



Debate

Future Scenarios for Rural Wales

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This Paper first examines the current crisis confronting the rural Wales economy, assessing the impact of the foot and mouth disaster coming hard on the heels of BSE, combined with the continuing adverse effects of the high exchange rate on farming. It sketches the main characteristics of the rural economy before describing two possible scenarios for future developments, one optimistic and one pessimistic. Finally it draws some lessons from the scenario analysis undertaken. Among others these test our institutions and the current devolution settlement. The paper was prepared for presentation to a St David's Forum on *Futures for Rural Wales*, organised by the Institute of Welsh Affairs in Llandrindod Wells, 1-2 December 2001. It is based on one contributed to an earlier Institute of Welsh Affairs seminar on *Regeneration of the Welsh Rural Economy*, in Aberystwyth, September 2001.

1. INTRODUCTION

The 2001 outbreak of Foot and Mouth Disease¹ could scarcely have come at a worse time for the farming industry in Wales. It began just after some of the most significant obstacles to livestock exports had been eased, and the prospect of relief from one of the longest sectoral depressions in recent memory was in sight. Since February, almost a million animals have been slaughtered, at a public cost of approaching £60 million. Private costs, consisting of consequential losses experienced by farmers who cannot claim compensation, and those incurred in linked sectors (especially tourism, but also many other rural activities), may be over six times greater.

This has been the culmination of a sequence of unremittingly adverse shocks to the farming economy of Wales, each consecutive problem compounding the effects of the one preceding it. Ultimately, however, the rules of probability suggest that market conditions will improve, and some suggest that the difficulties provide at least an opportunity to refocus and reprioritise policies to support rural development. Many current policy initiatives (for example, the National Assembly's Agriculture and Rural Development Committee's report on rural diversification, and that of the Minister for Rural Affairs arising from the Farming Futures expert advisory group²) recognise more entrenched rural economic problems, accentuated by the Foot and Mouth Disease outbreak. In general, these top level policy statements, together with official documents such as the Rural Development Plan for Wales, the Agri-Food Strategy and the Structural Funds programme documents and a range of other recent contributions from a wide variety of institutional backgrounds, are in broad agreement about the solution to the rural and agricultural problems of Wales. For both farming and forestry, this is multi-functionality: a combination of space provided for leisure and tourism, improvements to ecological and landscape quality, and the association of these two with an enhanced intrinsic quality of food and timber outputs, which emphasises the distinctive regional origin of the products. Together, much of the influential policy thinking suggests, this mutually reinforcing complex of activities should provide a motivating force from which rural incomes will be enabled to at least nudge towards those earned in urban Wales.

This paper is an attempt to challenge this pervasive conventional wisdom. Firstly, one of the more remarkable revelations of the economic impact of Foot and Mouth Disease was that it has affected tourism more than agriculture: in fact, more than three times more. Agriculture currently employs 8% of the working population in the rural Unitary Authority districts of Wales.³ Even combined with the activities that depend on the sector by selling its inputs, or processing and distributing its outputs, scarcely more than 12% of the working population is accounted for; by implication, 88% of the working rural population have nothing to do with the economic activity of agriculture. However, the activities that they are engaged in, to a greater or lesser extent, depend significantly on the landscape created principally by agriculture. Secondly, perceived rural policy problems have engendered an increasing number of strategies; as the perceptions have intensified, even greater numbers of strategies have been devised. Plainly, the response to failure of past strategic interventions has been to produce more of them. However, this strategy proliferation leads in precisely the wrong direction: the lack of integration in tackling complex, interdependent problems has been met by increasing fragmentation and, consequently, ineffectiveness.

It is worth reviewing the key economic characteristics and problems of rural areas to bring this critique into clearer focus:

- First, dispersed rural populations and settlements, especially those peripheral to major urban areas, experience high transport and distribution costs, both of the goods and services which they produce, and for the delivery of public and private services;
- Second, there is a greater degree of dependence on natural resource-based industries, whose outputs are in the main subject to a low income elasticity of

demand, and consequently growth in incomes in these sectors fails to keep pace with those in the urban economy.

- Third, although the countryside population is growing, there is a demographic skew towards more elderly people, which is hastened by a process of migration in which young more economically active people are exchanged for those from older age groups.

These characteristics are largely responsible for the historically widening income gap between rural and urban areas, the landscape and environmental change due to the industrialisation of agriculture and forestry, and disguised but severe pockets of poverty and social exclusion. In Wales, the cultural tradition, shaped by geography and social history, provides a further dimension, as linguistic heartlands and the community networks underpinning them are also seriously threatened by these problems.

The economic predicament of farming overlays these issues, although it also partly obscures them. The depression of agricultural incomes, due to the successive problems mentioned in the opening paragraphs, demonstrates the ineffectiveness of the traditional subsidy system. It has served, as a result of unique arrangements for its support, to set apart the agricultural community, although for the majority of farms has failed to secure substantive economic improvements. As a consequence, the need for timely and effective intervention to bring agriculture into an integrated policy framework, recognising the crucial role that it plays in the overall economic performance of the countryside, but also enabling a wider dispersion of the benefits of regeneration, has never more critical. It is broadly accepted that both European agricultural and regional policies need fundamental reform, and that the current political framework is also favourable. Nevertheless, there is a famine of ideas providing novel, creative approaches that could capitalise on these conditions.

This paper cannot claim to provide responses to all of these profound issues. It will, nevertheless, try to provoke thought through a careful analysis of the dimensions of the problems, and also an exploration of the range of potential changes to rural economic activity over the medium term.

Following this introduction, there are three major sections. The first deals with the definition of the rural economy, suggesting that in an increasingly globalised world, drawing arbitrary lines around activities in space neglects the intricacy and scope of contemporary transactions and resource flows. The second develops, on this basis, an exploration of scenarios based on different combinations of driving forces, in an attempt to illuminate the choices of robust, future-proof policies that could be effective in easing rural problems. The final section asks, starting with the devolved administration and working outwards, whether the current institutional structure can achieve the degree of influence necessary to bring about the economic regeneration of rural Wales.

2. THE NATURE OF THE RURAL “ECONOMY”

An economy, fundamentally, comprises people, the relationships between them, and the resources they have access to. These relationships, of course, vary enormously, and their operation through time and space determine individuals' economic well being; for some, what are interactions through markets would, for others, be non-economic relations embedded in the broader framework of social interaction of family, community, and culture. Also the dynamic process of economic integration, effectively an extension of trading relationships over an increasingly wide spatial scope (and sometimes loosely, if contentiously, called globalisation⁴) implies that it is increasingly difficult to identify a self-contained geographic economy. Of course, there are some goods and services that are difficult or even impossible to trade over long distances, but for national, regional and local economies there is a general tendency towards increased interdependence with external production activities.

People are, in the short term at least, perhaps the least mobile factor of production, and so at the smallest level of disaggregation, local economies tend to be spatially defined around the extent of labour markets.⁵ However, in the context of increasing economic integration, the performance of labour markets depends on a intricate web of other market relationships; given relative reductions in costs of private transport, changing cultural lifestyle aspirations and generalised shifts in overall economic and demographic structures, it becomes increasingly difficult to ascribe meaning to the term “rural economy”. In an attempt to rehabilitate the study of regions in the context of a globalising economy, Allen Scott sets out a working definition as:

*...a geographic area characterised by some minimal level of metropolitan development together with an associated tract of hinterland, i.e., an area that functions as the common spatial framework of daily life for a definite group of people, and that contains a dense mix of socio-economic activities subject to centripetal or polarisation forces.*⁶

Clearly, what is loosely termed the rural economy is a geographic area in which economic activity is characterised by the elements discussed in the introduction; peripherality, natural resource dependence, and demographic skew. When farming was the predominant rural force, market towns provided the minimal metropolitan development as the organising nucleus of rural economies, but as the functional role of each has diminished, rural areas have increasingly become the tracts of hinterland, which, mainly or even wholly, depend on more remote conurbations. The weakening of traditional external markets for primary commodities, together with increasing spatial concentration of both public and private services in urban centres have led, consecutively, to an erosion of local self-reliance, weakening of local labour demand, and a widening of the incomes gap between rural and urban people. Yet it is critically important to recognise that the impact of these forces on the patchwork of different hinterlands throughout rural Wales is extraordinarily diverse; although they share some common aggregate characteristics, local combinations and contexts lead to different outcomes.

In some areas, desirable landscape characteristics and accessibility to major urban centres combine to gentrify the countryside, generating strong demand for local services but also inflating the cost of rural housing. Thus, in the Brecon Beacons, for example, demographic skew is pronounced, as high housing costs impel out-migration of the young. Whilst incomes are relatively high on average, there is a polarised, dual economy; in the unfavoured half, low disposable incomes are further constricted by high housing and transport costs. In others, the pressure of tourism demand allows those with attractive resources to benefit from their exploitation, although the short season and low wage structure of the industry provides little relief from generally insufficient labour demand. In the example of Pembrokeshire, relatively favourable agricultural production conditions allowing consolidation and increased capitalisation have led, in some instances, to environmental conflicts, especially across the boundary of the coastal National Park. In yet other areas, such as Montgomeryshire, the nature of transport links counteracts tourism development. Although some long-distance commuting to the West Midlands conurbation occurs, there is a predominant East-West split, with the lower reaches of the Severn Valley providing the margins of viability for small to medium-sized manufacturing enterprises, whereas the minor market towns and villages of the high ground to the West suffer extreme remoteness.

A “one size fits all” rural policy is too crude to provide the local, flexible solutions needed to take all of these issues squarely into account. Further, agricultural regeneration, though necessary, is risky and also insufficient as a vanguard for a rural renaissance. It is uncertain because, at present, there are so many policy unknowns that will impinge on the overall profitability of farming in the future. It must be also viewed as insufficient because (although they should not be ignored), the internal linkage effects of farming on local economies are relatively weak and widely dispersed. For these reasons, although a concentration on Farming and other natural resource based-industries should be a necessary component of rural regeneration policies, it will never be sufficient: clearly, it should to be a central component in a set of co-ordinated, coherent strategies that take local circumstances, resources and knowledges as their starting point, and embrace issues such as transport, the environment, planning and education and training as well as traditional agricultural and industrial development. In this light, rural economic regeneration is clearly an awkward business, requiring unconventional approaches to institutional structures, and the best possible perspective on an uncertain future. The next section attempts to develop these insights by constructing potential scenarios for the future of Welsh rural economic activity.

3. SCENARIOS FOR THE FUTURE OF RURAL WALES

Scenario analysis is a well-developed technique for improving foresight in decision-making. Originally developed in the 1950s for military purposes, it has been used successfully in developing corporate strategy, and more recently has been used for policy analysis.⁷ A full scenario analysis for rural Wales is beyond the scope of this paper, but, used in outline form, it can help to stimulate coherent thought on relevant issues and to clarify the potential futures determined by the forces driving the system. The aim of the approach is not to predict the future, as such, but to identify and explore the key influences on all possible futures. Merely

extrapolating present trends to construct an outline of the most probable future leads to avoidable surprises, for which policy development can be unprepared; scenario analysis should help to avoid these, and contribute to decision-making in the light of the fullest possible information set.

In essence, the approach consists of five stages: determining the time and space frames for the analysis; identifying the driving forces influencing the system; using variations in these to construct a range of potential scenarios of the future; developing a narrative structure to explain scenarios, or bring them to life; and finally, using the narrative scenarios to test policy options. For this paper, the space frame is specified as rural Wales (although given the discussion in the previous section, it should be noted that the economic relations within this area do not constitute a self-contained economic system); for convenience, the time frame chosen is around ten years from the present, to 2011, providing a medium term perspective during which factors such as technological change can be assumed to be consistent with current expectations.

The driving forces governing the economic activity within rural Wales can be summarised under relatively few headings: general economic conditions; policy conditions; public opinion, especially as it affects the production conditions of major rural products and services; technology; and demographic evolution. The last two driving forces may be considered “décor variables”, defined as those that will remain more or less constant over the time and space frames. Changes in technology may be more or less foreseen on the basis of anticipated developments currently in progress (such as faster communication in information technology, and biotechnological innovation in agriculture); and starting from the current base, it is unlikely that the present demographic imbalance of a high proportion of the elderly in the existing population will be reversed in the coming 10 years (although obviously some ambiguity is possible, depending on the relative magnitudes of the exchange migration process).

General economic conditions, to an extent, are related to policy variables, although in economic theory there is still some controversy as to how far they can affect the underlying real fundamentals of productive conditions. These encompass the pressure of aggregate demand, interest and exchange rates, and the scope for latitude involved in public expenditure decisions. They feed specifically into the system in terms of the strength of export demand (both in terms of demand from urban Britain and overseas markets), especially for tourism and agriculture; and also through the state of the British housing market, as the relative differential between prices in areas experiencing economic expansion and rural Wales influences the expense faced by new local entrants to the rural housing market.

Policy conditions derive from at least four major levels of spatial influence, each affecting the leeway within lower levels of the hierarchy. At EU level, the Nice Treaty will come into effect during the scenario period, allowing accession of current candidate countries and changing the overall structure of European governance, in particular through reforms to qualified majority voting in the Councils of Ministers. The CAP is due to be reviewed in 2006, and although appetite for radical change in

the recently launched new round of World Trade negotiations seems reduced, this will have major repercussions in rural Wales. At UK and Wales level, there will be periodic elections which impact on the enthusiasm for policy reform; in particular, public spending decisions are uncertain beyond the current planning period. Local government policies on planning, and the activities of Assembly-sponsored Public Bodies also contribute to policy conditions, though these are of necessity subordinate to the general framework of policy set in the tiers above.

Public opinion conditions interact to refine general demand influences, and while there is evidence that at present consumer attitudes in favour of animal welfare, social responsibility and ethics, and environmental concern have an influence on purchasing decisions, these can vary, in particular being influenced by the general economic climate.

In order to obtain the optimum explanatory benefit from the outline scenario analysis, just two variants of the future are discussed. In theory, the varying states of each driving force contribute to the generation of a scenario tree; thus, if only eight macro-variables were employed and had one of only two states, 2^8 , or 256 scenarios could in principle be generated. Typically, however, many of these scenarios would be broadly similar in nature. Of our two scenarios, described in detail below, one identifies a case where all variables are “favourable”, but do not necessarily lead to wholly positive outcomes; the other takes the converse approach.

4. SCENARIO A: OPTIMISTIC

A period of 10 years allows for the prospect of one or two major economic cycles, although under this scenario the current slowdown falls short of technical recession and, despite some cyclical influences, consumer confidence remains strong throughout the period. This provides the opportunity to develop work already in hand to concentrate on the production of higher quality, regionally distinctive agricultural products; high urban consumer incomes also stimulate demand for short break activity holidays and the rural tourism market develops favourably. The UK manages to accede to the European single currency, at a rate of exchange that is reasonably satisfactory for exporting prospects. However, the continuing relatively low interest rates that make this possible have a further effect: continued house price inflation, and, as a consequence, strong demand for second homes in peripheral rural regions. The most recent cases of Foot and Mouth Disease turn out to be only sporadic outbreaks in the tail of the epidemic, and no further barriers act to constrain demand, either the export demand for agricultural products, or to detract from the image of the countryside as an acceptable tourism destination.

In terms of the policy environment, the EU carries out a successful modification of the CAP and Structural Funds in 2006, shifting significant resources to the “Second Pillar” (Rural Development Regulation activities) of the former, and with regard to the latter, ensuring a generous transition settlement to the Objective One and Two areas in rural Wales after 2005. New entrants to the EU take some time to exploit their agricultural productive potential, but

act to stimulate aggregate European demand as a result of their demand for infrastructure and other investments. General economic conditions ensure that the funds available from the Structural Funds programmes can be appropriately matched from UK domestic resources, and the block grant to the National Assembly for Wales broadly matches its spending aspirations. Electorally, there are clear mandates for governing parties, which allow relationships with the rest of the UK's EU partners to continue to be relatively harmonious.

Public opinion continues to be favourable to the rural community, both in terms of a continued sympathy for and understanding of its role in stewarding the environment and acting as a foundation of national identity and culture. This finds expression in growing interest in, and understanding of, what is involved in maintaining a rural way of life, and consistent development of markets for rural products and services.

Whilst, broadly, this scenario has been constructed to imply the most favourable possible demand conditions for rural economic activity, from the discussion in the preceding section, at least two contradictory tendencies can be identified within it. The first contradiction concerns how the different local housing markets react in these conditions. Will the improved economic conditions in rural Wales allow sufficient catch-up for local buyers to be able to compete effectively with those from outside? What this would require is for the economic conditions in rural Wales to be better than those externally, to offset the influence of those from outside thinking of second home ownership, retirement, or commuting longer distances (even telecommuting, bearing in mind the décor technology driving force). The gap that currently exists is unlikely to be reversed, since under this scenario, it is the strength of external demand that drives conditions for improved prosperity in rural Wales.

The second contradiction relates to the critical question of how these driving forces are accommodated. Because prosperity, under this scenario, depends on the thrust of export demand (that is, relative to the rural parts of Wales), the relationship of external dependence is deepened. In fact, a fair summary of current policy would be that it is to exploit opportunities for externally driven activity with little regard for how they might be consolidated into a framework of improved resilience and self-reliance for the network of the many satellite economies of rural Wales. Crucially, a revival of economic prosperity depends not just on the existence of strong external demand and favourable European and state support for investment, but on the context of its implementation and the constructive uses to which it is put.

5. SCENARIO B: PESSIMISTIC

In contrast with the alternative scenario, general economic conditions become rather worse before they become better, with the current economic slowdown being transformed into a prolonged and severe depression. Consumer spending collapses, and together with a consequent rise in unemployment, significant upward pressure on Net Public Sector Borrowing forces a downward revision in spending plans. However, due to previously inflated demand for housing, some residual general price inflation persists, requiring higher interest rates than at present, and accordingly sterling remains relatively high in value against

the Euro. That makes it extremely difficult to contemplate entry into the single currency over the scenario period (itself a contributor to upward pressure on the sterling/Euro relationship), and further depresses export demand. For rural activities, a re-emergence of Foot and Mouth Disease prevents livestock exports from restarting until 2004, and as these markets have been supplied from other sources for a considerable time, such revival as occurs never manages to accomplish former sales levels. Rural tourism is also badly affected, as large tracts of countryside continue to be closed off.

The UK's euro-scepticism, together with its failure to commit to economic integration, produce difficult relationships with the rest of the EU. The new Union of 21 members find compromise increasingly difficult to achieve, as the nature of alliances and voting structures become more complex. The CAP remains relatively unreformed, although a surge of agricultural output leads to lower levels of commodity guarantee. As a consequence, the aspiration of an enlarged budget for the Rural Development Regulation is dashed, and transition funds for areas completing their Structural Funds programmes in 2005 are extremely limited. Within the UK, relations between the national government and the devolved administrations become severely strained; a replacement for the Barnett funding formula coincides with public spending retrenchment to reduce even what would have been available under the block grant system, leading to significantly reduced regional independence as spending has to be entirely devoted to maintaining core statutory responsibilities.

Majority public opinion turns against the farming community, particularly as grass-roots activists make spontaneous protests against the steep reductions in support payments and the handling of the Foot and Mouth Disease outbreak. This leads to increasing polarisation and discomfort in town and country relationships. Recessionary pressures on consumer spending and anxieties about unemployment and public service decline lead to a relegation of popular environmental concern and, as a result, specialist food production and other rural services experience lower demand.

This scenario has been deliberately constructed to involve the most adverse set of circumstances, and would, in contrast to the preceding discussion, initiate rather more profound changes in the rural socio-economic structure. Up till the present, the farming industry has proved extraordinarily durable in the face of repeated and drawn out economic crises. However, there is a limit to this durability, and substantial business failures would begin to occur in 2003 or 2004. Together with a slump in demand for other rural activities, and slow or negative growth in the provision of public services, both land and house prices would collapse. Lack of demand for housing from outsiders would be paralleled by a considerable increase in out-migration, and the rate of decline of the rural population.

Clearly, the challenges for the policymakers in this scenario are immense, with far greater problems to confront, but a dearth of resources with which to tackle them. In this instance, an astute assessment of priorities and appropriate mechanisms to fulfil them will be essential. The scope for government to influence the real economy has, since the monetarist counter-revolution in economics, always been subject to some question. However, the state can influence economic behaviour through its rhetorical stance, if only in a diffuse, long-term

manner. At present this rhetoric, expressed in the National Economic Development Strategy, is consistent with a version of the doctrine of comparative advantage; the quest is for improved competitiveness and entrepreneurship, leading to a specialisation in production based on relatively abundant resources. If contemporary theorists of globalisation are correct, however, in an era of improving communications, information exchange and capital mobility, for a small, open region this is a sure route to impoverishment.⁸ Unless there is a break with traditional thinking, such a scenario is likely to lead ultimately to failure of government legitimacy, and a serious undermining of the devolution project.

6. LESSON FROM THE SCENARIOS

The future that actually materialises is unlikely to be anything like either of these scenarios, although combinations of elements of each will contribute to this “future history”. The chances of a severe recession are probably larger than we ought to be comfortable with, even though in America the decline in paper wealth as a result of the tumbling of equity prices appears not yet to have had a significant impact on consumer spending. Through the implications for taxation and interest rates, the chance of tighter public spending in the future seems relatively high. The favourable CAP reform on which so much else depends seems less likely, especially if enlargement is successfully accomplished. Whilst some successful advances in European Economic integration have undoubtedly occurred, agricultural policy reform has always been a significant stumbling block because of the range of complex and contrary interests. The favourable public opinion towards rural interests, crucial to the development of the current strategy targeting constructed quality characteristics in natural resource-based products, is on balance probably more likely to exist than not.

However, but this is not an exercise in prediction, but rather to clarify thinking about how to adapt to the uncertainty that Wales faces. This paper has merely sketched a few outline themes; these could easily be made more detailed by adding in more factors to improve narrative quality. The strength of the analysis as it stands, however, depends on if it can provoke sufficient thought to institutionalise such a futures-oriented approach into the rural Wales policy-making framework?

In essence, elements of each scenario will be relevant to the development of future policies, and it is the purpose of this section to give an indication of how this may work. Most importantly, asking the “what if?” question, in itself, prompts a stream of alternative thinking. Rarely do we consider that the future will be anything other than like the present, until (as it inevitably will) it materialises in the form of a surprise, which challenges standard habitual behaviour.

In the first scenario, the main conclusion is the need to challenge a conventional, linear approach to rural development, and replace it with one based more on the extending the synergy of existing networks that exploit linkages between different types of rural economic activity. The second highlights the need to foster creative thinking about how to turn disadvantage into opportunity, and prioritise the really important fundamentals of policy action, whilst discarding deep-rooted patterns of bureaucratic activity. Both require

reinvention of the concept of the rural economy, as opposed to regeneration. That, in turn, involves a change in understanding: in particular, rather than regarding farming as the predominant force in rural activities, it should be seen as a fundamentally interdependent in a set of connected rural activities, but not sufficient enough that sets of other connected rural activities can be dispensed with. Given the essential role of changing the accepted wisdom of policymaking, the relevance of the institutional framework which generates and sustains the perspective should now be examined.

7. A CHANGE IN INSTITUTIONAL STRUCTURE?

The Foot and Mouth Disease outbreak has tested the devolution settlement for Wales, finding it only partially capable of meeting the challenge a serious emergency, both in terms of management of the infection, and the scale of response required to respond to the economic impact. The Agriculture and Rural Development Department in the Assembly has had to follow the lead of its much more substantial Westminster counterparts, and has been sorely stretched in terms of contributing to the major policy debates that have transpired in the wake of the disease. This does not detract from the record of the Minister or the civil servants, who are keen to achieve a more autonomous approach in policy delivery; it merely reflects the human resources available, and also the fact that a large proportion of the staff are tied down in administering agricultural subsidies. This latter point is also of considerable concern, since any radical reform of the CAP might require a rapid and sizeable change in institutional role.

A further, painfully acquired lesson of the outbreak, through the unevenness of its impact, has been a highlighting of the complexities of rural economic function. Some parts of Wales have been little affected, and even experienced something of a boom in tourist trade over the main summer season; other areas, because of the aggregate seriousness of economic impact, have suffered its full, concentrated force. In order to co-ordinate a series of integrated and locally appropriate policies, an appreciation of these subtleties should be paramount. This constitutes a strong argument for a single, powerful rural development agency.

I have argued elsewhere, and in more detail, for this approach.⁹ The reasoning developed here provides additional force to my arguments, which are that only with a sufficient concentration of resources can an overall institutional framework develop the competence to acquire sustained knowledge of the complexities, and argue from a basis of empathy with the rural society in which economic relations are embedded. The analysis of the scenarios depicted here suggests that, even in the most favourable of circumstances, there would still be problems that the conventional wisdom finds difficult to acknowledge; should the actual future be less favourable, there is a prospect of rural economic life unravelling and a substantial erosion of population, supporting services and environmental quality.

For institutional consolidation, what I have in mind is the reorganisation of the Welsh Development Agency into two parts, one a highly focused Valleys regeneration agency, the other, combined with the National Assembly Agriculture and Rural Development Department, the foundation of a unified rural development body. To that nucleus, the Wales Tourist Board could be added, particularly since it may now be convincingly argued that

tourism is more important to the rural economy than agriculture. The Countryside Council for Wales could also be divided, with its landscape and countryside recreation functions retained for the rural development body, and its environmental responsibilities (many of which in any case are in, or overlap with, urban areas) should pass to the Environment Agency Wales, in turn also strengthening the function of that body. Whilst bringing together teams from diverse backgrounds and perspectives might spark creative thinking, it would be essential to seed that resourcefulness with a senior management, chosen for its understanding and vision for rural revival.

This would reinforce the base of the Minister for Rural Affairs, and provide more than a fig leaf of rationale for that current office. At present, other ministers have responsibility for issues that predominantly impinge on rural issues, and consequently it is unsurprising that development of a co-ordinated response to contemporary rural problems is so cumbersome.

The scenario of organisational reforms portrayed is relatively improbable. Such radical changes are uncomfortable, and difficult. It may be that present arrangements can be harnessed to engender novel perspectives, and promote a realisation that rural development is not simply a matter of investing in improved productive capacity and hoping that the market will do the rest. Decisions being made now will determine which scenario the actual future is closer to, and in that sense there is the chance to develop a preferred future, rather than merely the future which would result from a passive disregard of the range of possible outcomes of present conditions. Yet until the scope and dimensions of rural economic activities and their difficulties are comprehensively grasped, the prospects for the countryside of Wales will remain relatively poor.

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Notes

- ¹ The outbreak is still not quite officially over, as a few minor restrictions currently remain in place, even though the last confirmed case in Wales was on 12 August.
- ² National Assembly for Wales Agriculture and Rural Development Committee (2001), *Diversifying the Rural Economy*, Cardiff, NAFW; National Assembly for Wales Department for Agriculture and Rural Development (2001), *Farming for the Future: A new direction for farming in Wales*, Cardiff, NAFW.
- ³ This is based on the Agriculture and Rural Development Committee's definition (which it openly admits is far from satisfactory) of rural Wales: the unitary authorities of Anglesey, Gwynedd, Conwy, Denbighshire, Powys, Ceredigion, Pembrokeshire, Carmarthenshire and Monmouthshire. Statistics are derived from the Labour Force Survey, 1998.
- ⁴ The process of globalisation might consist of falling transport costs, widespread adoption of new electronic information and communications technologies, and increasingly international mobile capital investment.
- ⁵ For a discussion of the implications of the local economy approach to rural development issues, see Saraceno, E. (1994), "Recent trends in rural development and their conceptualisation", *Journal of Rural Studies*, 10, 321-330.
- ⁶ Allen Scott (1998), *Regions and the World Economy*, Oxford, OUP, p.1.

- ⁷ See, for example, Midmore, P., *et al.*, (1998), *LFA policy in Wales: a review of the socio-economic and environmental effects of the HLCA scheme*, Report to the Welsh Office, Aberystwyth, Institute of Rural Studies; Zanolini *et al.*, (2001), Scenario analysis as a tool for agricultural policy analysis: the example of organic farming in Europe, *Journal of Agricultural Economics*, in review; for a popular exposition, see Schwartz, P. (1996), *The Art of the Long View*, New York, Doubleday.
- ⁸ See, for example, Storper, M. (1997), *The regional world: territorial development in a global economy*, New York and London, Guilford Press.
- ⁹ My article, "After foot and mouth", appeared in *Planet*, Vol. 147 (January 2001), 7-11.