proofed', and the Welsh Assembly's study of the spatial dimensions of sectoral policy<sup>126</sup>. This issue was also identified in the OECD's review of rural policy in England<sup>127</sup>, which scrutinised the policy and practice of rural-proofing across government and its agencies. Local action is unlikely to be effective in the face of national policies which are blind to their impacts on rural areas.

### 3.4 Realising the economic potential of rural areas

A crucial reason for more attention to be paid to rural development is that rural areas could make a much greater contribution to the nation's future prosperity.

#### The myth of urban led growth

Most people accept the 'Thomas the Tank Engine' myth that urban areas are the 'engines' of growth, with rural areas the 'carriages' being pulled along in their wake, despite evidence to the contrary. But cuts in public sector spending and the need to rebalance the economy necessitate support for private sector job creation and growth from all places rather than only certain cities or sectors. This has finally led to recognition of the bottom-up potential of rural economies.

Rural areas are consistently overlooked as sources of growth:

*Overwhelmingly the assumption has been that the source of futures – the drivers of change and innovation – are invariably to be found in the urban context and, more particularly, within large, urban-based corporations and governmental institutions*<sup>128</sup>.

This view of rural areas as idyllic places of peace, as repositories of national identity and yet also as backward areas in need of modernisation continues to dominate popular perception in both the UK and the EU. In this way, rurality is seen as a brake on modernity and progress, in the sense that 'real places' – where organic communities, stubborn local attachment and continuities with the past survive – are seen as less malleable to neoliberal policies and as obstacles to economic development and modernity.

121 Ibid.

122 Roberts D, 'The economic base of rural areas: a SAM-based analysis of the Western Isles, 1997'. *Environment and Planning A*, 35: 95–111, 2003

123 Performance and Innovation Unit, *Rural Economies*, London: Cabinet Office 1999

124 ESPON, *Territorial evidence and cooperation: Linking analysis and action*, Denmark: ESPON 2007 [http://www.espon.eu/export/sites/default/Documents/Publications/ESPON2006Publications/SynthesisReportESPONINTERact/Territorial\\_evidence\\_web.pdf](http://www.espon.eu/export/sites/default/Documents/Publications/ESPON2006Publications/SynthesisReportESPONINTERact/Territorial_evidence_web.pdf)

125 Shucksmith M, Thomson K and Roberts D, *CAP and the Regions: the Territorial Impact of the Common Agricultural Policy*, Wallingford: CAB International 2005

126 Harris N and Hooper A, 'Rediscovering the 'spatial' in public policy and planning: an examination of the spatial content of sectoral policy documents', *Planning Theory & Practice*, 5(2): 147-169, 2004

127 OECD, 2011. Full citation available in footnote 13.

128 Ward N and Ray C, *Futures Analysis, Public Policy and Rural Studies*, Newcastle: CRE WP74, Centre for Rural Economy, Newcastle University 2004

As well as being rooted in the past, rural areas thus tend to be seen as passive recipients of modernity, 'and at best as moderating 'filters' of exogenous [top-down] forces for change'<sup>129</sup>, despite abundant evidence of the bottom-up potential of rural areas and of the agency of rural dwellers<sup>130</sup>. Instead, it is possible to envisage rural areas as sources of the future, as places of innovation and themselves engines of social renewal and economic growth. In England recently, there have been suggestions that this is indeed the case. It has been found, for example, that innovation is greater in rural areas than in urban <sup>131,132,133</sup> that productivity is growing faster, and around 2 million people are using broadband to work from home in rural England. Such findings encouraged the Commission for Rural Communities (CRC) to claim the untapped economic potential of rural areas might be worth an extra £347bn pa to the national economy, if policies supported rural economic development<sup>134</sup>. The report asks whether the lack of policy support for rural development is due to 'spatial blindness' or outdated thinking.

...the untapped economic potential of rural areas might be worth an extra £347bn pa to the national economy, if policies supported rural economic development.

Indeed, many in government and academia continue to assert the 'Thomas the Tank Engine' myth, often unaware of the dynamism of rural economies. A recent report from Newcastle University's Centre for Rural Economy (CRE) argues that:

*Recently-introduced growth measures such as Enterprise Zones, Tax Incremental Financing and the Regional Growth Fund, show in their design, targeting or adoption, an urban bias... Through the 20th century, governments acknowledged this basic urban bias in policy and [from 1909] sought to counteract it through a succession of agencies (e.g. the Rural Development Commission, the Countryside Agency and the Commission for Rural Communities)<sup>135</sup>.*

The last of these is due to be abolished by the Coalition Government in March 2013.

## Innovation and entrepreneurs in rural areas

The question of whether more growth originates from urban or from rural areas is beside the point. The important point is that rural areas do have considerable bottom-up growth potential, and that it would be foolish for the nation (or for rural dwellers) to fail to grasp this<sup>136</sup>.

The CRE report echoing CRC's findings, pointed out that rural areas of England contribute £200bn pa or 19% of Gross Value Added to the national economy. They also:

*...have more businesses and more start-ups per head of population than urban areas, apart from London, with rural firms having a higher propensity to export their goods and services; display higher levels of self-employment and entrepreneurial activity; have higher growth rates in knowledge intensive businesses, including business and financial services which now account for a quarter of rural economic output; contain a greater proportion of employees in manufacturing; and have higher employment rates<sup>137</sup>.*

The report also shows that entrepreneurs in rural areas have just as strong aspirations to grow their businesses as urban entrepreneurs. This is not to suggest that there are not also many challenges and difficulties facing rural businesses, set out in that report, too – notably poorer infrastructure, distant services, planning restrictions and labour shortages

129 Ward and Ray, 2004. Full citation available in footnote 128.

130 Shucksmith M, Talbot H and Lee R, 'Meta-Narratives as Heuristic Generalisations of Rural Change', in *The New Rural Europe: Towards a Rural Cohesion Policy*, eds Copus A and Hörnström L, Stockholm: Nordregio 2011

131 Mahroum et al, *Rural Innovation*, London: NESTA 2007 [http://www.nesta.org.uk/library/documents/Rural\\_Innovation\\_Report.pdf](http://www.nesta.org.uk/library/documents/Rural_Innovation_Report.pdf)

132 Hepworth M, Pickavance L and Ziemann B, *The Knowledge Economy in Rural England: A Report for Defra*, London: Local Futures 2004

133 BOP and Experian, *Creative Countryside: Creative Industries Driving New Rural Economies*, Report for One NorthEast, Scottish Enterprise, Highlands and Islands Enterprise, East Riding Council, and Lancashire County Council 2007

134 Commission for Rural Communities, *England's rural areas: steps to release their economic potential – Advice from the Rural Advocate to the Prime Minister*, Cheltenham: Commission for Rural Communities 2007 [http://www.defra.gov.uk/crc/files/Advice-PM\\_rural\\_areas.pdf](http://www.defra.gov.uk/crc/files/Advice-PM_rural_areas.pdf)

135 Phillipson et al, *Rural Economies: Incubators And Catalysts For Sustainable Growth*, Submission by the Centre for Rural Economy, Newcastle University, in collaboration with the UK Research Councils' Rural Economy and Land Use Programme to the Government's Growth Review, Newcastle: Centre for the Rural Economy, Newcastle University 2011 <http://www.ncl.ac.uk/guru/documents/govsgrowthreview1.pdf>

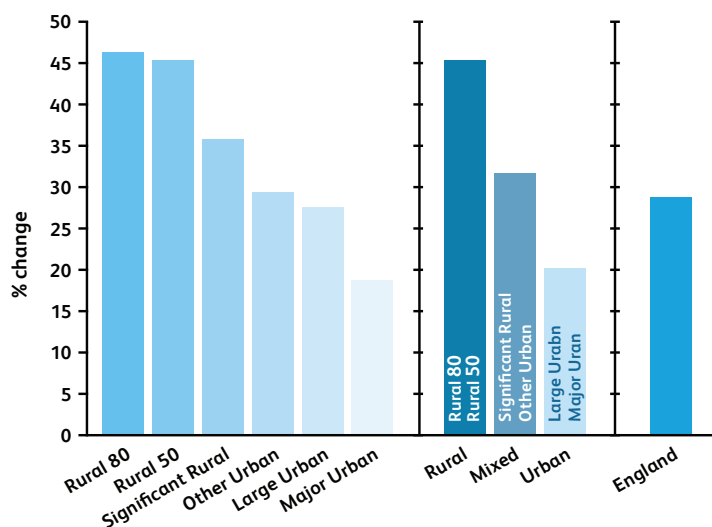
136 Recognition of rural areas' potential to contribute to economic growth and national prosperity does not, of course, imply an argument for laissez faire policies and planning deregulation. Far from it.

137 Phillipson et al, 2011. Full citation available in footnote 135.



**Figure 4: Percentage change in knowledge intensive businesses in England 1998-2005**

Source: CRC, 2007. See footnote 134



Some of the evidence from the CRC and CRE reports may be presented in diagrammatic form to illustrate these arguments. Figure 4 shows the percentage change in knowledge-intensive businesses (an especially dynamic sector of businesses heavily reliant on professional knowledge, such as R&D) in rural and urban England from 1998-2005. The diagram shows that growth in knowledge-intensive businesses is fastest in the most rural council areas<sup>138</sup> and least in major urban areas.

Another revealing set of evidence concerns growth in productivity. Figure 5 shows average annual growth in GVA (Gross Value Added) in rural and urban areas of England during 1995-2005. This shows that rural areas supported a slightly higher rate of productivity growth than major and large urban areas over this period, contrary to many people's expectations. Moreover, separate analysis shows that the level of productivity (GVA/head) in rural areas is similar to that in urban areas outside London.

Matthew Taylor's report, *Living, Working Countryside*, commissioned by the then Prime Minister, Gordon Brown, endorsed these findings.

*Rural areas are becoming more entrepreneurial, and generating higher levels of business creation, and more of these new businesses survive. In aggregate, the performance of the economy in rural areas is comparable to performance in urban areas. However, the situation is complex. Business formation rates are not universally healthy in rural areas, particularly*

*in more remote rural areas. Economic performance across rural communities is hugely varied, with many still failing to live up to their potential<sup>139</sup>.*

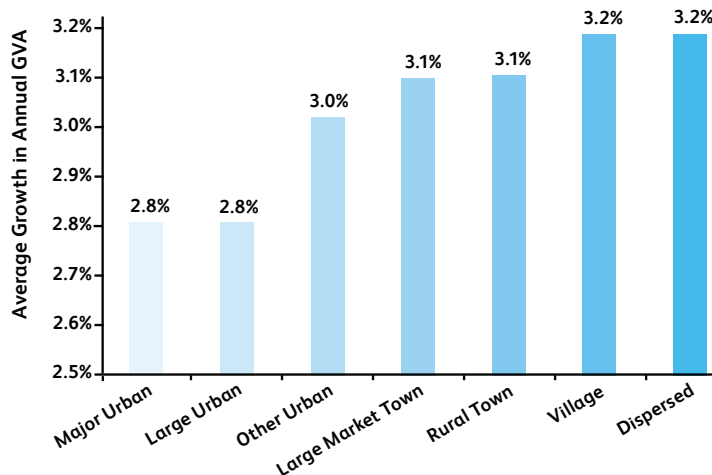
The Centre for Rural Economy report therefore called for greater support for rural microbusinesses, which are often frustrated in their aspirations to grow:

*Many types of business report practical constraints on their growth, principally the state of the economy, accessing or managing finance, regulations, taxation, and recruitment of skilled staff. If we are to overturn these barriers, businesses need access to finance; more enabling local planning and development controls; help with recruitment difficulties and skill gaps; and better communication infrastructure, business networking and support<sup>140</sup>.*

Micro- and home-based businesses, which are more prevalent in rural economies, have particular characteristics and needs, but they often fall under the radar of business groups and support organisations.

**Figure 5: Average annual GVA growth by rural/urban categories 1995-05**

Source: CRC, 2007. See footnote 134



The *Rural Economy Growth Review*<sup>141</sup>, in England, recognised the strength of these arguments and, in late 2011, proposed a series of measures to support rural economies beyond agriculture, though the resourcing of these measures was highly constrained. Despite the modest sums committed, this is important in showing recognition of the bottom-up potential of rural economies, beyond agriculture and tourism. This recognition must be a cornerstone of rural development in the age of austerity.

138 R80 are the most rural local authority areas, with more than 80% of wards classed as rural, and R50 are the next most rural local authority areas, with more than 50% of their wards classed as rural.

139 Taylor M., 2008. Full citation available in footnote 8.

140 Phillipson et al., 2011. Full citation available in footnote 135.

141 Defra, *Rural Economy Growth Review*, <http://www.defra.gov.uk/rural/economy/econ-business-broadband/rural-economy-growth-review/>

## 4 Conclusions

This report has reviewed the latest research and recent experiences of rural development, seeking to set these in the context of social and economic changes in rural areas, growing inequality across Europe, and the ongoing economic downturn.

Ideas of rural development have been seen to evolve from 'top-down' and 'bottom-up' to 'networked' rural development and 'place-shaping' approaches, which emphasise the capacity of local people themselves to ensure the future of their places, drawing on assets and networks both within and beyond their localities and on an enabling state which helps to support this process through capacity-building and investment. The report also noted that such actions at the local level cannot be sufficient on their own to address the processes which operate at many levels to influence rural change, so that action at more strategic levels is also necessary. How should rural development proceed, then, in an age of austerity?

A first step is for people, communities and societies to consider what sort of future they would hope for – something to be imagined both individually and collectively. Clearly, this will differ from one place to another, and from one person or group to another. But there are some common themes to the visions of the future imagined by most rural communities who have engaged in such an exercise. They tend to imagine prosperous, inclusive, sustainable communities which cherish valued elements from their past and draw on these to seize the new opportunities of the future. They tend to subscribe to ideas of inclusiveness, fairness and active citizenship while also working to maintain a good standard of living through their economic competitiveness and social innovation. Their environment, landscape and cultural heritage are integral to their sense of place. There is a sense that these values go deeper than merely markets and exchange.

'... there are some common themes to the visions of the future imagined by most rural communities... They imagine prosperous, inclusive, sustainable communities which cherish valued elements from their past and draw on these to seize the new opportunities of the future.'

In terms of how such a community might seek to pursue its vision of the future, this report has sought to summarise the abundant evidence now available on which to draw. We know one thing that will not work is treating rural areas as pastoral backdrops, passively awaiting modernisation 'trickling-out' from urban centres of growth and innovation. This approach is unfortunately still prevalent, but is clearly contrary to the weight of evidence.

Instead, the lessons from recent analysis and experience of rural development, in the UK, Ireland and abroad, suggest that action on two levels is necessary:

### i. Supporting networked action at the local level.

Rural areas are diverse and benefit most from local solutions which reflect conditions, capacity and capabilities within and around them. Action at this micro-level is most effective when it follows a networked model, bringing together the local and the external, the bottom-up and the top-down, but with local actors enabled to steer larger development processes to their community's benefit. Key elements of this networked model are the mobilisation of *assets* (tangible and intangible – a museum or team-spirit, for example), both within and beyond the locality; the *networks* which connect people within and beyond the locality; the *shared knowledge and identity* of those involved; and the *capacity* of people to mobilise collectively

and inclusively towards the future they imagine, and to rise to the challenges of a changing world. Critical to this process are those institutions, actors and networks that have the capacity to link businesses, communities and institutions at a variety of levels, in an apparently 'nobody in charge' world. Rural communities have very unequal capacities to act in this way, however, and it is very clear that unless there is capacity-building at community level inequalities will grow between rural areas. While support can come from foundations, universities and others, it is not clear who else might provide capacity-building on the scale required and in a systematic way apart from government, whose enabling and fostering role is crucial. *Investment in the capacity to act of local communities in this way should be a priority, even in an age of austerity.*

## ii. Rural-Proofing National and Regional Policies.

At the same time, analysis has shown that local action on its own is insufficient to address the processes which operate at multiple levels to influence rural change. Macro-scale diagnosis, strategic planning and intervention is therefore also required to address persistent patterns of structural differentiation – such as the north-south divide in England or east-west contrasts in Ireland. Central government and indeed private firms are often spatially blind to the territorial impacts of their policies and decisions, and mechanisms such as rural-proofing may be helpful in alerting those involved to unintended effects of their actions. It would be illuminating, for example, if public spending cuts had been informed by an assessment of their rural impacts. Positive examples at this strategic level are the commitment to a universal postal service, and guarantees of high-speed broadband by 2015. Less helpful are some of the negative territorial impacts of the Common Agricultural Policy, or the centralisation of many public services. Rural development interventions are therefore appropriate at two levels – the local and the national.

These conclusions can inform an assessment of the future of rural development, and indeed for the future of rural areas in the UK and Ireland. If the state passes power and responsibility to local communities without the necessary resources or support, some will rise to the challenge but many more will not. The emerging inequalities between rural areas will be further exacerbated if they are set within an overarching policy framework of competition between places<sup>142</sup>, in which each community, city or region tries to outdo its neighbours in a market-conscious world. Some rural communities have the skills, assets, networks and institutional capacity to compete strongly in such a globalised, deregulated context while also retaining essential services. These places may attract immigrant entrepreneurs whose skills and enterprise enrich their communities further. Meanwhile, rural communities who have not yet developed these capacities and networks, and lack support become impoverished, losing services and infrastructure, and become less able to contribute to rebalancing and renewing the national economy. This is a two-speed countryside, underpinned by the values of neoliberalism.

Genuine localism includes not only devolving responsibilities but also resources, with the state taking responsibility for 'helping people to help themselves'. In the context of rural development, this means providing a spatially-aware, rural-proofed policy framework and infrastructure, while investing in developing the capacity of local actors to lead networked rural development on their own terms – especially in places and amongst social groups whose capacity to act is less. Such an approach would promote greater equality and cooperation amongst rural areas, and between rural and urban areas, so enabling more places to contribute to national priorities, while tailored to local circumstances and knowledge. Many more people will achieve their hope of living in prosperous, inclusive, sustainable rural communities, rising to future challenges while honouring the values and heritage which connect them with their past.

<sup>142</sup> Harrison J, 'Competition between Places' in *Changing Gears – is localism the new regionalism?*, C Ward and S Hardy London: The Smith Institute/ Regional Studies Association 2012 <http://www.smith-institute.org.uk/file/Changing%20Gear.pdf>

