

MODEL OF REGIONAL DEVELOPMENT THROUGH RURAL AREAS AS RURAL ECONOMIC DEVELOPMENT POLES: CASE OF THE REPUBLIC OF MACEDONIA

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Abstract

During the regional economic development certain rural areas become attractive owing to concentration of economic activity through different channels of economy of scale, external economies and agglomeration of economic activities. Its has been formed like rural areas with certain formative economic development forces. Furthermore, their “spread effects” from growth poles cause induced growth in the remaining peripheral areas. These rural areas as a rural regional development poles are able to generate respectable economic impact in the geographical area becoming pole of the rural development in a certain rural region. In the Republic of Macedonia the model of regional economic development trough rural areas as a rural economic development poles need to have a major role in the formulation of a rural regional economic development policy, respecting the specificities of the regional development of small and underdeveloped economy.

Key words: *rural areas, rural development poles, regional development.*

Introduction

Perroux (1955) defined growth poles in terms of what he called *abstract economic space*. According to him “growth does not appear everywhere at the same time; it becomes manifest at points or poles of growth with variable intensity and spreads through different channels with variable terminal effects on the whole of the economy”. Perroux and other writers on Growth Pole tried to base the concept on the notion of external economies, agglomeration and linkages. It was believed that beneficial “spread effects” from growth poles would eventually induce development in the remaining peripheral areas, and that they would have a significant relay function in the process of innovation diffusion through the urban hierarchy. Economic geography contends that proximity is essential in order to access spillovers, pecuniary and non- pecuniary, originating in the interaction between people, firms and institutions, through vertical and horizontal linkages. Furthermore, concentrated production also gives rise to external scale effects. Thus there would appear to be a clear link between growth and densely concentrated production. This has preciously been discussed in the theoretical literature (Fujita and Thisse, 2002; Perroux 1961; Kaldor 1961; Myrdal 1957; Hirschman 1958). The neoclassical regional growth model primarily focuses on the long-run potential growth path of the economies. Further to this is the ‘Circular and Cumulative Growth Model’ enunciated by Gunnar Myrdal. This model advocates a regional growth approach, which is sought to be “selfequilibrating”. It is assumed that the expansion of a business or industry would create a multiplier effect, which would lead to more jobs and business as money flows through the economy. This growth would increase the likelihood of new inventions or innovations, thus creating another round of expansion. So, in the

polycentric model articulated on the only urban poles, the dynamic principles of social, economic and territorial cohesion are imperfectly implemented whereas one of the initial characteristics common to the European States is to have rural areas with strong cultural and social expression, and inhabited everywhere. Without mobilizing the building capacities of rural territories, one misses a genuine social, economic and territorial engine for sustainable development. The right thing to do is thus to organize social, economic, territorial exchanges balanced between rural territories and urban poles. The recognition of the rural areas as development poles, and neither only as natural and agricultural spaces, is a precondition to stimulate advantageous and balanced exchanges between the urban and rural poles and to motivate the convergent mobilization of the urban and rural actors. The rural areas becoming development poles are able to meet, as partners, the great rural and societal questions, but according to programmed and prospective steps. They can in this context accommodate new populations and offer to them a real statute of inhabitant. They can offer new activities linked with the territory project and the local resources or integrated in the relationships with the rural poles of proximity and their own sector of development. In term of regional planning, this multipolar approach is also a response to the continuous extension of the rural centres; it allows, through land planning perspective shared between urban and rural poles, to preserve green and open spaces between high-density areas. The rural pole of development is an inhabited territory where the social, economic and residential evolutions are led within the framework of an integrated and prospective project of development. The rural pole is not a small town, an agglomeration, but a rural territory as a whole and guided by an integrated project of territory. The rural pole of development is an inhabited territory where the social, economic and residential evolutions are led within the framework of an integrated and prospective project of development. In the first stage of elaboration, were identified priority rural areas in consultation with various rural sector stakeholders. Initially, this study was prepared for priority sub-sectors in the rural regions (milk and dairy, meat and meat products, fruit and vegetables and wine and grapes) to identify the major potentials to be boosted.

Material and methods

The four sub-sectors and into its rural areas were selected based on their importance in the agricultural GDP and according to the process of adoption of the EU acquis according to the National Programme for Adoption of Acquis (NPAA) and institutions related (self-governments, regional agricultural departments, regional offices of the National Extension Agency, Farmers Federation and Non-governmental organisations). The programme was based on the National Development Plan (NDP), the National Strategy for Agriculture and Rural Development, as well as the Multi-annual Indicative Planning Document (MIPD), framework of available measures under Instrument for Pre-accession Assistance for Agriculture and Rural Development (IPARD) and the results of the independent sub-sector and rural areas analysis.

Results and Discussion

In the Republic of Macedonia., the concept of rural growth poles has usually emphasised geographic locations, which are called *Growth Rural Centres*. Altogether, the concept of Growth Poles has been of only marginal importance in analysing rural regional economic problems. Throughout the country the concept of Rural Growth poles has not had a major role in the formulation of a rural regional economic development policy.

Rural areas have tended to be forgotten in Macedonian development strategies in the past. However, their development must now become the main objective and this has also been linked to growth pole strategies.

For administrative purposes, the differentiation between rural and urban areas in the country is based on the local territorial divisions according to the Law on Territorial Organization of the Local Self-Government (official gazette OG - 55/2004, 12/2005) i.e. Article 6: The Definition of the Populated Areas (settlements) of the Territory of the country providing definitions of towns and villages as presented below:

- The towns are compactly built up residential areas with a population exceeding 3000, has a developed structure of various economic activities, above 51% of the employees are working in the secondary and tertiary sector, has an urban physiognomy of zones for residence, recreation and green area (parks), town square, street infrastructure, communal services and acts as a functional centre for the surrounding populated places.

- Villages are defined as mono-functional populated areas, in which one business activity is prevalent and whereas the area has agricultural physiognomy and function. According to the Law all Municipalities being with headquarters settled in villages.

The rural territory of the country includes all territory of the country, except towns, which have no rural territories or characteristics of villages pursuant to the Law on Territorial Organization of the Local Self-Government (OG 55/2004, 12/2005) and Determination of a Status of Populated Areas in Article 6.

Rural areas abound of high quality of natural environment (lakes, mountains, protected areas), attractions (landscapes, traditional villages, hunting, fishing, SPA resort, etc.) and of rich historical/cultural heritage for the development of rural, cultural, religious and agri tourism. Furthermore, availability of raw materials (timber, region-specific products, local traditional agricultural and livestock products) and so existence of traditional skills, crafts and food production.

The main opportunities in the rural development poles in the R. Macedonia are:

- geographic diversity of culture, customs, traditional events
- labour- force from decreasing agricultural sector is open for other rural activities, for which there are available natural resources
- growing demand for well-established tourist destination in the country is generating foreign visitors interest in rural tourism
- increased government concerns about rural/urban and regional disparities and the environment, and formulation of consistent policies
- possibilities for production and sale of high quality/typical/organic local rural produce
- creation of new entrepreneurs, family businesses and additional jobs in rural areas
- new important transit corridors will soon be completed.

The growth poles strategies, can be proposed and implemented in widely diverse ways in various settings, have a set of general characteristics among them and:

- Involve increasing the growth of employment and population within rural areas at particular locations or planned poles over some specified period.
- Require a limitation on the number of locations or centres which are designated as planned poles.
- Necessarily require spatial discrimination or selectivity among locations.
- Inevitably involve modifications of spatial structure of employment and population within a rural areas.

The common method, which will be applied for the purpose of implementing Rural policy programme can be defining rural areas as rural development poles being located outside of urban area and characterised by three main characteristics:

- settlements placed in municipalities based in rural centers (rural Municipalities);
- settlements placed in municipalities based in town centers with predominantly agricultural and forests land use systems (urban versus agriculture land (incl. forests, pastures, marshland, fishponds); and
- towns with population of less than 30,000 inhabitants with predominantly agricultural and forests land use systems (urban versus agriculture land (incl. forests, pastures, marshland, fishponds) and rural identity of the community.

Generally, rural areas have certain problems about attractiveness to businesses for several reasons: lack of concentration of population, poorer educational levels, lesser flexibility of the potential workforce, and distances from potential markets (for both inputs and outputs), all putting businesses in rural areas at a cost disadvantage. Poorly developed and diversified economic infrastructure and the consequent lack of quality jobs are common features of rural areas in the country. These are also the main causes of development lag typical of these areas which need to play a role like a rural development poles.

Conclusions

The above analysis has singled out a series of aspects, by no means comprehensive, to highlight issues arising from the rural areas as rural development poles. In the country the concept of Rural Growth poles has not had a major role in the formulation and implementation of a rural regional economic development policy Rural policy programme, can be defining rural areas as rural development poles being located outside of urban area.

Futhermore, to poin out the main opportunities in the rural development poles in the R. Macedonia. Rural areas abound of high quality of natural environment, attractions and of rich historical/cultural heritage for the development of rural, cultural, religious and agri- tourism. The main opportunities in the rural development poles are geographic diversity of culture, customs, traditional events, growing demand for well-established tourist destination in the country is generating foreign visitors interest in rural tourism creation of new entrepreneurs, family businesses and additional jobs in rural areas and new important transit corridors will soon be completed. Generally, rural areas have a certain problems about attractiveness to businesses for several reasons: lack of concentration of population, poorer educational levels, lesser flexibility of the potential workforce, and distances from potential markets (for both inputs and outputs), all putting businesses in rural areas at a cost disadvantage. Poorly developed and diversified economic infrastructure and the consequent lack of quality jobs are common features of rural areas in the country. These are also the main causes of development lag typical of these areas which need to play a role like a rural development poles. A growth pole strategy for Macedonian economic growth is what a country pursues unconsciously in practice. The eligible measures and areas of development support include implementation of the economic infrastructure projects and, also, implementation of non-economic infrastructure projects.

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