The Rural Transformation

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Abstract

This chapter discusses the rural transformation, a process of comprehensive societal change whereby rural societies diversify their economies and reduce their reliance on agriculture; become dependent on distant places to trade and to acquire goods, services, and ideas; move from dispersed villages to towns and small and medium cities; and become culturally more similar to large urban agglomerations. The rural transformation is the result, first of all, of the action of global drivers, such as the diversification of rural economies away from agriculture, the globalization of agrifood systems, and the urbanization of rural regions. While global forces drive this transformation, they are mediated by localized social structures, institutional frameworks, and local societies with different levels of human agency. The interplay of global and local factors explains why the rural transformation between and within different countries has different outcomes in terms of economic growth, social inclusion, and environmental sustainability.

Keywords: rural transformation, rural development, agrifood systems, urbanization, economic diversification, social structures, local institutions

Introduction

About 3.3 billion people live in the rural areas of Africa, Asia and Latin America.[2] An additional 1.3 billion reside in provincial towns and small and medium cities,[3] most of which are functionally entwined with their surrounding rural areas by their economies and labor markets, their social networks, their culture, and the proximate environment that they share. These 4.6 billion people (two-thirds of the world's population) control about 60 percent of the world's arable land and produce about two-thirds of our food and non-food agricultural products (by value).[4] The bulk of our land-based global biodiversity lives with or immediately next to these people. Agriculture and deforestation in the developing countries are responsible for up to 28 percent of the greenhouse gases emitted on our planet, but rural areas also contain the world's most important carbon sinks, and most areas targeted for carbon capture are also rural. About 1 billion poor people (70 percent of the world's population, living on less than US$1.25 a day) live in areas that are officially considered rural; to this we should add the poor living in provincial towns and small and medium cities that should be considered part of contemporary rural societies (OECD 2006). These places and societies are undergoing change that is unprecedented in speed, depth, and the number of countries and people involved,[5] as well as in the potential of such change to do damage to our world, or— if governed appropriately—to contribute to a much enhanced global society and to our planet.

In this chapter we will examine key features of this change process while reviewing the evolution of ideas that have guided its analysis and inspired policy design. The main message that will emerge is that the rural transformation is a comprehensive process of societal change, driven by global and homogenizing forces that interact with localized structures, institutions, and actors to produce uneven patterns and outcomes of development.

In the next section we introduce the concepts of "rural" and "rural transformation." We look at some of the key global drivers of rural change and go on to discuss institutions, structures, and human agency as the factors that explain the unevenness of rural societies and rural change. We conclude with some ideas for future work.

Definitions

We define the rural transformation as a process of comprehensive societal change whereby rural societies diversify their economies and reduce their reliance on agriculture; become dependent on distant places to trade and to acquire goods, services, and ideas; move from dispersed villages to towns and small and medium cities; and become culturally more similar to large urban agglomerations. Despite these common trends, the rural transformation within different countries has different outcomes in terms of economic growth, social inclusion, and environmental sustainability. While global forces drive this transformation, they are mediated by localized social structures and institutional frameworks, and local societies at any given time have different potentials to do and see things—that is, they have different levels of human agency.

The rural transformation is not about rural societies changing rather than disappearing. Rural transformation is the reorganization of *society* in a given space, rather than about a *space* that empties as people and economic activity move away. The rural transformation is embedded within a wider process of structural change that involves the whole of a country and that sees a decline in the *relative* weight of agriculture in the overall economy, a corresponding increase in industry and services, migration of rural people to cities, and a transitory period of rapid demographic growth (Timmer and Akkus 2008). However, this process transforms rather than destroys rural societies, and in this chapter we are therefore concerned with the changes that take place in the rural space as such wider structural changes unfold.

"Rural development" refers both to the applied study of change in rural societies[6] and to the practice of changing such societies. In either sense, the standpoint of the policy analyst or practitioner is oriented by normative views that usually include elements of economic growth, social inclusion, political democratization, and environmental sustainability.

Our definition depends on how the content of "rural" evolves with the ongoing transformation. By "rural" we understand a society and the space it occupies, where agriculture and other primary activities account for a significant proportion (but not necessarily the majority) of land use, employment, income, and economic output, and where population densities are distinctly lower than those of large cities in the same country. This is a broad definition that includes the "deep rural" areas with very low population densities, distant from major cities, where almost every household has at least one member employed in agriculture or other primary activities. It also includes the provincial towns and small and medium urban centers that are functionally linked to a "deep rural" hinterland, where agriculture and other primary activities still account for a significant share of employment, and where many of the services and industries are also directly related to primary production.

Given this definition within any region or country, there is a *gradient* from "purely rural" to "purely urban," with an important intermediate range of places that are a combination of both. This allows the concept of "rural" to evolve with the changing nature of rural societies. For example, European rural areas today are very different from what they were a hundred years ago, and they also differ from contemporary rural areas elsewhere, such as in Nepal. Nevertheless, to the European citizen a rural area is distinctly rural, even though that does not mean, today, that its population is mostly employed in agriculture (in fact, starting in the 1970s European manufacturing relocated to rural areas [Keeble, Owens, and Thompson 1983]), or that its inhabitants lack access to basic services or are isolated from the general events of their respective countries.

The rural transformation is, in essence, a process whereby the sharp economic, social, and cultural differences between rural and urban gradually blur and bleed into each other along a continuous gradient. In a contemporary rural village such as Mutambu, in Burundi, you will find elements that are "purely rural:" for example, every household in the village practices agriculture. But you will also find characteristics that until a few years ago one would have found only in urban places: many children attend school and have access to some degree of health services; many households have a mobile phone, and almost everyone owns a radio and is informed about current events. Men and women derive much of their income from non-farm jobs, and the young people are fans of the same football teams as children in Chile, Italy, and the USA who have been raised in urban environments.

By the same token, a provincial city such as Latur, in Maharashtra, India, with a population of 400,000, has a number of features (such as, for example, its thirty institutes of higher education) that tell us that it is undisputedly an urban location. However, at the same time, it is intimately interdependent with its surrounding rural region as its economy is based on the production, processing, and trade of pulses, sugarcane, soybean, and fruits. Indeed, without agriculture it would lose most of its urban jobs. Both the Mutambus and the Laturs of this world are part of the rural transformations that are taking place in the global South.

The notions of what is rural and what constitutes rural change have evolved over time. As one would expect, the contents of the definition have been heavily influenced by the dominant or competing meta-discourses on development: structuralism, modernization, dependency or

Marxist theories, endogenous development, the Washington Consensus, neo-institutionalism… each of these discourses has left its mark on the study of rural societies and on the practice of rural development.

Between the end of World War II and the 1970s, the notion of "rural" was associated with "agriculture" (including artisanal fisheries, forestry, cattle husbandry, and pastoralism). The rural transformation was synonymous with the structural changes experienced by countries as a whole, as they "left behind" agriculture and moved toward economies based on industry and services. Urbanization was seen as closely associated with this change, as people moved from the places where agriculture was practiced to those where industry and services were located. Rural development policies during this time were fused with those aimed at the modernization of agriculture, as it was understood that the growth of the principal economic activity was the gateway to improvements in the well-being of rural populations. The Green Revolution, one of the most transformative and large-scale policy innovations that rural areas have ever experienced, is iconic of this period.[7] The works of Johnston and Mellor (1961), Lipton (1968), Schultz (1968), and Hayami and Ruttan (1971) are classical references for the student of this period. The 1982 *World Development Report* (World Bank 1982), for example, proposed an almost exclusively agricultural agenda to reduce rural poverty in the developing world. The transitions that had taken place in the advanced Western societies were seen as the model to be imitated; economists from the North would go to a developing country and the deviations from the developed country model would largely determine the policy prescriptions.

Starting in the 1970s the concept of "rural" begins to take distance from its strict identification with agriculture. One line of intellectual and policy development departed from the realization that small and resource-poor farmers often faced insurmountable challenges in the process of agricultural modernization. Under the umbrella of Farming Systems Research (FSR), social scientists, economists, and agronomists began to work on issues of intra-household dynamics and equity, markets and policy, and historical contexts (Sebillote 1974; Collinson 2000; Mazoyer and Roudart 2006). Led by Chambers (1983), others began to address issues of power and social participation. Despite their origin with a focus on agriculture, these early ideas evolved and provided much of the intellectual background to sustain the development of the "Sustainable *Rural* Livelihoods" approach or framework (Carney 1998). By then, diversified economies and inter-sectoral linkages, rural–urban linkages, gender relations, markets, environment, and policy and institutional contexts had gained firm root in any good analysis of rural issues; the relevant units of analysis were no longer limited to the farm and the household, but encompassed broader, interacting systems.

A second line of intellectual development also emerged in the 1970s, through the concept of integrated rural development (IRD). IRD projects focused on "community well-being," in contrast with the agricultural focus of FSR or its francophone equivalent, *recherche-développement*. IRD was an operational approach to project design and implementation that never had a clear conceptual underpinning. Yet paradoxically, it has continued to have an indirect intellectual influence despite its operational failures and decline as the preferred approach to rural development starting in the mid-1980s. Most assessments agree that the shortcomings of IRD can be attributed to the coordination failures arising from the multiple, diverse, and ambitious objectives that a typical project aimed to achieve simultaneously, acting through large numbers of components and agents. However, the practice of IRD left important lessons and inspired new "area development" or "place-based development" approaches that gained traction after the mid-1980s. These approaches include "community-driven development" (pioneered in Brazil and favored by the World Bank and other international agencies such as the International Fund for Agricultural Development), "territorial development" (which evolved from an original inspiration in European policies and is now widely used in Latin America), and a plethora of other experiences practiced around the developing world under the generic label of "local development."

What is clear today is that rural, the rural transformation, and rural development are no longer synonymous with agriculture, agricultural modernization, or agricultural development. The distinction becomes greater as countries develop. The 2008 *World Development Report*, titled *Agriculture for Development* (World Bank 2007), placed developing countries in three categories based on the share of agriculture in the national economy and of rural poverty in total poverty: "agriculture-based," "transforming," and "urbanized." According to this classification, only 14 percent of the world's rural population live in agriculture-based countries such as Rwanda, while 77 percent are in transforming countries such as India, and 9 percent are in urbanized developing countries like Brazil. Only in the agriculture-based countries does it continue to make sense to think of rural societies and the rural transformation using a sectoral, i.e., agricultural, conceptual lens or policy tool kit. In the following section we will discuss the global forces that are responsible for driving rural societies away from their original characteristic as agricultural communities.

Global drivers of the rural transformation

Despite important regional, national, and local idiosyncrasies, the rural transformation is driven by factors that are active across the globe. In our opinion, three of these factors are particularly important. (1) The *diversification of rural economies* away from an almost complete reliance on agriculture, together with (2) the progressive *globalization of agrifood systems*, transform the economic base of the rural economy and the livelihood strategies of individuals and households, as well as the conditions under which they and rural organizations, communities, and firms engage with the economic processes of their own country and beyond. (3) The *urbanization of rural regions* reduces and eventually eliminates the relative isolation in which rural people have lived for centuries. It broadens their access to public services, puts them in touch with new ideas, brings in new social actors, elites and coalitions, and increases the frequency and diversity of interactions among rural people and between them and outsiders. The development of roads and telecommunications services is an additional factor that is essential to the other three, for there can be no diversification of the economy, no globalization of agrifood markets, nor urbanization of rural regions, if people cannot move around with relative ease and safety and if goods and services cannot be traded beyond local communities. These global forces interact and reinforce each other. Economic diversification stimulates and is supported by the agglomeration of people, organizations, and firms in towns and cities, and that in turn makes it easier to develop effective and stronger linkages with global agrifood systems.

These forces are global in scope, despite the fact that at any given point in time different countries will be experiencing them at different strengths and in different ways. Going back to the typology of the 2008 *World Development Report*, most rural areas of an agriculturally -based economy will demonstrate only incipient economic diversification, globalization of agrifood systems, urbanization, and access of rural people to roads and telecommunications, compared with a country in the "transforming" or "urbanized" category.

Diversification of rural economies

As countries develop, not only do the shares of agriculture and other primary activities, industry, and services change across the whole economy; similar changes happen *within* rural societies. The changing composition of *rural* household income demonstrates the shifting importance of farm- and non-farm activities in the local economy:[8] rural China went from 17 percent non-farm income in the early 1980s to 40 percent in the late 1990s; rural Tanzania, from 11 percent in 1991 to 46 percent in 2000; and rural Mexico, from 43 percent in 1997 to 67 percent in 2003. It has been estimated that the shares of non-farm income in total rural household income in the late 1990s was 47 percent in Latin America and 51 percent in Asia. Even in Africa, Barrett, Reardon, and Webb (2001) cite different sources that estimate that non-farm sources accounted for as much as 40 to 45 percent of average rural household income during the 1990s. Rural women have high participation in the non-agricultural sectors of diversified rural economies, although often in less lucrative activities such as small-scale commerce and cottage industries.

Haggblade, Hazell, and Reardon (2007) summarize the state of the art with respect to the emergence and transformation of the non-farm sector in rural economies, and what follows is largely based on their work. The process can take place under two broad scenarios: one catalyzed by increasing agricultural productivity in some regions, the other observed in stagnant rural areas.

Under the first set of circumstances, rising labor productivity in the agricultural sector releases workers who can then undertake non-farm activities. Simultaneously, a share of the increasing farm income (due to productivity gains) is invested outside agriculture, for example, in commerce of agricultural products or in small-scale manufacturing of low-value goods. The higher income also allows the same households to buy more non-food items. Increased non-farm income can allow new investments in the farm economy, thus substituting for imperfect or missing financial markets that affect agriculture particularly hard in developing countries. Growing demand (due to increased income) stimulates diversification and, eventually, specialization of different households in different activities and in different combinations of farm and non-farm work. Growing trade follows from specialization. The growing number of people involved in services and manufacturing supports the growth of towns and cities, and the agglomeration of economic activity becomes, in itself, a force that attracts new investment and new workers. Agricultural workers respond to the growing demand for labor in the towns and cities sometimes by relocating, and sometimes by establishing labor markets linking towns and hinterlands and involving workers commuting daily or seasonally. Over time, both the farm and the non-farm activities become more sophisticated and productive.

We suggest that the model summarized by Haggblade, Hazell, and Reardon (2007) is, however, dependent upon relatively equitable access to land, such that surplus from growing agricultural productivity is to a large extent captured, saved, spent, and reinvested locally. This is why this model of a virtuous cycle has been observed in the Green Revolution regions of Asia, and in selected parts of Latin America and Africa that for historical reasons had a large class of small- and medium-sized locally-based farmers.

The growth of "township and village enterprises" in China is a good example of this model. The explosion in the number and economic importance of these enterprises since the reforms of the late 1970s is credited with making an important contribution to the rapid development of that country in the years immediately following initial political reforms. In about fifteen years, the number of township and village enterprises increased from 1.5 million to 23 million, and their workers grew five times to a peak of about 135 million, while the value of their annual output rose 37 times to over US$300 billion, producing about 40 percent of China's exports (Han 2010).

In the case of stagnant rural regions, processes are far less positive. What we see there is a process of outmigration of poor rural people who can no longer sustain their livelihood on the basis of subsistence agriculture, as pressure on the land grows because of population growth, natural resource degradation, and declining soil fertility. While many people migrate to distant regions, others take refuge in low-pay, low-productivity non-farm work, much of it in the form of rudimentary cottage industries. Elbers and Lanjouw (2001) report about half a million non-farm rural enterprises in Ecuador in the mid-1990s, each of them employing on average 1.4 family members, with the largest group engaged in petty commerce. In Ethiopia, in 2003 there were 975,000 cottage and handicraft establishments, employing 1.3 million people (Ayele et al. 2010). Small towns do emerge but often lack sufficient stimulus to grow much. A more diversified, but low-income, high-poverty rural region is the outcome of this type of process. Such conditions may change rapidly, and often dramatically, if large-scale investors come to these regions to develop new activities, attracted by the low value of land and by the fact that local actors are socially and politically too weak to oppose alternative uses of natural resources. Such changes are not necessarily for the better, and to some extent recent literature on "land grabs" has begun to document such transformations (*Journal of Peasant Studies* 2012).[9]

Globalization of agrifood systems

While the rural transformation involves the diversification of the rural economy, agriculture continues to be a highly important activity. Decades ago, the agrifood systems of much of the developing world were local and fragmented, and agriculture in many places was predominantly a subsistence activity. Today very few rural places share those characteristics. As a general rule, agriculture, even in poor countries, is now linked at least partially to markets through product, services, and labor networks that extend from sub-national to national and intercontinental trade.[10]

From the 1950s through the 1970s, governments led food modernization policies and programs, investing in municipal wholesale markets, parastatal processing firms, and state-run retail chains (Reardon et al. 2009). As a result, fragmented markets gradually gave way to regional and national networks with a few wholesale markets in provincial and national capitals as the central nodes. These networks grew in importance when conditions such as rural roads, electrification, and other services and infrastructures improved enough to allow the trade of higher-value perishables over longer distances. Cross-regional trade stimulated the emergence of specialized production, and this fed back into the process of rural economic diversification discussed in the previous section.

Starting in the 1980s and as an integral part of economic liberalization strategies and structural adjustment programs, a new phase of change in agrifood systems rapidly took off. One consequence was the doubling of international food trade, but there has also been a remarkable, if less visible, transformation driven by the rapid expansion of modern food retail—the so-called "supermarket revolution" (Reardon and Berdegué 2002). According to Reardon et al. (2009: 1717), this transformation has been "characterized by consolidation, multinationalization, specialization/differentiation, and organizational and institutional change via the rise of vertical coordination . . . and private grades and standards."

This revolution began in the 1980s in the richer countries of Latin America, followed by subsequent waves in East and Southeast Asia, then Central America and other parts of Asia including China, then Southern and Eastern Africa, and finally South Asia. Within each country the pattern is usually the same, with the process first affecting services to the middle- and high-income classes in the main cities, but quite rapidly moving to secondary cities and eventually to towns and villages.

The growing presence and power of global food retailers is driven by a number of demand and supply factors (Reardon, Timmer, and Berdegué 2004). Demand-side factors include increasing real income of a growing middle class in many developing countries, urbanization, and the increased opportunity cost of women's time. On the supply side, economic liberalization and changes in market protection and foreign direct investment policies were crucial for the arrival in developing countries of multinational agrifood processors and retailers. These firms had the capital and know-how to make use of advanced logistic and inventory management, which were indispensable to establish sophisticated grades and standards systems and to centralize procurement, while at the same time cutting costs. Through product differentiation (i.e., grades and standards) and lower prices, these firms were able to rapidly establish a growing presence in developing regions, often buying out the leading domestic firms. At the same time, the presence of these firms put pressure on domestic players to adjust or perish. This adjustment involved adopting institutional and organizational principles that were the same as or similar to those of the new dominant firms. Market forces are supported by public policies, some of them general in scope (e.g., foreign direct investment) but others quite specific (e.g., programs to promote contract agriculture linking producers, processors, and retailers).

These changes reach the rural areas via the concomitant transformation of food procurement systems, which, across developing regions, has involved three shifts that have radical implications for farmers: (1) from public to private standards of food quality and safety; (2) from spot market relations to vertical coordination mechanisms; and (3) from store-specific local procurement to centralized procurement using distribution centers. All of these shifts translate into profound technological, organizational, and managerial changes at the farm level (Reardon et al. 2009).

The revolution in the agrifood systems brought globalization to the door of developing world farms. Modern wholesalers, processors, and retailers source primarily from others when they have the choice. They buy from small farmers when medium or large farmers do not produce certain products or in contexts where there are very few large farms. When companies do buy from small farmers, they will look for those with access to good roads and irrigation, which are in this context more important than area of land, as long as producer associations can supply sufficient volume. Most evidence shows that small farmers participating in modern food industry have greater net earnings per unit of land or of volume of product sold than those operating only in traditional markets (Reardon et al. 2009). Yet, a concurrent trend that has very significant implications for the rural transformation is the widespread concentration and transnationalization of agrifood markets that has excluded huge numbers of resource-poor and even small and medium farmers and traders.

Urbanization

From von Thünen (1826) to Krugman (1991) and including Marshall (1920), Christaller (1966), Lösch (1967) and Jacobs (1969), economic geography and economics have convincingly shown that urbanization is an integral part of the development process. In this section of the chapter, however, we are not looking at the process of urbanization in a country as a whole. With our focus on the rural transformation, we will explain specifically the urbanization that takes place *within rural areas*, while accepting without reservation that the rural transformation is part of nation-wide processes of structural change that involve the relocation over time of millions of people to distant urban centers that are not part of the rural sector. What do we mean by "urbanization of the rural areas?"

The three large developing regions, Africa, Asia and Latin America, are experiencing a rapid decline in what each country officially defines as rural populations, at a rate of between one and two percent per year over the period 1985–2015. Latin America already has fewer than 20 percent of its people living in what are officially described as rural areas, and in fewer than twenty years from now Asia and Africa will have crossed the 50 percent threshold. But where is the rest of the population? It is often assumed that they have all moved to large cities, populating the vast slums of places like Mexico City, Mumbai, and Lagos. Less remarked upon is that numerous small and medium urban centers (here defined as those with fewer than 500,000 inhabitants)[11] are growing vigorously in Africa, Asia, and Latin America, at a pace that is as fast as or faster than the rate of population growth of large urban agglomerations and mega-cities.

In Latin America the share of the total population living in small and medium provincial towns and cities is already 40 percent. In contrast, in this developing region—as happened before in the USA, Europe, and Australia and New Zealand—we already observe a stabilization and, in several countries, a decline in the share of the total population that resides in large cities, at a level around or below 50 percent, while provincial small and medium urban centers continue to expand quite rapidly. This pattern is consistent with Williamson's (1965) hypothesis of an ∩-shaped curve between growth in per capita income and urban agglomeration: in the early stages of development, agglomeration economies drive a cumulative process that favors greater urban concentration. As cities grow, agglomeration diseconomies and congestion costs begin to accumulate and favor dispersion of economic activity among more but smaller urban locations.

We do not know for sure if or when Africa and Asia (where large cities are still growing in their share of total population) will follow this same pattern in which the population share of large cities stabilizes, "deep rural" areas continue to decline, and small and medium urban centers grow in relative importance. In each of these two regions the share of population in provincial towns and small and medium cities is already above 20 percent, and is growing at a pace that resembles that of Latin America in the 1950s to 1970s.

The relative importance of these provincial small and medium urban centers depends on the degree of urban concentration, that is, the degree to which the urban population locates in a very small number of very large cities.[12] Over one-third of the population of Angola lives in the largest three cities, compared with 19 percent of Brazilians and 13 percent of Pakistanis. Different African countries show quite distinct levels of urban concentration, even for similar levels of urbanization (e.g., Tanzania, Mozambique, and the Democratic Republic of Congo have similar levels of urbanization, at 26, 31, and 34 percent urban population, respectively, but their cities with one million people or more house 29, 16, and 51 percent of all urban dwellers). If the country-wide urbanization process follows a pattern of urban concentration, the result is a very different kind of rural transformation than when the overall urbanization process is distributed among a larger number of small, medium and large cities. Christiaensen and Todo (2009) argue that the latter type will lead to more socially inclusive growth, compared to highly concentrated urbanization.

The emergence of these provincial small and medium urban centers, and their linkages with deep rural areas, is a critical feature of the rural transformation and of contemporary rural societies in the global South (Tacoli 2006). These urban places and their rural hinterlands are functionally intertwined in rural-urban territories. As countries develop, more and more of the rural population lives in these rural-urban territories. In Mexico, for example, 7 percent of the population lives in 554 “deep rural” territories that lack even a small town, and 43 percent in 399 rural-urban territories with a small to medium provincial city (population up to 250,000). The functional linkages between urban centers and their rural hinterlands are grounded in labor, product, and services markets; public service provision; social networks; and environmental services. People who live in the rural areas of the territory may commute to work or study in the urban center, and urban men and women may work in the fields during peak agricultural seasons. Rural dwellers shop in the nearby town, and urban merchants rely on those consumers to keep their businesses alive. Prosperous small and medium farmers invest part of their profits to open a small shop in the nearby city. The city attracts and retains skilled workers, technicians, bureaucrats, managers, teachers, and doctors. Local radio stations, provincial newspapers, and technical schools are established, and organizations open local and regional offices, providing sources of new ideas.

All these changes give birth to social and political coalitions that would be unimaginable in a landscape that is purely agrarian. Urban centers connect rural societies with the outside world in ways that simply do not occur when the most populated place is a village of a few hundred or, at best, a few thousand individuals. In summary, the emergence and further development of rural-urban territories has the effect of diffusing what once were sharp economic, social, and cultural distinctions between urban places, people, and societies, and rural ones.

And yet, despite these enormously powerful global forces, rural societies are and remain heterogeneous. Why?

Uneven rural development

If the global forces discussed above operate across all regions and countries and are homogenizing factors that reduce many critical differences between rural and urban, why are processes of rural change so uneven? In particular, how and why do different patterns of rural change lead to uneven combinations of economic growth and social inclusion (changes in poverty and in different forms of inequality)?[13] Clearly there must be additional forces at play that have a differentiating effect on the patterns and outcomes of rural change and that drive the spatial distribution of rural transformation.[14]

Neo-classical economic geography sees such unevenness as an unavoidable element in gradual and long-term processes of market-driven convergence. In this narrative, regional development policy is considered ineffective, distracting from the benefits of agglomeration economies, and advisable only in extreme cases where cultural or ethnic differences prevent people and capital from moving from lagging places to others where they can realize their full economic potential (World Bank 2009).

For others, however, the "unevenness" is largely the result of poverty and inequality traps (Barca 2009). The concepts of poverty traps and inequality traps have emerged as an analytical framework that is particularly useful to explain the unevenness in the characteristics and outcomes of the rural transformation, despite the presence of the same global drivers.

Poverty traps tell us about situations where people at the low end of the income distribution are stuck in a situation of poverty because they are poor to begin with: a lack of resources generates more constraints. Inequality traps, on the other hand, describe "situations where the entire distribution is stable because the various dimensions of inequality (in wealth, power and social status) interact to protect the rich from downward mobility, and to prevent the poor from being upwardly mobile" (Rao 2006). The difference between the two concepts is that inequality traps involve persistence in a ranking of different individuals or social groups, rather than persistence in absolute levels of deprivation (Bebbington et al. 2008); hence, inequality traps involve individuals or groups across the whole distribution, not just the poor.

If unevenness in the patterns and, particularly, in the outcomes of the rural transformation is a normal and transitory feature not of markets perfectly at work, but of social structures that take the form of poverty and inequality traps, then place-based development policies are not only justified but a necessary element in the tool kit of rural development strategies.

Social structures and the institutions that create and sustain them play important roles in the long-term reproduction of the inequality and poverty traps in which so many social groups and territories become enmeshed (Acemoglu, Johnson, and Robinson 2001; Ferreira et al. 2004; Bourguignon, Ferreira, and Walton 2007). These institutions[15] are in turn a product of human agency, that is, of the conscious and unconscious efforts of different social groups to sustain or oppose them.

Localized poverty and inequality traps caused by the interaction of structures, institutions, and human agency, together with differential endowments of natural resources and geographical conditions, can explain why global homogenizing forces fail to have the same effects in different rural societies. Such an explanation, however, would predict a largely "path dependent" rural world where long-term equilibria are disrupted only by external forces operating on the existing structures, institutions, and human agents. As we have discussed previously, factors exogenous to the rural areas are critical to the rural transformation, but if taken alone they are insufficient to explain the unevenness of the rural transformation.

One can recognize two sources of endogenous change in rural societies (cf. Mahoney and Thelen 2011). First, there are tensions and contradictions among different institutions that co-exist in the same rural space and society, opening up fissures for change and rule breaking. For example, in a given rural society the institution of communal land tenure may exist in tension with the institutions governing extractive industry concessions and investments, and those governing environmental regulation. Second, people participate in and give meaning to many institutions at the same time. This makes it possible that their experiences and interpretations of those different institutions will highlight contradictions among them. Different groups will give higher priority and attention to different institutions, and as power relations among social groups change, so too will the preeminence of one set of rules over another. Human agency is thus at the core of any explanation of the rural transformation, as any experienced practitioner of rural development will readily recognize. This is why the rural transformation is not a perfectly predetermined, path-dependent product of global forces and localized structures rooted in history. Human agency resides in the potential to do and see things differently, and institutional change will occur only when this potential is realized. This notion has some resonance with Sen's distinction between human capital—the assets that people have as a result of education, health, etc.—and human capability—the capacity of people to engage meaningfully and fruitfully in the world and ultimately to change parts of it (Sen 1997, 1999).

Conclusion

We have discussed the evolution of our collective understanding of rural societies and how they change, since the early sectoral focus on agricultural societies and agricultural development, through to current ideas that put strong emphasis on "places" and "placed-based" development. Throughout this evolution, rural change has always been conceptualized as resulting from the interaction of global and local factors. For example, the economic theories on agriculture and growth and agriculture and development, which provided the intellectual support for the Green Revolution policies in the 1960s and 1970s, soon realized that they had to take into consideration such local idiosyncrasies as farmer risk aversion or the nature of local input markets.

Rural societies, like all others, bear a heavy inheritance of structures and deeply rooted, difficult-to-change institutions that have repeatedly shown their power in mediating the local effects of global forces and in defeating the "best" policy designs. Yet local rural societies are hardly autonomous from global forces that affect them either actively or by omission. Indeed, to be bypassed by the forces of economic diversification, of integration into regional, national, and global agrifood systems, and of urbanization most likely means that areas will be left, as Amartya Sen (1999) would put it, in a state of "deprivation, destitution and oppression."

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1 The authors wish to thank Dr. María del Pilar Casal for her support in compiling and very efficiently surveying the extensive literature that was consulted in preparation for this chapter.

[2] Population estimates for 2010 from the UN Population Division's *World Population Prospects, 2010 Revision*, and *World Urbanization Prospects, 2009 Revision*.

[3] Urban areas with populations of less than 500,000.

[4] FAOStat for 2010.

[5] At its starting point in the mid-nineteenth century, the rural transformation of Europe, North America, and Australia and New Zealand involved around 250 to 300 million people.

[6] Rural development is therefore *not* a scientific discipline, as it completely and quite eclectically relies on the theories and methods of a wide range of sciences.

[7] See also the chapter on "Agriculture and Food Security" by Swaminathan, Pandya-Lorch, and Yosef (this volume).

[8] These data come from studies cited in Haggblade, Hazell, and Reardon (2007) using the country-specific official definitions of rural.

[9] See also the chapter on "Land Reform" by White, Borras Jr., and Hall (this volume).

[10] In recent years the globalization of land markets (land grab) has become an important, much studied, and highly debated topic; see the chapter on "Land Reform" by White, Borras Jr., and Hall (this volume).

[11] It would be ideal to have comparable data for urban centers of different sizes, since a population threshold of 500,000 may be too high for many developing countries.

[12] While urbanization and urban concentration tend to be confused, they are quite different processes (Henderson 2003).

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[13] We do not address in this chapter the *highly* important environmental dimension of this uneven development.

[14] Kanbur and Venables (2005), de Blij (2009), and the *World Development Reports* of 2006 and 2009 (World Bank 2005, 2009) offer excellent entry points for the student of the spatial dimension of development; even if their focus is not specifically on rural societies, we believe that they are useful in understanding the unevenness of the rural transformation process. There are several books and journals dealing with the same issue but with a focus on a particular region: for **Asia**, the volume edited by Kanbur, Venables, and Wan (2006); for **Africa**, the *Journal of African Economies* special issue (December 2003) dedicated to the spatial dimension of development in the continent; for **Latin America**, two special issues of *Cuadernos de Economía* (2004 and 2005), and more recently and specifically for rural regions, the volume edited by Modrego and Berdegué (2012). Also very useful are a number of papers on the spatial distribution of welfare indicators, often using the Small Area Estimates methodology (Elbers, Lanjouw, and Lanjouw 2003), that have been prepared for numerous countries in the three developing regions (e.g., Kijima and Lanjouw 2003; Araujo et al. 2008; Elbers, Lanjouw, and Leite 2008).

[15] These institutions are both formal and informal, and include norms, values, and other manifestations of local cultures.

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