

Towards an agenda for comparative rural research in the European North

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Global changes require adaptive rural policies

This book covers rural development issues from western Ireland to eastern Finland. A majority of the studies in the book deal with peripheral, sparsely populated areas with depopulation. This should not conceal that the countryside in more urbanized parts of Northern Europe face quite other types of problems. In both these rural settings, however, the fact that the business sector and the labour market are subject to substantial changes due to the transformation of society to a knowledge economy is an emerging challenge. The one question that remains towards the top of the agenda in the northernmost parts of Europe thus is, how could people and firms located in sparsely populated areas adapt and compete in a global economy with activities often organised in networks, clusters and projects? How can local labour markets, including small towns and rural areas, continue functioning when the old branches fade out and the public sector is pressed by cut-backs? One obvious but largely circular answer is that the communities that identify threats and opportunities at an early stage and are able react innovatively according to the new demands of a changing society will have chances to survive.

The transformation of the business sector has implied tremendous losses of jobs in rural areas, indirectly leading to lower local tax revenues and cut-backs in the public sector. It is possible that the new economic policy implemented in the 1990s, partly due to the influence of European policy, has contributed to new conditions for the social economy to become a lever for local economic development, itself partly compensating for cutbacks in the public sector, which in a sector economy are likely to affect sparsely populated regions especially hard. However, there appears to be an increasing awareness that the visible effects of the European Union structural fund programmes have, to a large extent, been only temporary. The Swedish Objective 2 evaluation stated for example that two years after the programme, most of the registered initial employment effects had already faded. The evaluation also noticed that in many places, a lasting project economy had been established in the sense that projects have to be supported by public grants in order to remain in being (see ex post evaluations of Objective 2

Sweden at www.nutek.se). This means that the initial objectives, in terms of new employment and a more diversified industrial structure have not been met even some 3-4 years after the closing of the programmes.

Facing up to challenges and conflicts in rural communities

Across Europe there are not only large differences between each country, but there are also growing disparities between rural areas *within* each country. There are sparsely populated areas where out-migration since long is the predominant trend. At the same time the countryside around large and medium sized cities in certain instances faces substantial in-migration.¹ As is shown in Lynch's article, from the countryside's perspective this normally positively perceived development is not always free of problems in an environmental context. In many of the more densely populated European countries, there are severe restrictions on new residential housing in the countryside.

In the sparsely populated regions of northern Europe the problems of the countryside are diametrically opposite to those in the densely populated parts of Europe. They are not threatened by urban sprawl or by the expectation of becoming a residential area for the middle classes working in the cities. Several parts of the sparsely populated areas of the north actually face the threat of ceasing to exist as populated areas. This means that the national regional policies oriented towards sparsely populated areas have to focus still more on social policy rather than on economic growth policy.

Kaalhauge points out that the "new economy" challenges the traditional industrial structure of rural areas and changes the interplay between countryside and city. This largely global process increases the difficulty of securing balanced societal development, and causes further fragmentation of rural communities. Kaalhauge addresses the role of traditionally embedded knowledge as a factor for coping with societal imbalances and securing long-term economic growth. However, he is pessimistic about the rural district's ability to find simple solutions to its long-term sustainability problems. Gunnarsdotter is more optimistic in discussing how rural policy could be formulated to better correspond with the inhabitant's – often divergent – conception of a lively local community. She suggests, as a complement to traditional policy instruments, the introduction of methods for handling conflicts and social learning, which empowers local inhabitants to take responsibility for a sustainable local community without either conserving or completely renewing it.

¹ Many American and British studies have highlighted this counter-urbanisation trend (see e.g. Boyle & Halfacree 1998). Westlund (2002) has shown these tendencies in Sweden.

Local associations, social networks and local economic development

To what extent and where can structural transformation be compensated for by local development work? Bay Nielsen's study of a Danish community concludes that the impact of local associations and networks is predominantly indirect. Sätre Åhlander's examples from the county of Jämtland in Sweden show how co-operative formation sets the stage for rural development in an area where the public sector is contracting and where there are no large private enterprises. It might be a co-operative of micro firms, a village co-operative, a workers co-operative, or a child care co-operative. What these cases have in common is that where people with the aim of staying in the rural area come together and collaborate this has – in these cases – started processes of development. These cases show that if the policy environment is supportive towards starting co-operatives in rural areas this might promote processes of development based on local initiatives. The author does however argue that such processes are not likely to compensate for traditional regional policy.

Westlund et al.'s comparison of two peripheral districts in Mid-Sweden shows that the support from political bodies towards local development initiatives has varied between the districts. This has resulted in differences in the number of development groups and in the social capital embedded in local culture, and in the leisure and service environments. This social capital has probably been an important factor behind people's decisions to stay or move from the areas. There are however few examples to be seen of the social capital stock in these "leisure" environments spreading out to encompass changes in production environments, in the form of attitudes to entrepreneurship or risk taking, for example. These conclusions are supported by the available data on the effects of local development groups in Sweden. One conclusion common to the three articles is that there are crucial requirements that have to be fulfilled in order for the social networks to actually lead to economic development. Social and/or financial support from the public authorities is needed. Non-paid work has to become paid work. In addition, commercial activities managed by creative and devoted entrepreneurs have to play a part in this. This point is best illuminated through a number of evaluations of local development programmes.

These problems are illuminated from another angle in Gravsholt Busck's study of farmers' landscape management groups. To receive grants and to gain responsibilities delegated from the public authorities, local groups need to develop a professional and institutional profile. However, this positive recognition may in the long run become a problem in two ways: a high degree of delegation may lead to a loss of interest in the group's activities by the public authorities. Moreover, a professional association may fail to encourage a local

culture of active, committed involvement, as activities become increasingly characterised by routine.

In effect there seems to be little support for Putnam's ideas in the Nordic context. The depopulating regions in general have a strong civil society, whereas civic engagement and trust are among the lowest in the expanding metropolitan regions.²

As regards the effect of the EU structural funds, evaluations point in the direction of the fact that the most important lasting effects are that the programmes have contributed to an increased level of preparedness and awareness in relation to structural changes. A change in the attitudes of the regional actors is seen as one of the most important outcomes (Swedish Objective 2 ex post evaluation). This may be interpreted as a first necessary step in a change to the social capital of the regions involved. Whether these changes in attitudes lead to the emergence of new actors and to the creation of new networks however still remains to be seen.

Research from Sweden indicates that firms who locate in a region have problems if they do not have good relations with other actors in the particular region (Berggren et al. 1998), thus indicating a positive relationship between the regional attachment of firms and regional development. In effect this highlights the importance of social capital for regional development based on local policies. This interpretation is also supported by Vesala and Peura's study of Finnish "portfolio farmers". The farmers running other businesses besides farming had better competitiveness and profitability while also enjoying more social relations in connection with their work. This underlines that the well-known importance of social relations, or social networks in general, for business performance is particularly valid in rural settings.

These results also support the well-known difficulties to influence local development by means of subsidies to firms who set up businesses in rural areas. At the same time, the existence of social capital may actually prevent the development of businesses that operate on the global market, businesses that are capable of adapting to changes in the macro-economic sphere at the national or international level. As the environment changes, demanding new solutions, productive social capital becomes less productive if it is dominated by the norms, values and knowledge of previous production systems. In such an environment, newcomers and entrepreneurs may have difficulty in developing entrepreneurial activities. This phenomenon is well known in Scandinavian countries and is often referred to by the Danish-Norwegian author Sandemose's expression "Jante-

² Putnam himself has even shown similar results for the U.S. Civil society's social capital is among the strongest in the state of Montana and among the weakest in Los Angeles (*Los Angeles Times*, March 1, 2001) – a fact that is completely opposite to the scale of economic development in the areas concerned.

loven". Some prosperous industrial regions, for example, have been unable to change their industrial structure and their social capital as society have changed.

In summary, although social networks may contribute to the sustainability of villages in the local context they may also constitute obstacles to economic development. This is not to say that such networks are unimportant to the survival of towns or regions. In effect, the prosperous regions may differ, depending on their current ability to create and use social networks.

An economic policy based on "bottom-up" and partnership principles

In rural areas in the North as elsewhere across Europe, "partnership" is increasingly used as a way of involving policy users in the formation and implementation of policy at the regional and local levels. Co-operation between the public sector, private actors and the social economy provides an alternative to privatisation when activities that have been built up by public means need to be cut-back or sold out to private actors for financial reasons. The possibilities inherent in the social economy have also become increasingly more concrete through partnership.

Partnerships in rural settings have met both acceptance and resistance. It is often noted that it is unclear who is actually in charge, the municipality or the partnership. The existence of many projects, each with many different participants, makes it difficult for the municipality to show how the money allocated to partnerships is spent, and what has actually been achieved with the money invested. On the other hand, as regards the Swedish Growth Agreements for instance, co-funding from the different partners is perceived as "value added" to local development projects. It is complained, that participants from different sectors tend to remain unequal, even if they commit themselves to work for common goals. Local entrepreneurs are generally unable to fill their working hours on projects.

In the study by Mustakangas and Vihinen, local communities were criticized for using allocated money to improve the village meetinghouse and the physical environment, rather than further developing local economic activities. Local action groups in village projects were focused on creating social capital and on increasing cooperation skills. It is not uncommon that the partnerships' agreed common objectives are interpreted differently by the various different parties. Local communities are too small and too short of money even to fulfill the regulated tasks of providing good quality services to local citizens, and still less able to undertake any further societal considerations. The lack of experience and expertise is another problem in respect of community participation. The "bottom-

up” perspective does not necessarily imply that a focus on local development also means economic development.

From the municipalities’ point of view, project fragmentation and the need to concentrate on improving local surroundings continue to pose significant problems. Although the projects fulfil the requirements of specific EU-programmes, this does not guarantee that they will look equally reasonable from the municipality point of view, or that they will fit into local development strategies. From the rural development point of view, different kinds of partnerships should be linked to a general local development strategy, so that the single projects could be more distinctly related to local economic development.

The fact that European funds have become an important source of financing for local development in Objective 1 and 2 areas partly explains the increased number of local development groups in Sweden and Finland. The requirements of national co-funding stimulate cooperation. Voluntary non-paid work could possibly save money for the municipality, directly or indirectly contributing to the emergence of processes of local economic development, or to their continuation. Activities that rely on voluntary work are however vulnerable. The question remains to what extent municipalities and local action groups have similar goals.

The European Union’s policy of encouraging “bottom-up” initiatives and “partnerships” acts as a supplement to traditional regional policy. During the period of EU-membership, regional development has concentrated on the implementation of EU-programmes, and thus on the role of, and resources attached to national regional policy have diminished. Given the current circumstances of most municipal economies, where local basic service provision competes with EU-programmes for the same money, local authorities may thus be tempted to use the instruments of rural and regional policy as a means of dealing with their own statutory duties. There is therefore a risk that the potentials inherent in the social economy are thus used as an argument for cutting down the public sector. Another question concerns the issue of whether solutions within the framework of the social economy should be regarded as temporary.

A further problem occurs if the municipalities delegate part of their charge for welfare provision to the social economy. Mustakangas and Vihinen’s study indicates that the local communities do not as yet have an equal status as regards their participation in partnerships. However, the focus on “bottom-up” approaches may legitimise municipalities to delegate some of their own duties to local communities and village organisations. If people work voluntarily for local development without pay, the municipality may save money, thus indirectly or directly contributing to economic development. Such a development would probably however require a forceful national regional policy as well, that is, the

“bottom-up” policy built up around partnerships should be treated as a complement to, rather than as a substitute for a national regional policy.

Hård’s study illustrates further that “bottom-up” policies are not sufficient in themselves to achieve a national goal as gender equality. Within regional politics it is often stressed how important a ‘bottom-up’ perspective is in order to firmly establish the issues and to attain as wide an involvement as possible from the participants. A “bottom-up” perspective also seems to have been followed as regards her work with the Regional Growth Agreements in Sweden. But despite this fact it was noted by the majority of those interviewed in Hård’s study, that it is the directive from the Government together with clarity and recurring demands that give gender equality its legitimacy. Both “bottom-up” and “top-down” approaches are certainly needed when it comes to gender equality issues.

Business and market development in rural contexts

The majority of the countryside’s residents in the Nordic countries make their living in sectors other than agriculture. The fact that rural development does not necessarily equate to the development of agricultural businesses is slowly realised in the policies of the European Union. Vesala and Peura’s study indicates that there is potential in developing alternative rural businesses. Imagine, just for a moment, the development potential if the agricultural policies were transformed to rural business policies.

According to Sandberg, if a firm is a franchise or a subsidiary of a parent company a rural firm is likely to have the necessary information and communication technology infrastructure that compares well with their urban counterparts. Moreover, firms that face competitive or external pressure to use certain technologies seem to have the necessary infrastructure to do so. However, Sandberg’s study shows that there are independent firms with minimal technology who find themselves in situations where the owners are simply unaware of new developments in the field, or perhaps that they simply did not find a need for such technology. The latter aspect is probably linked to the goals of such entrepreneurs. Perhaps survival in the particular place where they have set up their business is more important than the development of the business *per se*. As Lithander puts it, the triggering events are a mix between serendipity and rationality that can be frustrating for the researcher, but are in effect reality for the entrepreneur. In effect, the development process seems far away from what is generally understood as “textbook rationality”, emerging rather as a combination of rationality, intuition and serendipity. An important question that can then be asked is, can society make the development process of an enterprise easier? One answer to this can be to increase the probability of meetings between potential entrepreneurs and “accelerators” through offering some form of a “contact

person” company pilot, mentor or the like. It is important that economically sound ideas can generate working opportunities and not just remain as hobbies.

Both Lithander and Persson stress the non-market characteristics of rural firms and rural labour areas. This leads to the discussion on how public policy in several fields could be better adjusted and coordinated in order to cope with “market failures” – or rather “non-market successes”. How should a growth policy for rural areas be designed and implemented, given that many rural entrepreneurs have obvious preferences for social goals and that rural labour supplies increasingly have to be directed to life-long jobs in public service provision? Another way to formulate that question is: is there really a need for a growth policy for each and all rural areas in the European North?

Finally, one significant challenge that most rural and small town based municipalities in the Nordic countries already face or will face in the near future sees the ageing population combined with the ongoing out-migration of labour force leading to an acute labour shortage in the social and health services. This problem cannot be solved by means of traditional market-led employment policy, nor can it be solved by means of non-market voluntary work. There will be a need for unconventional solutions, perhaps by introducing mobile regional labour pools, or temporary immigration schemes etc.

From local case studies to multifaceted, comparative research projects

The direct and indirect challenges emanating from shifts and shocks at the global level are perceived and met differently in communities along the rural urban continuum across Northern Europe. The fragile municipalities in the periphery, with their extremely sparse settlement patterns and aging populations, seek shelter under thick blankets of welfare policy. At the same time and in the same places, social and business activities are vividly supported by regional partnership for growth processes with multinational funding. The countryside in prosperous regions is in many places threatened by urban sprawl, gentrification and social tensions as a response to the profits generated by the new economy with global markets.

There is little doubt that sustainability particularly in an economic and social sense, is threatened in most rural areas in the North. The threats to ecological sustainability are comparatively limited at least in most rural spaces of the Nordic type. However, and fortunately, there is an increasing awareness of the need for organized coordinated action to cope with these challenges. As we have seen from within almost all chapters of this book, this awareness is usually at its highest at the local level, where ordinary people, businessmen, politicians and

professionals form various partnerships or associations in response to these external challenges and to articulate the needs of their particular community.

In evaluations of these local efforts the experiences are so far rather pessimistic as to whether they have contributed in depth to sustaining the sparsely populated areas. This is hardly surprising. Firstly, concerning ecological sustainability, local agendas *per definition* cope with very local problems, often leaving the global threats to be dealt with by other levels. Secondly, the current trends of population concentration (and their economic and social consequences) can in general not be reversed by local action.

This is not to say that local partnerships and empowerment through the social economy are ineffective or unnecessary. Many of the studies in this book show that it is possible to counteract the global trends in local communities if action is taken. However, these successful examples are in general isolated islands in a sea of stagnation. The question is of course if it is reasonable to expect anything else. Can something more be achieved? The answer is certainly no if responsibility for development is left to local actors alone. Regional and central decision-makers have to be both responsive and offensive as well. What these diverse studies do indirectly support is – the often asked for integrated approaches to cope with the different aspects of sustainability. Ideally, such integrated approaches presuppose coordinated action at different societal levels and between different sectors. Such approaches require more from the policy making and implementing levels. They require more knowledge on the ongoing processes on local level; they require resources not only to evaluate but also to analyse and learn from projects and activities. Such approaches require a real learning regional policy – which is easy to say but hard to achieve.

The problem is thus not a shortage of local examples of good practice. The problem seems to be a lack of a scientific basis for how such integration and learning could be designed and implemented. This is the challenge to the Northern European college of social scientists dealing with rural-urban development issues, namely to supplement this primary step of the consideration of local case studies, focusing on only one or two aspects of sustainability at the lowest geographical level – usually rural municipalities, local partnerships, rural businesses – in one country, and instead to organize research partnerships to come up with coordinated, international research projects covering multiple aspects of sustainable development along the full spectrum of the rural-urban continuum. As such, we consider this to be the major challenge facing the Nordic-Scottish University Network for Rural and Regional Development in the years to come.

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