

Newsletter No. 7 - January 2021

Can high-tech, industrial modernisation and rural development go hand in hand?

When we think of rural areas, most of us think of remote places like, for example, Aomori, Tottori, or Kochi, or the tips of Hokkaido and Kyushu. However, rural areas also exist in highly industrialised states or prefectures. The German 'state' (equalling a Japanese prefecture) where I am from, Baden-Württemberg (BAW), is one of Germany's most high-tech areas, with many famous companies having their headquarters there. It's home to several car manufacturers like Mercedes-Benz and Porsche, has industrial tools and machinery makers like Bosch, Stihl and Kaercher, and IT companies like SAP. People in Baden-Württemberg also, with a huge margin, hold the most patents, and submitted over 15,000 new patent applications in 2019 alone.

Yet, Baden-Württemberg, with its 11.1 million citizens, also has 42,400 agricultural holdings. Similar to Japan, few of them (just 3,000) cultivate areas over 100 ha. The vast majority only engages in small-scale agriculture, such as milk production and vegetable/potato farming.

Despite the relatively high number of small agricultural holdings, people in Baden-Württemberg, are, next to Bavarians, the wealthiest in Germany. No other region has, since the end of WWII, supported less financially well-off German states (through a mandatory scheme, the Laenderfinanzausgleich) than Baden-Württemberg. In other words, despite its rural character and its many small agricultural holdings, citizens in BAW have always been relatively wealthy, also in comparison to more metropolitan areas like Berlin, Hamburg, and North Rhine-Westphalia.

The reasons for the relative wealth in BAW are manifold. Some of them are historic, some cultural. A hard-working protestant population, a spirit that drives inventions, and thigh-fisted spending habits could be some of them.

BAW has few natural resources, which makes its wealth even more surprising. This impressively shows that even with large rural areas, prefectures do not have to be poor or 'backward' (this is also true, for example, for Nagano).

BAW is a great example that high-technology and innovation is not limited to metropolitan areas. In fact, several of BAW's globally known companies are SMEs located in smaller towns.

I hope that this example gives hope to rural areas around the world, showing that rural areas can be modern, productive, innovative and financially well-off.

In my Jean Monnet Module, I will analyse why some more rural areas or towns are more modern and more successful in acquiring financial and human capital and others. Stay tuned for some first results during this year.

Best regards,
Anna

P.S. For those interested, there is an interesting read about the rural-urban divide by Euler Hermes (2019): "Is there really an ever-widening rural-urban divide in Europe?",

https://www.eulerhermes.com/en_global/news-insights/economic-insights/Is-there-really-an-ever-widening-rural-urban-divide-in-Europe.html

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