INTRODUCTION

We must begin with the specification of our assumptions regarding the term ‘rural economies’; we do not view the rural as strictly separable from the urban, the suburban, or any other spatial form of the ‘non-rural’. Neither can we view the economy as entirely separable from the political, the cultural, the social, etc. Hence, we begin by recognizing that the notion of rural economy is itself only an ideal type. This analytical construction is useful, however, in that it permits the generation of a number of fundamental questions: Are rural areas moving toward increased diversity, ever more homogeneity, or some simultaneous and contradictory combination? How does globalization effect these trends? Can types of rural economies be formulated to better understand the remaining or developing diversity? What roles do states play in rural economies? What role does social class play in rural economies? How do these factors facilitate or subvert the sustainability of rural areas?

Answers to these questions require a historical and comparative perspective. However, while maintaining such a perspective, the focus of our attention is on rural areas within relatively developed societies. A discussion of rural economies in less developed societies would necessitate far greater levels of abstraction and generality due to their distinctive dynamics. Though globalization may generate some tendencies toward convergence (Dollar and Kraay, 2002), at the moment, the less developed economies must be seen as having somewhat unique characteristics.

RURAL ECONOMIES: DEFINITIONS

Social scientists have long debated the nature of the rural–urban relationship. In noting the difficulty of developing a useful definition of ‘the city’, Max Weber apparently left the ‘rural’ to be merely the residual in various types of cities (e.g., the ‘consumer city’, the ‘merchant city’ or the ‘producer city’). His colleague Georg Simmel (1978) argued that the urban environment produced a distinctive ‘mentality’ and, significantly, that such a mentality was tied to the predominance of the ‘money economy’ in urban areas. This economy was, in turn, associated with the insensitive and impersonal ‘dominance of the intellect’, implying that the rural was characterized by the subordination of the intellect. Kolb and Brunner (1946: 6–7) contended that an immediate environment that is closer ‘to nature’ has many implications for a different social life than urban places where ‘… nature is, so to speak, artificially on exhibit’. There is, in the rural studies literature, a long history of the development and use of typologies that either explicitly denote a difference between urban and rural places or imply this distinction indirectly through a focus on dichotomies such as traditional and modern, folk and urban or Gemeinschaft and Gesellschaft.

More recently, however, some have argued that in advanced capitalist society there is no longer any space or place that can or should be understood, meaningfully, as distinctively rural. Friedland (1982), for instance, sees ‘the end of rural society’ and thus, an end to rural sociology. This would also, of course, imply an end to rural
studies. Such a position often derives from a Marxism focused on the eventual colonization of all space by capital that levels any difference between rural and urban. Indeed, today, transportation and communication technology permits the location of industrialization and service sector development (especially, information technology services) in rural places that may have little or nothing in their ‘natural’ environment associated with the particular product or service, other than the availability of cheaper labour. Yet, we contend, in common with other authors in the present text, that there is still, in the fundamental demographic fact of low population density, both a material as well as a socially constructed and meaningful difference associated with the rural in general and with rural economies more specifically. Of course, nearly all modern states recognize the existence of rural places and design some policy in accord with specific definitions or understanding of the rural. Further, most people in these societies carry some idea, however formed, of a distinct rural environment (see Bodenstadt, 1990; Jacob and Luloff, 1995; Singleman, 1996).

At the most fundamental or micro levels of interaction, the multiplex character of status and role structures in rural places lays a foundation of overlapping norms associated with these various roles. This diminishes the capacity for rural people to interact in accordance with only economic role expectations. Though urban ethnic enclaves may be somewhat similar, this is in contrast to the relatively simple series of discrete bilateral role interactions characteristic of most economic transactions in urban places. This is Simmel’s point when he notes the correspondence, if not reduction, of urban social interaction to exchange value and its calculating anonymity. Economic interaction within rural places is more likely to take place in the context of ‘other than economic’ relationships (kinship, cohort, neighbour, friendships, etc.) that bring distinctive but overlapping normative expectations and obligations to bear on the economic transaction. Thus, urban and rural network structures differ in both form as well as substance, in turn, giving rise to distinctive social capital formation (Beggs et al., 1996). Whether this is a curse (to the neo-classical economist, for example) or a blessing (to the social capital analyst) is debatable. Our point here is only that the economic actor cannot, under such circumstances enjoy the normative autonomy of singular rationality that exists in the relative anonymity of the urban economy and that this may generate a fundamental difference in rural micro-economic behaviour and institutions.

Globalization raises the question of whether or not we can continue meaningfully to discuss place-specific economies, as implied in notions of a ‘rural economy’, an urban economy, or even a national economy. From some points of view, globalization involves the homogenization of places, cultures, values, etc. Another view is the paradoxical renewed emphasis on the very distinctiveness of locale as each place finds its niche in the global division of labour. This chapter will argue that there are still, even in the most advanced industrialized societies, distinguishable rural places that differ in significant ways from other than rural places. Further, it is argued that considerable variability among rural places not only exists as remnants of the past but that such difference continues to be preserved and, sometimes even newly constructed, by the processes of modernization and globalization.

We view this conceptual distinction of rural economies as referring to a dialectical tension within a unified whole where the rural and urban (and all that lies between) define, structure and transform each other. Marsden (2003: 151) argues explicitly for a need ‘for both analytical and policy reasons to move away from the strictly geographically defined notion of “local rural area”’ and to recognize the differentiation of rural spaces as ‘caught up in different webs of local, regional, national and international supply chains, networks and regulatory dynamics’. In this sense, understanding of the economies of rural places demands the recognition of more than the influence of adjacent urban places but of other places both near and far; both ‘other rural’ places as well as ‘other than rural’ places. Here, again, Marsden’s (2003: 142) conception of ‘rural spaces as ensembles of local and non-local connections, of combinations of local actions and actions “at a distance”’ is useful.

Defining the rural

A rural area is usually defined as a less densely populated area. In fact the city – the opposite pole of rurality – is by definition a concentration of people and activities for commercial and institutional purposes (Sorokin et al., 1930). The significance of the rural in US policy has led to sometimes complicated means for defining rural areas. On one hand, the US federal government (USDA, 2004) defines ‘rural areas’ as ‘places (incorporated or unincorporated) with fewer than 2,500 residents and open territory’. On the other hand, there is also a 10-category scale measuring a continuum of ‘urban influence’ among counties.
The first four categories are various types of ‘metro counties’. Only two of the six nonmetro categories in this scheme are labelled rural. These counties are distinguished as either adjacent to or not adjacent to metropolitan counties and are otherwise ‘completely rural or less than 2,500 urban population’. The ‘least urban’ or ‘most rural, urban’ category is composed of counties with urban populations of 2,500 to 19,999 that are not adjacent to metropolitan areas. In these two schemes, ‘rural’ areas and ‘nonmetro’ areas are not necessarily identical.

European level statistical data on rural populations are both less developed and more variable (by nation) than in the American case, though rural areas are defined for specific EU policy purposes. For example, rural areas targeted by EU structural funds, must comply with at least two of the four following conditions: population less than 100 inhabitants per square kilometre (or employed in agriculture at greater than twice the European average) and unemployment rate greater than European average (or decrease of population greater than European average).

**Table 6.1 Characteristics of rural versus urban economies**

<table>
<thead>
<tr>
<th>Question</th>
<th>Urban</th>
<th>Rural</th>
</tr>
</thead>
<tbody>
<tr>
<td>What goods and services are produced and in what quantities?</td>
<td>Manufacturing goods, technological services, administrative services</td>
<td>Extractive-based goods, agricultural goods, environmental services</td>
</tr>
<tr>
<td>How are goods and services produced?</td>
<td>By advanced technologies</td>
<td>By advanced and traditional technologies</td>
</tr>
<tr>
<td>When are goods and services produced?</td>
<td>Continuous cycle; all year long</td>
<td>Greater seasonality; greater relative impacts of climate</td>
</tr>
<tr>
<td>Where are goods and services produced?</td>
<td>In controlled environment</td>
<td>In open air</td>
</tr>
<tr>
<td>Who consumes the goods and services that are produced?</td>
<td>Distant and local markets</td>
<td>Local and distant markets</td>
</tr>
</tbody>
</table>

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**Distinguishing rural economy**

Parkin (1998) raises five questions that point toward an analysis of any economy. What goods and services are produced and in what quantities? How are goods and services produced? When are goods and services produced? Where are goods and services produced? Who consumes the goods and services that are produced? To the extent that the answers to these questions vary between rural and urban places, we can recognize the existence of tendencies toward distinctive rural economies, as shown in Table 6.1. If we accept the position of Kolb and Brunner (1946), that the economy of rural places is, more so than urban places, contingent on the unique mix of factors given in the natural environment, then there is no single form of ‘rural economy’. Rural economies are quite varied insofar as they are grounded in such different bases as agriculture, fishing, forestry, mining, tourism, etc. Even within agriculturally dependent regions, for example, the broadest contours of a rural economy will vary with the specific commodity mix of that rural place.

Thus, the US Department of Agriculture distinguishes nonmetro counties on the basis of their primary economic characteristics. There are six discrete county categories:

- about 25 per cent of US nonmetro counties are farming-based counties;
- 7 per cent are mining-based (coal, gas, oil, metals);
- 23 per cent are manufacturing-based;
- 11 per cent are government-based (75 per cent from state and local jobs, 25 per cent from federal jobs);
- 14 per cent are service sector-based;
- the remainder are classified as nonspecialized in their economy.

Certain other characteristics are also used to distinguish counties in relation to policy concerns. These overlapping categories are:

- counties that are major retirement destinations;
- those dominated by federal government land ownership;
- counties whose residents commute to work in other counties;
- counties characterized by persistent poverty; and
- counties dependent on transfers of ‘unearned income’, primarily from various government agencies.
We are unaware of any such comparable classification schemes for the collection of statistical data on rural Europe.

HISTORICAL BACKGROUND

The distinction of rural and urban is not one in which the two entities can be understood as independent from one another but as integrally or dialectically tied to one another as two parts of a whole. Max Weber (1978: 1217) recognized this when he noted that: ‘Historically, the relation of the city to agriculture has in no way been unambiguous and simple.’ The differentiation between urban and rural is usually argued to have emerged with the transition from nomadic to settled agriculture and the creation of an agricultural surplus (e.g., Henslin, 2002; Palen, 1997). The appearance and exacerbation of various forms of social inequality were aspects of struggles for control of that surplus. Urban development involved the flow of surplus from the countryside, often along with the owners of that surplus, to the city to better manage their investments in commercial and, eventually, industrial activities. Ironically, this spatial division of labour, which depended upon the surplus produced in rural places, simultaneously also established a hierarchical structure of power, with the city dominating the countryside economically and politically.

The dominant economic explanation for the concentration of economic as well as political, religious and educational activity in urban places is that distance is a cost for transactions of material goods or services. The spatial concentration or centralization of activity is expected to generate economic efficiencies in the total cost of production (Weber, A., 1899). Such cost reductions are referred to as economies of agglomeration. Rural economies were usually, then, originally based upon extensive agriculture and/or extractive industry (for example, agriculture, forestry and fishing), primary sector activities with high ratios of space to population. Commerce and public affairs constituted the core or urban economies because of the existence of economies of agglomeration. In terms of consumption, twentieth century Fordist mass production demanded sales in huge quantities, a function which urban populations more readily satisfied. Cities also functioned as network nodes for transportation to reach distant markets.²

Modernization: escape from the countryside

Some towns and cities grew quickly into metropolitan areas, leaving many rural economies behind in per capita income. Most rural economies became synonymous with lagging or backward economies, as if frozen at an early stage of development, producing mainly primary goods. On the other hand, urban economies were identified with advanced economies, characterized by manufacturing (secondary sector) and service provision (tertiary sector). ‘Rural’ was often associated with poverty, lack of opportunities, traditionalism and isolation, while ‘urban’ was associated with wealth, opportunity, modernity and concentration. The modernization process primed an out-migration flow from traditional rural areas to metropolitan areas. By the second half of the twentieth century warnings were put forward that the exodus from the countryside – attracted by wage differentials and opportunity expectations – would soon empty traditional rural areas while congesting metropolitan areas.

Desertion of rural areas (often deprived of their most valuable human capital) was often forecast as the biggest threat to local rural economies. In many cases, the pace and intensity of urbanization facilitated the perception, if not the reality, of an association of the urban with overcrowding, class conflict, criminal behaviour, moral decay and various forms of environmental pollution. In this context, nostalgia for idealized rural settings began to take root in the minds of city dwellers. Bell’s account of the ‘rural idyll’ (Chapter 10 in this volume) provides an excellent discussion of this complex and contradictory framing of the rural (see also Cloke and Milbourne, 1992).
The reversal of the trend: the population turnaround

During the last quarter of the twentieth century, a reversal took place as a new flow of capital, goods and opportunities headed toward many rural areas throughout Europe and North America (see Champion, 1989; Elliott and Perry, 1996; Fulton et al., 1997; Halfacree, 1994; Serow, 1991; Stockdale et al., 2000) As Murdoch notes regarding Britain (Chapter 12 in this volume), Johnson and Beale (1999) find that there is continued population growth in nonmetropolitan America. The 'population turnaround' that took place in the 1970s is now argued to be a long-term phenomenon, with the slight downturn in the 1980s being a merely a short-term function of the economy. In rural America, Johnson and Beale found that 75 per cent of nonmetropolitan counties gained population from 1990 to 1996 with migration patterns tied to certain economic types of rural places.

Among the reasons for this reversal were capital’s search for cheaper labour, the creation of new markets, and better places for living and raising children (Brown et al., 1997; see also the special issue of Sociologia Ruralis, 31: 1, 1991). The means were decisive: the improvement in infrastructures and telecommunication technology reduced the space in which transactions take place. Electronic information and financial exchanges have practically abolished the obstacle of distance (Grimes, 2000), while the cost of transporting material goods has been considerably lowered. These trends are, of course, part of the reason why some scholars increasingly call into question the very differentiation of urban and rural (Dahms and McComb, 1999; Friedland, 1982; Thomson and Mitchell, 1998). However, short of any absolute dismissal of the concept of rural, this reduction of the significance of time and space as costs of production certainly has many implications.

In agriculture, for instance, much scientific research and development is devoted to developing plants that can grow independently of the soil or climatic conditions of specific places, or even, for example, hydroponically (independent of soil altogether). Food markets in advanced societies provide fresh fruits and vegetables from halfway around the world. We are as likely to find apples from New Zealand in our Italian or American grocery store as apples from our own regions. Shopping malls and hypermarkets eliminate the distinctiveness of locale (urban or rural). Similarly, the process of rural industrialization means that factories are now as likely to be found in rural places as in urban places. In Giddens’s (1990: 19) terms: ‘locales are thoroughly penetrated by and shaped in terms of social influences quite distant from them’. The globalization of this process gives rise to questions about the possible homogenization of all space, not merely the obliteration of difference between urban and rural. Yet a contradiction lies beneath this process for it is often precisely the uniqueness of a rural place that attracts the exurban in-migrant.

For example, those rural counties growing most quickly in the US are those with unique natural amenities that attract retirees, tourists, as well as manufacturing. Those counties dependent upon traditional economic activities such as agriculture or mining were the least likely to gain population in the 1990s (Johnson and Beale, 1999). On the other hand, the very immigration and economic transformation may eclipse the amenities base that provided the initial attraction of migrants. In this sense rural economic development may create ‘its own gravediggers’. Nevertheless, there is tremendous pressure on rural locales to construct their own unique ‘niche’ to attract development.

What Marsden calls the ‘consumption countryside’ demands the creation of a heterogeneous product differentiation of place while simultaneously being subjected to forces of globalization and rationalization that demand homogenization of space. This contradictory process is full of interesting and provocative lines of research. Salamon observes (Chapter 23 in this volume) the blurring of suburb and rural in relation to home furnishing, in which suburbanites appropriate rural symbols that are, in turn, re-appropriated by rural residents who, in many instances are, ironically, transforming what were once means of
farm production (butter churns, saws, etc.) into household consumption items that now merely decorate the home in the fashion of suburbia.

Thus, the globalization process can, somewhat ironically, be seen as a force countering the agglomeration forces. While the latter had been the primary determinant of industrial location in the past, this is now a function of a contradictory tension between both centripetal (agglomeration) and centrifugal (decentralizing) forces (Krugmann, 1995). For many rural areas that run the risk of abandonment through the modernization process, the centrifugal force that pushes capital away from the center and toward the periphery has been a salvation. The counter-movement of capital and opportunities flowing to the countryside has deeply transformed rural economic and social structures. Clearly, it can no longer be described merely with the ‘traditional/modern’ dichotomy, but rather, as a ‘patchwork’ of diverse, local economies.

To develop ideal types that reflect the composition of this emergent patchwork, we need to identify the internal characteristics of local places that play a role in responding to the external stimuli. An increasing body of literature (Harrison and Huntington, 2000) points to local cultures as the major determinant of the pattern pursued by local economies. By ‘culture’ we mean the transmission of values, beliefs (unexamined assumptions) and norms (standard operating procedures) that reflect ‘what has worked’ in the history of a region’s population (Triandis, 1996; Cloke, 1997; for the linkage between economic development and rural culture, see the special issue of *Sociologia Ruralis*, 38 (1), 1998). Differences between, as well as within, both Europe and the Americas that cannot be explained merely by variable factors of production (land, labour, capital) exemplify these cultural factors.

### THE CONTEMPORARY PATCHWORK

Following Marsden (2003: 103), the analysis of rural change and differentiation necessitates ‘the development and refinement of typologies’. As we stated at the end of the previous section, the construction of contemporary ideal typical rural economies demands an account of both global forces and local responses in terms of economic strategies. The former may consist of capital supply or demand for goods. The latter will depend on the local endowment of resources (that is, physical, financial, human and social capital) as well as on the culturally rooted values system of that specific society, which may facilitate or hinder the local economy’s capacity to take advantage of global opportunities.

Marsden (2003) lays out four ideal types that characterize socio-political relations in the British countryside. In the following, we will elaborate three other ideal types that characterize the economic relations of rural regions. These types of rural economies (rent-seeking, dependent, entrepreneurial) can be associated with Marsden’s types for a more nuanced analytical framework. Marsden characterizes the *preserved countryside* as ‘attractive’ rural regions in which recent growth has stimulated a new middle class increasingly inclined toward preservationist political regulation of the local economy focused on the creation of a service sector and clean industry. His *contested countryside* tends to lie outside the core commuter corridors and ‘as yet may be of no special environmental quality’. It is characterized by an incomplete usurpation of political regulation by the newcomers who find themselves in conflict with the long-standing landowning resident farmers over many issues associated with the local economy and development. The *paternalistic countryside* is characterized as still being under the sway of established large landholders and farmers who exert relatively unchallenged regulatory control over minimal economic development. The *clientelistic countryside* is associated with rural regions that are economically dependent on transfer payments associated with political institutions and subsidy of agricultural production. However, Marsden’s typology has much more to do with social relationships and political governance rather than with the local economy *per se*, the theme of the present chapter. Marsden accomplishes this with respect to the conditions of contemporary Britain, our typology seeks a broader scope. Nevertheless, we will note points of convergence with Marsden’s typology. In the following section, we present three ideal types of rural economies. The first two of these, the rent-seeking economy and the dependent economy, are argued to pose impediments that hinder economic development consistent with the opportunities presented by globalization. The latter type, the entrepreneurial economy, on the other hand, is argued to tend toward the facilitation of rural economic development in the context of globalization.

#### Rent-seeking economy

Rent-seeking economies refer to those rural areas whose resources are mainly based on agriculture
and extractive industry. As we have seen in the previous section concerning the historical background, these are typical features of rural areas, insofar as the original division of labour between urban and rural economies localized industrial and administrative activities in the city, leaving the countryside to space-consuming activities such as farming and mining. Moreover, these natural resources are deeply embedded in a specific locality, and cannot be reproduced elsewhere. It is the non-replicable nature of monopolized goods which forms the basis of this concept of ‘rent’. According to Ricardo, land has differential productivity that accounts for surplus falling into the hands of landlords without the need for investments, due to the monopolization of non-replicable resources. Profit needs investment, rent does not. However, investment is the most productive factor in economic growth (Levine and Renelt, 1992). Consequently, rent-seeking strategies tend to constitute an obstacle for economic development.

Contemporary research confirms this theoretical account, showing that ‘nations having the greatest abundance of natural resources tend to perform more poorly than those that do not have an abundance of natural resources’ (G. Sachs, quoted by Lindsay, 2000). Besides the above consideration, claiming that rent-seeking strategies hinder economic growth because of an associated lack of investment, Lindsay explains that poor economic performance is due to the commodity nature of rent-seeking products. As is often noted in discussions of the shift from a production-driven to a consumer-driven agriculture, commodity prices in recent decades have been declining because producers have less control over them. Although many nations are exporting a greater amount of raw materials in these days, they are earning less money in real terms. ‘In today’s global economy, a comparative advantage in natural resources does not assure economic prosperity’ (Lindsay, 2000: 285).

Rent-seeking economies are thus trapped in a low income status that is not easy to escape, given two primary constraints: the social structure of economic power and the character of local values systems (Freudenburg, 1992). Rent-seeking economies usually flourish in marginal areas, where class structure is polarized and local culture is deeply affected by isolation. Within the class structure of the rent-seeking economy, a few families often control the majority of a valuable natural resource (be it land, oil, coal, forest, coastline, etc.) The monopolistic or oligopolistic structure of ownership, diminishes the need for landlords to diversify the local economy. This, in turn, often lays the material basis for the social relations that Marsden refers to as the ‘paternalistic’ countryside. Even when opportunities arise from outside, as with the recent population turnaround, the economic strategy of landlords does not diverge from a rent-seeking one, as in the re-utilization of existing buildings for newcomers (Spencer, 1997).

Rent-seeking economy is usually associated with a local culture that is averse to any change, even the smallest, because it considers change as a threat to its own entire value system. In these ‘tight’ cultures, the cost to elites of cultural change necessary to economic development is perceived as greater than the benefits that the latter may bring, and is thus opposed. Scholars find examples of such ‘tightness’ of local culture in some geographical areas more than in others. For instance, among industrialized countries, Southern Europe is one of these regions where rural areas, despite their change in appearance, are often described as firmly rooted in traditional customs (Hogart and Paniagua, 2001; Jansen, 1991).

Moreover, rent-seeking economies may result in highly unstable settings from a political and institutional point of view because the hegemonic construction of reality is based on the ‘image of the limited good’ (Foster, 1965). According to this perspective, ‘goods are limited’ given their natural and irreproducible character. While this rationality is often associated with a ‘peasant’ perspective, it is also fundamental to a local elite worldview, with significant subsequent impacts on local resource utilization. Constructed as a ‘zero-sum game’, the only way to climb the social ladder is by appropriating the limited good itself, whether it is land, oil, coal, or political power. One consequence is that it does not lure foreign investments from outside, even in a time of global fluid capital movement such as the current one. Rather, foreign investments are more likely to be directed towards rural areas with different structural and cultural characteristics.

**Dependent economy**

By ‘dependent economies’ we refer to localities whose income is primarily derived from external sources. The population turnaround witnessed by rural areas from the 1970s on, is indeed mainly due to external sources. Such sources may be of a private as well as of a public nature: for example, a large factory built by a multinational corporation belongs to the first category, while the extension of public services such as most schools and public or state supported hospitals would exemplify the second category.
Dependence on the private sector is usually grounded in a locally high ratio of labour to capital, in which the former factor of production is relatively cheap, thus attracting global flows of capital in search of lower costs of production. In rural Europe, this is the situation in many of the former state socialist countries. However, the capacity of these areas to attract resources from outside is not due merely to material factors (that is, the labour/capital ratio). It also demands a specific attitude on the part of the population: private corporations must find a ‘friendly’ environment to make investments. Recently, Ireland has exemplified such an environment attracting global business interests. Irish rural areas have been among the most successful in Europe attracting industrial plants from abroad (Curtin and Varley, 1986).

On the other hand, if the population is hostile (for example, high rates of crime or corruption, worker absenteeism, political instability), as in the case of Southern Italy (Leonardi, 1995), investments will be made elsewhere. In such hostile environments, dependence on the public sector rather than from the private sector is more likely. Where local areas have not been able to attract foreign investments, the state has often compensated through Keynesian policies aimed at building infrastructure (such as roads, land reclamation, afforestation) and services (education and public health, for example), in order to create jobs and raise the standard of living of these populations (Mencken, 2000). There are similar tendencies in the former socialist countries, where many rural families are still dependent on social welfare programmes (Brown and Kulcsar, 2002). Within the formerly state socialist areas, that will soon be integrated into the European Union, there has been a somewhat uneven benefit from EU funds for infrastructural development, based on the vigour with which different regions and communities within these nations have pursued such funds.

A recent form of rural dependence on the public sector involves the attraction of waste facilities, penitentiaries and the like (Albrecht et al., 1996). Since most communities refuse to comply with mandatory decisions related to the location of these facilities, those that accept them, do so in exchange for financial compensation (Bourke, 1994). In the long term, dependent economies – based on either public or private resources – are vulnerable, since the source of investment is outside the control of the local population.

Dependence on public expenditures is fragile because the latter depend upon the performance of the real economy. For example, most governments are no longer willing or able to afford the huge budget deficits experienced during the 1970s and the 1980s. In fact, public institutions are aware of the vulnerability of those rural economies that are based on public expenditures (OECD, 2003). Just as we suggested that rent-seeking economies lay the material basis for the prevalence of what Marsden calls paternalistic social relations, dependent economies facilitate the development of what he calls the ‘clientelistic countryside’. Further, where public expenditures are allocated through clientelistic practices, the impact on economic growth potentials is often negative. Littlewood (1981) argues that this is because clientelism contributes to a reduction of the local population’s collective self-esteem.

Dependence on private investment, on the other hand, is often even more volatile, because industrial plants may always flee toward locations where the cost of labour is even lower. Through the tendencies of the globalization process, the more remote the region, the lower will be the average cost of labour; thus, the greater the possibility for capital to flee the earlier settlements and to relocate in more remote areas. However, the fragility of the dependent pattern of development, public or private, can be moderated by spin-off effects produced by the presence of a large investment in physical assets. According to some research, local workforces may learn entrepreneurial skills and attitudes, and thus the local economy moves toward an ‘entrepreneurial economy’ (Hirschman, 1977).

**Entrepreneurial economy**

Entrepreneurial economies draw their incomes mainly from the valorization of local resources. Thus, there is a rough overlap with Marsden’s preservationist countryside, although entrepreneurial economies reflect a broader scope of action. Rather than trying to attract external capital investment, whether private or public, they fill the demand for high-quality goods promoted by the globalization process through their local, but socially widespread, tacit knowledge. Paradoxically, most of these goods (local cuisine, furniture, rural tourism and the like) are ‘traditional’ and endangered by the standardization associated with industrialization. Insofar as these goods have traditional features but are integrated into modern marketing structures, they are sometimes referred to as ‘postmodern’ (Brunori and Rossi, 2000; Buller and Hokkart, 1994; Dahms, 1995; Ehrentraut, 1996). Again, Salamon’s discussion (Chapter 23 in this volume) of the
contemporary consumption of what were once means of rural production as home decor is an interesting example of this feature.

In entrepreneurial economies, labour is not as cheap as in the more remote areas, because modernization has brought relatively high standards of living. By the same token, these areas are not particularly attractive for foreign industries in search of cheaper labor. On the contrary, some of them have lost industrial plants, which have relocated to areas where the cost of labour is cheaper. The rural characteristics of these places, along with the endowment of modern infrastructures (highways, broadband access, etc.) may, however, attract industries fleeing the city, not in search of cheaper labor, but better residential places for their employees (Beyers and Nelson, 2000; Goe, 2002; Luloff and Swanson, 1990).

In all these cases – whether they sell goods or places – the cultural factor which characterizes these economies is the entrepreneurial capability (Anderson and Eklund, 1999; Terluin, 2003). These local businesses tend to be small, completely different from the vertically integrated corporate firm which represents the main outcome of the modernization process in metropolitan areas. Rather, these small firms reach their economies of scale through horizontal networks (Piore and Sabel, 1989; Putnam, 1993) in which cooperation, more than hierarchy, is the functional value lying at the top of their cultural system. Social capital has often been invoked to explain the main features of these entrepreneurial communities (Jóhannesson et al., 2003; Sharp et al., 2002; Zeckeri et al., 1994). Indeed, in some cases, this cooperation of entrepreneurs has been formalized into an increasingly diverse array of cooperative organizations that facilitate networking potentialities among enterprises that might otherwise conflict with one another in a competitive marketplace and simultaneously functioning to tie these firms to place, diminishing both dependency and capital flight (Mooney et al., 1996; Mooney, 2004).

Generally speaking, the paths of development experienced by entrepreneurial economies are significantly different from one another, since they are culturally rooted. The literature on regional economy speaks of a ‘Rhinean capitalism’, from the name of the Rhine river cutting across Germany and France, as distinctive from an ‘Asian capitalism’ and from the early model of the ‘Anglo-Saxon capitalism’ (Berger and Dore, 1996). Differences concern the relationships between managers and shareholders, entrepreneurs and workers, firms and financial institutions. Without entering into the details of such differences, the literature underscores the idea that each regional economy is profoundly influenced by its own cultural environment (Fukuyama, 1995).

The existing literature does not adequately assess the viability of entrepreneurial communities as compared with large metropolitan corporations. However, compared with dependent economies, these rural populations exhibit much more control over their own destiny. These communities seem to express the best of the two worlds (the entrepreneur capability of the city with the communitarian spirit of rurality).

CONCLUSION

Figure 6.3 is a spatial representation of our rural economies’ typology. Metropolitan areas are situated at the core of territorial space. Metro and nonmetro areas are connected in a web of economic transactions, where metropolitan areas are the sites of technological, economic and administrative power. They draw raw materials and commodities from rent-seeking economies, which are located in the most peripheral areas. They also draw manufactured goods from dependent economies, where industrial plants are increasingly located since the cost of labor is cheaper. Eventually, they draw high quality goods from entrepreneurial economies, where entrepreneurial skills are associated with a preserved, rural environment that provides a better quality of life and an escape route for stressed metropolitan newcomers. Of course, this model is itself of typology. The variable articulation of types leads, as Murdoch notes elsewhere in this volume, to an increasingly differentiated regionalization of rural space.

From a historical perspective, it can be said that nonmetro areas, which experienced a heavy loss of human capital to the city at the beginning of the modernization era, are now witnessing the reversal of the trend that brings opportunities to them. Remote, rural areas, once a site specialized in raw materials, may upgrade to a dependent economy hosting an industrial plant from a multinational corporation, and eventually become an entrepreneurial economy, if spin-off effects produce the emergence of a local capitalist class.

The process is neither mechanical, nor deterministic, of course, but it displays a sort of virtuous cycle promoting the integration of remote rural areas into the globalization process. Due to industry attraction or to public jobs, rural population may acquire those skills and the mentality needed to move towards the next category, which is the entrepreneurial economy. By the same token, the latter may follow a specific path of
development of its own, linked to the local culture and able to escape the flaws of the early modernization and industrialization process. On the other hand, upgrading cannot be taken for granted. The opposite can also occur, with dependent economies being downsized to the level of rent-seeking economies, or entrepreneurial communities downscaled to the level of dependent economies. In the end, all depends on the response that the local community is willing, or able to give, to the increasing opportunities emerging from the globalization process.

Against the all-too easy contention that globalization processes are simply levelling all rural difference, this analysis suggests that the future of rural places is not given. Such places are continuously (re)constructing the social, economic, political and cultural structures, and even we might say, the nature of, their locale. Both the substance of that restructuring and the mechanisms by which it takes place vary with the types of economies that we have outlined in the above discussion. While this restructuring is not ‘path dependent’ in the strict sense (Stark, 1992), the effects of these historical economic structures impact developmental possibilities. These analytical constructs of rent-seeking, dependent, and entrepreneurial economies reflect the material context in which Marsden’s sociological types develop. As we have argued: paternalism is likely grounded in rent-seeking economies; clientalistic social relations flourishes in dependent economies; preservationist strategies are often cause and/or consequence of entrepreneurial economies; and the contested countryside reflects struggles that are grounded in conflicts between these types of economies, perhaps especially when entrepreneurial aspirations arise to undermine traditional forms of dependency and clientelism, or threaten to diversify a rent-seeking economy’s singular resource base, fragmenting elite control.

Changes within and between each of these types of rural economies may also be further specified with Marsden’s analytical focus on transformations associated with regulation, commodification and spatialization processes. This scheme permits a historical and comparative examination of rural economies and the contradictory tensions between homogeneity and heterogeneity associated with globalization. First, an examination of the forms and functions of regulation can show that rent-seeking, dependent and entrepreneurial economies each entail specific patterns associated with globalization’s breaking down (deregulation) of existing regulatory mechanisms and reveal the embryonic forms of re-regulation, that are shaped by the type of economy that currently characterizes the region.

Second, Marsden’s focus on the commodification and resistance to commodification of a region will vary with the types of economies we have specified. Further, this commodification may reflect an even broader range of regional qualities; from the commodification of natural amenities such as fertile soil, mineral resources or aesthetics to the commodification of the residents themselves who might be ‘on display’ as quaint...
and picturesque villagers or peasants. Resistance to such commodification might range from opposition to ‘surface mining’ of coal to refusal to have one’s image photographed by tourists (as in the case of many Amish, for instance). Rent-seeking economies, dependent economies and entrepreneurial economies each have specific interests in the substance (what gets commodified) of commodification and decommodification. Entrepreneurs, of course, will have immediate interests in decommodifying some regional resources while recommodifying others.

Finally, Marsden points to the need to examine the spaces within which actors act through the spatial character of their networks. Sharp (2001), for instance, has provided an exemplary analysis of networks associated with economic development of Iowa rural communities. However, that analysis focused only on networks within communities. Marsden would point us to the embeddedness of actors within networks that reach beyond the local community. This focus on spatialization allows us to direct attention at the interesting contradictory tension discussed above concerning the spatial homogenization, or despatialization, associated with globalization as well the opposing force of what is often called ‘localization’ or the process of respatialization as locales seek to reconstruct new identities that differentiate them from both the urban as well as from other rural places.

Again, the dynamics associated with spatial relations will play out differently in the different types of rural economies that we have discussed above. This is most clear in the tendency of rent-seeking economies toward isolation and the dependent economy’s inherent reliance on exogenous resources through variable networks. Entrepreneurial economies may be particularly prone to be agents of respatialization as they seek to construct new form of regulation around local-specific commodities that remain oriented toward global fons of investment and consumer capital flows.

To ignore these differential effects on each type of rural economy is to sabotage effective planning or policy development. However, bureaucratic structures tend to treat any and all places as already homogenized or soon-to-be homogenized. The push for the development of a multifunctional village or region (especially pronounced in the EU) only enhances the need to recognize the unique mix of factors that come together in any rural community. Rent-seeking and dependent economy elites, for instance, would have clear interests in disrupting the development of multi-functional economies, while entrepreneurial economies would likely embrace this development strategy. Marsden’s concept of the economies of synergy is particularly useful for recognizing the strength or weakness of interaction effects of various combinations of development projects within a community or region. Successful rural economies may now and in the future need to focus more on these economies of synergy and economies of scope than on economies of scale. The latter dominated policy and economic decision-making in the development of the increasingly unsustainable agro-industrial model that is now being eclipsed in the construction of new rural economies and countrysides. Sustainable rural development demands privileging economies of scope and synergy.

Finally, this brings us back to the need to remember that, at the outset of this discussion, we recognized that, in fact, economies do not actually operate independently of other institutions. The concept of social economy (Marsden, 2003) explicitly refers to the fact that economic relations are deeply embedded in ‘other than economic’ institutions. There is a pragmatic need to recognize the impact of social, political, regulatory, scientific and cultural spheres in concrete rural economic development. This may be even more significant in rural development since the multiplex role complex of the rural actor demands that they bring the norms and practices associated with these other overlapping institutions in which they are embedded to bear on their economic actions. Attempts to separate these spheres in accord with disciplinary interests or the boundaries of bureaucratic governmental agencies can only have a disorganizing, ‘Tower of Babel’ effect on the sustainability project. Failure to remember that our notion of ‘rural economy’ is an ideal type and that the rural cannot, in practice, be fully separated from the ‘other than rural’ or that the economy cannot be fully separated from the political, the social, the cultural, the scientific etc. may result in the continued fragmented development that is increasingly recognized as unsustainable.

NOTES

1 The minutes of an official EU meeting held on 17 November 2003 in Luxembourg by a Working Group entitled RURAL DEVELOPMENT STATISTICS note that during the discussion of the working paper that was presented, different approaches to several issues such as the level of geographical detail to be used, the criteria to be used and the subtypologies to be introduced were
discussed. None the less, no common position could be reached. Moreover, several member states would favour creating different sets of typologies for rural areas rather than trying to find a common definition for them.

2 Not all scholars agree with such an economic explanation of the origin of the rural–urban divide. Others stress political or religious factors, like the rise of the city-state and the location of educational centers (Sorokin et al., 1930). Whatever the reasons, most interpretations share a conviction that the spatial concentration of activities (agglomeration economies) has been the result of a long-term evolutionary process which left behind the most remote and isolated areas.

3 Of course, cultural capitalism is not a specific matter of rural areas. The above definitions of ‘Rhinean’, ‘Asian’ and ‘Anglo-Saxon’ apply to metropolitan as well as nonmetropolitan areas. But it is reasonable to believe that among nonmetro areas, entrepreneurial economies will bring more of the cultural mark than dependent economies, for example, the latter being a byproduct of multinational corporations.

REFERENCES


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