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From Countrysides of Production to Countrysides of
Consumption: the Implications for Rural Areas

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Introduction

This paper argues that for large areas of rural Britain and for many parts of the developed world, the principal driver of rural economic change is no longer the primary sector, but is instead a constellation of consumption-related factors relating to the demands made by a range of different types of consumers on rural space. These new drivers have allowed post-productivist uses to reach a position of economic dominance in many rural areas, but this has occurred more in spite of than because of the system of government intervention and against the wishes of many in the rural population.

Matthew Fort, a food writer resident in Gloucestershire, recently reiterated the age-old assertion of a fundamental antagonism between town and country in an article ruminating on the recent parliamentary debate on hunting (Observer, 19th September). For example:

‘These new part-time country folk do not buy into rural social structures, activities or principles. They bring with them their urban habits, their urban pastimes, their urban values....And they are only a minority. The vast majority of urban dwellers have hardly anything to do with the countryside, visiting it as they would the hinterland of Spain, Greece or Italy when they cannot visit Spain, Greece or Italy, viewing it as tourists, with curiosity and no understanding.’

I would like to disagree fundamentally with these sentiments, arguing instead that the countryside which Fort inhabits is already permeated by urban refugees and that this process has been taking place for at least fifty years, often more and has gathered momentum in the last twenty. These are not necessarily part-time country folk and their injections of wealth and income into rural economies have helped the traditional rural population (insofar as it exists) weather and adapt to a deep crisis in their livelihoods. The full significance of these new demands will only become apparent as the distortions created by the CAP (which might be endorsed by some rural people but probably not by Matthew Fort) are remedied.

It is timely to look at these forces both in the light of the reform of the CAP, with an inexorable movement towards decoupling gathering pace, albeit one being implemented at different rates in different regions and countries of the EU, and at a time when the significant expansion of the EU offers important choices to the farmers in the new member states. At UK level, it is also timely to explore these processes in the light of the latest Rural Strategy of DEFRA, published in the summer of 2004¹.

The core of my argument is that to a large degree, the land managers, the planners, policy makers and many of the change-agents in the field have failed to come to term with the emergence of what I would like to term ‘economies of consumption’ and are instead, locked into strategic behaviour which too often resembles defensive localism.

¹ The three priorities are: Economic and social regeneration; Social justice for all; and Enhancing the value of our countryside.

Quite simply, they have failed to come to terms with the changes in economic fundamentals that have taken place.

As the consumption demands on space increase, the strengths and weaknesses of the current policies to support what the OECD (1999) calls the cultivation of rural amenities are exposed, as are the residual examples of policy and market failure. Given the changes in rural governance, occasioned by the strengthening of the Regional Development Agencies, the post-Haskins Report reshaping of rural delivery, and the diminution of the role of the Countryside Agency in England, it is possible to conceive of the prospect of an even more differentiated policy framework, where down to sub-regional level, development actions can be promulgated by a range of local agencies, such as LEADER +, local partnerships, and others.

The new rural economy is more than ever shaped by consumption demands. These demands may be met through the market as in the case of residential and tourist preferences, but there is often a strong element of 'publicness' to many of the services sought, which creates a need for policy as well as market solutions. For example, the public rights of way network and the expanded opportunities under the Freedom to Roam legislation recently passed in the UK, the rural landscape and much of the wildlife of the countryside are at least quasi-public goods: that is it is difficult if not impossible to exclude people from benefiting from them; and there is often a high degree of non-rivalry in consumption. However, there are also major components of the new rural economies of consumption that can be met by the market and entrepreneurial activity. The OECD (1999) has argued that there is scope for markets to deliver many amenity products. This may demand interventions and support of a different kind to that which has predominated in rural areas of Europe for most of the last 50 years.

I will also argue that these consumption-related drivers of change and their wider social and economic consequences have been under-researched and pose new research questions, the answers to which are vital if evidence-based policy is to guide the rural economy into the future.

The lessons from history

The assumption of agricultural primacy of the rural economy exercises a strong influence on the public psyche in the UK. It is a truism to say that in the past agriculture was a larger proportion of the rural economy. However, the notion of a narrowly productivist approach to farm and more generally rural land management needs to be tempered by realisation that over a very long historical period the rural areas of Britain have had many other functions as well as agricultural production. Multifunctionality may be a new term in the Euro-lexicon, but it actually has a much longer history on the ground.

In the medieval period, hunting was a pastime of the aristocratic elite and extensive areas of land in the UK were turned into hunting areas. Many of these hunting areas 'chases' or forests survive today as relatively heavily wooded areas (such as the New Forest, recently designated as a national park), and many still continue to provide significant opportunities for game enterprises, as well as providing attractive living space.

From the medieval times, Devon landowning families were penetrated by capital accumulated by lawyers and merchants as well as landed families from other countries, (Hoskins 1972). By the 17th century, these new entrants into the land market and rural society were being described by a Devon squire as ‘upstart golden asses, whose niggardly covetous fathers have...left them a mass of ill-gotten gains’, Westcote, quoted in Hoskins, 1972). Then, as now, urban-sourced wealth kept the rural economy replenished.

From the late 18th century, the Romantic Movement had a profound influence on the way that wild rural places were appreciated. The opening up of places like the Lake District or the Trossachs, inspired respectively by Wordsworth and Scott was part of a changing attitudes to wild places. Out of this emerged a growing tourist economy with hotels, steam boats, railways and the emergence of rural tourism (see MacLellan and Smith 1998).

The most remarkable example in its scale of the injection of urban wealth into consumption-based rural landownership is the transformation of large areas of the Scottish Highlands into deer ‘forest’. Fraser Darling (1949) argues that this was initiated by a book by William Scrope in the 1830s and boosted by Queen Victoria’s purchase of Balmoral Estate on Deeside in the late 1840s. The social contentiousness of this process was compounded by the huge disparities in wealth between the incoming industrialists and the displaced crofter population, and resulted in several land-grabbing incursions onto sporting estates by impoverished crofters (see Hunter 1976), but even Fraser Darling, a champion of crofting, admits that sporting introduced ‘prosperity of a sort’ into the Highlands.

A further example of the non-production emphasis of many landowners in the past is evidenced in the assertions of the failure of private landowners to develop their forests and woodlands to meet the public need for a strategic reserve of timber. Ryle (1969) presents a picture of a private forestry sector in which game conservation over-rode silvicultural interests and public need and created in some public sector foresters a powerful argument for the nationalisation of woodland in the period of timber shortage in the Second World War.

In the 1940s, the Agricultural Economics Research Institute of Oxford carried out a major investigation of part of North Oxfordshire under the supervision of CS Orwin, not long after Lord Justice Scott had delivered his contested Committee report to government on how the post-war countryside should be (and by and large was) planned. What the North Oxfordshire study revealed was a rural economy temporarily buoyed up by special circumstances of the Second World War, but still highly dependent on the primary sectors because the earlier non-farm craft manufacturing elements of the economy had withered under relatively recent competition from industrial developments elsewhere. Over thirty percent of the workforce was still involved in the farming sector. However, there were still the relics of traditional rural manufacturing, which was under great pressure, and there was a much more widely based (and locally owned) set of local minor producers and providers of services. Lord Justice Scott and Orwin’s study agreed that the level of public service delivery was inadequate to satisfy contemporary demands and that the

then flight to the towns and cities was a result of poor quality services and amenities, including outdoor 'privies', an absence of electricity and water from private supplies. But Orwin and Lord Justice Scott disagreed profoundly on the appropriate ways of injecting new wealth in to the countryside.

The post-war dualistic system of planning was a result of the very specific circumstances of war and the early power of the amenity lobby. The interwar decline of agriculture was profound, creating a landscape that was in Scott's words 'ragged and unkempt'. The post war support system was founded on a dualistic system of meeting the need for enhanced food and timber self-sufficiency and protecting and enhancing the beauty of the countryside. Scott, Abercrombie and Stamp were key figures in the then Council for the Preservation of Rural England. What they succeeded in doing, against Orwin's recommendation and one dissenting voice from the committee, was to exclude planned new industrial developments from rural areas.

A Gloucestershire case study

This section is not based on a case study in any formal sense. It is based on a photographic record and personal observation of a parish less than thirty kilometres from the western border of the 1941 Oxfordshire study.

The settlement pattern comprises a core village and an outlying hamlet. The core village contains four of the key symbolic elements of a village: the shop; the primary school, the village hall and the church. In addition, it contains a sports field and buildings used by cricket and football clubs. There is no hotel or public house. The pub is the principal focus of the outlying hamlet about three kilometres away.

The rural land use of the area is increasingly a mixture of about 85% farmland and 15% woodland with both categories becoming confused by consumption activities. Of the functioning farmland, about half is pasture and half ploughed land, with the principal crops cereals and oilseed rape. The principal form of livestock is sheep, continuing a long tradition in the Cotswolds. A significant percentage of land is used by horses, some for personal household use, but there is a large racing stables and training grounds. Much of the woodland is little used for tree production but most is widely used for pheasant shooting. These birds are bred in captivity then released to be shot. Even the farming does not appear to be wholly commercial. Longhorn cattle are kept on one of the farms. They comprise a rare breed, more likely to be kept as a hobby than as a commercial enterprise.

The disparities in wealth are evident in the conspicuous consumption evident in the lovingly restored 500 year-old house, which contrasts with the more modest council houses. There are also a number of new homes in the parish, many of which display signs of affluence, rather than poverty. Amongst the older houses, some are clearly occupied by 'real villagers' and others have been taken over by commuters, for whom the town of Cheltenham is about 15 kilometres distant. However, even for those who work locally, the work of production has been replaced by service work. The pub-restaurant probably employs as many people as are fully employed on one fifth of the land in the parish. There are a number of holiday cottages and bed and breakfast enterprises. And there is an overwhelming presence of horses, and the employment

that this creates in horse care in maintaining the gallops and training areas and the accoutrements of a functioning stable is substantial.

In essence, this village has become the opposite of what we used to think of as a rural community. A traditional rural community used to be relatively self-contained and 'exported' primary products out of the village. This village imports people as residents and more people to consume their products in the pub and in the Bed and Breakfast establishments. It also contains many people who commute to work and essentially inject their urban-gained wealth into the rural community. It also at a more local level creates employment for drystone wall builders, but they are rarely building walls to keep stock in but to surround all-weather tennis courts or enhance the appearance of the countryside. The quarries remain open to feed these economies of consumption. If there is a land-based employee, he or she is more likely to be a gamekeeper or a stable assistant than a farm worker. This inversion of our conception of a village has happened slowly but inexorably over the last fifty years but, because the physical appearance is not hugely changed, we often cannot see through this to the dominant new drivers of social and economic life.

Some wider examples of the emergent economy of consumption

Tourism

In its extreme form, in the former Badenoch and Strathspey district of Highland region of Scotland, direct tourism employment accounts for over a third of the total workforce. This is a region characterised by large sporting estates, themselves an example of privileged tourism investment in the 19th century. The legacy of these, coupled with the high quality of the natural environment and the recognition of the region as a potential year-round tourist attraction, led to public sector investment in the area from the mid-1960s. Some of that investment was of a desperately poor quality and was even implicated in one of the big planning corruption scandals of the 1970s. Much of it is now being refurbished or replaced.

The rural landowners have not passively observed these developments. The Rothiemurchus estate at the heart of the Cairngorms has developed fish farms, clay pigeon shoots, estate visits, craft shops and offers hospitality in the large house. Even the fish farm has been turned into a tourist attraction and not only sells feed to tourist to feed the trout, but sells value-added products in the shop at the exit. It is even able to benefit from car parking charges on a particularly attractive loch at the end of a single-track road. This transformation represents the extreme example of a process that is imitated by a number of the major estates in the area. From the large camping and caravan sites of Advie estate to the visits to the big house at Reevack estate, Speyside landowners have turned the problem of proximity of Aviemore to their advantage.

If we transfer from the Scottish Highlands to the Cotswolds, there are marked similarities but also some differences. Tourism is equally important to the Cotswold economy. However, in the Highland economy, away from the urban hubs of Perth and Inverness, there is a very modest commuting population. In the Cotswolds, the tourism economy merges imperceptibly with a day visitor economy and a commuting

economy. The significant urban centres to the north in Birmingham, the south and east in the Reading-Newbury-Swindon corridor and to the south west in Bristol and to the west in Cheltenham/Gloucester creates an intensity of day visitor demand that differs from that experienced outside the Loch Lomond/Trossachs area. Equally, the proximity to those urban centres creates a major demand for housing in what have been transformed into dormitory villages.

Foot and Mouth Disease and its economic effects

The decision to close off rural England as a recreational destination during the Foot and Mouth disease outbreak in 2001 had much greater consequences on the non-farm rural economy than it did on the farm economy. Indeed, the figure for the loss to the rural economy as a whole generated by closing farm attractions and the footpath system amounted to about £5 billion (See Table 1). Almost 90% of this enormous sum was borne by the non-farm sector. Those who lately have been heard condemning the townee for bringing nothing into the rural economy, should consider the findings of this neutral study.

Table 1 Impact of the 2001 FMD outbreak on the UK economy

Sector	£ million
Farm	-355
Food industry	-170
Tourism	-2700 to -3205
Indirect agri-food	-85
Indirect tourism	-1835 to -2180
TOTAL	-5145 to -5910

Source FMD Lessons Learned Inquiry

This figure should not be wholly surprising when we consider the extent to which rural areas provide services such as the village pubs, restaurants, and holiday accommodation. Neither should it surprise us that the service sector of the rural economy amounts to well over 70% of the total and the primary component is less than 5%.

Forestry and the halo effect of land use

Coed-y-Brenin forest is the epicentre of mountain biking in Wales. This remotely located forest on the southern edge of the Snowdonia National Park has been developed as a mountain bike centre largely because of the enthusiasm of one of the members of staff. It has developed to such a degree that it now attracts a huge injection of spending into the regional economy. One estimate puts this at over £4 million annually. The capital cost of the project was estimated to be £200,000. One of the challenges that such a development poses is that the cost is borne by the provider of this public good- the Forestry Commission and the benefits are reaped by a constellation of tourism and recreational related firms operating in its shadow. Using conservative estimates of c £80,000 of tourist business turnover per tourist job, we have witnessed the creation of 50 full-time equivalent jobs for £200,000 or 4,000 per job. Not many development agencies can boast such effective use of public funds in job creation.

The general observations from Coed-y-Brenin are backed up by a study undertaken for the Forestry Commission based on work in southern England. We (Slee Evans and Roberts 2002) discovered that about 90% of the total economic impact of forestry on rural development in two study areas arose from economic effects unrelated to production. In different places, the effects were created on the one hand by tourism and on the other by commuting.

Green Care

The concept of green care has evolved recently in Norway, as an extension to the widely recognised role of farms as suitable venues for therapeutic communities. The contact with living organisms and the ability to give simple manual tasks to mentally and physically disabled individuals has been practiced by such groups as the Camphill Trust and many others for a long time.

There are now about 550 farms in Norway providing these services (Meistadt and Fjeldavli 2004). They are supported by municipal authorities, the local health authorities, the farming community and the patients/clients. Evidence shows that they can improve the condition of the patients on a range of measurable indicators, they significantly enhance the incomes of farm households and they reduce the cost of caring through conventional day care centres. Scandinavian society is highly regulated, but it seems that this system is regarded by all the parties involved as a successful venture, not least because it provides opportunities for work on the farm for farm women, who are the principal individuals who take responsibility for these care enterprises.

New entrants to the land

In various parts of Europe, there is widespread evidence of new types of landowner taking up a bigger share of land ownership. This is necessarily a selective process and tends to raise the price of land to bona fide farmers or woodland owners in peri-urban areas, in amenity corridors and in holiday destinations. As noted in the section on the historical perspective, this is not a new phenomenon and has been going on for at least 500 years. However, this process is ultimately geographically constrained by the demands of the majority of the new entrants to stay connected to the urban centres from where they emanate.

Across wide swathes of rural Britain, rural land markets are set by amenity values rather than returns to agricultural enterprise. Areas such as the Cotswolds and the Chilterns are particularly affected. Likewise, the most common alternative use of farm buildings is for conversion for residential or holiday use, with many parishes in counties like Devon having more converted barns than they have working farms. Recently the Financial Times reported on the remarkably high prices being paid for small areas of broadleaved woodland. On average £8600 per hectare is being paid for woodland with virtually no commercial value beyond fuelwood in South East England, and the last thing that the new owners intend to do is fell trees for woodfuel (Financial Times July 2004).

These new owners are attracted by quality of space and quality of buildings. Pete Gaskell and Steve Owen (2003) have been auditing and evaluating historic farmsteads

for English Heritage. The protection and enhancement of this heritage in the light of an enormous upsurge of ‘lifestyle’ purchases of farmland raises particular challenges.

Horses

There is limited evidence of the size of the horse economy in the UK in spite of recent research commissioned by DEFRA to explore the size and scale of the sector (The Henley Centre, 2003), but it may be worth as much as £3.5 billion per annum, with horse care worth an further £1.5 billion (compared to agriculture’s agriculture £16.5 billion). It is a multifaceted and complex ‘industry’, comprising commercial elements and non-commercial elements. The commercial element can be broken down into many component parts, with the horse-racing industry tending to agglomerate around major racecourses with significant concentrations around Newbury at Lambourn, around Newmarket and around Cheltenham. On top of this there is a major horse/pony economy based on private leisure consumption, which will generate substantial income in associated industries. It is a vast, complex and multifaceted sector about which all too little is understood. John Powell (with Cara Aitchison and Mike Clark) of the CCRU encountered similar challenges of estimating the size of the horse sector in Wales (Powell, Aitchison and Clark, 2003).

The implications for rural areas

This section identifies a number of imperatives for those involved in steering the development processes in rural areas. These imperatives reflect a personal view of the world in which economic literacy is a central platform for rural planning, but it is complemented by a recognition that rural communities are not made up of abstract economic entities, but people with the capacity to learn from each other, to collaborate and co-operate, to develop partnerships and to act individually and collectively. Consequently, we need to recognise the real power of communities to overcome some of the obstacles that they confront in economic space and to build constructive and sustainable futures in what might appear at first sight as disadvantaged economic space.

Understand market failure

In trying to understand the bases for intervention by the state in the rural economy, there still seems to be a case for asking: where is the market failure? In a global market economy, the costs of policy support where that policy is market-distorting rather than market-correcting is evidenced in the CAP. Equally, the social costs of failing to address the problems of negative and positive external effects are considerable. The greening of the CAP is an attempt to address these problems, but there is a real need to think about where the money should be spent so as to maximise the benefit rather than how to find new ways of supporting the farm community. Markets can fail for various reasons, including imperfect knowledge, imperfect competition or external effects, and all are likely to be present in the rural economy.

Once the bases of market failure have been identified, there is a need to design both institutions and policies to deliver the change management. Lord Haskin’s review raised important questions about the need for a more unitary institutional approach. My own view is that the biggest gap in institutional support in rural areas is the creation of a dynamic entrepreneurial economy. This has been partly addressed by

the RDAs and Business Link and there are some excellent examples of good practice in Gloucestershire. But, given the long history of productivism in the agricultural advisory system, there is a real need for a process of institutional regeneration and revitalisation in relation to land based rural business. The challenge of undoing the problems of policy failure must precede or work alongside the resolution of the problems of market failure.

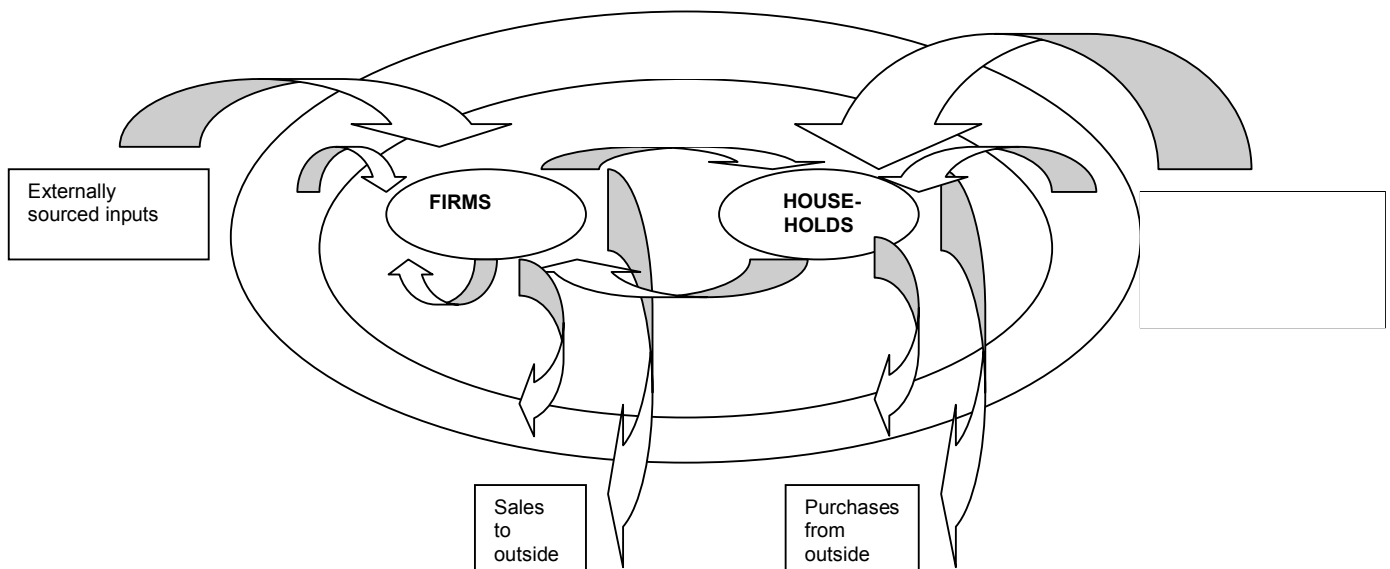
Pick winners

In terms of regional development outcomes, there is a need to select private, public or voluntary sector projects for support where the payoff is greatest. We cannot get away from the reality of reduced public sector budgets and the need to let markets work where this is possible. In recent work undertaken by the CCRU, we looked at a forestry project that was giving substantial business support to a number of timber processing lifestyle businesses. In this particular case, the additionality of the project was very modest. There was no significant change in output of the sector and few new jobs were created. A second important concept to bear in mind is that of displacement. We do not want public sector interventions to displace market-driven activity. To fund a business to create new jobs for one person, whilst undermining someone else's, represents no net gain to society.

The need to pick winners and to support exemplar projects is becoming recognised. Again this represents a shift away from an old-style support system to one which recognises the need to maximise the effect of the public sector injection. It does not matter if the project success is a public sector land management initiative or a private sector development. What matters is a capacity to discern between more successful and less successful and ensure the dissemination of good practice.

Understand the economic flows in the new rural

Although work has been undertaken on rural economies (Countryside Agency 2003), there is still a high degree of ignorance about how households economies and village economies function. The diagram below represents a first stab at what I think might be needed.



My colleague, Jane Mills, has researched the economic impact of biodiversity planning. Her work (2002) reveals a high local multiplier to spending on hedgerow improvement because so much of the employment and so much of the expenditure is local. I suspect that the same is true of Cotswold stone walling. Paul Courtney has worked extensively in the same field to improve understanding of the linkages between natural heritage and economic development (Hill *et al.* 2002).

Other more localised forms of direct marketing may offer these new rural residents food products that meet the needs and aspirations of their lifestyles. We are actively researching short food chains and their contribution to rural development, and James Kirwan's (2004) work on farmers markets shows that the personal interaction between farmer and consumer is an important driver in their success.

Recognise the spatial dimension of the new rural

One of the most important findings of recent socio-economic research on rural areas has been that the map of rural prosperity has been dramatically redrawn. Lars Olav Persson and Erik Westholm presented an important paper about ten years ago to a European Association of Agricultural Economics Conference in Stresa (1992). They described a new mosaic of rural areas, driven by different forces, amongst which the quality of life and living space that they afforded was a principal driving force. These demands are reflected in land prices. Amenity woodland varies in value from nearly £9000 per hectare in South East England to only just over £2000 per hectare in South Wales (Financial Times, July 3/4th 2004). This has nothing to do with production values and everything to do with location. What such forces do is create a pattern of new prosperity where the old rich areas of fertile farming country have become the problem areas - witness the designation of the farming heartland of eastern England as disadvantaged by the EU in the mid-1990s. The corollary of this is that formerly disadvantaged areas may become advantaged by their high environmental values as people are now more mobile and can choose where to live and play to a far greater extent than in the past. Other areas may begin to move their local economies forward at a faster rate because of key actors who can build social capital and negotiate 'learning projects' which move the whole community forwards by building social capital and creating success stories.

Build social capital

To many observers, it has become apparent that over and above the normal contours of economic space, which though changing, still confer advantage on some and disadvantage over others, there are non-economic factors that appear to make some communities prosper at the expense of others. The term social capital has been used to describe the linkages and networks and the trust between individuals that confers advantage on some communities by its presence. However, there is still a debate as to what exactly social capital consists of. That it is emerging as a potential differentiating feature between communities is indisputable. Some would argue that social capital is an end in itself. The more economically minded tend to argue that it is a means to an end.

There is a widely expressed, if in my view, false dualism between bottom up initiatives and top-down initiatives in the discussion of rural development. I think it is false because unless bottom up endeavours can connect to top down initiatives the

capacity for ineffectual activity is wasted and the development potential of a head of steam of social capital will be lost. What is of greater interest is the extent to which social capital can be nurtured by public intervention. If social capital can be nurtured by public or NGO action, it becomes a potential vehicle to redress imbalances in development.

Social capital building is not just something for rural residents to engage in. It is also necessary that agency actors build social capital amongst themselves and with other agencies. This is a major challenge for the new post-Haskins agency: to create a working climate where the vision is shared and the old institutional boundaries have evaporated. That demand for understanding the need for a change management process will be a central task for the new agency.

Create partnerships with room for manoeuvre

Although the clamour for more integrated rural policy is not quite universal (for a dissenting view see Thomson and Psaltopoulos 2004), it is widely argued that the creation of partnerships between stakeholders can be a useful device for planning the integration of rural development. The logic of the partnership approach derives from the observation that, too often, conflicting interests of different local stakeholders (social groups and institutions) exert a debilitating effect on local development. Further, when narrow productivism holds sway in the farm or forestry sector, the amenity values increasingly sought by consumers are often marginalised. If the gulf between these groups and institutions can be bridged, the partnerships can produce win-win situations with, for example, new local food systems developing, which are often substantially reliant on the new spending power.

The LEADER ethos was founded on the principle that local partnerships provided a suitable platform on which development projects could be built. In many cases, this has been the case. However, the LEADER ethos can allow dominant stakeholders to exercise undue power of the development process. I suspect that in some countries (e.g. Ireland) agriculture might have had such power within some LEADER projects whilst in other areas a more consumption-based ethos in promoting rural tourism has prevailed. The concern under such systems is that local power unduly mediates the adjustment process. A further concern is that LEADER still represents a pitifully small proportion of spend in rural areas. The CCRU is currently researching the scope for the roll of LEADER principles in a DEFRA supported project.

The CCRU has pioneered action research work on partnerships. Stephen Owen and Malcolm Moseley have worked recently on the Bridges Project (2003), which explores the potential linkages between informal parish level planning and the more formal planning that goes on at local authority level and local strategic partnership level. They worked with local actors in five case study areas to explore the potential for linking bottom up and top down planning.

Build adaptive capacity- the knowledge-based economy

Much lip-service is paid by contemporary politicians to the idea of the knowledge (or knowledge-based) economy. Building on models derived from the work of Michael Porter (2003), there is recognition that competitiveness at firm or even regional level can be nurtured by the existence of an effective learning environment. Firms and

regions that place a high emphasis on knowledge transfer tend to be the most competitive. Where a knowledge transfer approach and high levels of social trust combine as in Camagni's (1995) concept of the innovative milieu, regions may become globally competitive in spite of apparently sub-optimal economic locations. We need to think not only about farmers, but also other actors in the rural economy. Nonetheless, there are major adjustment challenges in the farm sector, which have been addressed by Janet Dwyer in her recent work on Helping Farmers Adapt for the National Audit Office (Dwyer *et al.*, 2004).

My intuition is that this area is one of enormous importance to bodies like the University of Gloucestershire, to Business Link, to the new post-Haskins agency and to other bodies such as AONBs and integrated rural development projects. If I look reflexively on our actions at the CCRU in recent years we have an excellent record of engaging in national and international work, an excellent record of publishing in learned journals, but we might have neglected our own back yard and feeding back (where this is possible in the absence of commercial confidence etc) our findings in ways that would strengthen the Gloucestershire and South West economies. If, as our Vice Chancellor wishes, we can think globally but act locally to a greater extent, we can draw on our national and international connections to feed ideas in to the local rural area. We need to be imaginative and flexible, responsive to the aspirations and needs of local actors, but the potential for the CCRU as a knowledge transfer hub is enormous and I would like to look with Business Link, the Community Council, the RDA and the post Haskins institutions at how we can make Gloucestershire a model of knowledge transfer in support of rural development that would be envied by the entire country. Various charitable trusts, notably the Summerfield Trust have been instrumental in helping build research capacity. We now need to seek help to be UK market leaders in knowledge transfer.

In other countries such as Sweden, the Triple Helix model, based on creative partnership between industry, government and educational institutions provides the framework in which economic development, including rural development is promoted. In the opinion of some of the architects of this new way of approaching development, the triple helix 'is a model for analysing innovation in an knowledge-based economy' (Leydesdorff and Ezkowitz 1998).

Understand the wider implications on sustainability

Often the focus in studies of rural sustainability has been the negative environmental impacts of farming. This is not wholly unjustified at least in some intensively farmed regions. However, an environmental downside of the increasing affluence of the countryside is the dependence of many new rural residents on long-distance commuting. It is highly likely that their affluent and globalised lifestyles are more damaging to the environment than most contemporary agricultural activities. One plane journey to Australasia can, according to a recent UK book, emit more carbon dioxide to the atmosphere than an entire household in a year (Hillman 2004). Consequently, we need to ask questions about the sustainability of the lifestyles that underpin much of the consumption-based resurgence in rural prosperity. Economic sustainability might be enhanced but at a price to environmental sustainability. Practical work by organisations such as the National Trust, which has looked holistically at their estate, provides an interesting model of how to address the

question of sustainability. The challenge is to roll that out to a wider set of institutions.

Recognise losers and apply remediating policies

The interventions of policy makers and the behaviour of markets will inevitably produce casualties. In different parts of Europe there is a growing concern for social justice and a desire to address social exclusion. Social Justice is one of the three main themes of the new DEFRA Rural Strategy. The precise language differs from place to place but the underlying sentiment is widely evident. Excluded and disadvantaged groups may need support to help remedy that disadvantage. The language of many such interventions has moved from old-style welfarism to new-style strategies to remediate the situation through joint action by the excluding groups and the state or NGO partners.

Conclusions

There are substantial signs of progress in thinking about rural development in both practical and academic arenas. But, whilst there have been some interesting and highly innovative approaches to policy design and delivery in the broader rural arena (such as the LEADER Community Initiative), the core elements of policy support to rural areas have remained stubbornly attached to productive land uses. In consequence, rather than promote a genuinely multifunctional rural economy, policy has given the farm sector the lion's share of support, which has not always worked to the best advantage of rural areas. Although this farm (and mostly at state level forestry) support is now less linked to production, policy makers have been rather slow to adapt to the new rural realities. Growth and much-needed change in the non-primary-based rural economy have occurred in spite of rather than because of policy; and at times the positive changes wrought by market forces have been resisted by rural insiders and by some of the policy instruments constructed around the traditional occupational community.

However, as academics observing and commenting on the rural scene, we should retain a degree of humility and uncertainty. We cannot know and can only guess about future economic perturbations and societal needs. For example, there does appear to be some real concern about climate change and the implications of this on both rural and urban livelihoods around the world. If we try to optimise land use to meet contemporary demands within the rural economy, we may lose some of the diversity and flexibility that the less optimal and more diverse land use systems of the present provide. Markets have been very good at generated increases in economic well-being, but have not been quite so good at increasing gross national happiness and according to some have been achieved by compromising our environmental life support system. A stronger incorporation of sustainability principles is a must. We must avoid complacency and seek through individual action and policy steer to create the more sustainable rural economy and society that must underpin the long-term well-being of the planet.

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Since its founding in 1989, The Summerfield Trust has established a wide-ranging grants programme benefiting residents in Gloucestershire. In 2003, a total of £337,171 was distributed to a variety of good causes, and, in line with their stated policy, all were made exclusively to beneficiaries based in Gloucestershire. The Trust and the CCRU have common interests in supporting needs in rural areas, protecting the environment, promoting excellence, and engaging with the rural community in Gloucestershire.

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