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Divergent socio-economic trajectories in the rural areas of the new German *Länder*

Abstract: For just over fifteen years now, the rural areas of the new German *Länder* have followed a path of socio-economic transformation marked out by the transfer of a planning model. Based on Western policy standards for local development, this model assumes that the rural economy will adapt by diversifying its activities, using new resources and promoting bottom-up initiatives. Privatisation of the economy and new public policies have introduced a selective process of territorial integration that is radically altering the structure of rural areas according to socio-economic trajectories differentiated at regional level.

Since 1990, the new *Länder* of reunited Germany have lost nearly 10% of their population. This demographic haemorrhage, unequalled apparently in other Central European areas, reveals in spectacular fashion the socio-economic shock caused by reunification, whereas the integration of the former German Democratic Republic (GDR) was conceived and applied as a process of return to normal: a normality that was first transferred automatically by economic and monetary union between the two German states on 1 July 1990, and then implemented by integration the following 3 October into a single German state, subject to all the treaties and regulations of the European Union (von Hirschhausen and Lacquement 2007). The expected return to normal was prevented by a lengthy, deep-seated crisis, particularly acute in the countryside, since eastern Germany is more *rural* than western Germany: its rural areas are larger and less densely populated. Many basic indicators similarly reveal this territorial dichotomy and the varying importance of local development questions in the east and west of the country: the rural areas in the east are losing population by natural decrease and net out-migration; in terms of employment and activities they are more agricultural and their socio-economic structures are less diversified; they are also poorer and more dependent on public subsidies (von Hirschhausen and Lacquement 2007).

For just over fifteen years now, the rural areas of the new German *Länder* have followed a path of socio-economic transformation marked out by a transfer of a planning model based on Western policy standards for local development. Policy action first focused on early rapid privatisation of the farm sector by dismantling the collective system and reintroducing family farms (Lacquement 1996). It then began a programme to diversify rural activities based on promoting and contractualising bottom-up initiatives. This transfer of an outside model radically altered the organisation and structure of rural areas. In particular, it introduced a selective process of territorial integration that accentuates spatial contrasts along trajectories that are exceptional for post-Communist Europe.

The current process raises first the question of reference models, namely the content of standardised local development policies. In rural areas once regimented and administered by collective agrarian structures, these policies assume and imply both a transformation of socio-economic functions and a change in the manner of managing local territories.

In Germany, the whole system was introduced rapidly. But territorial changes are subject to differentiated socio-economic trajectories, whose forms need to be characterised and limitations pointed out.

These trajectories trace out a complex territorial pattern, certainly more complex than was assumed by the path to change involving the transfer of a model. The territorial changes underway in eastern Germany are part of the definition of post-Communist rurality.

1 – Reference models of rural development

Since the 1960s in West Germany, and since reunification in 1990 in the new *Länder*, territorial policy for rural areas has been based on spatial categories that distinguish types of rural area on two main criteria. Basic administrative units are divided up both according to their average population density and their function and location (in terms of distance and accessibility) with respect to central towns further up the urban hierarchy.

The structural typology comprises three categories of rural area: first, the rural periphery of highly concentrated urban areas in which the rural density is less than 150 inhabitants per square kilometre; next, the rural periphery of densely populated urban areas, in which rural density is between 100 and 150; third, predominantly rural areas in which densities fall below 100 or which have no urban centre with territorial control functions.

The geographical distribution of these categories reveals the rural nature of eastern Germany, in which the three categories together account for just over $\frac{3}{4}$ of the surface area, compared with less than one-third in western Germany (Grajewski, Schrader and Tissen 1994, von Hirschhausen and Lacquement 2007). Since 2005, new regional planning policy guidelines in Germany have diluted rural areas into a dialectical vision of the Federal Republic's territorial structure, distinguishing by the earlier criteria (population density and accessibility to the central town) between central areas (*Zentralräume*) and peripheral areas (*Peripherräume*), separated by intermediate areas (*Zwischenräume*)¹ (Kawka and Lutter 2006, Lacquement 2007).

These regional planning categories thus erase the specific features of rural areas in both eastern and western Germany in order to promote a general objective of diversifying socio-economic activities by identifying and exploiting new resources. Forward planners then analyse a territory's potential for multi-functionality or functional diversification. This potential varies according to the form of territorial structure and the economic situation of local areas (Lacquement 2007).

The functional typology tends to characterise rural areas in eastern Germany as reserve areas or peripheries to be integrated by developing new socio-economic functions. Development potential depends on the number of resources to be exploited: food and energy sources,

¹ The categories distinguished by the Federal Office for Building and Regional Planning (BBR) are thus central areas (average population density 1,000 per sq. km, 11% of total area and 49% of total population), peripheral areas (less than 100 per sq. km, 58% of area and nearly $\frac{1}{4}$ of population) and intermediate areas (approximately 200 per sq. km, 30% of area and just over $\frac{1}{4}$ of population), cf. *Raumordnungsbericht 2005* (Regional planning report 2005).

building land, attractive landscapes for tourism, a sort of vast reserve area containing raw materials to be processed and promoted by creating businesses and jobs.

Furthermore, since the new version of the regional planning law was adopted in 1998,² the diversification project systematically refers to the principles of “sustainable development” as laid down in the 1987 Brundtland report and made known more extensively by the 1992 Rio Conference. Since 1998, forward regional planning in Germany has placed rural development within the framework of the major guidelines of the action plan recommended in the Rio Charter, known as Agenda 21.

Planning policy involves two major types of public intervention. The first is top-down: the Federal government (*Bund*) and *Länder* use both sectoral measures (programmes to modernise rural infrastructure, adapt farming structures and diversify rural activities) and territorial measures, particularly the network of national parks and regional nature parks, some of which have been declared “biosphere reservations” by Unesco. Second, the rural development model is also based on bottom-up action: this is recognised and supported by contractual arrangements with the higher administrative levels (*Bund* and *Länder*) and mobilises complex networks of local players in new territorial configurations that transcend political, administrative and institutional planning divisions. Planning areas have increased in number to form a pattern of “project territories” on the basis of inter-municipal cooperation or EU community initiative (Leader+) programmes (Lacquement 2007).

Whether top-down or bottom-up, public action for local development depends on the involvement of local societies in the transfer of the model. In the case of the new German *Länder*, the introduction of the new planning model removes local territories from the regimentation of the collective farms (*Landwirtschaftliche Produktionsgenossenschaften* – LPGs) and places them in a sort of competitive “integrated development” market that accentuates territorial differentiation according to the ability of local societies to form networks of political and socio-economic players and implement action programmes to make full use of new rural resources.

2 – Differential socio-economic trajectories

Mobilising rural resources in this new political and socio-economic context leads to differential trajectories that accentuate spatial contrasts as the adaptation progresses.

After fifteen years of system change, farming areas display a wide diversity of situations that affect both structures and farming systems (Maurel and Lacquement 2007). The large commercial farms created by the privatisation of the collective farms occupy on average one-half of farmland, but the proportion of individual farms re-established since decollectivisation varies by a factor of two from one region to another. Farming geography has specialised, but the degree of intensification varies both at regional and local level, even within a single farm. The new patterns structuring farmland are complex and appear to be the result of a combination of three main variables.

The market economy and the political management of agriculture within the European Union have caused farm production and systems to be readjusted according to economic rent. Productivist farming has spread to those areas where land and climate offer the greatest yield

² *Raumordnungsbericht der Bundesregierung 2000.*

potential and the best prospects for profit (the Magdeburg *Börde* and the loess lowlands of Mecklenburg).

Second, decollectivisation led to a division in farming practice between large commercial farms, based on the restructuring of the former collective farms, and individual farms, half of which are part-time smallholdings reconstituted from former family holdings. The geographic variation of this division depends on territorial tradition and separates out areas with structurally low concentration, particularly in the uplands (Thuringian Forest and the Ore Mountains on the Czech border).

Third, changes in farm areas depend on the involvement of socio-economic players in forming local production circuits. These local practices determine the formation of specialised production areas. They also contribute to developing alternative types of farming, whether more extensive or organic.

However, the adaptation of the farm sector to the performance and profitability criteria of the market economy has considerably reduced the share of farming in the economy and employment.³ As a result, it is the development of non-farm activities that contribute at least as much, if not more, to the differential socio-economic trajectories of rural areas (Maurel and Lacquement 2007).

Recent developments may first be examined to identify functionally specialised trajectories. These concern, in particular, tourism based on promoting the attractiveness of villages and countryside, selecting out those rural areas well placed geographically in terms of distance and accessibility from tourists' home towns.

Next come trajectories of actual diversification of the rural economy, in the sense that local employment structure is based on a number of activities. Here diversification comes from making effective use of a range of resources, whether historic or modern. Dual activity, farm and industrial, continues to structure employment in most upland areas. Privatisation of the industrial sector and restructuring of the *Kombinat* system caused a major crisis in these early industrial centres (Hau 1994). But the availability of labour and a manufacturing tradition facilitated re-investment in a fabric of small firms, at a time when new industrial policies were creating support mechanisms (Roth 2007). Diversification of activities in these areas also extended to the economy of farm and green tourism. The development of organic farming is sufficiently significant in some places to cause the creation of production circuits that combine a range of activities from setting up specialised farm industries to the production of renewable energy.

Conversely, there are trajectories of diversification *by default*. These display a growth in the share of tertiary employment in the local economy, with a relative rise in low-qualification service activities, since there are no job opportunities in the productive sector. This *default* tertiarisation of local economies is the result of severe recessionary conditions, particularly in farming areas, which automatically increase the share of employment in basic marketed and non-marketed services. It is also caused by external factors (Chevalier 2002), particularly in

³ The number of farm workers per hectare in the new *Länder* fell from 14 in 1989 to 2.9 in 2005, and in absolute terms from 820,000 to 164,000 (cf. *Agrarbericht der Bundesregierung 2006*).

those rural areas affected by residential sprawl from major cities such as Berlin, Dresden and Leipzig (Wiessner 2001).

In many regions, the farm sector remains the main source of jobs and the other sectors are stagnant. This lack of diversification in rural activities may be explained to some extent by the vitality of the farm sector. But rising productivity has as its corollary an increasing flight from the land that cannot be stopped by the small number of alternative jobs.

3 — New territorial pattern

All these trajectories radically modify the organisation of rural areas and tend to mark out a complex territorial pattern within which structures are distinguished from each other by three concomitant factors: the extent of the economic crisis, the particular activity profile and the type of integration into the general economy (Maurel and Lacquement 2007).

Urban influence affects the socio-economic integration of rural areas around the major cities. The development of these cities and the residential sprawl they produce attenuate the effects of the crisis on local employment by boosting tertiary activities.

The concentration of tourism is in some places the second form of territorial structuring. This activity may be intensive, but is restricted to the coast and the areas round the most-visited sites. It therefore can only partly solve the difficulties caused by the crisis and the adaptation of the structures inherited from the Communist economy.

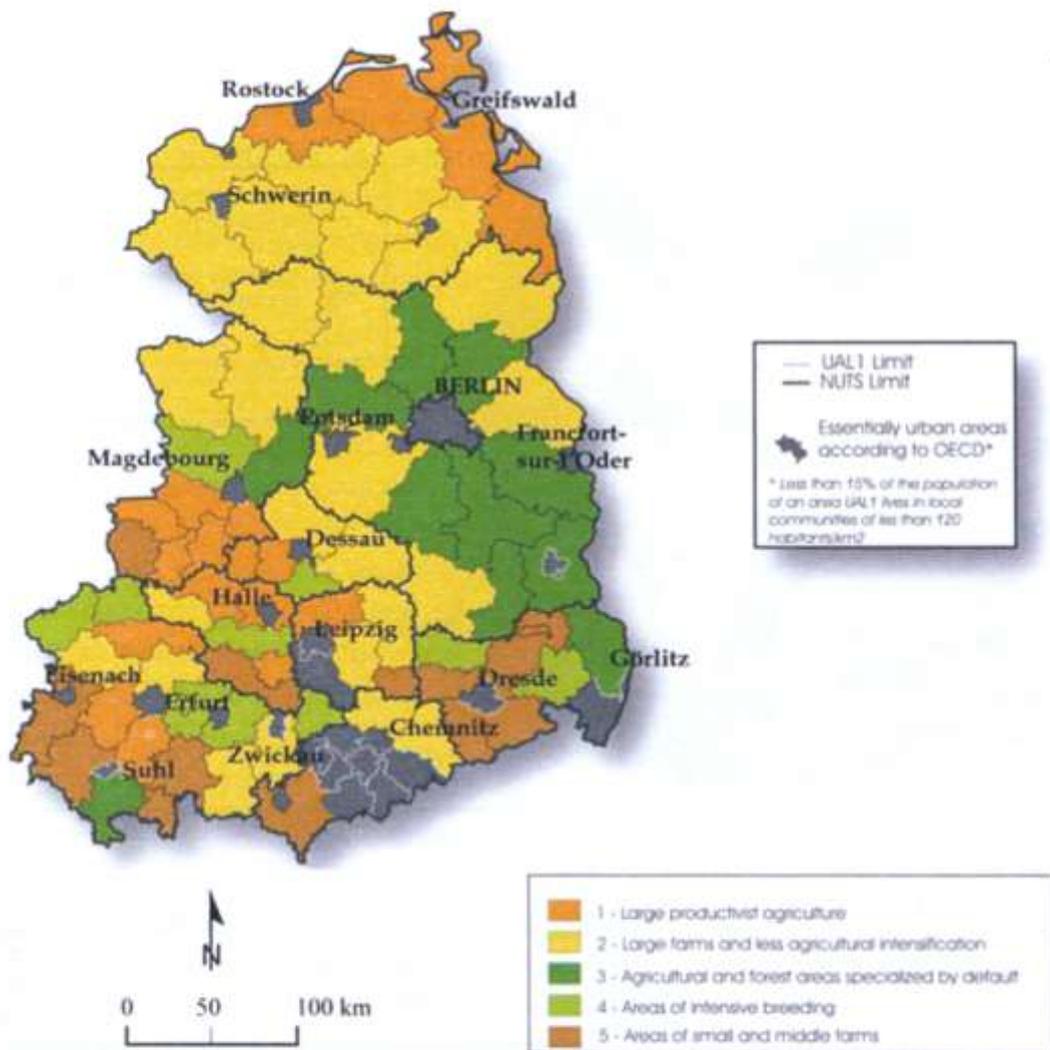
Maintaining industrial activities, even if investment is concentrated and companies relocated selectively, is an innovative form of territorial integration in the early industrial sites, particularly in the southern uplands (*Mittelgebirge*) of the ex-GDR. The adaptation and restructuring of these scattered industries keep rural unemployment at a high level and encourage outmigration. But they are also part of an overall trend in diversification, or perhaps rather re-diversification, that is based on the widespread practice of dual activities or dual jobs.

In most rural areas, the activity profile is still largely agricultural. In the areas with highest economic rent, agro-industrial integration selects the farms that are most productive, most efficient and most focused on international markets. In these specialised production areas, farm modernisation has sharply reduced the demand for labour. The effects of economic crisis on employment and outmigration are particularly significant in those areas where farming, however efficient, is virtually the only economic activity. In other predominantly agricultural areas, the inherited collective structures continue to play a key role in territorial organisation. The company farms that succeeded the cooperatives or state farms maintain a strong economic and social influence in the local area. They provide jobs, lease land from small landholders, and ultimately order most productive activities in the regional economy. They often maintain in a state of dependency a fragmented structure of small family farms producing for subsistence or with little opening to the market, reminiscent of the operation of individual plots once allowed by the collective farms. Furthermore, the nearness of urban markets and the attractiveness for tourism of countryside improved by planning programmes, enable these commercial farms to diversify timidly into organic farming and green tourism.

Since the former GDR joined the Federal Republic, it has been the ex-Communist country that has seen the fastest and most immediate socio-economic integration into the European Union; there was no talk of a transition phase, or negotiations to apply the *acquis*

communautaire of EU standards. Decollectivisation and the introduction of rural planning policies began a normative and directive process of territorial convergence.

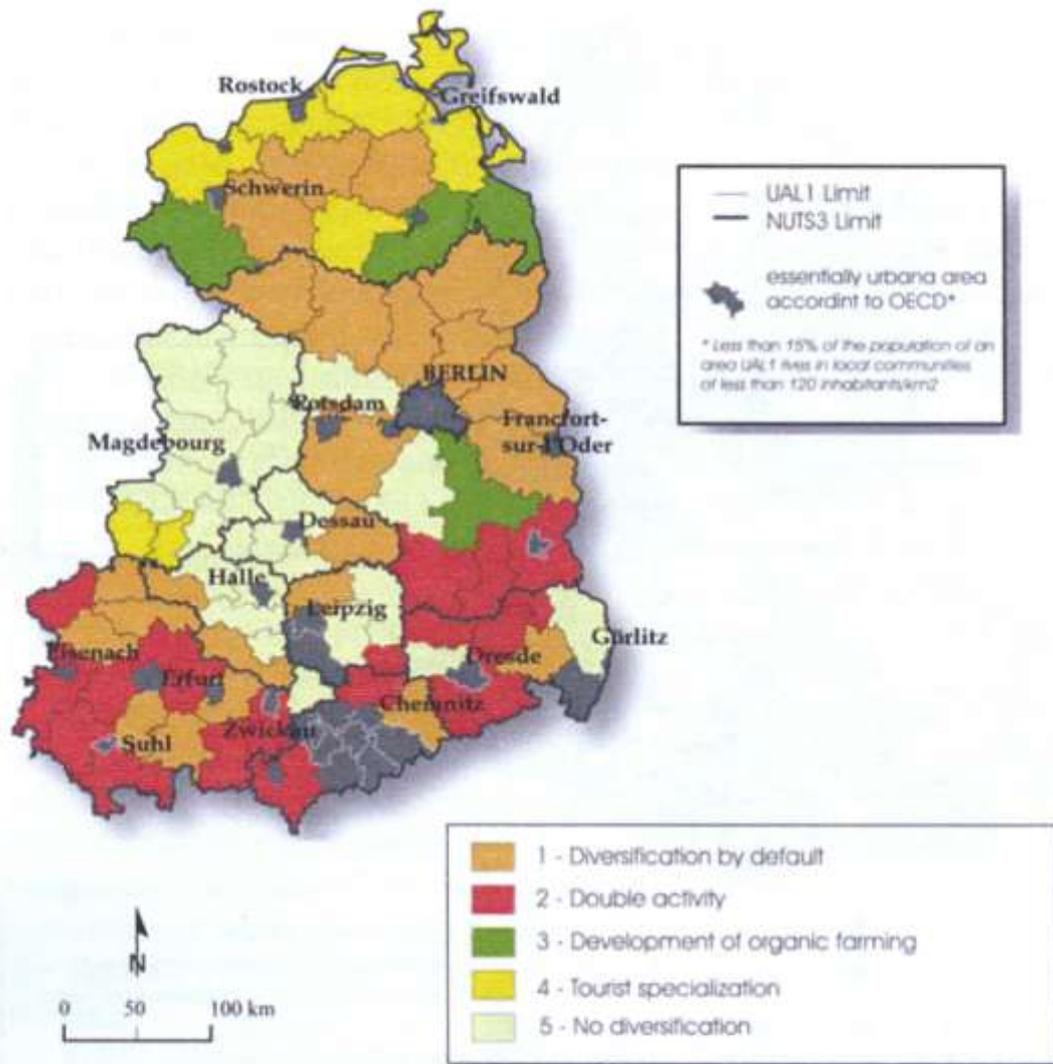
However, rural areas are now being structured along socio-economic trajectories that accentuate spatial differences. These differences are based on some external factors such as urban influence, tourist potential and the type of agro-industrial integration. But they are also the result of local contexts and inherited territorial structures that advance or impede networking and the formation of “project territories”.



Map 1 Types of agricultural areas in Eastern Germany

Sources: Statistiques nationales, 2001

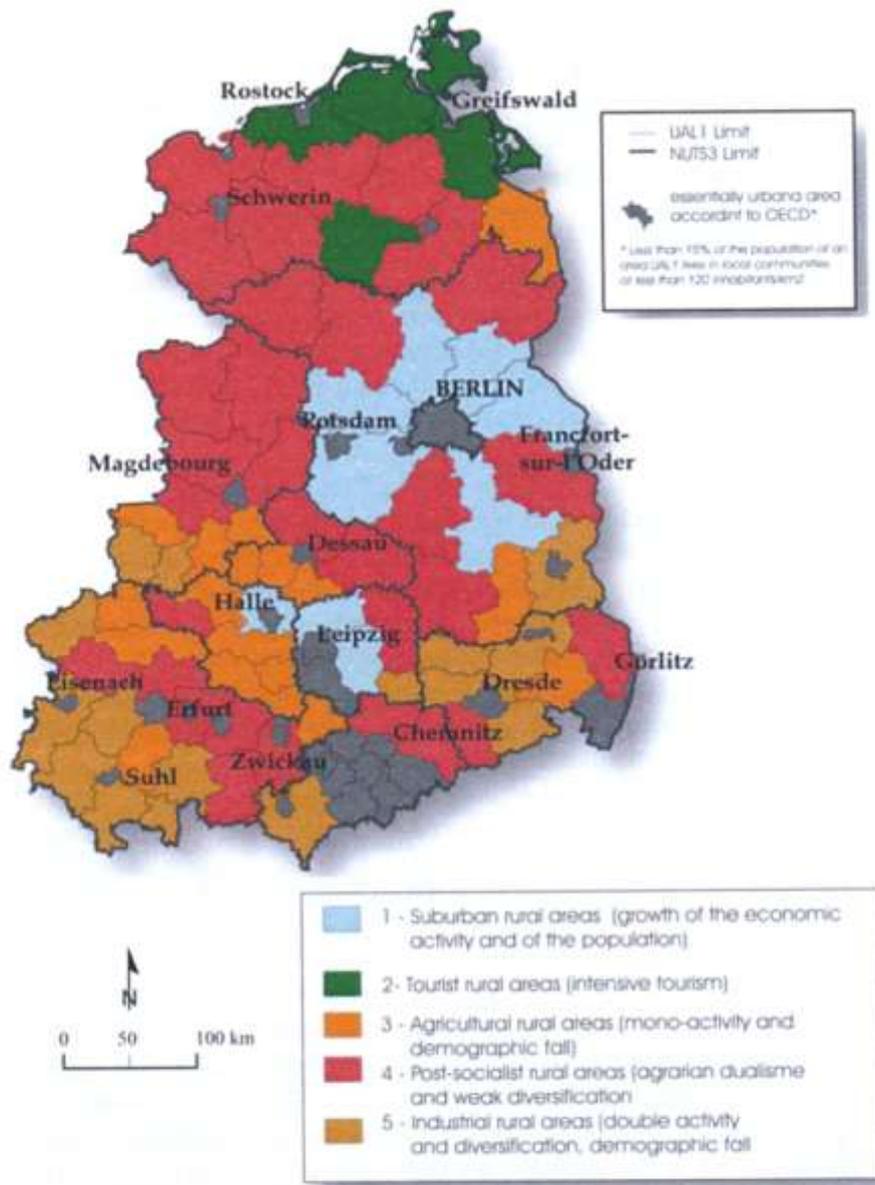
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Map 2 Types of socio-economic diversification in the rural areas of Eastern Germany

Sources: Statistiques nationales, 2001

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Map 3 Types of rural areas in Eastern Germany
 Sources: Statistiques nationales, 2001
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