



The ESPON 2013 Programme

Applied Research Project 2013/1/2

EDORA

(European Development Opportunities
for Rural Areas)

EXEMPLAR REGIONS REPORT:

CHELMSKO-ZAMOJSKI, POLAND

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1. INTRODUCTION TO THE REGION

Chelmsko-zamojski region is located in the eastern part of Lublin voivodship (Fig.1). In terms of economy it is one of the most rural and agricultural region in Poland. Rural areas are characterised by: high share of farmland, high input of labour into agriculture, high ratio of employed in agriculture, very high number of relatively small farms and peripheral meaning of other economic functions.

The agricultural land is the dominant form of land use in the region as it accounts for 70% of the total territory. Therefore, arable land prevails, accounting for approximately 90% of the total farmland. The region is characterized by a relatively high soil quality. In the structure of farming an important role is played by field plant production (mainly - wheat, sugar beet, corn, other cereals; locally – vegetables, hop, tobacco). Over the last years no significant changes occurred in the land use structure.

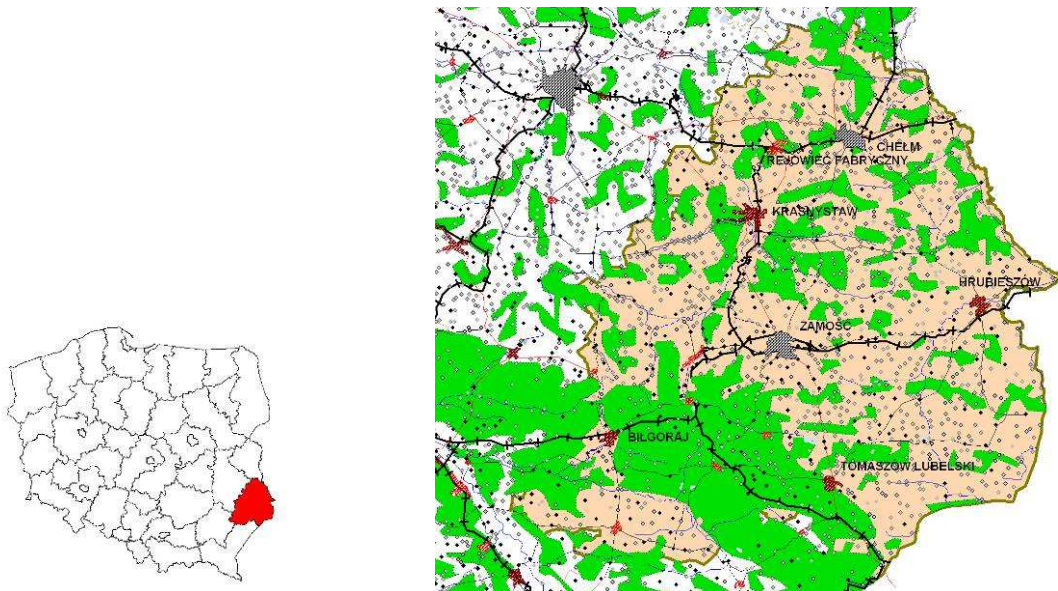


Fig. 1. Chelmsko-zamojski region localization
Source: own study

The region of Chelm and Zamosc belongs among the poorest in Poland. Low values of GDP per capita are mainly associated with high shares of employment in non-commercial farming and a lack of investments into modern branches of the economy.

A significant share in industrial production is occupied by food processing industry, associated with the local supply in agricultural products and wood. The remaining branches are of lesser importance and concentrate in the biggest towns.

The region of Chelm and Zamosc has a high share of population employed in agriculture (approximately 50%), much above the national average (12%). A lack of industry and a low degree of urbanization mean that only around 10% of agricultural population, can take up additional jobs outside of farming.



Photo 1. Typical agricultural landscape of the chelmsko-zamojski region (J. Bański)

In the 1990s, due to structural changes in the economy, reflected, in particular, through reductions in employment, layoffs affected the farm population first. This was caused not only by the generally low professional skills of this population, but also by the possibility of getting odd jobs in farming. There was a drastic drop of the number of bi-occupational population, linking work on the farm and outside of it (Bański 2004).

2. NARRATIVES OF CHANGE

2.1 Population

The rural character of the region of Chelm and Zamosc is demonstrated by a clear domination of the population living in the countryside. In 2005 urban population amounted to 246,227 persons (37%), while the rural population was 411,351 persons (63%). In terms of demographic situation the region can be classified as a problem area (Bański 2001). It is characterized by ***depopulation, ageing of the population and problems with rates of fertility.***

For more than ten years there has been a decrease of the population number in the region, both women and men (fig. 2). This is the effect of the natural decrease as well as migration outflow to other regions of Poland and abroad. The region of Chelm and Zamosc has a disadvantageous age structure of the population. The consequence of the decrease in the number of births is the drop in the number of young persons in the age bracket of 0-14 years. This is accompanied by a slow increase of the share of persons in post-productive age.

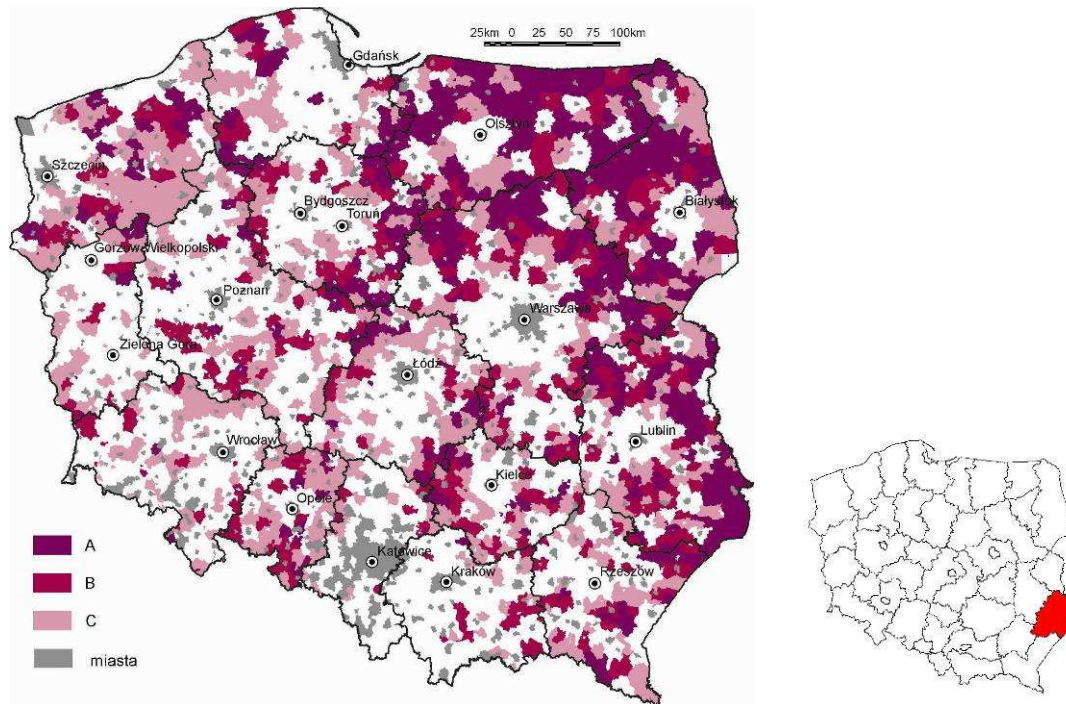


Fig. 2. Areas of excessive outflow of population in the period 1998-2007

A – areas of constant and strong outflow, B – areas of constant and reasonable outflow, C – areas of reasonable outflow, miasta – towns

Source: own study based on data of CSO (Central Statistical Office)

A very important indicator of the demographic condition of the area is the coefficient of feminization of the marrying age group. In these terms a major part of the region is characterized by a distinct shortage of women, which is especially pronounced in the countryside. This fact has a negative impact on the demographic development of rural areas. On the average, one in ten men does not find a partner for marrying.

Another disadvantageous phenomenon in the region is high share of the elderly (fig. 3). This phenomenon is observed first of all in rural areas and is strongly connected with the disadvantageous sex structure and the process of outflow of the young to towns. Mainly the active and the enterprising young migrate to towns and outside of the region. This produces a **negative influence on the capacity of economic activation of the region**.

The region is also characterized by a constant migration outflow of the population. Due to limitations on the labour market and the increase of unemployment this phenomenon was curbed in the 1990s (Flaga 2002). The rural population, relatively less educated, had limited possibilities of finding jobs outside farms. The region is a depopulation area and one should not expect changes with this respect in the near future. Recently, the outflow of population in the age of 20-40 years got more intensive. The most recent reasons for the emigration of this population are the new possibility of earning money abroad, as well as increasing possibilities of studying outside of the region. This emigration is particularly disadvantageous, since it causes, in addition, an increase of the share of population in post-productive age, and also limits the capacities of local entrepreneurship through the decrease of the number of educated people. Hence, it can be expected that the population number in the region shall continue to gradually decrease and that this process shall be accompanied by the ageing of the rural population.

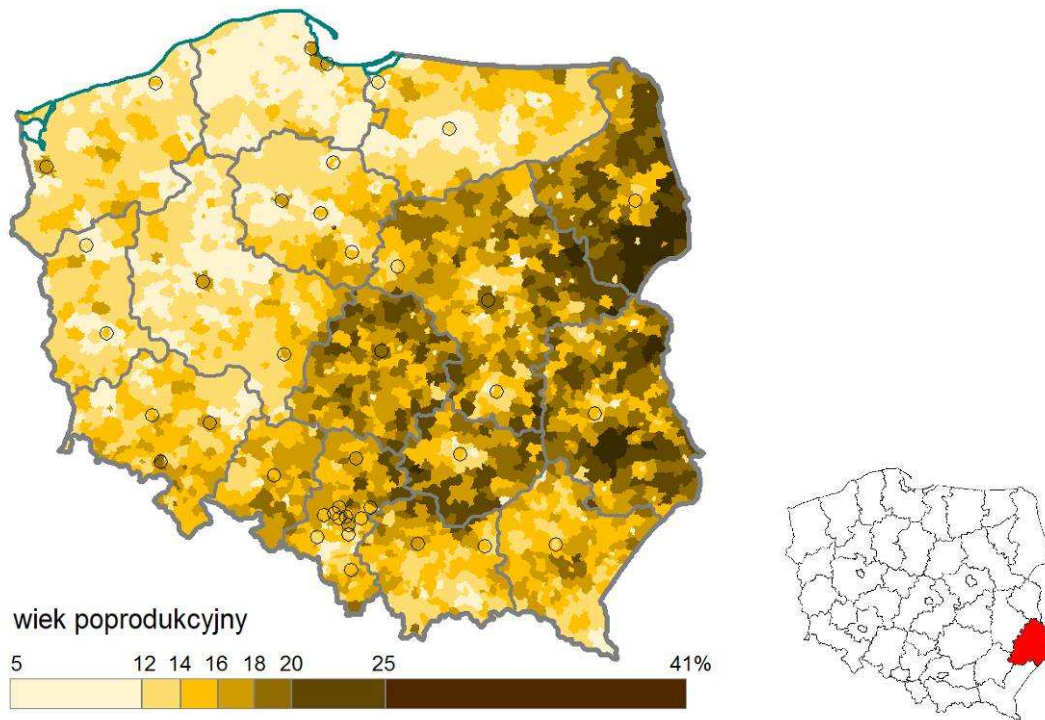


Fig. 3. Share of the population in the post-productive age, 2002 (%)

Source: own study based on data of CSO



Photo 2. Abandoned house in the Dubienka village - the negative consequences of demographic processes (J. Bański)

Owing to the **low number of investment projects in manufacturing and low intensity of entrepreneurship of the population**, as well as **overpopulation in farming, unemployment is higher than on the average** in Poland. This value is, though, better now than in the preceding years, since joblessness both in the country as a whole and in the region decreases. The decrease is associated with creation of new jobs in the country, largely owing to foreign investments, having intensified after the accession of Poland to the

European Union, and with the possibility of job-related emigration of the population not finding employment in Poland. The highest percentage share of the unemployed living in the countryside is observed in the south-eastern provinces of Poland, that is – on the areas, where there is a relatively high share of rural population. Unemployment is, in fact, higher than the figures show because there are people not fully employed on the farm, but not registered as unemployed - this phenomenon being referred to as hidden unemployment in agriculture. The tendencies typical for south-eastern Poland concern also the region of Chelm and Zamosc. The “financial crisis” is too recent for any estimations, but there is an observed decrease of workplaces and increase of unemployment.

2.2 Farming

In the structure of farming ***an important role is played by field plant production*** (mainly wheat, sugar beet, corn, other cereals; locally – vegetables, hop, tobacco) – see fig. 4. Therefore, arable land prevails, accounting for approximately 90% of the total farmland. The role of other categories of land is marginal.

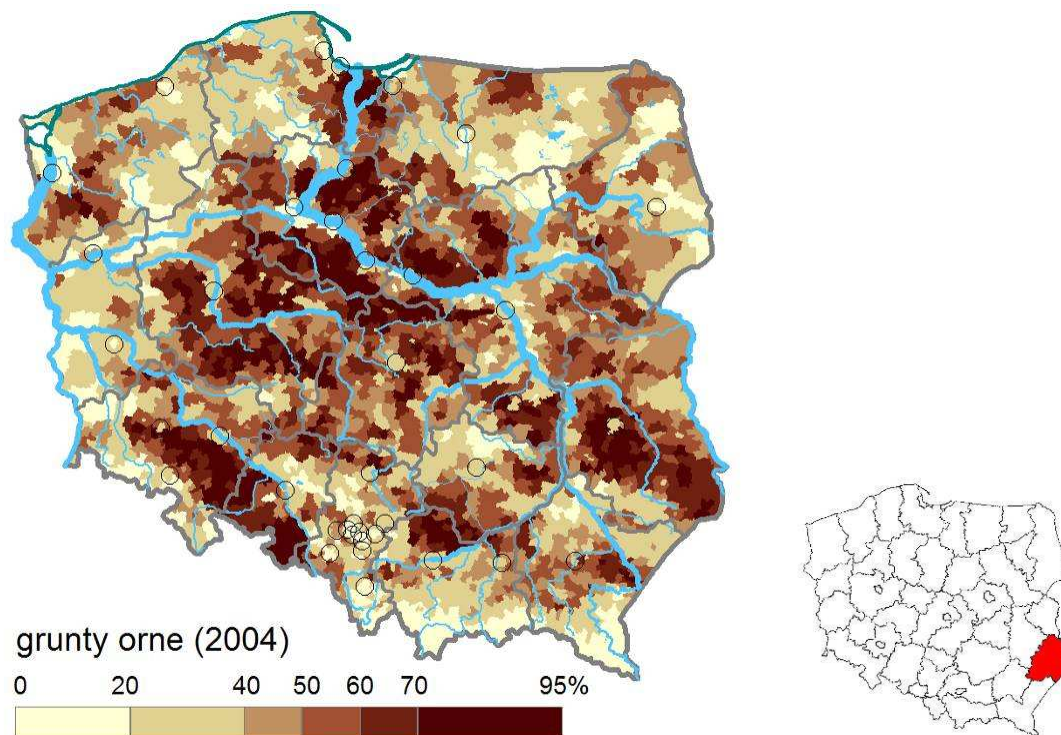


Fig. 3. Share of arable land in total agricultural land, 2006

Source: own study based on data of CSO

The pattern of spatial differentiation of the share of agricultural land in the area of the region is the function of two essential elements: the demographic pressure, displaying varying intensity, and the degree of utility of the natural conditions for farming. High concentration of land used by agriculture is observed first of all on the areas featuring fertile soils. The region of Chelm and Zamosc – and especially its central part – is characterized by the appearance of soils of very good quality. These are, first of all, the complexes of brown and lessive soils, as well as chernozems having emerged on loesses. All crops appropriate for these latitudes can be grown on such soils. Soil conditions in the northern part of the region are not bad, either.



Photo 3. Tobacco's tillage (J. Bański)

Agriculture makes inadequate use of the natural productive potential. Theoretically it is able to achieve much better production results than it does at present. Productivity is decreased by a flawed agrarian structure (small, fragmented farms – see fig. 4), limited expenditure on technical means of production, the low level of farmers' education and ageing of the population (Bański 2004).



Photo 4. Field under hop's tillage (J. Bański)

Recently, no significant changes occurred in the land use structure. The area can be considered stable with this respect. In view of good agro-ecological conditions arable land dominates in a decisive manner in the structure of agricultural land. On the areas with lower soil quality or on the wet areas larger surfaces of meadows and pastures appear. Permanent

crops account for only 1% of the agricultural land.

The average acreage of a farm in Poland is around 8 hectares. The magnitude of farms in the region considered corresponds to the national average, but in the recent years a slow tendency has been observed towards an increase of the farm acreage. This is a typical process for the entire area of Poland.

An increasing polarization of farms has been observed in the region considered in the recent period. The significance of the large and commercial farms increases, while the economic situation of the smaller farms undergoes erosion. In the next few years one can expect continuing elimination of the non-profitable farms, whose land would be taken over by the larger and stronger farms.



Fig. 4. Different land use structure – small scale private farming in Poland (Hrubiszów commune – chelmsko-zamojski region) and large scale post-state farming in Ukraine
Source: Nasa Word Wind

Domination of high quality soils and of farming, as well as relatively high population density on rural areas are behind the strong pressure on agricultural land. Demand is decidedly higher than supply, which leads in some cases to conflicts. In addition, in the past, land used to be divided up among the heirs, which brought about agrarian fragmentation. Nowadays, average acreage of a farm is at around 8 hectares. Thus, for instance, in the area with the best soils (the county of Hrubieszow) there are some 12,500 farms, of which as many as 25% have up to 1 hectare, and only 0.4% have acreage above 50 hectares. For this reason only a small share of farms are capable of producing for the market.

2.3 Non-agricultural activity

In view of the typically agricultural character of the regional economy and its peripheral location, there have been no significant foreign investments in the second and third sector, while assistance has focused on investments in farming or on its transition towards ecological production.

Here, as well, unemployment in the two biggest towns of the area (Chelm and Zamość) is somewhat lower than outside of these towns. The difference, though, is not pronounced,

since these towns, in view of their geographical location and economic problems, do not guarantee a sufficient number of jobs outside of agriculture.

Approximately 55% of the region's population are employed in agriculture, much above the national average. Lack of industry and a low degree of urbanization mean that only around 10% of agricultural population take up additional jobs outside of farming.

Inhabitants of rural areas display a much lower social activity than urban dwellers. This observation is confirmed by the degree of involvement of the rural population in the functioning of the NGOs. The region considered displays a significant social activity compared with Poland as a whole, despite the very low urbanisation degree. There are in the region 21.3 social associations and organizations per 10,000 inhabitants, while the average for Poland is 18.6. The number of NGOs in the region increases constantly, but this increase has not been very dynamic of late. There has been an important increase in these terms in the two biggest towns, Zamosc and Chelm. On the other hand, the number of social associations and organizations increases very slowly in the eastern part of the region.

Some possibilities for development concern the areas located close to the border crossings. Actual decisions unlocking cross-border local traffic between Poland and Ukraine should stimulate development of services and trade.

Rural areas of the region are characterised by **high share of farmland, high input of labour into agriculture, high ratio of employed in agriculture, very high number of relatively small farms and peripheral meaning of other economic functions**. The southern part of the region is more diverse with important role played by tourism and forestry. During the recent years one can observe the appearance of the new producer groups, farming unions and associations, in which the most active and enterprising farmers participate.

In view of the traditionally agricultural and peripheral character of the region, low urbanisation pressure and marginal significance of industry, numerous areas have been preserved here, having important natural and landscape value. There is one national park and seven landscape parks within the confines of the area considered. The eastern border of the area, being, at the same time, the eastern border of the European Union, is constituted by the valley of the winding river Bug, and its preserved natural character provides an important ecological corridor as well as migration route for many animal species. This area is also rich in cultural qualities. The most important element of the cultural heritage is the Old Town in Zamość, which was put on the world cultural heritage list of UNESCO in 1992. The cultural heritage of the area contains, as well, as an important aspect, the preserved old spatial patterns of the villages and the traditional countryside architecture. Varied relief, small patches of cultivated fields, significant share of forests, small historical towns and traditional villages form together an attractive mosaic landscape, constituting a potential for the development of tourism.



Photo 5. Old town in Zamość (J. Bański)



Photo 6. Typical wooden architecture in chelmsko-zamojski region (J. Bański)

A lack of realistic perspectives for the development of other branches of economy than agriculture meant that ***since the 1990s the regional and local authorities started to perceive tourism as an opportunity for bettering the economic situation of the countryside.*** Zones meant for the development of tourism have been designated in the region within the spatial development plan of the province. Quite important financial means were devoted to organisation of the agri-tourism training programs, conducted, in particular, by the agricultural extension service centres. Preferential credits were provided for the agri-tourist activity. Due to this encouragement many farmers got involved in the management of agri-tourist farms. They formed agri-tourism associations, of which eight have been registered on the area considered here, encompassing with their reach a significant part of the region.

In the course of just a couple of years, though, it turned out that in many of those agri-tourist facilities - especially the ones featuring low standards, poorly promoted and located in places lacking tourist traditions – demand for service is low and renting of rooms does not bring economic advantages to the farmers. Many of the owners did not invest in the tourist product. Tourist traffic was marginal and room renting became a hobby activity, bringing first

of all non-material benefits, while losing on economic significance. During the last 3-5 years new facilities have sporadically been emerging in the eastern part of the region, despite the high hopes attached to the development of tourism as the factor of economic activation of the area in question.

This process took a different course in the few localities, situated in the direct vicinity of the biggest tourist attractions, in the localities that have been known already before on the tourist market. Here, over the period of the last dozen or so years a systematic increase of the numbers of small, private accommodation facilities has been observed.

In the recent years an increase has been observed of land demand for recreational and residential housing (Wesołowska 2006). In the spatial development plans the areas attractive in terms of nature are usually protected against construction developments. The authorities of the municipalities try to resolve the dilemma between nature protection and profits from the presence of holidaymakers by directing the potential holidaymakers and investors towards the zones not subject to legal protection, but also less attractive.

3. RELATIONS TO THE “GRAND NARRATIVES”

3.1 Agri-centric

Given the peripheral location and low degree of urbanisation and industrialisation, the primary direction of development ***of the Chełm-Zamość region will continue to be associated with agriculture, with a contribution from forestry and tourism.*** Conforming to the concept of the European model of agriculture, this sector, side by side with the basic function of food production, fulfils essential roles in the domains of protection of the environment and landscape, as well as preservation of biodiversity. The concept of multifunctional agriculture offers the possibility of associating productive functions with additional activities, oriented at diversifying the activity profile of the farm and household. The regional and local strategic documents envisage such a role for the agriculture of the Chełm-Zamość region.

The literature of the subject, the statistical materials and the field studies, carried out in the region, suggest that during the last years there has been in the region a process of polarisation of the farm population into two groups. The first group is constituted by the traditional farms, producing mainly for their own purposes or only a little for the market (semi-subsistence agriculture). The second group is made up of the commercial farms (mostly located on the areas with the best soils), with specialised production, making significant investment outlays into production modernisation (peri-productivism) – see fig. 5.

The traditional farms have less and less chances for development and lack the capacity of competing in the food production market. In the region of Chełm-Zamość, like in other regions of the country, one can observe that some of these farms undertake an effort of modernisation and gradually strengthen their competitiveness. The remaining ones, for various reasons (lack of successors, shortage of capital, risk avoidance, low educational level, etc.) undergo stagnation or collapse.

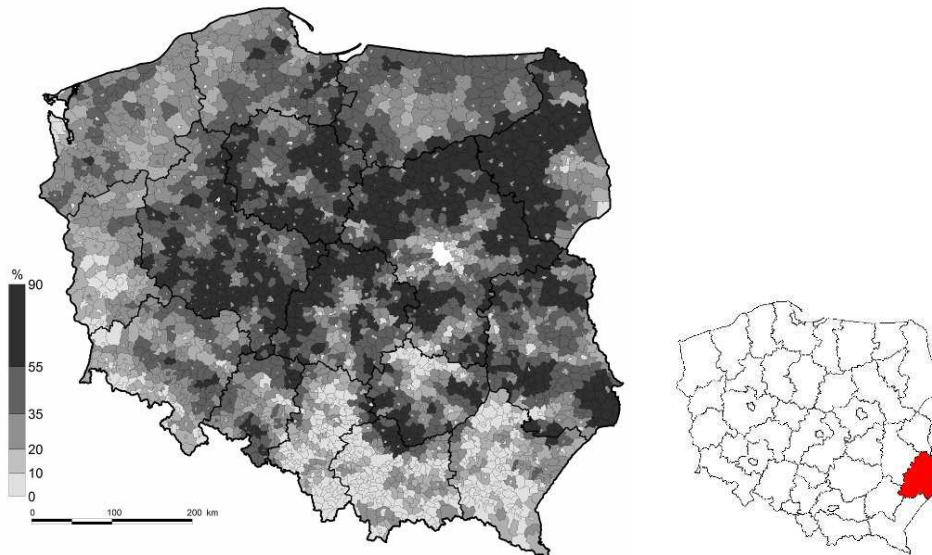


Fig. 5. Share of the commercial farms (production mainly to the market), 2006
Source: own study based on data of CSO

There is a gradual increase of the significance of commercial farms in the region, these farms taking over land from the traditional farms (although this process is quite weakly pronounced). In view of the small acreages and significant dispersion of plots, these farms do not achieve larger scale of production. Here, farms exceeding 20 hectares can be considered very big (fig. 6).

The fundamental barrier to the development of modern commercial agriculture is agrarian overpopulation and the associated high excess of demand over supply of land. It is very difficult to enlarge a farm and this takes place mainly by tenure. Farmers, even those owning the smallest farms, are not willing to sell land, which is treated as a kind of capital insurance for the case of “hard times”. One should also remember of the “attachment to land”, resulting from the historical past of the region.

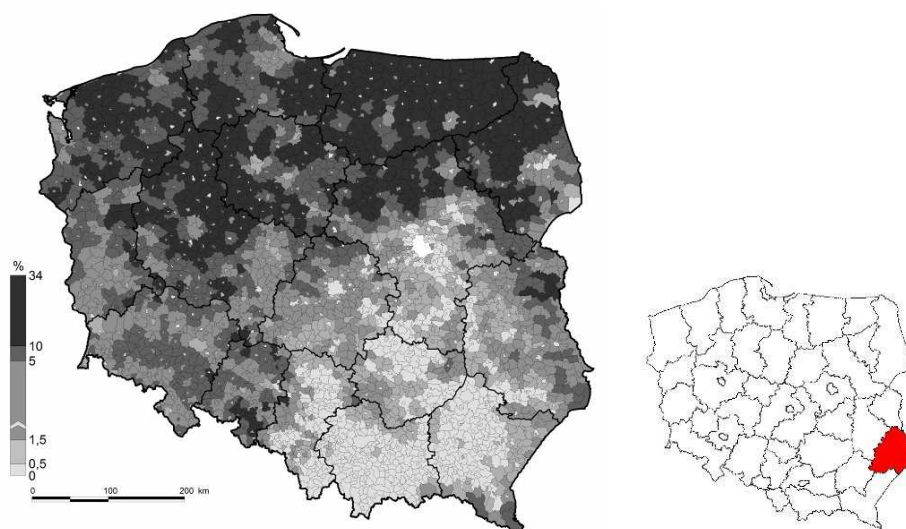


Fig. 6. Share of farms with the surface over 20 ha, 2006
Source: own study based on data of CSO

Farms in the region of Chełm-Zamość specialise first of all in crop production, mainly in cereals. In some places hops, tobacco, raspberries and legumes are grown on a small scale. Given the increasing interest in the alternative ways of using rapeseed, first of all – the biofuels, one can observe during the recent years an increased share of cultivation of rapeseed among all kinds of farms, including those featuring low farming culture. Some farmers, side by side with growing rapeseed, deal also with pressing rapeseed oil using traditional methods.

Increase of productivity and modernisation are facilitated by the national and foreign assistance programs. Yet, the region of Chełm-Zamość does not belong among the main beneficiaries of such assistance, which is caused by the relatively low economic and social activity of the inhabitants of the region, low professional skills, small-scale production and limited capital of the farms. Still, the number of farms taking advantage of various forms of assistance is growing from year to year.

3.2 Urban-rural

With respect to the continuum core-periphery the region belongs in its majority to the peripheral areas (Bański 2005). The two bigger urban centres situated within the region – Chełm and Zamość – exert a limited influence on the economic development of the entire area considered. The zone of direct influence extends to less than twenty kilometres from their respective downtowns. The poorly developed manufacturing offers a limited number of jobs for the inhabitants of the countryside. In the earlier period, that is – before 1989 – a bigger number of villagers found jobs in towns than nowadays. Yet, as being less educated and capable of living off the farm work, they were the very first to be fired. Currently, more important than manufacturing are the functions of service (administration, health care, transport, etc.) and trade (large-scale shopping malls and wholesale outlets, fairs), fulfilled by these towns.

In terms of urbanisation pattern the region has a polycentric character, that is – small towns, satisfying the basic needs of the countryside in domains of service, trade and administration, are quite evenly spaced over the territory of the region. These towns can be considered, similarly as the seats of municipalities, to be the local development centres, in which the inhabitants have access to the fundamental market service, administration, primary and secondary education, health care, banking and trade. Small towns constitute an unalienable element of the rural landscape. Their demographic growth is rather slow, since they are usually not the destinations of the permanent migrations of the rural population, who migrate mainly towards the capital of the province (NUTS 2), Lublin, or to other large metropolises.

The peripheral character of the region, mentioned already, results mainly from the border-adjacent location of the area. The border constitutes in this case a spatial barrier to the flow of ideas, goods and people. Until quite recently, owing to the freer regulations concerning cross-border traffic, the border stimulated local development, mainly in the vicinity of the border crossings. After Poland entered the Schengen area and the border had been made tighter, the possibilities of developing trade and peri-border service have been significantly curbed. The border-adjacent character of the region exerts an essential influence on the capacity of its social and economic development. It is also important to note that the region of Chełm-Zamość has been for a long time already the place of interaction of different cultures, religions and traditions, typically for the transitory zones. According to Huntington, in the vicinity of the area a fragment of the boundary between the western and eastern civilisations passes, dividing up Europe into two different parts.



Fig. 7. Eastern boundary of Western Civilization according to S. P. Huntington (1997)

In the opinion of Huntington this boundary constitutes a great historical line separating the western Christian peoples from the Orthodox and Muslim ones. The division of Europe into Western (Latin) and Eastern (Byzantine) took shape at the turn of the second millennium. This was a consequence of the downfall of the Western Roman Empire and the growing differences between the Roman-Greek culture of the West, and the “orientalised” East. In the very same time Christianisation of the pagan part of Europe was progressing, including Polish territories, situated “somewhere” in the vicinity of the zone, separating the two parts of the continent.

3.3 Capitalist (or capital) penetration

The border-adjacent and peripheral location within the “transitory” zone has a negative impact, in this case, on the economic development. The region lacks more important investment projects, national or foreign. Currently, small undertakings take place, concerning food and agricultural processing, as well as mineral industries.

Local authorities perceive an opportunity for the region in its border-adjacent location. This regards mainly servicing of the transit traffic and development of petty trade and service activities. A fundamental challenge is constituted by the construction of new and modernisation of the old border crossings, development of road infrastructure, and wider opening of the border for the inhabitants of Ukraine.



Photo 7. Traffic on the Dorohusk border point (J. Bański)

4. IMPLICATION FOR POLICY

4.1 Challenges

The level of economic development of chelmsko-zamojski region is spatially varied, but generally the region belongs to poorest areas in the country. There are a number of negative demographic and economic processes. For this reason it is very important to find an optimum scenario for the future development of the region and the main directions of socio-economical activities.

Thus, a fundamental condition if rural areas in chelmsko-zamojski region are to develop is that they should become more diverse; first and foremost through an enrichment of their structure to include more socio-economic functions (from monofunctional-agricultural to multifunctional). For this reason also, more and more attention should be paid to the need for non-agricultural economic functions to develop (mostly: service and tourism). Unfortunately, however, opportunities for such development to take place have been hampered by a mixture of social problems and difficulties of an infrastructural or financial nature. Even so, the last period has brought some development of businesses outside agriculture. For example rural tourism is now being seen as an important one on both the local and regional scales (*Strategia rozwoju ...2007*).

While the level of roll out of technical infrastructure of rural areas has improved considerably, this remains the most serious need or shortfall as regards investment that rural inhabitants mention when polled. Very important is development of fast Internet network.

Of inestimable importance to agricultural change and development, and above all to the initiation of rural activity away from farming, is the level of education of region people. While the decade that has recently ended brought favourable changes, the levels of education among people are still below those of urban dwellers. This is particularly true of the populace linked to the very small-scale, individually-owned, farms.

In turn, the processes or phenomena tending to discourage the development of rural areas include depopulation, ageing of the population, distortion of the population structure in terms of gender and poverty/social exclusion. These phenomena are typical for chelmsko-zamojski region.

General challenges to the regional policy in chelmsko-zamojski region should be based on:

- Increase of the level of education
- effective system of initiation of structural funds and endogenous capital
- development of technical (include ICT) and social infrastructure
- multifunctional development
- development of transport accessibility
- proper management of natural environment
- trans-border cooperation and development of new cross-border points
- higher specialization in agricultural production (especially cattle raising and milk production)
- small towns development as local centres.

4.2 Possible scenarios

The next 10-15 years will bring a decrease in the rural population in chelmsko-zamojski region. In the vicinity of urban areas (Chelm, Zamosc, Krasnystaw, Bilgoraj), as well as along the main transport routes (trans-European highways) there will be increase of rural population.

The average level of education of rural inhabitants (including farm owners) will be higher, and clear “civilisational progress” will be taking place in countryside.

The economic significance of agriculture will be reduced in the income structure of individual rural households. Nonetheless, the character of the region’s rural areas in terms of agriculture will have changed anyway, as regards both land-use and the landscape. Thus the proportional decline in the role played by farming in people’s income will have been associated with a diversification of farms. Commercial farms will have grown in significance. There will have been a decline in the significance of farms applying traditional methods on small areas. Some of these will have confined themselves to production for their own needs, disappearing steadily from the wider market.

It is possible to point to four different scenarios for the transformation of rural “depleting” regions in Poland (and chelmsko-zamojski region):

The marginalisation scenario assumes economic stagnation and the adoption of such a state policy as will prize efficiency over equality. The changes in rural areas will in this case proceed very slowly, with the result of the diverse processes being a far-reaching marginalisation of any rural areas located more than a certain distance from acknowledged centres of development.

The polarisation scenario in turn relies on dynamic economic development plus the adoption of a similar kinds of national policy that again assigns more importance to effectiveness than to equality. The result will a polarisation of space (even though the overriding aim of all activity will be to even out regional disparities), since the “effectiveness over equality” assumption will require that progress be first and foremost driven by the development of metropolitan areas and towns and cities of national or regional rank. The inevitable result of such a process is a widening of differences in levels of development between core areas and the periphery.

The depression scenario assumes economic stagnation plus the adoption of a policy that puts equality above effectiveness. But only in theory can the assigning of priority status to

equality bring the desired evening out of inter-regional disparities, since the hard times for the economy will simply not allow the means necessary for rural development to be generated.

Finally, the unification scenario anticipates economic development plus the country's adoption that again prizes equality above effectiveness. Though superficially attractive, such a scenario has very limited chances of real success as competition between regions is an inevitability everywhere. Any forced promotion of areas lagging behind through "punishment" of stronger performers will create nothing but "averagely-developed" regions of compromised economic effectiveness in global terms that must inevitably drift quickly towards stagnation if they cannot compete.

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1. INTRODUCTION TO THE REGION

Ostrołęcko-siedlecki region, the biggest in Poland (12 thous. sq. km), is located in the northern-eastern part of Mazowieckie voivodeship (fig. 1). This voivodeship is characterized, on the one hand, by the highest value of the GDP per capita indicator in Poland, and on the other – the biggest internal differentiation. The central city of the region, Warsaw, is surrounded by a vast territory of the agglomeration, having multi-functional character, while the peripheral borderland areas display a mono-functional (agricultural) character, and are much more sparsely populated. Almost 750 thous. inhabitants lives in ostrołęcko-siedlecki region (population density is 62 people/sq. km – which is half of Polish average). The region do not have strict regional centre. According to its name, it has two main cities, but they are rather medium size and do not have important socio-economic influence on the neighbouring areas – Ostrołęka (54 thous. inhab.) in the northern part and Siedlce (77 thous. inhab.) in the southern part. The agro-environmental conditions are diversified in the selected region – in the northern part they are one of the worst in Poland (with big share of meadows) while in the southern they are average comparing to national mean. Almost the whole region is classified as Less Favoured Areas. The average farm size in that region is around 10 ha.

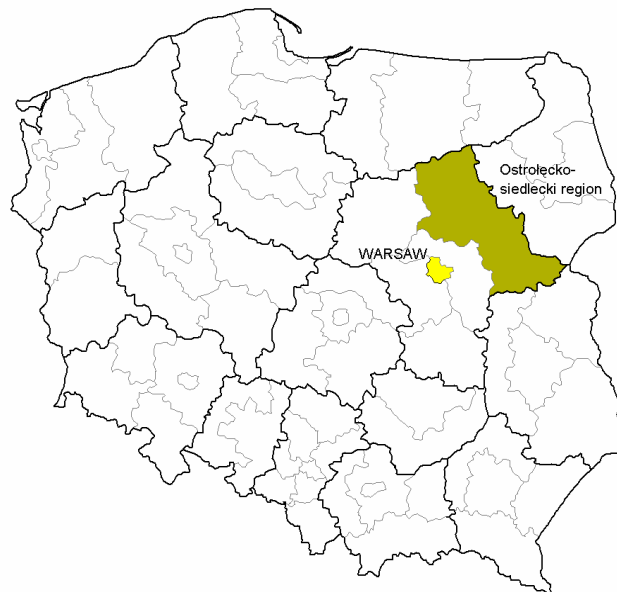


Fig. 1. Localization of Ostrołęcko-siedlecki region

The key features, which should be accounted for when considering the spatial specificity and the history of the analysed subregion, include: socio-demographic structure, conditions for agricultural production, cultural and natural qualities of the area, as well as its spatial structure (urban-rural relations, settlement pattern, infrastructure).

According to EDORA typology it is Peri-Productivist Agriculture Region, and it have to be mention that agriculture sector in that region is characterize by middle level of productivity and commercialization.

2. NARRATIVES OF CHANGE

The most important changes in the subregion of Ostrołęka and Siedlce shall be presented in two spatial dimensions. The first of them will be constituted by the

characterisation of the transformation processes against the background of changes in the entire province of Masovia, while the second one will be the description of the intra-regional differentiation.

2.1 Demography and Migrations

The socio-demographic conditions are among the basic internal development factors, since people are both the creators and implementers of all activities, and the recipients of the respective outcomes. Humans appear, therefore, in the development processes in a double role – as the addressees of the activities undertaken and, simultaneously, as the subjects implementing these undertakings.

The Ostrołęka-Siedlce subregion is a part of a bigger region of Eastern Poland, featuring disadvantageous demographic conditions. This entire area has been already since the 1950s characterised by the selective out-migration process. The migrants, namely, are mainly younger persons of 20-30 years of age (alone or with children aged 0-5 years), with a definite domination of women, and relatively better educated. That is why the areas of migratory outflow become the depopulating areas, as their societies age, while the areas of migratory inflow are demographically dynamic, with, additionally, better characteristics in terms of educational levels. On the top of this, the processes mentioned display high spatial and temporal stability. The biggest migrations from the areas in question – first of all to the suburban zone of Warsaw and to the towns of medium sizes with extensive industrial sector – took place in the 1970s, and were associated with the industrialisation processes of the socialist period. Yet, in the period of the socio-economic transformation, as well (i.e. in the 1990s), similar spatial regularities have been observed in the changes of population distribution as those of the previously considered period. Main motivations of migrations out of the major part of the Ostrołęka-Siedlce subregion in the 1990s were the wish of getting employed in the service sector of the agglomeration of Warsaw or the wish of getting university education. It should be emphasised, though, that the process of spatial concentration is a spontaneous process, whose origins relate to the tendency of maximising individual benefits by the particular persons or businesses. Migrants leave behind the unattractive locations, where the stimuli pushing out are relatively strong, and move towards the places, characterised by the appearance of the attracting stimuli. These processes were the reason, why in only nine municipalities (NUTS 5) of the subregion analysed positive indicators of the real population increase in the period 1995-2002 have been observed (fig. 2). These units are situated in the direct vicinity of the four biggest towns of the area. The remaining municipalities featured population losses, and there are a dozen or so municipalities (mainly in the south-eastern part of the area) where during a couple of years population decreased by more than 10%. The thus important outflow of people from these units was linked with a number of conditions – they are located peripherally in relation to large urban centres and important transport routes, feature mono-functional (agricultural) structure of economy, and at the same time are characterised by poor living conditions (equipment with infrastructure).

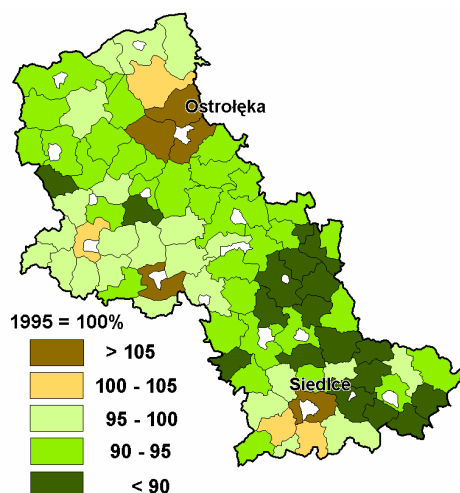


Fig. 2. Changes in the number of inhabitants in communes of Ostrołęcko-siedleckie region in 1995-2002 (1995=100%)

The areas of the biggest migration outflows are, therefore, characterised by a very disadvantageous demographic structure, expressed through a distinctly higher share of persons in post-productive age than on the average, and, in connection with the relatively higher outflow of women in marital age – also disadvantageous values of the feminisation coefficient. Thus, for instance, the most disadvantageous values of the dependency ratio within the province of Masovia is observed in the southern part of the Ostrołęka-Siedlce subregion (fig. 3). When analysing this issue in a dynamic perspective, one should emphasise that while in the period analysed the value of the dependency ratio in the entire province worsened – in 1998 there were 54 persons in post-productive age per 100 persons in pre-productive age, and in 2002 the former number was already at 64 – the spatial distribution remained virtually the same.

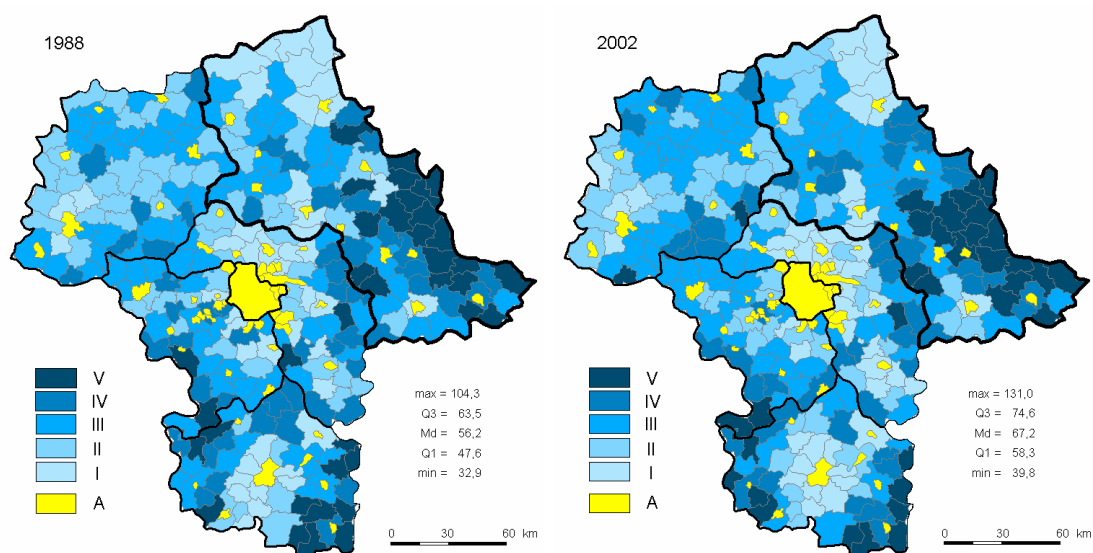


Fig. 3. The dependency ratio (here: population in post-productive age in relation to population in pre-productive age) on the rural areas of Masovia in 1988 and 2002. Classes: V – very high; IV – high; III – medium; II – low; I – very low; A – towns.

2.2 Importance of Agriculture

Agriculture has an essential share in the economic structure of the Ostrołęka-Siedlce subregion – in 1995 it accounted for 27% of the gross value added of the GDP, and

in 2003 – for 18%, while the respective averages for the province amounted to 7% and 4%.

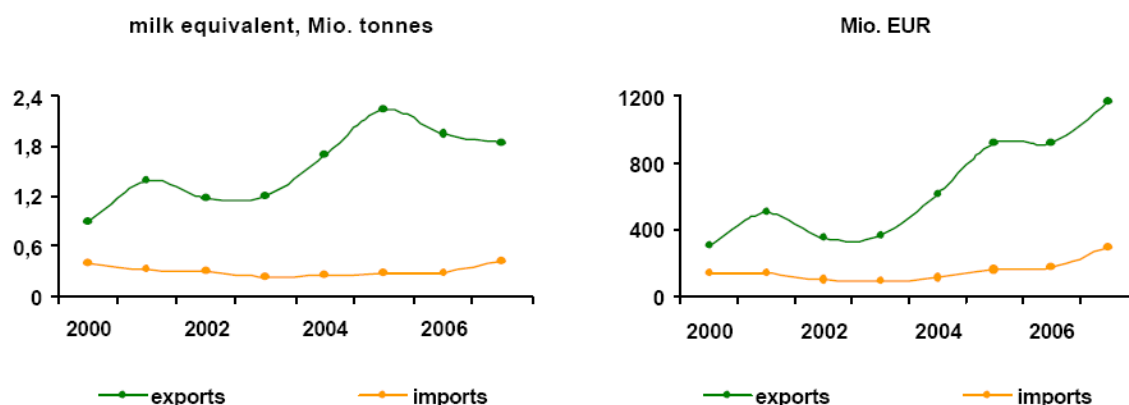
With respect to agricultural production, the Ostrołęka-Siedlce subregion is essentially divided into different parts – the southern one (Siedlce) and the northern (Ostrołęka). Each of these subtypes is characterised by different agro-ecological conditions and features a different dynamics of transformations.

The southern area displays much better – compared to the northern one – conditions for agricultural production (Siedlce Plateau). On this area, farming has a differentiated and multidirectional character – rye, potatoes, cereal mixes are grown, and in some municipalities wheat and sugar beets take an important place in the production structure. Besides, in terms of land use, orchards occupy a definite place, slightly above the respective average. In animal husbandry, pigs and poultry are most important. It should be emphasised that during the recent period relatively small transformations took place on this area in terms of production structure as well as farm structure.

On the other hand, the northern part of the subregion has worse natural conditions for agricultural production (Kurpie Plain). As mentioned already in the introduction, this area is to a large extent used for permanent grasslands. And, despite the relatively poorer initial conditions, it can be stated that this area had an economic success in the period of systemic transformation. This success was first of all associated with highly specialised agriculture – oriented at cattle raising and milk production. During the last years the Ostrołęka-Siedlce subregion, and the Łomża subregion, neighbouring with the former from the East, became the area of the country featuring the most intensive dairy cattle raising activity. In more than a dozen of municipalities of the area the number of cattle per unit of agricultural land is several times higher than on the average in Poland.

It has to be emphasise, that the dairy sector plays a significant role in the Polish economy. Milk is one of the most important agricultural products, accounting for 16% of total agricultural production and for 19% of market output in 2007. Milk production remains a major source of income and food for approx. 656,000 agricultural holdings. Between 2000 and 2007, total sales of the Polish dairy industry jumped nearly by 80%, to EUR 6 billion (Figure 4). It resulted from the growing collection of milk (up to the milk quota) and rising selling prices after Poland's integration into the EU (Szajner 2009).

Fig. 4. Exports and imports of dairy products from and to Poland



Source: Szajner P., 2009, *Assessment of the competitiveness of the dairy food chain in Poland*, AgriPolicy, p. 11.

Although milk production in Poland remains at a similar level for many years, spatial distribution of dairy cattle raising and milk production underwent essential changes. While on the majority of the territory of Poland there has been in the years 1988-2002

a drop in the cattle numbers, within the subregions of Ostrołęka-Siedlce and Łomża there has been an increase, attaining in some parts of this area more than 20%. This situation was largely linked with privatisation of the former dairy cooperatives and the appearance of foreign capital.

Foreign direct investment in the Polish dairy sector has had a significant impact on ownership changes and modernisation in the sector as well as increasing competition in the market. As a result, private companies have expanded their market share, whereas a number of private firms are leaders in specific market segments (yoghurts and milk-based beverages, processed cheese). But the market leaders continue to be two large capital groups operating as cooperatives where farmers are the shareholders/members (Tab. 1.). The dairy industry is the only sector in food processing where cooperatives account for a major market share (Szajner 2009).

Table 1. The biggest dairies in Poland, 2007

Name of company	Ownership	Collection		Turnover		Employment	
		Mio. L	%of total	Mio. EUR	%of total		%of total
Mlekpól	Co-operative	860	10.3	390	6.5	1634	4.1
Mlekovita	Co-operative	750	8.9	345	5.8	1289	3.2
Danone Polska	Ltd.	214	2.6	297	5.0	1315	3.3
Hochland Polska	Ltd.	210	2.5	145	2.4	817	2.0
Zott Polska	Ltd.	105	1.3	143	2.4	320	0.8

Source: Szajner P., 2009, *Assessment of the competitiveness of the dairy food chain in Poland*, AgriPolicy, p. 8.

The two biggest cooperatives are located in the subregion of Łomża, neighbouring to the East with the subregion of Ostrołęka-Siedlce, i.e. Mlekpól in Grajewo and Mlekovita in Wysokie Mazowieckie. On the area here analysed two plants of the international company Hochland and a plant of the Polish company Ostrovia are located (Photograph 1). Appearance of large purchasers of milk brought about very advantageous changes in the economic structure of the region.



Photograph 1. Pastures near Ostrołęka and a plant of the Hochland company in Baranów (subregion Ostrołęka-Siedlce).

2.3 Culture, Tradition & Nature

Cultural assets of the area constitute essential elements in “telling the story of the subregion of Ostrołęka and Siedlce”. The northern part of this area (the surroundings of Ostrołęka) constitutes one of the most interesting and richest regions in Poland in ethnographic terms – the region of Kurpie. Traditional, original craft techniques and folk art are being cultivated here. This cultural heritage and traditions, passed from generation to generation, are taken advantage of in the recent years for commercial purposes. Folk artists and craftsmen sell their produce and promote themselves

using modern tools, such as the Web. Other ones establish agro-tourist farms, of which there is several dozen in the northern part of the Ostrołęka-Siedlce subregion. These accommodation facilities offer local attractions, such as regional cuisine, teaching of craft techniques, participation in folk events, etc. Inhabitants of Kurpie form a number of local and regional associations. These associations implement various projects, aiming at promotion of traditions, proper for Kurpie, like ethnographic workshops, model lessons, fairs, as well as business conduct trainings, which emphasise the possibility of making use of the cultural heritage of Kurpie (see Photograph 2).



Photograph 2. Girls in traditional costumes from the Kurpie region and procession with ornamental "palms", made by the local artists from Kurpie, during the Palm Sunday liturgy in the locality of Łyse.

The area considered here constitutes a part of the so-called Green Lungs of Poland, encompassing ecological systems of unique value on the national and European scale. The most valuable areas in terms of nature concentrate along the valley of Bug river, which forms the south-eastern boundary of the subregion and then passes across its central part. Here, the protected areas are situated – landscape parks, protected landscape areas and reserves, coinciding largely with the Natura 2000 areas. Bug river and one of its tributaries are used for rowing tourism. Along the valley of Bug river the tourist services develop, including agro-tourist farms and other accommodation facilities, and, to a lesser extent, boat renting and catering facilities.

2.4 Spatial Structure

The spatial structure of the subregion displays very low internal cohesion. Delimitation of its boundaries appears to be highly incidental and performed solely for statistical purposes. There are two main towns in the area: Siedlce and Ostrołęka, as well as a couple of smaller urban centres. Yet, these centres do not dominate in the settlement pattern of the area, and their range of influence is limited to the neighbouring rural municipalities. For the majority of the rural areas of the subregion considered the central town is constituted by Warsaw – situated at the distance of 50 to 150 kilometres from these municipalities. Low spatial cohesion is expressed through the fact that there are only two bus connections per day between Ostrołęka and Siedlce, while train travel between those towns, which are 120 km apart from each other, lasts 4-5 hours, since it involves a change in Warsaw. On the other hand, for comparison, there are 25 connections per day between Warsaw and Siedlce, with one-and-a-half hour of travel, 20 connections per day between Warsaw and Łochów (a town in the central part of the subregion considered), with just one hour of travel, and seven connections between Warsaw and Ostrołęka, with travel duration of two and a half hour.

The settlement structure of the subregion considered is characterised by a high number of very small villages, inhabited, on the average, by less than 200 persons.

This constitutes a significant obstacle to the conduct of a rational economy in the domain of extension of technical and social infrastructure. As we compare the densities of water supply networks on rural areas of the province of Masovia, we easily reach the conclusion that the subregion of Ostrołęka-Siedlce features the lowest indicators with respect to this type of installations (Fig. 5). Yet, one should also note that during the last two decades dynamic positive changes have been taking place as far as equipment of rural areas with water supply and sewage infrastructure is concerned. Thus, in the years 1988-2002 the total length of water supply networks in the Ostrołęka-Siedlce subregion increased almost nine times over. This extraordinary civilisational progress and overcoming of the historical delays in the availability and quality of infrastructural networks was made possible due to concentration of the activities of the local self-governmental authorities on this issue. Investments into respective projects were entered as priorities into the local strategic documents and constituted the most important items in the budgets of the majority of municipalities in Poland. Side by side with the still existing important shortcomings in the development of technical infrastructure, one observes in the subregion considered a low level of market-oriented service sector and poor accessibility of public services.

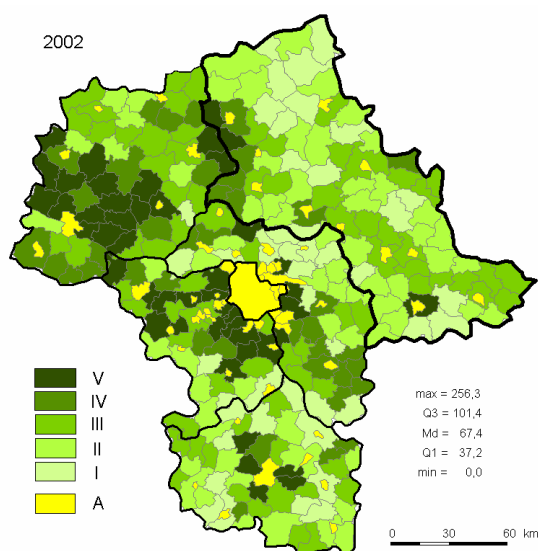


Fig. 5. Level of equipment with water supply network (length of the network per 100 sq.km of the municipality) on rural areas of the province of Masovia in 2002.
Classes: V- very high;IV – high; III – medium; II – low; I – very low; A – towns.

3. ANALYSIS OF CHANGE BY ‘GRAND NARRATIVE’

3.1 Agri-centric Narrative

Agriculture plays a fundamental role in the subregion of Ostrołęka-Siedlce. Roughly 40-50 % of inhabitants of rural areas find employment in the first sector of economy. For many years agriculture of this area was little commercial and little intensive – only a small portion of production was meant for the market. In the recent period, though, very significant qualitative changes have been observed here in the production structure. This is partly due to a relatively low share of farm owners in post-productive age and high share of farm owners with agricultural education. The basis for the economic success of these areas and the structural transformations was constituted by the orientation of production at dairy cattle raising. The increase of the economic activity level of farmers contributed to the growth of the degree of commercialisation of farming and of production volume meant for the market, which is now at almost double of the national average. There has also been an increase of

activity level of the farmers in the search for additional supporting means from external sources.

3.2 Urban-Rural Narrative

Side by side with the agricultural specialisation, the subregion of Ostrołęka and Siedlce has a typically rural character. In view of lack of larger urban centres, the suburbanisation processes are not observed on the area considered, except for a couple of municipalities neighbouring directly upon the biggest towns of the subregion. Furthermore, the distance from Warsaw causes that the influence of the capital affects significantly only selected units. Likewise, the development of tourism does not entail essential changes in rural landscape, nor changes in the functional structure – here exceptions are constituted by few municipalities situated on river Bug, where concentrations of summer (vacation) houses exist, owned mainly by the inhabitants of the agglomeration of Warsaw.

The influence of Warsaw does not concern directly the architectural-spatial processes, but has an impact on the pattern of socio-economic behaviours. As mentioned already, this area is subject to the processes of leaching of human capital resources – young, undertaking and educated persons migrate from there to the capital and to its suburban zone, or to other urban centres. Besides, a part of inhabitants of the subregion take jobs in Warsaw and commute either on a daily or a weekly basis.

3.3 Globalisation/Capitalist Penetration Narrative

In Polish conditions the globalisation processes are especially easily observed in towns and in their suburban zones. These are, namely, the locations, where investment outlays of the largest companies from the service sector concentrate, while the rural areas are usually excluded from the related processes. Yet, one can notice on the area considered certain elements, being the evidence of the inclusion of the subregion into a broader network of the socio-economic connections. The first of these is constituted by the investments, made by the external – also foreign – entrepreneurs into the development of the dairy branch. As mentioned already, this enabled the improvement of the condition of the entire farming sector of the area, an improvement of the quality of services offered, and the inclusion in the competition on the global market. The second important aspect, associated with the globalisation processes, is constituted by the increased interest in locality, and in taking advantage of traditions and local culture. This causes that the subregion of Ostrołęka and Siedlce emerges as an attractive area for tourist penetration, in view of its ethnographic qualities. Growing interest from the side of tourists leads to increased cultural and art activity and to the development of small craft businesses, catering and agro-tourism.

4. IMPLICATIONS FOR POLICY

At the end of this short and succinct characterisation of the subregion of Ostrołęka and Siedlce let us recall its most important conditioning factors: rural character, high importance of agriculture in economic structure, disadvantageous socio-demographic processes, high cultural qualities, and low internal cohesion.

The socio-economic activation of described region should be based on several changes. First of all, there should be larger diversification of incomes of rural inhabitants and self-government budget through development of non-agricultural sectors of economy and as well improving the level of education of rural inhabitants and local leaders. As well development of this region should be based on:

- activation of development of small towns as local centers of public services;
- the higher degree of processing produced in the region agricultural products (the development of food processing);

- higher specialization in agricultural production (especially cattle raising and milk production);
- improvement of spatial accessibility to educational centers (especially secondary schools) and as well other public services;
- higher degree of utilization of existing natural and cultural resources in development of rural tourism;
- complex development of technical infrastructure (especially balancing the number of population using water and sewage networks);
- more effective utilization of external financial sources;
- strengthening of supralocal (subregional) functions of two main city-centers of the region – Ostrołęka and Siedlce.



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EDORA

(European Development Opportunities
for Rural Areas)

EXEMPLAR REGIONS REPORT:

Südharz County, Germany

Johannes Lückenkötter
IRPUD, Technische Universität Dortmund

Working Paper



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1. INTRODUCTION TO THE REGION

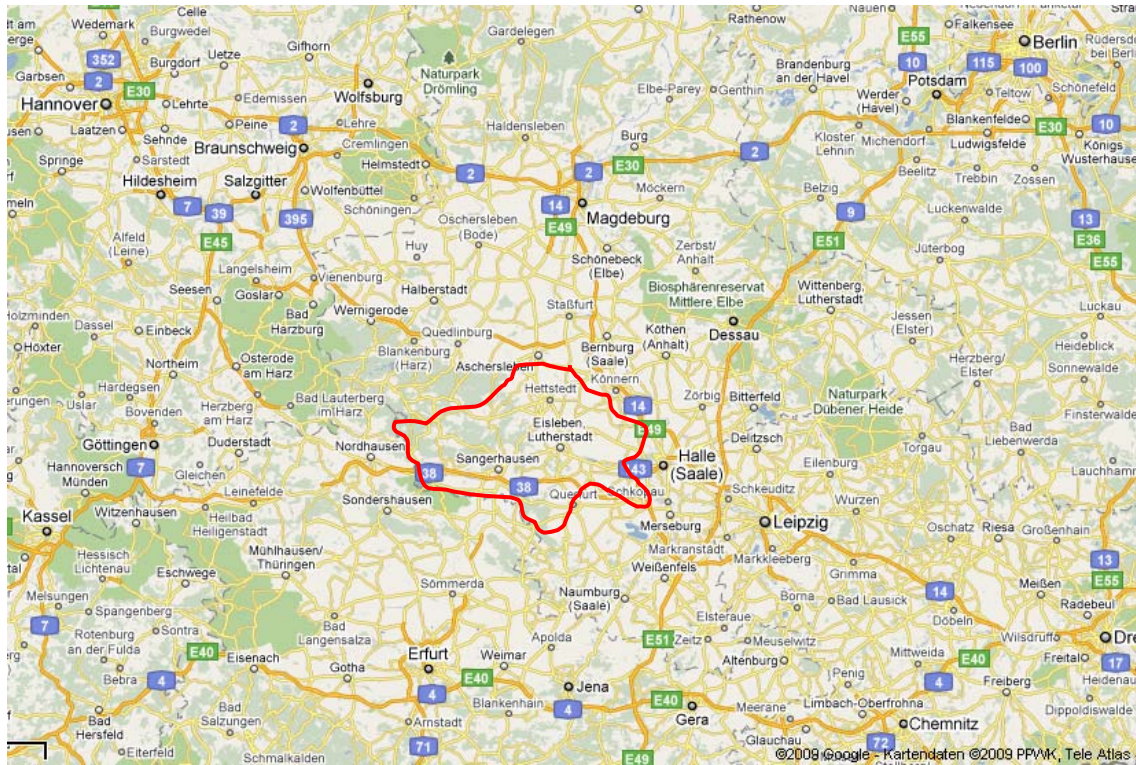


Figure 1: Regional location of the county of Mansfeld-Südharz

The county of Mansfeld-Südharz is located at the western border of the East German state of Saxony-Anhalt. The nearest urban agglomerations are Halle (130,000 population), Erfurt (210,000 population) and Leipzig (510,000 population). These cities are 60, 75 and 100 kilometres away (see Figure 1). The county's largest town, Mansfeld, has a population of 30,000, the county's total population is 155,000 inhabitants. The average population density is 109 inhabitants per square kilometre. Thus the county is classified as an 'intermediate rural' NUTS 3 region according to the Dijkstra/Poelman classification (2008).

Geographically, the county covers an area of 1,448 square kilometres and has a maximum north-south extension of ca. 40 km and a maximum east-west extension of ca. 70 km. The county comprises parts of the middle range mountain massif Harz and the adjoining plains: The north-west of the county is mountainous and mostly covered by forests. The undulating foreland and plains cover the rest of the county and are mostly used for agriculture (see Figure 2).



Figure 2: Map of Mansfeld-Südharz county

Historically Mansfeld-Südharz is known as the home of Martin Luther and as a rural mining area. The former is today seen (and being developed) as a major attraction for cultural tourism, while the latter is a more problematic legacy: in some areas mining dumps characterise the landscape and the local economy lost thousands of jobs in the copper mining and related industries since the end of the communist era. In the 20 years since the fall of the Berlin wall the county has lost 23% of its population. Despite this massive loss of population the official unemployment rate is still very high and has only recently dipped below 20%.

2. NARRATIVE OF CHANGE

The area that is today called Mansfeld-Südharz county has a long history. Humans already lived there in the stone age, as findings of man-made tools indicate. Later, around 4500 BC, sedentary farmers and livestock keepers started little settlements, remnants of which can still be seen in many places in the county. Almost three millenia later, around 1800 to 1600 BC, weapons and jewelry were made using copper and other ores found in the area. But it seems that the existence of copper was later forgotten (or further extraction was impossible at that time), for it took another three millenia until copper became the foundation for the region's industrial development.

Copper and the region's (interrupted) industrial ascent

Copper production began in earnest when - according to historic accounts - two young men 'discovered' copper in the Mansfeld area in the year 1199. In the following 300 years copper was extracted more or less systematically by 'surface mining' along slopes. In the 15th century shafts needed to be built to get to the deeper copper deposits. By the end of the century over 1,500 copper miners worked in the shafts of the Mansfeld area. However, the Thirty Years War brought local copper production to a complete halt: In 1633 not a single shaft existed anymore (Hebestedt 2006).

The war had initially broken out because of rising tensions between protestant and catholic rulers and then widened into a complex struggle for power in Germany and continental Europe. The Mansfeld area was severely affected by the war, both in terms of economic damages and lives lost. But it also had a special relationship to the religious rifts that gave rise to the war: Martin Luther was born in the small town of Eisleben and spent his childhood here. Even though he then left and spent the rest of his life outside the region, he regularly visited his parents and siblings in Eisleben and finally even died in Eisleben.

In 1648 the Thirty Years War was ended with a landmark peace accord. In the Mansfeld area new companies slowly restarted the mining business. By the end of the 17th century copper mining flourished again and employment in the copper industry was back to pre-war levels. In the first half of the 18th century several big mining companies merged and created a copper monopoly. The new company soared. In 1861 there were 3,750 miners in the Mansfeld area, exactly sixty years later this number had tripled to 11,500 workers. Simultaneously copper production increased from 1,500 t to 11,750 t per year (Entwicklungsgesellschaft Seengebiet Mansfelder Land, 2009). In 1921 the Mansfeld Company became an incorporated company. It included copper mines, coal mines, potash mines, smelters, roller plants and other copper processing plants – both in the Mansfeld district and other parts of Germany.

Downturn and subsidised boom

But in the 1930s international competition and increasing extraction costs (due mostly to water problems in the shafts) heralded the gradual demise of copper production in the Mansfeld area. Thus from 1933 onwards the Mansfeld mining company needed state subsidies to survive. Copper production and processing was kept up during World War II, but right afterwards most plants and mines in what became West Germany were either closed down or sold. Mansfeld district, however, was located in East Germany: All mines and

plants of the Mansfeld Corporation were nationalised and integrated into one big state-owned combine, the Mansfeld Kombinat. Even though German copper production remained non-competitive, the East German regime decided to keep up (and keep subsidising) copper mining and production in the Mansfeld area – not least because it allowed them access to the international metal exchanges. Copper production was actually boosted up to 25,000 t a year (ibid.). However, the copper deposits in the Mansfeld area were beginning to be exhausted and in 1969 the last copper mine was closed. In turn copper mining and processing was stepped up in the adjacent Sangerhausen area (which is also part of today's Mansfeld-Südharz county).

Industrial collapse after the end of communism

When the East German regime finally faltered in 1989 and the two German states reunited a year later, the copper industries in the Mansfeld-Südharz region were all of a sudden subjected to free market forces. The management of the Mansfeld Kombinat quickly realised that copper mining was untenable and completely closed down the remaining mines the same year. With no more copper coming from the mines, the downstream plants were cut off their main input and were struggling for survival. The miners, copper workers, plant managers and local politicians were at a loss – the entire region was in a state of shock. For eight hundred years the region had built its fortunes on the industrial exploitation of its natural resources. Mining and industrial production had shaped not only the local economy, but also the landscape, the institutions, the social life and culture of the region. In one way or another everything was based on or revolved around copper, coal and potash. Yet, it was clear to everyone that this era was irreversibly over, that trying to 'stem the tide of history' or staging demonstrations was useless.

Faced with the virtual collapse of their combine the top management of Mansfeld Kombinat sought advice and help from the federal government. Support was made available through the Treuhand Anstalt, the federal trust organisation created precisely for the purpose of restructuring and privatising former state-owned companies in East Germany. Treuhand's economic advisers and financial controllers as well as federal and state policy-makers became frequent visitors and medium-term consultants to the Mansfeld area. Thus, in the months and years immediately following reunification the huge Mansfeld Kombinat was broken up into (sellable) units and thousands of workers were transferred into 'job creation companies'. For some former copper workers this meant taking part in the actual disassembly of the industrial plants they used to work in. Other workers were deployed in the

clean up of the environmental effects of the age-long unrestrained industrial production in the area.

Massive unemployment and rural exodus

But these 'job creation measures' could not mask the fact that the local economy was in free fall. Thousands lost their jobs. Many of them left the region right away (mostly heading west), but most stayed on and hoped for the promised economic recovery. Official unemployment figures for the Mansfeld-Südharz area (that do not include persons in 'job creation measures') were persistently around 25%. But towards the end of the 1990s many people obviously lost hope and decided to leave the region: From 2000 onwards outmigration vascillated between 8% and 11% per year (BBR 2002-2009). By the end of 2009 the region had almost 48,000 inhabitants less than in 1989 – a staggering decrease of 23% (ibid.). Despite these massive population losses unemployment rates stabilised above 20%, meaning that the local economy continued to lose jobs every year (Bundesanstalt für Arbeit 2009).

Reforms and new beginnings

For a long time the region's political and administrative system was too small-scale and fragmented to effectively cope with the new challenges. The area that today makes up Mansfeld-Südharz was then divided into three small counties and almost two hundred municipalities. In 1994 two counties were merged and several municipalities as well. But the counties were still very small by German standards and even more so by European standards. In 2007 a second local government reform in the state of Saxonia-Anhalt again merged counties (and municipalities), creating the new county Mansfeld-Südharz with about 155,000 inhabitants.

The two counties that eventually merged had already been cooperating within the framework of a LEADER II partnership since 1994. The main decision-making body of the partnership included representatives of the two county administrations and county councils and one civil society organisation engaged in environmental protection-cum-education. Thus, even though LEADER was designed to foster broad-scale participation of the local civil society and private sector, this LEADER partnership was more characterised by cooperation within the public sector (between the two counties). It also reflected – only a few years after the end of communism - the de facto dominance of the public sector and the weakness of the civil society and private sector in the area. But this slowly changed and for the application and

then implementation of projects within the next two LEADER funding periods (starting 2001 and 2007 respectively) participation of non-public stakeholders was widened significantly. In 2006 a new integrated development strategy for the area was developed which included two public 'regional fora' with over 200 participants. Thus the 'bottom-up' approach was slowly taking root in the Mansfeld-Südharz region.

The proposals and projects of these initiatives revolved around five main development areas. First, dealing with industrial decline, projects were undertaken to privatise parts of the former state-owned combine and on this basis rebuilt an innovation oriented industrial economy. While some privatisation projects were successful, it was later realised that other sectors, like agriculture and tourism offered more potentials. Thus, as a second development pillar, many projects were implemented to re-orient local agriculture towards the more lucrative fruit and wine production. Third, in a region 'scarred' by centuries of unrestrained industrial production, environmental protection and rehabilitation projects featured high on the agenda.

As a fourth development initiative the region began to valorise its industrial and religious heritage. Tourism development activities focus primarily on places associated with the life of Martin Luther. A major milestone in these efforts was the official recognition of Martin Luther's birthplace and deathbed in Eisleben as UNESCO World Heritage sites in 1996. Connecting these historical sites with other tourism sites, e.g. related to the industrial heritage of the region or natural attractions in the Harz mountains, has been an ongoing process.

Finally, a fifth development challenge has been how to readjust the public infrastructure to the considerably reduced (and most probably still shrinking) population. Tackling the economically induced demographic changes and resulting institutional challenges is the goal of a new model project which the federal government is sponsoring in the county of Mansfeld-Südharz and a neighbouring county. The project was started in 2008 (thus it is too early for tangible results yet) and has strengthened public hope and regional cooperation to deal with the structural challenges in an active, forward-looking way (Landratsamt Kyffhäuser Kreis und Kreis Mansfeld Südharz 2008).

The last two milestones of the region's development relate to transport infrastructure. In 2009 a new motorway was inaugurated that directly connects Leipzig with west Germany and passes through the Mansfeld-Südharz county. A second motorway will be completed in 2012 branching off towards Bavaria and thus further improving the county's regional and national accessibility.

3. ANALYSIS OF CHANGE BY 'GRAND NARRATIVES'

As part of EDORA's conceptual framework three 'grand narratives' have been developed which seek to crystallize distinctly different development trajectories of rural areas. In the following sections these grand narratives are briefly outlined and then discussed vis-a-vis local developments in Mansfeld-Südharz.

Globalisation/capitalist penetration narrative

At the core of the capitalist penetration narrative are processes of economic globalisation and regional flexible specialisation. Capitalists would seek to extract abundantly and cheaply available rural resources, such as natural resources, energy or labour, and integrate them into global production processes. Rural areas would be exploited and also become powerless and unable to steer their own development.

This 'grand narrative' of rural development captures the development experience of Mansfeld-Südharz quite well. For almost 800 years the region's development was tied to its rich mineral resource deposits, namely copper, some silver, potash and brown coal. The cornerstones of this development path were the extraction of mineral resources, metal-based industrial production and the evolution of an industrial complex with large conglomerates and organised labour.

Consequently Mansfeld-Südharz's fortunes were pegged to the ascent and decline of mineral resource based industrialisation. The end of this development model actually began in the 1930s but was reversed for a few decades in the communist era. It finally came to an abrupt end when East Germany's economy was fully reintegrated into the capitalist system in the 1990s. As a result most of the region's economy (and work force) became redundant, migrated or stayed idle ever since.

Thus, the rise and fall of Mansfeld-Südharz county was (a) based on its mineral resource base which was extracted and processed for international markets and therefore (b) determined by the competition with other regions producing for these global markets. These global economic underpinnings, the specific 'mode of governance' (large corporations and organised labour) and the eventual decline make the Mansfeld-Südharz region an almost ideal-typical, albeit rural, case of what has been called the Fordist development model – itself a sub-type of the globalisation/capitalist penetration narrative.

The region is today trying to leave this development model behind. Instead of being dominated by global markets and national policy-makers the county is rediscovering non-industrial local potentials like its woody mountains and unique local history. This is happening, inter alia, within the framework of the local LEADER partnership, which has at the same time brought together local stakeholders to jointly discuss, plan and implement new development strategies. The new 'economic council' and the model project on innovative responses to the county's consistent population losses also indicate that the political leadership, business community and civil society of Mansfeld-Südharz are beginning to actively steer their region's development again. They are thus trying to leave behind the negative impacts of globalisation and the feeling of powerlessness that has haunted the region for the last twenty years.

The agri-centric narrative

The agri-centric narrative distinguishes between an agro-industrial model, a post-productivist and a rural development model. Each of these are defined by the degree and the way in which they are based on agricultural production. In the agro-industrial model rural areas focus primarily on food production. The still sustainable rural development model is also based on local food production, but not on a large-scale, industrial basis that is oriented primarily towards urban mass markets. Instead food production would be based on local food supply-chains and aim more at self-reliance and sustainable use of local resources. In the post-productivist model rural areas are not primarily engaged in agricultural production, but are perceived as scenic countryside and home to traditional, community-oriented living, which makes them attractive for current or former urban dwellers.

This agriculture-based narrative has some relevance for Mansfeld-Südharz. On the one hand the region wants to transition to a post-productivist development model, catering to tourists and visitors from nearby agglomerations. The county's scenic mountain areas coupled with Martin Luther's historic 'footprint' is being used to this end. On the other hand, most of the county's land is under intensive agricultural use. Owing to farm restructuring during the communist era the size of the county's farms is rather large, thus making them competitive vis-a-vis smaller landholdings in other rural regions of Germany. These large farms are clearly engaged in mass-production oriented farming. Thus in regard to rural-agricultural development the agro-industrial model is the dominant development model being pursued in Mansfeld-Südharz.

Urban-Rural Linkages Narrative

This development narrative prioritises urban-rural interactions and categorises rural areas according to their geographical distance to urban centres. Commuting is seen as one of the crucial rural-urban linkages as are short-term tourism and trade between rural and urban areas. Hence transport accessibility becomes a defining element of this development model. Rural areas close to cities become increasingly integrated into the urban economy. Due to urban growth problems like congestion, rising land and housing costs households and businesses would increasingly relocate to peri-urban locations.

For Mansfeld-Südharz this development narrative is becoming increasingly relevant. It was less relevant when the region was itself a major employment centre. Then, during the separation of East and West Germany, the region was cut off from the next agglomeration centres to the West. And improving transport infrastructure between east and west was clearly not on the agenda of the East German regime. This changed after reunification of the two German states, but it took almost twenty years for the new east-west motorway that passes through the county to be completed. And the new motorway branching off to the south, towards Bavaria, is only scheduled to be opened in 2012. These two motorways are changing Mansfeld-Südharz's accessibility significantly. Car commuting times to Halle, Leipzig and Erfurt are now becoming acceptable. Some are therefore expecting a boost to local economic development especially in the southern parts of the county that are most of all affected by these infrastructure improvements.

However, one should not overestimate these accessibility improvements. While linkages with Halle, Leipzig and Erfurt have and most probably will further increase, Mansfeld-Südharz may still not become a 'peri-urban' rural area. Halle is relatively closeby, but also the smallest urban centre (130,000 population). Erfurt is bigger (210,000 population) but its sphere of influence may not reach 75 kilometres and more. The same may apply to Leipzig, which has 510,000 inhabitants but is on average 100 kilometres away. These may just barely be acceptable commuting distances for current residents of Mansfeld-Südharz, but are not likely to lure new households to the county – also keeping in mind the old industrial image of the region.

4. IMPLICATIONS FOR POLICY

From a European perspective the development of the county of Mansfeld-Südharz is not as unique as it might first appear. There are actually quite a number of rural regions in Europe that in the course of their history were shaped by the rise and later decline of rural mining towns. Only focusing on mining of metals (iron ore, copper, silver) places like the Ore Mountains (Germany/Czech Republic), Falun (Sweden), Lokken (Norway), Banska Bystrica or Banska Stiavnica (Slovakia) may be more prominent examples. But there are many other rural regions (mostly in mid-range mountain massifs) in Scandinavia, central Europe and the Balkans with similar mining histories. Often these regions are fairly remote from the demographic and economic centres of their respective countries. Thus, when the mineral deposits were fully exploited or their extraction became too expensive the economies of these regions collapsed and many of their inhabitants migrated to the (far away) urban centres. Thus while Mansfeld-Südharz belongs to a special type of rural regions (which were primarily shaped by mining and related industries and not by agriculture, forestry or fishing) this type of regions can nevertheless be found in many countries across Europe.

A second aspect of Mansfeld-Südharz's history also makes it representative for many other rural regions in Europe: For more than forty years the county was part of the state-controlled economy of East Germany. Among others this meant a stable or even booming industrial development due to heavy state subsidies. When the 'subsidy bubble' burst after the political and economic unification with West Germany, the region spun into a vicious cycle of rapid economic decline and demographic depopulation. A similar fate can be found in many other East European rural regions. These regions were only able to maintain their economic base and population because of the communist economic system and experienced a rapid collapse after or during the transition to a market economy. While the speed and severity of the collapse in Mansfeld-Südharz is truly breath-taking (20% population loss in six years, still about one fifth of the workforce unemployed), there are probably even more extreme cases in other Eastern European countries that did not have the benefit of unification with a 'wealthy twin' (West Germany) that was able to ameliorate at least some of the economic, social and infrastructural repercussions. It remains to be seen if the new model project, sponsored by the federal government, that is specifically focusing on the described economic and demographic changes will bring forth a successful recovery and adjustment strategy that could be replicated in similar rural regions across Europe.

What then are policy implications emanating from the Mansfeld-Südharz case study?

- *Recognising rural industrial development:* Policy makers at national and European level should be mindful that rural development policies are not only about agriculture, forestry and perhaps tourism. There are rural regions that still do or did in the past possess a significant industrial base. Thus, industrial policy may directly affect some rural areas – and due to the small size of their local economies may even be more affected than large industrial agglomerations. Therefore policy makers should take cognizance of such non-urban context when devising industrial policy – or even develop a special *rural* industrial policy.
- *Discovering rural industrial heritage:* Mansfeld-Südharz is still suffering from the rapid closure of its mining-related industries. But rather than seeing these industries as only culprits for the current economic crisis, it may be more helpful to focus on the historic relevance of these industries. Just like traditional industrial regions like the Ruhr area in west Germany discovered and now celebrates its industrial heritage, rural areas like Mansfeld-Südharz are well advised to also re-orient their outlook on former industries. Exploring 800 years of rural mining and its economic, environmental and social impacts can become a distinctive feature of a unique tourism development strategy – packaged together with other touristic attractions like, in the case of Mansfeld-Südharz, Martin Luther's legacy and hiking in the Harz mountains.
- *Dealing with depopulation:* Due to structural political and economic changes (transition to market economy, deindustrialisation) massive population losses have been and might still be unavoidable for some rural regions. Despite all efforts it might be impossible to (in the short or medium term) build up vibrant local economies that can compensate for the job and population losses. Therefore adjustments of the private and public infrastructure serving the local population will continue to be a major challenge for many rural regions in Europe. National and European policy and institutions should be even more engaged in advising and supporting local and regional actors in such hard-pressed rural regions, like in the recent model project conducted in Mansfeld-Südharz.

- *Networking with other 'rural industrial' regions*: As discussed above, Mansfeld-Südharz's history and recent experience is not completely unique. It may therefore make sense to connect similar regions across Europe and exchange innovative policies, methodologies and projects. Such a network may perhaps also serve as a platform for political lobbying vis-a-vis national and European policy-makers

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EDORA

(European Development Opportunities
for Rural Areas)

EXEMPLAR REGIONS REPORT:

Neumarkt County, Germany

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Working Paper



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1. INTRODUCTION TO THE REGION

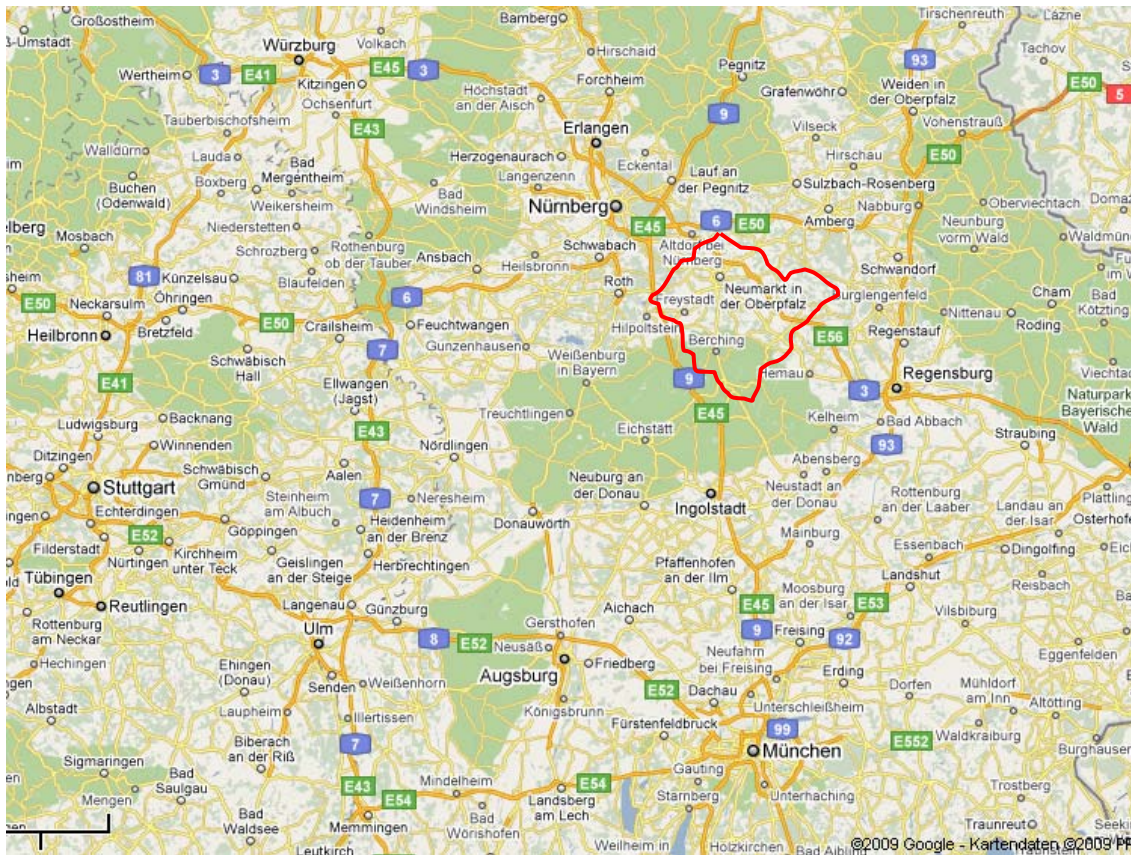


Figure 1: Regional location of the county of Neumarkt

The county of “Neumarkt in der Oberpfalz” (hereafter only referred to as Neumarkt county) is located in the centre of the southern German state of Bavaria. The county is situated in between three urban centres: from the northern tip of the county it takes only takes 30 minutes by car to reach the city centre of Nuremberg (500,000 population), from the southern tip it takes 40 minutes to Ingolstadt (124,000 population) and from the south eastern corner of the county it takes 35 minutes into Regensburg (134,000 population). Thus most of the 128,000 inhabitants of the county take less than 45 minutes to reach one of these three cities by car. This and the low population density of 95 inhabitants per square kilometre put the county in the ‘predominantly rural accessible’ category of the Dijkstra/Poelman classification (2008).

Geographically, the county covers 1,344 square kilometres and has a maximum north-south extension of 48 km and a maximum east-west extension of 49 km. 47% of the land is used for agriculture, 31% is covered with forests and 10% is taken up by settlements and transport infrastructure

(BBR 2009). The north of the county, around the city of Neumarkt (40,000 population), is more urbanised and industrialised which is partly due to the closeness to Nuremberg. The main industry is the construction and building material industry. The rest of the county is more sparsely populated. The low population density, the varied landscape with woody hills, fertile plateaus and beautiful river valleys and the picturesque little towns give the majority of the county its charming rural character: Coupled with the above described accessibility characteristics it makes the county the ideal destination for rural dinners, weekend retreats of city-wary urbanites in search for a quiet non-suburban, rural residence.

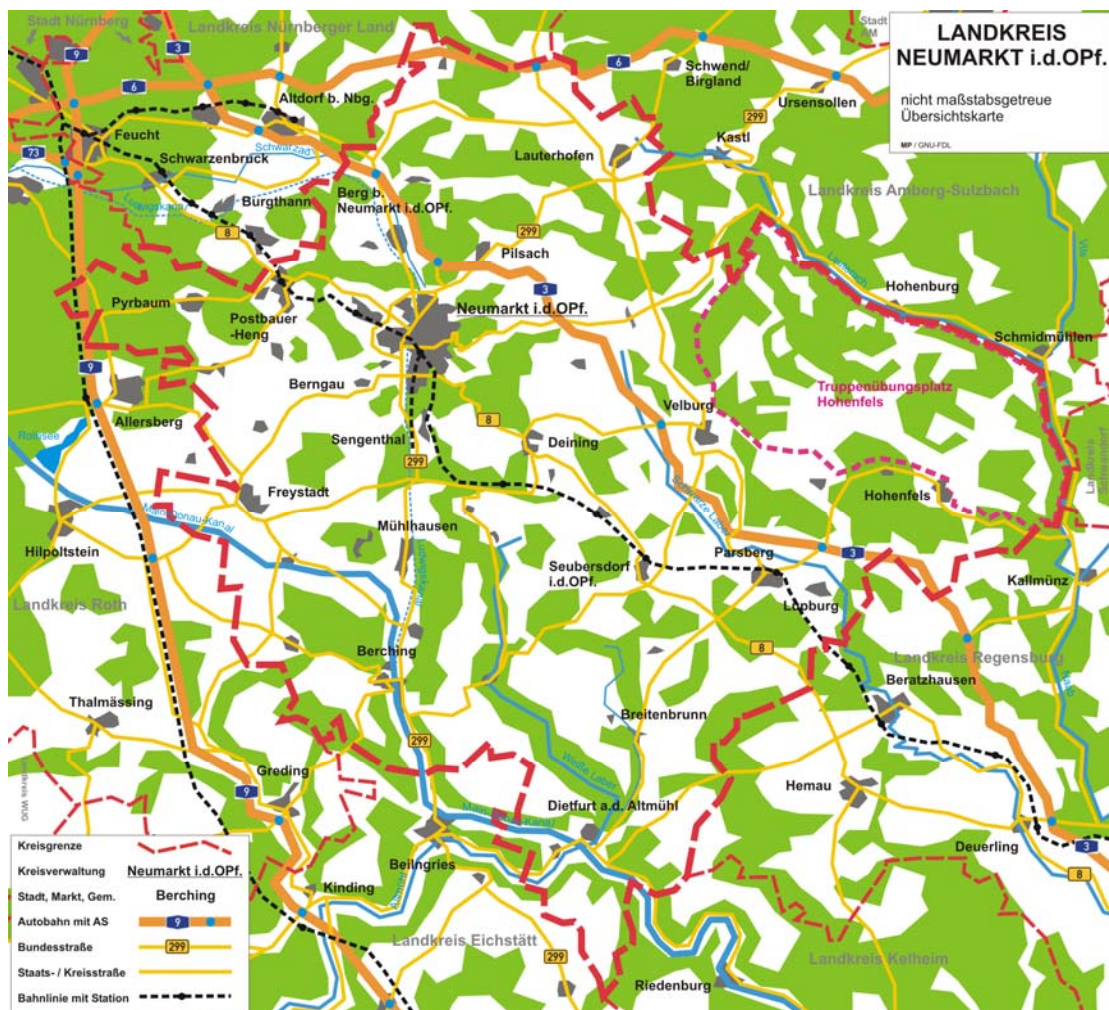


Figure 2: Map of the county of Neumarkt

2. NARRATIVE OF CHANGE

The history of the case study region dates back to pre-historic times. The area that today makes up the county of Neumarkt has been inhabited since 3,000 BC. However, real settlements only developed in the 6th and 7th century AD. In the 12th century the city of Neumarkt was founded and in the 15th and 16th century it was the residence of a Count palatine. After these early political as well as economic heydays the area descended in importance after it became part of the Bavarian kingdom. Henceforth Neumarkt was only an administrative outpost.

For centuries the region remained completely rural in character: The area was very sparsely populated and agriculture as well as forestry dominated the local economy and community life. In fact, lacking modern means of transportation most parts of the region were a remote, sparsely inhabited and poor 'pocket' in the middle of Bavaria – and remained in this condition until well after World War II.

In contrast, in the *19th century* the city of Neumarkt re-emerged economically, when it slowly developed into an industrial city. This was in part due to a new canal that was finished in 1846, connecting two of Germany's most important rivers, namely the Danube and the Main river. All of a sudden Neumarkt had a harbour which greatly facilitated the transportation of heavy and bulky goods. In 1871 the railway line between Nuremberg and Regensburg was completed – with a railway station in Neumarkt. Local and outside entrepreneurs seized the new opportunities and expanded or started industrial production in Neumarkt. For example, in 1846 the first bicycle factory in continental Europe was opened in Neumarkt (Romstöck 1985).

By the *early 20th century* Neumarkt had become a small industrial hub, characterised by small to medium-sized industrial companies. However, in one way or another they were mostly based on local resources, e.g. wood, sand and gravel. A good case in point was a pencil factory that was started by a today famous German office supplier. Another important local resource for the new industries was the abundant and hard-working labour force in the rural areas around Neumarkt. Used to physical labour and long hours, many farmers worked in the factories during the day and continued on their farms afterwards and on weekends.

World War II gave industrial production in Neumarkt another boost. The war not only led to rising demand for building materials (e.g. wooden railway sleepers), but also supplied cheap labour: A forced labour camp was set up in Neumarkt whose prisoners had to work in strategic industries. The boom of

the city's war economy ended, when Neustadt was almost completely destroyed during air raids in 1945.

After World War II the importance of agriculture and forestry for the economy of the still predominantly rural county steadily declined. For example, the number of farms declined from around 6,000 in the 1950s to only 2,100 in 2008 (Romstöck 1995, BBR 2009). The percentage of employees in the primary sector (agriculture, forestry and mining) today makes up only 0.5 % of the county's total workforce (BBR 2009). This is about half of the German average and even below the Bavarian average. Nevertheless, agriculture and forestry still dominate as a land-uses – and farmers and forest owner still own most of the county's land. This makes them important economic and political stakeholders in urban expansion processes, but also for local tourism development (see below).

In contrast, the *industrial sector* expanded and became the mainstay of the county's economy. First based on processing natural resources several companies slowly expanded, specialised or diversified their operations. Thus several local construction companies grew into large, more complex companies with thriving international sections. For example, starting from wood and gravel based construction they expanded into railway track systems, sewage systems, pylon production and plant engineering. The pencil factory also diversified its production to cover a wide range of office materials. Thus, in 2007 the manufacturing sector employed 47.1 % of the county's workforce – compared to the German average of 32.0 % and the Bavarian average of 37% (BBR 2009)

In the *1970s local government reforms* changed the administrative set-up in the case study area. The old county Neumarkt was merged with most parts of a neighbouring county (plus a few municipalities from two other counties) to form the new county Neumarkt. At the same time many tiny municipalities were merged so that in the end 18 municipalities remained (many of which still only have between 2,000 and 4,000 inhabitants). As a result the office of the directly elected county director (chief administrator) became more powerful. The old and new county director was already quite a powerful politician who was re-elected again and again so that he ended up being the longest serving county director of Germany: He held the office from 1958 until 1996 and thus had a great impact on the county's development.

During his tenure several *major infrastructure projects* were implemented. In fact, expanding the county's transport, education and health infrastructure was at the top of the county director's agenda. The motorway connecting Nuremberg and Regensburg was completed, which ran through the north of the county. The road network inside the county was also expanded, as was

the county's general hospital in Neumarkt. Many primary schools and secondary schools were built until the county's education system was up to Bavarian standards. In finally, in 1992 the new Danube-Main canal was inaugurated, which replaced the old 19th century canal. The new canal is not only navigable by modern freighters and thus connects the city of Neumarkt to national and international freight centres, but is also open to excursion boats, which boosted tourism especially in the rural southern part of the county in the decades to come.

In the 1990s *tourism* gained in importance in the county of Neumarkt. Previously only a few municipalities, that are located on the fringes of a national nature park, had benefited somewhat from tourism. In the 1990s local communities and businesses began to explicitly cater to tourists from the nearby urban centres and beyond. They discovered the touristic potentials of the county's beautiful countryside with its woody slopes, fertile plateaus and charming river valleys as well as picturesque medieval towns and villages within less than one hour driving time from their urban homes. Slowly but steadily the touristic infrastructure was expanded: hotels and restaurants opened or re-oriented their business, indoor swimming pools and water parks were built, hiking trails and bicycle routes created and signposted – and a total of four golf courses were created. Thus, in 2007 there were 2.8 overnight stays per inhabitant of the county – which masks the fact that these are largely concentrated in the rural southern and south eastern parts of the county (ibid.).

The 1990s also witnessed *new forms of cooperation* in Neumarkt county. Initiated by a dynamic mayor three southern municipalities and their civil society organisations began to cooperate with each other, later adding another two municipalities of the neighbouring county. By 1995 they had formed the JURA 2000 partnership and successfully applied to the EU funding programme LEADER. The development approach of this tiny LEADER region focused on strengthening local culture and identity and improving the economic infrastructure of the area (mostly tourism-oriented projects). Thus, JURA 2000 sought to reconcile village-based socio-cultural objectives with more outward oriented economic objectives. This mixture of preserving and enhancing the traditional and local qualities of the area with economic development, as well as the new forms of societal and municipal cooperation became a 'winning recipe': With modifications (and inclusion of further municipalities) this mini-region has up to now continuously received LEADER funding and successfully implemented a great number of local development projects (JURA 2009).

One of the main architects of JURA 2000, the already mentioned mayor, went on to become the *new county director*. Not surprisingly he right away adopted

a similar cooperative approach to developing the county. As a charismatic and 'visionary' politician he also initiated many future-oriented projects that contributed to him being re-elected twice. Over the last thirteen years his development approach for the county of Neumarkt has focused on regional cooperation, modernising rural and urban infrastructures and fostering an ecological economy. This is reflected in the main initiatives and projects described in the following paragraphs.

As his main development tool the new county director set up a broad based *public-private partnership*, called REGINA. It was also mainly LEADER funded (but increasingly it sourced other funding programmes as well), but unlike the partnership in the southern part of the county REGINA covers the entire county. And while JURA 2000 followed a tradition, culture and tourism oriented development approach, REGINA was from the beginning more focused on economic and environmental development. Most of all, however, REGINA allowed the county director – the organisation's *spiritus rector* – to bring together municipalities, civil society organisations and the local business community, to jointly discuss visions of the future of Neumarkt county and then implement projects accordingly. Thus REGINA became an integrative, flexible and efficient planning and implementation organisation outside the county bureaucracy. It played a leading role in most of the development projects implemented in Neumarkt county since 1996 (REGINA 2007a, 2007b).

One of the early projects aimed at promoting the *use of the internet* in rural parts of the county. REGINA initiated small public-private partnerships for setting up 10 tele centres. The task of the tele centres was to improve access to the internet, introduce rural residents to the internet and teach the necessary computer skills and last but not least create new jobs that made use of the facilities at the tele centres. Of course the rapid expansion and upgrading of telecommunication infrastructure in all parts of the county later made the tele centres redundant, but they nevertheless showed REGINA's determination to promote modern, technology-based economic development and diminish the disparities between urban and rural parts of the county.

Creating *local networks* and small scale economic circuits is a major theme of REGINA's development efforts. Initiated and managed by the partnership a 'construction network' of local builders, crafts and suppliers of building materials was formed. It not only improved the overall competitiveness of this important local economic sector, but also opened up new joint business models and fostered technological innovation. The latter relates particularly to eco-friendly construction and management of buildings. This is supported by special funds that REGINA is providing for local start-up companies. Of course innovative start-ups from other sectors are supported as well.

Environmental protection and a more *sustainable use of resources* are other major goals of the REGINA partnership. Several studies and projects have been commissioned that aim to analyse and protect areas with high ecological value. REGINA's main emphasis, however, has been on promoting (a) the innovative use of local resources like wood in the construction sector and (b) innovative, locally-based and sustainable energy production. Many projects have been supported that revolve around small-scale and joint energy production for businesses and public institutions, wood-based heating systems as well as bio-fuel and windpower based energy production. The county has received numerous awards for these efforts and in 2009 was also chosen as one of eight national model regions for promoting and testing climate change adaptation strategies.

The county was finally also successful in attracting *higher education* institutions. In 2001 and 2006 respectively one private and one public university of applied sciences each opened a branch in Neumarkt. The two main programmes offered are business administration with a specialisation in construction management and a comprehensive programme in health management. Both programmes build on special strengths of the county, namely its innovative construction industry and the excellent county hospital. The two university branches also reinforce institutional ties to Nuremberg and Erding (close to Munich) where the main campuses are located.

Regional cooperation, i.e. integrating the county more firmly into the Nuremberg metropolitan area, has been another cornerstone of the current county director. Recognising the increasing interdependencies between the city and its surrounding rural areas the political leadership of Nuremberg and of the adjacent counties set up a joint 'marketing association' in the 1990s. The county director of Neumarkt is currently the chairman of this organisation. He was also instrumental in setting up another, even more comprehensive regional partnership. In 2006 the 'Metropolitan Region Nuremberg' was founded as an informal, consensus-based platform for discussing issues of joint interest. This organisation, though in its early stages, has formed several working groups and initiated a number of joint projects. Neumarkt is again an active player in this regional partnership.

Finally, the county is benefitting from recent or imminent improvements of its *regional transport accessibility*. In 2006 a new high speed rail line was opened between Nuremberg and Munich. Even though the up to 300 km/h fast ICE trains speed through or bypass the county, a special connecting train has been set up: At a train station just 10 km outside the county special trains pick up passengers and take them directly to Ingolstadt, where there they can hop into the waiting ICE train. Thus one can commute by train to the 140 km distant Munich (1,400,000 population) within less than one hour – including

the 10-15 minute drive to the local train station. From the same station a high speed commuter shuttle train takes only 15 minutes to reach Nuremburg's city centre. These two trains have mainly improved accessibility of the southern and western parts of the county. On the other hand, a new metro line is currently being extended from Nuremburg to the city of Neumarkt. The new line will open in 2010 or early 2011 and will significantly improve the public transport accessibility of the north of the county.

In summary, the county of Neumarkt has in recent years undergone significant changes. While still rural in terms of overall population density, it has been growing continuously for the last 20-30 years: From 1990 to 2000 its population grew by 12.8 % and another 8 % until 2008 (BBR 1998-2009). Likewise the number of jobs in the county grew 11.4 % from 1990 to 2000 and another 10 % until 2008 (ibid.). Unemployment in the last 10 years has been consistently low and is currently (2009) at 3.2 % - which amounts to full employment (Bundesanstalt für Arbeit 2009). The county's economy is still mainly based on local resources, but the thriving tourism, construction, engineering and energy sectors have grown and become more sophisticated and future-oriented. Agriculture, once the mainstay of the county, has become insignificant at least in economic terms. It remains important, however, for rural identity and community life – and for maintaining a charming rural landscape. This distinct rural character within easy reach of large urban centres even as far away as Munich is one of the main attractions of the county, both for tourists, commuters and local businesses. Regional integration with these urban centres in terms of transport, economic and institutional linkages has increased and is likely to increase further. Combined with a forward-looking and cooperative leadership as well as strong public-private networks the county of Neumarkt looks well positioned to thrive further in the years to come.

3. ANALYSIS OF CHANGE BY 'GRAND NARRATIVES'

The agri-centric narrative

The agri-centric narrative distinguishes between an agro-industrial model, a post-productivist and a rural development model. Each of these are defined by the degree and the way in which they are based on agricultural production. In the *agro-industrial model* rural areas focus primarily on food production. This is clearly not the case in the county of Neumarkt anymore, as agriculture today only plays a marginal economic role.

The still nascent *sustainable rural development model* is also based on local food production, but not on a large-scale, industrial basis that is oriented primarily towards urban mass markets. Instead food production would be based on local food supply-chains and aim more at self-reliance and sustainable use of local resources. Such post-industrial, post-consumption attitudes and practices may be entertained by a few environmentally-oriented farmers and residents and can perhaps be detected in some of the traditional culture oriented projects that e.g. the JURA 2000 partnership is implementing. But by and large the county in general and its agricultural sector in particular are geared towards exogenous development, i.e. producing for outside markets, instead of strictly endogenous and sustainable development.

In the *post-productivist model* rural areas are not primarily engaged in agricultural production, but are perceived as scenic countryside and home to traditional, community-oriented living, which makes them attractive for current or former urban dwellers. The county of Neumarkt is clearly in the process of becoming such a post-modern consumption countryside. Traditional rural sectors like agriculture and forestry have lost their economic importance but are gaining significance as 'stewards' of a rural landscape, that is part of the county's touristic appeal. Supporting and accelerating a tourism-oriented development is the explicit goal of both the county administration, the main towns and the management of the two LEADER partnerships.

However, most of the county's rural residents live in hundreds of tiny villages that do not (or cannot or do not want to) benefit from tourism like the picturesque towns. This fault line between villages and town is evident in most municipalities' internal politics. A second fault line runs between the more urban north (around the county seat of Neumarkt) and the more rural parts of the county. The two LEADER partnerships with their distinctly different orientations are in a way also a clear manifestation of these inner-regional differences. A third fault line is developing between the traditional rural population and the urban newcomers who are mostly commuting to their jobs in Neumarkt,

Nuremberg, Ingolstadt or even Munich but treasure the rural atmosphere (and cheaper housing costs) in Neumarkt county.

Urban-Rural Linkages Narrative

This development narrative prioritises urban-rural interactions and categorises rural areas according to their geographical distance to urban centres. Commuting is seen as one of the crucial rural-urban linkages as are short-term tourism and trade between rural and urban areas. Hence transport accessibility becomes a defining element of this development model. Rural areas close to cities become increasingly integrated into the urban economy. With increasing urban growth problems (e.g. congestion, land and housing costs), households and businesses relocate to peri-urban locations.

As earlier described the county of Neumarkt is situated in a triangle between three major cities. For these three cities the county is just outside of the immediate suburban belt, but still easily accessible within 40-60 minutes. With ever increasing car mobility the number of households moving to Neumarkt has been consistently rising. Secondly, 'traditional' rural jobs in forestry, agriculture and food processing have been decreasing, thus forcing residents to seek new jobs – often in the cities. Given the good accessibility and the high quality of life in Neumarkt county most people chose to keep their residence and commute to the city. Both groups, i.e. the 'rural commuters' and the 'ex-urban commuters' have been increasing in numbers over the years and have made the county of Neumarkt more integrated into the economy of the three closest cities. The same holds true for the increasing short-distance/weekend tourism originating mostly from Nuremberg and the increasing marketing initiatives promoting locally produced products in the wider Nuremberg metropolitan area.

The most recent or ongoing transport infrastructure projects (access to the high speed rail network and extension of the Nuremberg metro) are reinforcing and expanding the commuting patterns between Neumarkt county and Nuremberg. They will have additional growth impacts on the north, west and south of the county.

The increasing rural-urban interconnectedness has even manifested itself institutionally. Neumarkt's membership and active participation in the Nuremberg regional marketing association and the more comprehensive Nuremberg Metropolitan Region partnership give testimony to a new level of rural-urban cooperation in the region.

Globalisation/capitalist penetration narrative

At the core of the capitalist penetration narrative are processes of economic globalisation and regional flexible specialisation. Capitalists would seek to extract abundantly and cheaply available rural resources, such as natural resources, energy or labour, and integrate them into global production processes. Rural areas would be exploited and also become powerless and unable to steer their own development. Furthermore global corporations and media would promote urban or global lifestyles and consumption patterns in order to sell their global, non-local products to the rural population.

Certainly some signs of this type of development are evident in Neumarkt county. First, local resources like wood, gravel and sand are being used and sold to outside markets. But they are typically processed and integrated into more complex products locally, thus creating value-added in the county. Secondly, an increasing proportion of the county's residents commute to jobs, in Neumarkt city, Nuremberg, Ingolstadt, Regensburg or even Munich and are thus integrated into urban and global markets. Third, supermarkets, clothing stores and banks of national chains can increasingly be found even in the smaller towns of the county. Presumably they have forced out local, family owned businesses. While all these developments are surely taking place in the county, they are not more pronounced than in other rural areas or cities in Germany. In fact, the penetration by national and global corporations seems to (still?) be significantly less than in German cities.

Finally, many EU and locally funded projects (e.g. within the two LEADER partnerships) are promoting and celebrating distinctively local characteristics of the area. Furthermore, the LEADER approach and the cooperative political style of the county leadership encourage participation in local decision-making beyond the traditional democratic avenues. In this sense local control over resources, projects and policy-making have increased rather than given way to top-down imposed global processes.

4. IMPLICATIONS FOR POLICY

From a wider perspective, the county of Neumarkt is not a very special case. In Germany and in Europe there are many rural regions just outside of metropolitan areas with similar characteristics and development trajectories. These regions are what might be called 'exurban' rural areas that lie just beyond the traditional suburban belt but are still within reasonable commuting distance (below 60 minutes car travel time) to the nearest urban agglomeration. What makes these regions interesting for planners and policy-makers is the fact that these regions are today undergoing gradual but fundamental changes that their suburban neighbours perhaps went through in the 1960s and 1970s. However, these suburban experiences are not exactly comparable or transferrable because of the particular locational, cultural and economic characteristics of the new 'exurban' rural areas.

One could argue that the above only holds true for exurban rural regions in more affluent western Europe. But similar changes are present or even more dramatic in the wider metropolitan areas around major cities in eastern Europe, whose economic and demographic growth after the end of communism is often much more rapid and contradictory than in their western counterparts in 'old Europe'.

In any case, Neumarkt county and similar 'predominantly rural but accessible' regions constitute a difficult hybrid. On the one hand they are (still) predominantly rural in terms of population densities, on the other hand they are relatively close to an urban centre and are typically growing demographically as well as economically. These regions are a mixture of traditional rural and modern urban. But they are not just a complex mixture, they are also full of contradictions and conflicts – e.g. between new and old residents, between declining and thriving economic sectors and between preserving or transforming its traditional rural culture. In short, these regions are a complex and 'contested countryside' (Marsden).

So what is the best policy approach for governing or supporting rural regions like Neumarkt county? It clearly would have to be an approach that takes seriously the complex and contradictory development of these regions. Three features of such an approach may be distinguished:

a) *Multi-pronged approach*: Since different groups, localities and sectors are affected differently by current and future developments local leaders at the municipal and county level have to develop and maintain a comprehensive and complex portfolio of objectives and development projects. Correspondingly regional, national and European policy-makers should ensure that they

provide funding that is 'wide' and flexible enough to allow local decision-makers to carry out a great variety of projects.

b) *Participatory approach*: Because of the social, economic and political conflicts outlined above regions like Neumarkt county are not easy to govern. It is much easier to govern a region with a 'common fate' and thus a clearly defined, focused mission, e.g. fighting rural exodus. Therefore local leaders need to be in close touch with the various interest groups and facilitate open debate and cooperation between them. The two LEADER partnerships in Neumarkt county may indicate that this task calls for public-private institutions beyond and in addition to the traditional democratic institutions. Higher level policy makers would be well advised to maintain and expand support for such new, participatory institutions. Institutional support and capacity building may be just as important as funding for concrete development projects.

c) *Fine-grained approach*: Owing to the contradictory development trajectory of regions like Neumarkt county some rural parts of these regions are declining or at least falling behind the more urban oriented parts. Local and higher level policy makers should therefore keep an eye on growing disparities and make sure that they are targeting the right areas. This may call for a geographically or socially more fine-grained approach. Unfortunately, recent national and regional guidelines for EU sponsored rural development partnerships are requiring the corresponding partnership territories to be larger than before. This makes these partnerships economically, politically and culturally more heterogenous and more difficult to govern. It also runs the risk that funds end up being used predominantly for the benefit of the 'promising' areas, thus increasing existing disparities further.

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EXEMPLAR REGIONS REPORT:

OSREDNJESLOVENSKA REGION, SLOVENIA

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1. INTRODUCTION TO THE REGION

Osrednjeslovenska region is located in the central part of Slovenia. It is the second largest Slovenian region and it includes 25 municipalities which together cover 13% of Slovenia's territory and is the most densely populated region in Slovenia. More than one fourth (508 607 persons) of the Slovene population lived in Osrednjeslovenska region in the year 2007. The essential advantages of the region are its central position, good traffic connections in all directions and the fact that the country's capital is located in it. As economically the most developed region, in 2006 it created 24 times more GDP than the Zasavska region or almost 36% of the national GDP; as much as three quarters from service activities. That this region is important as regards employment is confirmed by the fact that the number of jobs in the region is larger than the number of persons in employment living in it. Earnings of persons employed in this region are the highest in the country: in 2007 the average net earnings in the country amounted to almost EUR 830 per month, while in this region they were EUR 90 higher. The education potential of the region is shown by the share of people with post secondary education aged 25-64; in 2007 it was the highest in the country with 30.4% or 8.2 percentage points higher than the national average. The region is also important in the field of research and development (R&D) both with the highest gross domestic expenditure and the highest number of R&D personnel. The population growth is still continuing due to immigration and natural increase.

Figure 1: Osrednjeslovenska region among other Slovenian regions



2. NARRATIVE OF CHANGE

2.1. General overview of changes related to the development of the region

After the Second World War rural development in Slovenia passed through rather different model paths from West-European countries. Namely, capitalistic (productivistic) agriculture and other economic activities important for livelihoods of countryside were not put in force or were carried out very modestly. Two factors mostly contributed to this (Klemenčič 2006):

- due to various and extensive configuration of the landscape dispersed settlements and small and fragmented land estate structure prevailed;
- political and economic development after the Second World War disregarded and limited private agriculture (maximum of just 10 ha of private estate was permitted); instead intensive industrialization was promoted and favoured.

These two factors had a significant effect on the slow process of urbanisation in Slovenia. In the period 1970-1980 the process of urbanisation was additionally hold back by suburbanisation enforced by expansion of personal vehicles. Dispersed, deconcentrated modes of settlements, a characteristic of Slovenian countryside which is very different from other West-European countries, today still prevails. This slow path of urbanisation was additionally encouraged with polycentric regional development, introduced at the beginning of 1970s, where more centres were developed and not just a single one around the capital of the country (Okoren 2006). This policy was oriented to support less developed, especially agrarian and demographically jeopardized areas. The result of this policy was better economic and social infrastructure and more varied economic structure. However, investments were mostly labour intensive which caused further depopulation of less favoured (upland and border) areas and migration of their population to the regions with better job opportunities. These policies influenced also the development of Osrednjeslovenska region. Namely, the great majority of migrations within the country were oriented towards this region. It should also be stressed that due to polycentric regional policy, current differences among the regions in Slovenia, in comparison with EU27, are the smallest and they are not very far in their development from the regions in developed EU member states (Lavrač et al. 2009).

After 1990 regional policy for the whole of Slovenia experienced considerable stagnation. After Slovenian independence and the simultaneous introduction of a market economy far more attention was given to the establishment of administrative structures and policy of the new state. Macroeconomic problems of transition and strong centralisation of decision-making on the state level came to the forefront. Since Ljubljana, the capital of the state is situated in Osrednjeslovenska region, this region's development gained directly from this increased attention especial through new investments into economic, social and traffic infrastructure. Changes to the economy brought a new set of roles and conditions to each of the regions. Better developed regions with prosperous economic structures and greater opportunities, among them Osrednjeslovenska region, overcame these changes far better than less developed regions.

Since the end of the 1990s a renovation of regional development policy in Slovenia has begun again. 'New' regional policy is defined as holistic, with principles and instruments adjusted to EU standards, market oriented and based on principles of sustainability. This policy should be implemented in the entire state in all regions irrespective of their developmental level. However, special attention should be given to less favoured areas as well. Since Osrednjeslovenska region has pretty good

development opportunities, as described in the following pages, it is expected that this new regional policy will have a favourable impact on it.

2.2. Demographic dynamic

Since 1980 the fertility rate of Slovenia has been below the level of population reproduction. Nevertheless, during the last two decades, the population of Osrednjeslovenska region has increased substantially due to migrations, which significantly contributed to human capital and working force of the region. Migrations into the region on a daily basis are substantial as well. Today, the region's density index is the highest among all statistical regions of Slovenia which give it the most 'urbanised' character in the state. In 2003 the average density was 193 inhabitants per square kilometre while in 2007 it was already 199.1; Slovenia's average was 99, 9 persons/km² in 2007 (SURS 2008). In spite of this progress the population of the region is ageing as everywhere in the country. The ageing index in 2003 was 100 whereas in 2006 it was 108 which puts the region on the eighth place among Slovenian regions (in 2006 the ageing index for Slovenia was 112.4) (SURS 2008). The full explanation of these processes exceeds the intention of this report. Briefly it can be said that the reasons of population ageing in this region is a consequence of low fertility in the entire country and additionally prolonged life expectancy in comparison with former times.

2.3 Employment opportunities and constraints

The population dynamic (mainly based on migrations) of Osrednjeslovenska region is significantly connected with relatively favourable employment opportunities in the region which can be explained by the presence of the capital city of Slovenia in this region and with its long craft and industrial tradition that originated from the time well before the First World War. In the last two decades a trend for a larger number of people being employed in Osrednjeslovenska region than anywhere else in the country was very noticeable. Specifically, in 2003 the Ljubljana urban region employed 30% of all active population in the country, according to the official data (the index of labour migration in the region in 2007 was 121.7 whereas for the whole of Slovenia it was 100) (SURS 2008), which leads to the conclusion that this trend is still continuing. The rate of registered unemployment has decreased between 2001 and 2007 from 8.3 to 5.9, while on the national level this rate has dropped from 12.5 to 7.7 (SURS 2008). However, the demand for job vacancies is higher than the number on offer. The share of first employment seekers is increasing as is the share of young people and of highly educated cadres looking for employment. The share of employment seekers without education and long term unemployed is decreasing. In Osrednjeslovenska the unemployment rate for people with a university education is increasing (in 2003: 11.7% and 14% in 2007) and is higher than the national averages (Slovenian average was 7.2% in 2003 and 10.1 in 2007) (SURS 2008). Structural unemployment represents a large problem for the Osrednjeslovenska region. On the other hand the fact that in comparison with the Slovenian average the share of employed women is above average (57.7% in comparison to 54.1% in 2007) is interesting. In 2008 the highest number of job vacancies was reported in the Osrednjeslovenska statistical region, 2.753 or more than 35% of all job vacancies in the country (SURS 2009).

A higher share of active population provides strong possibilities for ensuring an innovative and productive environment, further development and social security of the population of the region. This is also stimulating for potential investors in the

regions' economy. Average monthly salary in Osrednjeslovenska (985.79 in 2003 and 1.020,68 Euro in 2009) shows the highest growth in comparison to other Slovenian regions (878.73 in 2003 and 917.15 Euro in 2008) (SURs 2009). Consequently the population is rising twice as fast as in other parts of the country.

2.4 Human capital

Another advantage and driving force of the region is the educational level of the region's population. An inhabitant of the Osrednjeslovenska region is more educated than the average Slovenian. As data for 2007 show the educational level of 12.7% residents of the region aged 25-64 is elementary school or less (Slovenian average is 18.2%), 57.0% have finished upper secondary education (Slovenian average is 59.6%), university and post graduate education was obtained by 30.4% of inhabitants of the Osrednjeslovenska region (the Slovenian average being 22.2%)(SURs 2008). This compares well with the European average of 21.2% with university or post graduate education, despite the fact that Slovenia spends only 1.36 % of GDP for university education (comparable to the EU). The reason for that disparity inside of the country is a high drop-out rate (44%) and prolonged study process, which is the result of bad circumstances on the labour market for highly educated personnel on the one side and multiple benefits of the student status on the other side.

The reasons for the better educational level of the inhabitants of the Osrednjeslovenska region are to be found in easy accessibility to educational institutions and with lower cost for its inhabitants during their studies. University of Ljubljana has 23 faculties and 3 academies. There are also many formal and informal educational institutions functioning in Ljubljana. According to the official data from 2003 27.7% of the regions' population have been included in the programmes of these institutions (Regional Development Agency of the Ljubljana Urban Region 2007). Of these 52% students are enrolled in additional vocational training and 48% in programmes for personal growth (art, dancing, theatre, etc.). According to data for 2007 the Osrednjeslovenska region is also at the top of the scale regarding the inclusion of adults in life-long learning processes (17.5%) in comparison with other Slovenian regions (14.8%).

2.5 Economy and business

The Osrednjeslovenska region is the most economically well-off region amongst all statistical regions in Slovenia which is significantly related to its centrality in geographical and political terms and its openness to the global world. This region exceeds the other regions in many parameters. In 2002, the region created 35% of Slovenia's gross domestic product while in the year 2006, the gross domestic product of Osrednjeslovenska region was 36.1%. More than half of enterprises from Slovenia which have registered patents had their base within the Osrednjeslovenska region. Apart from these favourable data Slovenia as well as Osrednjeslovenska region are strongly lagging behind the EU in the area of the innovative activities; since the share of the innovative enterprises in Slovenia is only 21.1% (EU average is 44%). There are no specific evidences available for the reasons of such a lag but it could be supposed that the basis rest in the fact that Slovenia was, for a long time, subjected to a fairly authoritative regime where independent thinking and innovativeness were not encouraged. It could also be supposed that in Slovenia today knowledge is still not valued as much as it should be irrespective of the frequent emphasis of its value in political narratives. Improvement in this regard would be an important driving force for the entire country and for this region as well, but due to the nature of this issue (cultural factors) it could be expected that changes will not be that fast.

However, the structure of activities in the Osrednjeslovenska region can be compared to that of European economy. In 2006, the service activities created 74.9% of gross value added. A 24.2% share of gross value added was created in industry and less than 1% share in agriculture. In comparison with other Slovenian regions, the Osrednjeslovenska region has a smaller share of industrial sector, whereas market services and public services are more developed. The most important service activities are manufacturing, wholesale and retail trade, real estate, renting and business activities, transport, storage, communications, hotels and restaurants and construction.

In 2007, the largest share of business entities in activities C-K in Slovenia was again recorded as in the Osrednjeslovenska region (33.4%), which also created the highest turnover (44.0%). The majority of businesses in the region are located in the city of Ljubljana, while the other municipalities are characterized by a very low number of business entities.

Enterprises in the Osrednjeslovenska region are characterized by a small number of employees. The average number is 6.6 employees per company (the Slovenian average is 6.2 persons per company). However, such small enterprises create almost 50% less income per employee in comparison with large companies and one third less of income per employee in comparison with medium sized companies. Large companies are more productive, whereas smaller sized companies have more debts and are less productive.

High productivity of the region in comparison with other parts of the country is also shown through above-average salaries. In 2003 the salary in Ljubljana urban region was 1.228.00 Euros per month, which is 16.3% more than Slovenian average. All of the above is the result of the high representation of tertiary and quaternary economic sectors in the region, the higher educational structure of the employees and consequentially the higher value added.

In Osrednjeslovenska region in 2006 the Index of GDP per capita in purchasing power standards (EU-27=100) was 127 whereas for the whole of Slovenia it was 90. Corresponding data for 2003 are 110 for Osrednjeslovenska region and 76 for the entire Slovenia. In 2006 the gross domestic product per capita was also the highest in the Osrednjeslovenska region (EUR 22 286) while the Slovenian average was EUR 15 446.

2.6 Administrative and governmental support to the region's development

In 2003 the first regional development programme for the Osrednjeslovenska region was introduced and implemented as was the case in the other eleven Slovenian statistical regions. Before that 'innovation' development activities were directed by the state and in practice their implementation was in the domain of single municipalities that functioned rather individualistically and as a consequence not very successfully. Such behavioural heritage also burdened the first regional development programme. One of its key tasks was cooperation promotion among municipalities in the region (according to Slovenian legislation and European Union legislative demands), but due to absence of corresponding organizations and institutions that would coordinate common activities and enable constant investments this aim was not accomplished in Osrednjeslovenska region (Poročilo 2005). Although the programme was accepted according to the consensus among the state and local communities it did not present any obligation for the partners. This weakness was

pointed out in the preparation of the new programme for 2007-2013 where it is explicitly formulated that the government regulates minimal compulsory structure and methodology of preparation and realization of the regional programme and define the ways of its controlling and evaluation in accordance with guidelines and principles of EU cohesion policy. Regional Development Agency of Osrednjeslovenska region, like in other regions, was established to fulfil these requirements. Additionally, in 2006 a Development Partnership of Central Slovenia was established in order to address common interests and assure higher competitiveness of the area of three regions: Osrednjeslovenska, Zasavska and Savinjska region.

Nevertheless, on the basis of the aims of the previous Regional Development Programme for the period 2002-2006 in Osrednjeslovenska region two successful business clusters were created: the Technological park Ljubljana (TPL) and Incubator at the University of Ljubljana which offer assistance in knowledge and skills in the creation of new enterprises and in linking them with broader domestic and international environment. The representatives of the Regional Development Agency of Osrednjeslovenska (as well as its employees it is composed also of members of local public and professional consultants) believe that these experiences will form a good basis for further cooperation in the region. Establishment of several new business clusters is planned in the next period.

The new Osrednjeslovenska region's development programme is designed mainly on the basis of understanding the opportunities of the region. However, it is less based on in-depth analysis of the main problems of the region.

2.7. Main problems of the region

During the last two decades, i.e. after Slovenian independence in 1991, the Osrednjeslovenska region has been faced with the process of increased suburbanization. The problems related to this process are increased traffic in the urbanised centres and ineffective spatial planning. The first one is related to the population growth of the region and the relocation of various business activities to big service centres located outside the city centres, a pattern following the model of West-European countries. The second one is related to the fact that legal system in Slovenia pertaining to real estate and spatial planning is not sufficiently respected and therefore not functioning well. With the introduction of the Strategy of Spatial Development in 1999 the tasks of spatial planning were transferred to local level authorities, but due to their insufficient staff and financial capacities they are unable to cope with large-scale developments. In the case of Osrednjeslovenska region, especially in the area around Ljubljana, the problem of spatial planning is manifested in very high prices of building plots, which are too high considering the development level of the country and the purchasing power of the population (Lavrač et al. 2009). These prices hinder domestic and foreign sponsors to invest in entrepreneurship development in the area. In the case of housing high prices slow down access to flats which are needed to increase the share of the population in the region and add to its quality of life.

3. ANALYSIS OF CHANGE BY 'GRAND NARRATIVES'

3.1 Agri-centric Narrative

Agriculture is of limited importance to the Slovenian economy. Contrary to most of the CEECs, the value of Slovenian agriculture did not decline during the transition

process. In fact, agricultural production has generally increased slightly (Willems et al. 2002). An agro-industrial model of agriculture like those in Western-European countries did not develop. This model was to some degree adopted only by 'socially owned estates' which however covered only a small share of agricultural land (about 8%), but of a high quality. Thus, the Slovenian countryside had in greater extent 'bypassed' a period of agro-industrial agriculture and instead incorporated itself into the post-productivist model (Klemenčič 2006). After independence, Slovenian agrarian policy decided to adopt an eco-social model of agriculture based primarily on family farms. This model corresponds to dispersed estate and ownership and social structure of farm holdings that still encompass many elements of a mediaeval agrarian structure. Today over 94% of agricultural land is owned by family farms (on average 6.5 ha). According to the Agricultural Census 2000 there were 86.336 family farms and 131 agricultural enterprises in Slovenia. It is believed that all forms of family farms (hobby farms, full-time private farms, part-time farms, supplementary farms) and agricultural enterprises could accomplish the aims of multifunctional agriculture (support to food industry and assurance of food safety, space function and environmental protection, populated countryside, tourism and recreative activities for urban dwellers). In the last fifteen years ecological farming and pluriactivity of farming are gaining in importance for the survival of small family farms. However, at the same time extensive agricultural land owned by non-farmers is only partly cultivated (hired by farmers) or abandoned and consequently exposed to forestation.

The developmental characteristics described above more or less hold true for Osrednjeslovenska region as well. The economic importance of farming is rather limited in this region in comparison with the rest of the country. For Slovenian circumstances the share of agriculture in Osrednjeslovenska region is below average. A total of 0.6% of all employees was employed in agriculture. The same share of enterprises in the region was involved in agricultural activity. Agriculture in Ljubljana urban region represents 0.3% of all companies in Slovenia and employs 0.2% of entire working population. But the share of farm enterprises (market oriented) which are mostly family farms is one of the highest in the country (11.1% in 2003 and 11.4% in 2007) and the most productive. Similar to the whole of Slovenia, in Osrednjeslovenska region the number of farms is declining, but with a slightly slower pace: 1.5% per year in the period 2003-2007 compared to entire Slovenia (2.3% per year). In the same period the average utilised agricultural area per agricultural holding has increased from 7.5 ha to 7.6 ha (in Slovenia from 6.3 ha to 6.5 ha). In Osrednjeslovenska region the labour force in agriculture on family farms (AWU) was also increasing by 3.6% per year whereas the corresponding increase in the whole Slovenia was 12.2% per year. In this period economic size of the farms expressed in Standard Gross Margin (SGM) increased in Osrednjeslovenska region as well by 6% per year, while in the whole Slovenia it increased by 20% per year. A special character of the region considering agriculture is the project NATURA 2000 that covers a considerable share of the region and presents good opportunity for development of tourism in the region.

3.2 Urban-Rural Narrative

Slovenia has a very slightly urbanised structure but very varied and diverse countryside. Its development was organic, oriented towards multifunctional rural space with a diverse socio-economic structure and corresponding supply and infrastructure. As such it satisfies the needs of rural dwellers and at the same time becomes a more and more important part of the living environment of urban dwellers (recreation, relaxation, periodical place of residence – second home, place of

investments in real estate and various forms of entrepreneurship). Process of suburbanisation additionally contributes to this variety of the countryside in terms of human capital and differentiation of profitable activities. Immigration from town centres into more remote rural areas is a recent phenomenon where two groups prevail: nouveau rich and young families. The second group migrates into the countryside because of the following motives: philosophical (back to the nature), economic (cheaper life), educational (better place to raise kids), environmental (escape from stressful city life) (Klemenčič 2006). Both groups are few in number and evenly dispersed over the countryside. It is expected that the group of young families could make the move to new development initiatives in their new environment. At the same time different groups of farmers are faced with non-farm neighbours who are very varied according to their age and profession. This variety is visible through different interests in mutual relations among the villagers. As a rule a community spirit is replaced by individualism. However, in many places new forms of relations are created based on 'modernisation' of traditional forms of social gathering. One such new form is visits and presentations of farm and craft products and services to the urban population, organised as annual city events.

Above listed characteristics particularly hold true for Osrednjeslovenska region. Except in the Centre of Ljubljana and some other small towns, physically the region has a predominantly rural character but economically it mostly depends on non-agricultural activities; industry, commerce and increasingly on services that are performed in rural space. It could be stated that this region has countryside of many opportunities in the field of economic production, housing, recreation, preserved nature, cultural heritage, and education and development of social relations.

Considering urban-rural relations the programme 'Sožitje med mestom in podeželjem' ('Coexistence between town and countryside') which is taking place in the eastern part of Ljubljana municipality should be mentioned. The program started in 2002 with the following aims: to create new opportunities for economic development and new employment prospects at the fringe of the town, to enrich the town and its supplies and to link the town with the neighbouring areas in the region. The initiative of the programme came from official entities: Office of agriculture and administrative affairs at the municipality Ljubljana, Agricultural Extension Service, Tourist institute of Ljubljana, Biotechnical Faculty at University of Ljubljana and local inhabitants. With assistance from an instructor a heterogeneous Leading Project Group (LPG) created its work plan that was mainly oriented towards the development of products and people. In the frame of the programme nine projects were created: sustainable breeding of cattle, sheep and goats, establishment of special estate, creation of walking and teaching paths, tourist supply, tourist farms, guide services, group cooking of brandy, ethnological heritage and organisation of meetings. Every project has its own leader who is responsible for work planning and working with people. Field study, project management, team work and a bottom-up-approach are the main characteristics of activities of these projects. Unfortunately there is no specific data on the project results e.g. in terms of new jobs creation.

3.3 Globalisation/Capitalist Penetration Narrative

Due to its geographical position and administrative role the Osrednjeslovenska region is an intersection point of migrations of people – traffic and tourism, information, knowledge, technology, trade and small industrial enterprises. From this point of view this region is fully included into globalisation processes. However, due to its dispersed economic structure, relatively expensive labour force, dispersed real estates and building plots foreign investments are rare especially in the countryside.

One of the characteristics of the Slovenian population, especially in rural areas, is a strong attachment to home and the local environment. Therefore, it is not surprising that locals in Osrednjeslovenska region are not enthusiastic in selling their property to foreigners so far. But they are willing to follow practices already put forward on the global level. One such trend is the increasing safeguards against the unfavourable effects of climate change that are felt more and more in this region: floods, drought, very strong winds that demolish forests and the like. Statistical data show that in Slovenia in 2001 54,110,000 Euro and in 2006 83,121,000 Euro were invested for environmental protection due to climate change. For Osrednjeslovenska region the corresponding shares of these amounts were 16.4% in 2001 and 21.4% in 2006. However, no data is available about how much individuals have invested for protection against effects of climate change.

3.4 Other Significant 'Grand Narratives'

This region is the most developed region in the country in all respects and indicates many elements of an urban region in terms of economy, business, human capital, administrative capacity, etc. in spite of its more rural demographic and geographical indicators. Favourable indicators shown by statistical data are a reflection of the city of Ljubljana and not the whole region. As a saying goes "No village is like the other one", and Osrednjeslovenska region is a typical picture of that: it represents a 'patchwork' of diverse rural scenes (Marini and Mooney 2006) or a 'differentiated countryside' (Marsden 1998) with characteristics ranging from those of very remote rural areas to suburbanised areas and even to highly urbanised areas.

4. IMPLICATIONS FOR POLICY

Osrednjeslovenska region has relatively good prospects to develop into a successful multifunctional rural space. However, in the future more efforts of policy makers will be needed to encourage and stimulate local people to take part in projects of rural and regional development. Namely, regional programmes are based too strongly on personal preferences and judgments of policymakers and their considerations of EU recommendations and standards. But this is not a sufficient guarantee for successful accomplishment of development aims and rational spending of financial resources. In the author's view, the procedures of programme applications and tenders are too demanding and mostly too unrealistic to be prepared and submitted by an average rural dweller, especially a farmer (older, weakly educated, insufficiently informed, and without adequate initial financial resources). Programmes are written according to the EU requirements and knowledge that in practice do not necessarily fit well to Slovenian circumstances. Therefore, more attention in rural and regional development in Slovenia and Osrednjeslovenska region should be devoted to the development of supporting agencies and social capital ('bonding' and 'bridging' one). Thus, more research of the social dimensions of rural and regional development is needed since due to the special circumstances of rural development in Slovenia in the past no direct transfer of good practices from other more developed EU countries is justified. Analysis of statistical data is a good starting point, but considering great variability of the rural scene even within one single region, as in Osrednjeslovenska, case studies are recommended. Rural studies in Slovenia from the point of view of rural development, especially related to the needs, interests, motivations and capacities of their dwellers to take part in development endeavours, are an unjustifiably neglected subject. But, reflections and responses to processes of rapid changes in rural areas and the new opportunities related to the inclusion of Slovenia in the EU unquestionably need that kind of new knowledge.

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EDORA

(European Development Opportunities
for Rural Areas)

EXEMPLAR REGIONS REPORT:

ZASAVSKA REGION, SLOVENIA

Majda Černič Istenič

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1. INTRODUCTION TO THE REGION

The Zasavska region situated in the Posavje hills is the smallest region in the country (264 km²) that covers 1.3 percent of the Slovene territory and has the lowest number of population: 45.311 inhabitants in three municipalities which is 2.3 percent of the total Slovene population. However, it ranks second in terms of population density. This region is classified as a traditional industrial and mining-energy production region with an old industrial structure, a low level of farm population, a high degree of unemployment and a highly degraded natural environment especially in and around its three towns Zagorje, Trbovlje and Hrastnik. The whole regional development of the last twenty years was basically marked by the mining of brown coal, production of electric energy in a thermal power plant and industrial development (Vrišer, 1963). Numerous regional and municipal pollution indicators for individual environmental components that result from the long-term persistence of environmental pollution rank Zasavska region among the regions with the heaviest landscape degradation in Slovenia in the 1975-2000 period. Of the 12 Slovenian statistical regions, it is one of the most heavily landscape-affected and polluted ones, with long-lasting and intensive multi-level pressures on the environment. Regarding comparable indicators of the 1990s, the rivers and air in Zasavska region were still among the most polluted, and vegetation was quite heavily damaged, too, even in this period (Plut 2002). Such environmental and landscape degradation endangers the developmental capacity of the region because a healthy dwelling environment and well preserved and vital natural resources in the region are ever more decisive locational factors for development. The environment is more heavily polluted in Zasavska region than anywhere in Slovenia, its two biggest sources of pollution being industry and energy sector.

Figure 1: Zasavska region among other Slovenian regions



2. NARRATIVE OF CHANGE

2.1 General developmental paths of the region

Coal-mining deeply marked the region's development for more than 200 years, however, in 1990 the region found itself in a completely new, unfavourable position due to the process of closing down majority of the coal-mines. A once wealthy and economically strong region with plenty of employment has become one of the least developed regions in the country burdened with numerous demographic, economic, social, health, spatial and environmental problems. The index of development risk for the period 2007-2013 is 113.9 in this region which ranks it as the 3rd most jeopardised region among the twelve Slovenian regions (Regionalni center za razvoj 2007). However, today the natural and geographic features of this region create conditions for industrial activities since a third of gross value added is still created by mining and manufacturing. In 2006 Zasavska region invested more than a third of gross fixed capital formation for environmental protection, which was the highest share compared to other regions (SURS 2009). The fact that a half of enterprises in industry, manufacturing and some service branches were innovation active has an important development potential.

2.2 Population dynamic

Due to its strong industrialisation in the past Zasavska region used to be the second most densely populated region of Slovenia. However, the decline of the population in this region (in the period 2001-2005 it has decreased for 2%) is the most distinctive comparing to all Slovenian regions due to negative natural growth (-0.1 in 2007) and even more due to negative migration flows (-0.4 in 2007) - constant migrations out of the region have caused the significant brain-drain of the region. Additionally the ageing index in the region is for 17 points above the Slovenian average (116.3 in 2007) which will be a challenge to the welfare institutions of the region in the future. Additionally, Zasavska region reached the highest infant mortality rate in 2007 (7 per 1,000 live births) and very high premature mortality (SURS 2009).

2.3 Employment and education

The Zasavska region, dominated by mining decades ago, has been struggling with a high jobless rate after the industry was slowly abandoned and restructuring called for substantial job-cuts. The registered unemployment rate in this region is among the three highest in the country; it is twice as high as in regions with the lowest rate even though a large share of the population commutes to work to other regions because of the lack of jobs. However, in 2005 the employers reported 32.4% more job vacancies than a year before. A favourable employment trend is continuing till recently: in 2003 the employment population ratio in Zasavska region was 52% while in 2007 it increased to 58% (SURS 2008). Additionally, registered unemployment rate decreased from 14.6% in 2001 to 9.7% in 2007, whereas in the whole country the corresponding values were 11.2 for 2001 and 7.7 for 2007 (SURS 2008). In this period the indicators of structural employment show favourable picture with the exception of an increase of registered unemployment among highly educated persons from 4.4 in 2004 to 7.3 in 2007, the corresponding values for the Slovenia are 7.3 in 2004 and 10.1 in 2007 (SURS 2008).

The educational attainment levels in Zasavska region also improved in recent years. In 2002 27.1% of the population aged 25-64 had not completed an elementary school

education or had only completed an elementary school education whereas in 2007 this value dropped to 17.3% (Slovenian average is 18.2%). In 2002 60.1% of the population in Zasavska region had upper secondary education whereas in 2007 this share increased to 63.7% (Slovenian average is 59.6%). In 2002 the share of university and post university education was 9.1% while in 2007 this changed to 18.9% (the Slovenian average being 22.2%) (SURS 2008).

2.4 Economy and business

With gradual abandonment of energy production a big part of industry connected with mining has become a victim of a crisis. In the last ten years this transition has affected many companies that were successful before. With regard to the number of companies per 1,000 inhabitants the lowest rank in Slovenia is today occupied by the Zasavska region. To stop the stagnation and regression of technological development and to encourage the restructuring of industry in Zasavska region in recent years some programs were initiated on a level of the region (Strategy Zasavje 2000+) and on the level of the country (Act about gradual closing down of mine Trbovlje-Hrastnik) (Regionalni center za razvoj 2007). Taking into account the long industrial tradition of the region it is expected that technological entrepreneurship is one of the most promising opportunities of regional future economic development.

The Regional Technological Centre Zasavje was established in 2001 in the frame of Regional Development Programme 2001-2006 in order to facilitate research and innovations in the region. In 2005 the research project Facilitation of Innovative Activities in Zasavje was successfully accomplished on the basis of the best practices. As a result trends in investments and establishment of businesses were improved: 30 enterprises per 1000 inhabitants in 2005 and 41.6 enterprises per 1000 inhabitants in 2007 (SURS 2009).

Although enterprises in Zasavska region contributed only a minor share to the net profit and net added value in Slovenian economy in comparison with other regions this region shows high indexes of growth. Considering the pure net profit the Zasavska region was on the fifth place and only just lagged behind the average growth of Slovenian pure net profit which was 41 percent. However, in spite of these improvements Zasavska region still strongly lags behind the other regions with respect to GDP per capita in EUR which was 10 497 in 2006 while the Slovenian average was 15 446 (Regionalni center za razvoj 2007).

One of the strategies for coping with climate change is transition from coal to gas in electricity production. In 2008 the Slovenian Government started with investments in gas-steam aggregates in one of the remaining thermal power stations in Zasavska region since it considers this region as a traditional energy producer and sees its future prosperity in this activity.

2.5 Traffic infrastructure

In Slovenia all traffic infrastructure and its investments are in the domain of the state. Less developed and in general more peripheral Slovenian regions have bad access to the networks of the main roads and local road networks and other local infrastructure are challenged by difficult geographical relief. This holds true also for Zasavska region which is actually a passable region, but in respect of traffic accessibility ranks as underdeveloped. Many of the roads in this region are in bad condition and inter-regionally poorly connected. Railway does exist, but there has

been an absence for decades any major investments or modernisation. Until recently these deficiencies seriously reduced possibilities of the region to develop. One of the main aims of the Regional Development Programme 2007-2013 is the improvement of road connections in the region. Partly this goal – some new investments - was already achieved, the other is planned to be realized in the next few years. Closeness to the new highway is a strength of the region. All this can give new opportunities to the region.

3. ANALYSIS OF CHANGE BY 'GRAND NARRATIVES'

3.1 Agri-centric Narrative

Slovenia is one of the countries in Europe with the most unfavourable space conditions for farming. Its main features are very high degree of forested areas and small share of farm land in the whole amount of land, unfavourable terrain and in relation to this high share (2/3) of farm land on less favoured areas for production. Due to these conditions the production of Slovenian agriculture is less flexible, more expensive and hence less competitive.

Unfavourable characteristics of agriculture in Slovenia are typical for Zasavska region as well. According to Agricultural Census 2000 there were 1.047 active farms in the region with altogether 6.131 ha of farm land in use. The great majority of them are situated on less favourable areas with split-up estates, 4.5 ha of land on average and are situated between 300 to 900 m height above sea level. Their main activity is livestock production arable farming does not exist at all (Regionalni center za razvoj 2007).

The age structure of farm holders is very unfavourable. The highest share of farm holders (30 percent) is aged 64 and over, only 5.6 percent of farm holders are younger than 35 years. Educational structure of farm population is also unfavourable: 56 percent of farm holders have just primary level of education or even no education, 29 percent attained secondary education and only 15 percent of farm holders have a university degree (Regionalni center za razvoj 2007).

It is anticipated that future development of agriculture in Slovenia will most probably be denoted by concentration and industrialization of production on farms where all their income will derive from farming. It is estimated that only 5 percent of farms will manage to make a living just with farming (Kovačič and Udovč 2003). On farms, where farming will not be the most important source of income it is expected that ecological, self-sufficient farming oriented to special needs of consumers (covering of special niches) will prevail.

Most of the farms in Zasavska region are not able to survive without additional non-farm sources of income. Therefore, the most promising farm activity in the region seems ecological farming. In the period 2003-2006 the number of farms included in ecological farming increased by 20 percent and in 2006 more than 45 percent of all farms in the region were included in one of the forms of sustainable farming.

Over all agriculture in Zasavje region has a lot of characteristics of post-productivistic model. However, due to its small extent and low economic importance it is not expected that it is going to follow a sustainable rural development model. Nevertheless, it might contribute significantly to the development of the region as an additional offer in terms of tourism.

3.2 Urban-Rural Narrative

Zasavska region, except for its three towns Hrastnik, Zagorje and Trbovlje, is a sparsely populated and predominantly upland rural area. As already mentioned this region was in the last twenty years dominated by emigration, (especially of young and well educated people from the towns and upland farm population) that worsen the amenities of its cultural landscape due to abandonment of farming. Thus, any signs of increased urbanisation or suburbanisation are absent in this region. It is also not expected that this would happen in the future due to environmental and space problems of this region: numerous old environmental loads (polluted water and air, presence of heavy metals in the soil, plants and animals due to mining and industry), narrow valleys and surrounding hills prevent major further settlement as well as the extension of new development zones. However, with gradual improvement of the environment (in 2006 Zasavska region invested more than a third of gross fixed capital formation for environmental protection, which was the highest share compared to other regions (Regionalni center za razvoj 2007)) new opportunities for development of tourism in the region can be developed. Some beginnings of this process are already taking place. In 2003 the Ministry of Agriculture, Forestry and Food started with rural development programmes (RDP) for the period 2003-2004. One of its priorities was the creation of rural development projects. In this framework also the project 'Paths of Heritage' was created in collaboration between the Zasavje municipalities of Zagorje, Trbovlje, Hrastnik and several mainly rural municipalities from the eastern part of Osrednjaslovenska region (Center za razvoj Litija 2004). One of the main characteristics of this common area is a very rich natural and cultural heritage which was recognized as a valuable potential for development of tourism and marketing of various products.

The project went through several phases: examination and recording of available and unutilised natural and cultural resources, tourist potentials and capacities of the region, selection of heritage for rural tourism and the presentation of results to members of communities. Local people, representatives of local institutions and professionals were involved in all its phases. Much useful information was obtained through workshops with locals. An investigation of the countryside's high quality and amenity points for attracting visitors seemed to all participants the most important element of the project. Today the project is defined as a tourist offer of heritage combined with various farms' hospitality services, their products and produces (Regionalni center za razvoj 2007).

In parallel with the project a group of people (local coordinators) has been formed that gained a lot of experiences, new knowledge and skills during the implementation of the project, which is a very useful basis for successful continuation of the project. In this regard additional activities in the new RDP 2007-2010 are planned.

In the past Zasavska region was not developed in terms of tourism due to its orientation towards mining, heavy industry and electricity production which severely deteriorated the environment. This and similar projects present new opportunities to this region's economical restructuring and for creation of more intensive urban-rural relations.

3.3 Globalisation/Capitalist Penetration Narrative

Considering its deteriorated environment and still not very well functioning entrepreneurship structures and condition of human capital Zasavska region definitely is not a region that would be attractive to global capital. However, some

already above mentioned activities that are taking place in respect to improved traffic connections, establishment of technological centres and development of tourist and cultural heritage plans indicate that this region might be competitive and attractive for domestic and foreign investments in the future. But first its environment must be improved considerably especially as regards to broader development of tourism.

3.4 Other Significant 'Grand Narratives'

Zasavska region is a typical remnant of the post-socialist period with its collapsed economy and deteriorated environment. In some ways it could be categorized as 'clientelistic countryside' in Marsden's typology of rural areas (Marsden 1998); a region that is economically dependent on transfer payments to support the unemployed and the declining labour force (old and uneducated miners and industrial workers). Such policy, present till now, hinders the innovativeness and self-motivation of Zasavska region dwellers and prevents faster development of the region.

4. IMPLICATIONS FOR POLICY

On the basis of the identified opportunities and weaknesses of the Zasavska region the following activities should be taking place in order to improve the social and economic situation of the region: a continuation of improvements of the natural environment, further development of urban centres and traffic infrastructure, restructuring of the economy, development of new educational programs and professional qualifications, support to development of small and medium enterprises, development of social capital through support for non-governmental organisations, development of cultural tourism with inclusion of cultural heritage, creation of a network of therapeutic farms and other basic social services. Irrespective of its unfavourable geographical characteristics this region could become a successful multifunctional rural area in this way.

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1. INTRODUCTION

Jönköping County is located in the middle of three Swedish main metropolitan regions; Stockholm, Göteborg and Malmö are all within easy reach, and 80 per cent of Sweden's population lives within a 350 km radius. Jönköping is one of Sweden's most industrious regions. A third of the workforce is employed in manufacturing industry, usually in small businesses, which is the highest proportion in Sweden. The county has a structure of businesses of all sizes and types, and it has long been the heart of the Swedish timber industry. Three quarters of the Sweden's woodworking businesses, leading producers of wooden houses, furniture manufacturers and many sawmills are located in the county and the surrounding region. Agriculture and agriculture related entrepreneurship is a relatively important source of income in the Jönköping County. The food production capabilities are rather good in the county in comparison to other regions in northern part of Sweden.

The living environment in Jönköping ranges from the more densely populated urban areas (mostly the City of Jönköping) to smaller towns, and rural municipalities and villages. The county is famous for its lakes and watercourses lined with green areas that set good opportunities for tourism and recreation. Forest areas cover approximately 63 per cent of the land area in the county.



Rural areas in the Jönköping County have developed in contradictory tendencies. On the one hand, many rural parts of the county are becoming more and more popular as residential areas. On the other hand, agriculture in the county is becoming more efficient, which means less work opportunities in agriculture. Today in the county, less than four per cent of rural population is employed in primary sector industries.

Although rural areas in the Jönköping County have relatively easy access to urban centres both within and outside the county some areas are suffering from out-migration especially of young people. However, the tradition of entrepreneurship is high in most parts of the county and rural enterprises have rather easy access to markets. Jönköping County has a large area of semi-natural grassland that is significant for biodiversity and its mosaic of arable land adds value to the landscape. The remaining area of agricultural land in Jönköping County is considered to have high cultural and biological value “that should be preserved”.

2. MAIN CHANGES

2.1 History of development

During the 20th century the outlook on rural areas changed in Sweden. As larger parts of the population settled in urban areas rural policies came to be more mainstreamed in to regional policies. Problems arising in the countryside have gradually come to be solved to a larger extent through active regional development policies (SOU 2006:101).

The landscape of Jönköping County has undergone significant change since the industrialization of agriculture. The structural trend in the region shows a reduced area of arable crops that tend to be converted to grassland, and land in peripheral areas being abandoned to forest (Brady, Kellermann, Sahrbacher, Jelinek, Lobianco, 2007). Holdings with small areas of arable land are the ones that have shown the most drastic reductions in numbers, while larger holdings have increased in numbers during the 20th century (Swedish Board of Agriculture, statistical report 2005:6).

The Swedish government has conducted environmental protection and preservation of distinct nature zones for almost a hundred years and the motives for doing this has changed over time. Primarily the work was carried out mainly on the basis of trying to save areas of high nature value for scientific reasons. In the 1950's the outdoor life came in to focus and preserving nature areas for human outdoor life started. In the 1980's the focus shifted again and now the arguments for preservation and protection of nature put forward the importance of biological diversity. Around the shift of the millennium outdoor activities was again forwarded as an important reason for nature protection, an aim with the policies was to make the diverse and valuable nature accessible to the whole of the Swedish population (Swedish Environmental Protection Agency 2005, report 5504). In recent years the environmental protection has also been related to the sustainability of the social and economic development (The Swedish Government, Regeringens skrivelse 2002, 2001/02:173).

2.2 Population change

The population of Jönköping County is growing, however at a slower rate than in the country as a whole. At the same time the county has a negative domestic migration trend. Not all municipalities in the county are experiencing a positive growth, since the year 2000 the population declined in almost half of them. The increase in population has primarily been concentrated to the larger urban areas and their surroundings (The regional Council of Jönköping County 2008a). Parts of the region suffer from high outmigration of women and young adults creating demographic imbalances (Andersson and Friis 2002). Today about 30 % of the population live in rural areas and outside the larger towns. To stop the outmigration trend from these areas the region tries to create an attractive regional center in the city of Jönköping, and at the same time strong centers in each municipality. Good communication to facilitate commuting to larger towns, a vital countryside and well functioning local communities are also seen as crucial. In Jönköping County the question is more about getting the population growth of cities and towns to spread to the accessible countryside, than about dealing with negative consequences of urban sprawl. In the regional development strategy the attractiveness of the region is seen to coincide with a growth in the population, and connecting urban areas with the surrounding rural ones is seen as a step towards growth in rural areas (Regional Council of Jönköping County 2008b).

Along the lakes and watercourses where pressure on land is sometimes high, the national law has until June 2009 regulated the location of buildings, preventing settlements from appearing too close to the water. In an effort to help develop rural areas by the waterside, these regulations is now differing between regions and in some rural areas of Jönköping County the possibility of building by the waterfront might appear (Swedish Environmental Protection Agency 2009). In general the use of land is determined at local level by each municipality.

As in many other parts of Sweden the county is facing an ageing population and a future where a large group of elderly will be supported by the working population, which is a considerably smaller group (Regional Council of Jönköping County 2008b).

The general trend to be seen in Sweden; a concentration of the population in urban areas, has made parts of the rural areas more sparsely populated and the provision of services of general interests harder in these areas (SOU 2006:104). A number of smaller grocery stores, schools and gas stations have closed all around the country and a lot of the services are becoming more concentrated to urban areas (Swedish National Rural Development Agency 2008). As stated above some areas in Jönköping are becoming more sparsely populated, the region is however not among the most sparsely populated counties in Sweden (SCB 2009a).

2.3 Labour market

Since the later part of the 20th century the employment rate has been relatively high in Jönköping County (Jönsson and Aitola 2006). It has even been considered if the region would face a problem of labor shortage in the years to come. This issue is related to the restructuring of the economy into more knowledge intense businesses and the relatively low levels of education in the regional work force (Regional Council of Jönköping County 2008b). The share of the population in higher education is growing in Jönköping, but the share is lower and the growth rate is smaller than the national average. In combination with the restructuring of the industries into more knowledge intense businesses this could result in a shortage of educated labor primarily in the manufacturing industry. However, according to Andersson and Friis this was not the case in the region a few years ago, and typical knowledge intense growth sectors such as IT and telecom where quite small in the county (Andersson and Friis 2002). **Meanwhile, in the wake of the current economic crisis the region is experiencing an overall growth in unemployment (Regional Council of Jönköping County 2009b).**

The recession has hit the labour market of Jönköping County relatively hard. In the beginning of June 2009 the county unemployment figures were 161 percent higher than the figures for the same period last year. This can be compared to the national average that rose with 74 percent in the same period. Taking the initial low unemployment level of Jönköping in to consideration it needs to be said that the development in the county has brought Jönköping close to the national unemployment average; 3,9 percent in Jönköping compared to 3,8 percent in the country as a whole. In the municipality of Jönköping which is the largest municipality population wise and also contains the largest city in the county, the percentage increase in unemployed is the smallest (Regional Council of Jönköping County 2009b).

The number of agricultural businesses of all sizes is now decreasing in Jönköping County (SCB 2009b). Both the barley yield and farm size in the county are below the Swedish average (Brady et al 2007). According to Brady et al the relatively low yields and the dispersal of agricultural land over such a wide area make Jönköping a high-cost region compared to the most fertile and prosperous agricultural areas of Sweden. They conclude that this reduces the competitiveness of the agricultural activities in this region and hampers farm expansion (Brady et al 2007).

As the agricultural sector has decreased in importance in the County of Jönköping the entrepreneurial spirit of the region has gained more attention. The county has a long tradition of enterprising, creativity and diversification (Regional Council of Jönköping County 2008b). Some of the municipalities in the county are known for being part of the famous "Spirit of Gnosjö", characterizing the enterprising and networking culture of the region. According to Wigren (2003) the Spirit is known all over Sweden for representing profitable businesses that are privately owned, formal and informal cooperation in networks between owner-managers, helpfulness and solidarity between employers and employees, and positive envy among entrepreneurs. The roots of this "Spirit" can be traced back to the late nineteenth century and Wigren has identified the religious values, family values and historical values

of the region as playing a prominent role in the emergence of the strong entrepreneurial tradition (Wigren 2003).

The Tourism sector is of growing importance in the county and the nature and the culture of the region in combination with the good possibilities for outdoor activities is said to contribute to this growth (Regional Council of Jönköping County 2008b).

During the last years work has been carried out in Sweden to enlarge the functional regions by connecting and strengthening local labor- and service markets. This is done through improvements in communications to facilitate for commuting and better access to flexible forms of education and work. The aim is to give people a chance to live in one place and work, study, do their shopping or spend their free time in other places. Regional enlargement has also been given attention in Jönköping and it has come to be seen as a way of making use of the increase in mobility among the population, in a way that also increases the attraction and competitiveness of the county (Regional Council of Jönköping County 2008b).

As in other countries the awareness of climate change is rising in Sweden and this is also the case in the County of Jönköping. The County Administrative Boards were recently assigned the responsibility of the development of Regional Climate and Energy Strategies. In Jönköping the big potential for energy saving, primarily within the industry, but also in agriculture has come to the attention of the County Administrative Board and the municipalities. Work to decrease the energy consumption is now being carried out (Jönköping County Administrative Board, 2009).

2.4 Governance structures

The studied region of Jönköping is one of 21 counties (NUTS 3) in Sweden and constitutes of 13 municipalities (Regional Council of Jönköping County 2009a). All the counties have County Administrative Boards, which are government authorities for supervision, service, and development of the

county and for safeguarding of the rule of law at the regional level. Each county does also have a regionally elected County Council in charge of health and regional development. At the local level the municipalities provide for most of the services of general interest (County Administrative Board 2009a). A lot of decisions regarding rural areas in the county of Jönköping are therefore taken by the municipalities, many of which are primarily rural in scope. During the later half of the 20th century the Swedish municipalities have decreased in number and grown in size. In Jönköping County the number of municipalities today is less than a third of the number in the 1950's (SCB MIS 1986:5).

At the regional level in Jönköping a new platform for creating sustainable development and growth came to life in 2005; the Regional Council of Jönköping County. This council consists of the municipalities and the County Council and is to make the region more competitive and at the same time increase the political influence. Responsibility over regional development and growth, which used to be in the hands of the regional government authority, does now lie with the elected representatives of the Board of the Regional Council of Jönköping County. They are also responsible of designing the regional development plan of the area (Regional Council of Jönköping County 2007).

Rural development is explicitly attended to in the rural development programme which is mainly designed at the national level, but the County Administrative Board design a regional strategy for the implementation of the national programme (County administrative Board 2009b).

At the national level the interests of rural areas have until this year been guarded by the National Rural Development Agency, specializing in rural issues. As a result of restructuring this agency has, among with others, however been transformed into two new ones; the Swedish Agency for Economic and Regional growth and the Swedish Agency for Growth Policy Analysis (National Rural Development Agency 2009). This implies a shift in focus from strictly rural, to regional development.

Social changes due to globalisation, EU membership and regionalization have created new structures in the democratic system. New decision-making levels have been added at the same time as sectorisation and specialisation present obstacles to the application of a holistic perspective to important social issues. In central government there is a centralising tendency that results in different functions being brought together in fewer organisational bodies. One important part of a strategy for sustainable economic, social and environmental development is to draw on people's commitment to their local community (SOU 2006:101).

Actors at the local level have gained more attention recently and municipalities, County Councils and County Administrative Boards have noticed an increasing number of citizens engage in community action (SOU 2006:101). Regionally a strong focus has been upon regional enlargement and commuting instead of developing the strengths and possibilities of the rural areas. This results in small local labor markets being overlooked and might also result in a neglect of the local rural potentials for development and growth. During recent years the need for support to the rural areas has been given more political attention (SOU 2006:101).

Locally the village action movement is strong in Sweden. This movement emerged in rural areas as a reaction to regional disparities and municipal merges. A few local initiatives in the beginning of the eighties provided good examples for others. By the end of the decade a network of NGOs together with the government started the rural campaign All Sweden shall live. The focus was on mobilization of local people, changing attitudes among the public and decision-makers and improving the national rural policies. The most important result of the campaign was all the local initiatives that showed the capacity of village people. Today there are about 4500 village action groups engaged in rural development in Sweden. They are spread all over our country and operating under the municipal level. About 100 000 persons are estimated to be directly engaged in village action groups and about a third of the Swedish population are estimated to be affected (The Village Action Movement 2009).

2.5 Future priorities

In the Regional Rural Development Programme (RUP) 2008-2020 developed by the Regional Council of Jönköping County regional future priorities are outlined. In a long-term perspective the objective is to create a “faster, more open and smarter Jönköping County” (own translation). According to the RUP the county is to become “faster” by being flexible and accessible. It is to become “more open” by working together both within the region and across the borders, and at the same time welcoming differences and different requirements. It is to become “Smarter” by investing in technology, education and research (Regional Council of Jönköping County 2008b).

Four factors determining the future sustainable development and growth of the county are emphasized in the RUP; strengthening of the region, entrepreneurship, attractiveness and cooperation. In the programme it is stated that the region needs to be strengthened and enlarged without limitation of the administrative borders in order to take advantage of the increased mobility among the population. A need to facilitate living in one place and working or shopping in another is seen as crucial for the future development. Secondly the ability and the driving force among individuals to be innovative and to develop and implement ideas and activities are stated vital for the county's sustainable development and growth. With the third factor, attractiveness, in mind it is declared in the RUP that competitiveness and attractiveness together will help create a sustainable development. Finally an effective interaction between political institutions, public sector, research and industry is seen to build creative environments for business and people. According to the RUP, collaboration and the establishment of networks between business and the interaction with actors outside the region strengthens regional competitiveness and is a driver behind the development of society (Regional Council of Jönköping County 2008b).

3. EDORA GRAND NARRATIVES

3.1 An agri-centric narrative

The agro-industrial model and post-productivist models are both receptive models to explain and interpret rural development and changes in agriculture in Jönköping. The development of agriculture in the region has been characterised through more efficient approach into production and through advancing the competitiveness of agriculture in markets. Moreover, rural areas have been more and more characterised as places for consumption, i.e. recreation and different kind of free time activities. Much of the open space in Jönköping has disappeared during the last years. Now the question is that should non-profitable agriculture preserve the landscape in order to sustain open landscape, i.e. the social management of rural nature.

Jönköping County has in the middle of the triangle of three Swedish major cities perfect connections to both national and international market areas. Local food supply chains are to a degree important part of agricultural production in the region, but the usage of these chains has not been most efficient. The local village action movement is strong and local action groups are relative active in the region, however, they have not been able to develop local food supply chains effectively. One reason behind these difficulties is that any considerations to develop a chain have to cover the entire chain.

The concept 'consumption of countryside' appears to turn out to be more and more appreciated in Jönköping, and the general intention is to preserve natural environment instead of promoting traditional agriculture in the region. Major part of the rural policy issues are implemented in a way that it will sustain the collective values in the countryside rather than reinforce traditional agriculture. Most important theme in the focus is environmental protection and preservation and assurance of free access to have the benefit of rural environment.

3.2 An urban-rural narrative

Regional enlargement influenced by extending labour market area and growing mobility of people may assist to manage population growth in Jönköping rural areas. The outcome of urban growth will be positive for some of the rural residential areas depending mostly on their accessibility from the city. Key issue in Jönköping in order to develop urban-rural interactions is to have sufficient road structure.

The urban-rural interaction does not solely refer to functional issues in and around the city-region. Administrative connections and municipal amalgamations have reinforced direct formal connections between rural and urban areas. This produces new kind of management style, in which rural issues are stronger linked up with broader regional development for the course of the whole region. The question in this kind of situation is universal, i.e. does the rural question receive sufficient attention or will it be detached from its own policy approach.

In the case of Sweden, Jönköping is not located in the periphery nor it is remote, but within the region there are also areas, which are located, further way from region's centre. It is challenging to sustain an adequate service structure in these areas. The intention of the county administration is to build a vital regional centre so that surrounding rural areas will offer attractive residential areas for new dwellers.

In Jönköping the population is unevenly distributed in terms of both geography and skills. Some small and medium-sized villages and towns grapple with a decline in population and young people choose to move out of the county. This, in combination with the ongoing restructuring in business, the relatively low level of formal education and the labour market segregation, means that the county may face a shortage of labour with appropriate skills in large parts of the county.

3.3 A narrative of capitalist penetration

Local capital is to a larger extent a basis for Jönköping's growth and development that is apart from the development and capital formation of the region's rural areas. On the other hand, surrounding rural areas have specific assets for recreation and interests that are utilised while selling the region for consumption of the urban residents. Thereby, capital formation in the urban centre meets also the countryside.

However, most of the interest in developing the region is laid on region's capabilities to sustain and promote development capacities and competitiveness. This is regarded as vital for the whole region in order to compete at global level about the economic factors and efforts. This strategy does not totally neglect the rural dimension. Emphasis is also laid on developing rural areas as a 'public good' and as an asset for balanced regional growth. The development policies have in Jönköping a clear approach that the focus has to be both on rural and urban areas and also on different sectors.

4. IMPLICATIONS FOR POLICY

The major challenge for current policy approach is how to meet future labour needs of the county's labour market, i.e. high level of employment, relatively low unemployment and quality of life. The biggest challenge in the county is undeniably the formal educational attainment, which is among the lowest in the country. These challenges will meet both urban and rural areas.

The county's labour force is partly recruited in relatively low skilled industrial processes that make the employment situation rather vulnerable in the case of economic recession. Another structural problem is that labour in some branches of industry, which are not specialised in their production, are threatened in the case of rationalisation of the production. These risks towards labour intensive industries will also have influence on rural areas in the county, because most of the plants are located outside the urban centre. The county administration has continuous policy approach to increase in the

level of competence in the county and thereby increase the value in the production.

There is a systematic way in county administration to develop even population distribution in the county, although the population is unevenly distributed. The attractiveness between places differs as the larger urban centres are most attractive ones in general. The approach is to develop a strong regional urban centre, strong municipal centres but also viable villages and communities in order to sustain a living countryside. In the work to strengthen the urban centres and towns and in improving connections to the surrounding rural areas, the population growth of the more urban areas might spread to accessible rural parts. This could though be problematic for the distribution of the population, if the growth of these areas is due to internal migration and made up of people moving out of more remote rural areas.

A viable countryside is also important for the support of strong engagements in village actions movements that has positive implications on the social economy and for the positive development of society, enterprise and employment in the countryside. The village action movement takes a lot of responsibilities among local action groups of the local development work in the countryside. Therefore it is vital that this approach has also received attention in county's development strategy.

The remaining area of agricultural land in Jönköping County is considered to have high cultural and biological value that should be preserved and considered as a public good. The county's strategy has involved this approach and highlights importance of natural and cultural environments for recreation and interests, and also for tourism.

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The ESPON 2013 Programme

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EDORA

(European Development Opportunities
for Rural Areas)

EXEMPLAR REGIONS REPORT:

SOUTH SAVO, FINLAND

Petri Kahila, Nordregio

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1. INTRODUCTION

South-Savo region is located in the Southeastern part of Finland 230 km from the capital Helsinki. The region has approximately 162 000 inhabitants, three major towns (Mikkeli, Savonlinna and Pieksämäki) and 17 other municipalities. Of the three major towns Mikkeli is with its 46 200 inhabitants the largest. Half of the population lives in rural areas and small towns. The out-migration is strong from the region and mostly young people and females migrate to study and work. Population is steadily declining by 800 persons per year. South-Savo region covers approximately 20 000 km². With more than 7 000 lakes 25 % of the region is covered by water. Of the land area 85% is covered by forest. Because of the high amounts of lakes the habitation outside the urban areas is dispersed all over the region.

The economy is based on public services but also the forest industry plays a great role. With the unspoiled nature and more than 40 000 summer cottages also tourism plays an important role for the regional economy. Many of the region's local districts experience the doubling of their population when people take their summer holidays. During the recent years more effort and resources have been put into the development of the all year round tourism.

Agriculture continues to provide a source of income for many people living in South-Savo. Approximately 9 per cent of the labour force is employed in primary sector. In the region, the product activities such as food processing from agricultural, forest and fish products could gain of the image of ecologically sustainable, clean diverse surroundings from where the products are collected. South-Savo region is way ahead of other areas here by systemically introducing organic production as the strategic choice for agricultural production and processing in the region.

The Second World War led in Eastern Finland, as in many other regions in Europe, to a considerable relocation of people. More than 400 000 persons moved from the ceded areas to the present Finnish territory, and they were

resettled mostly to rural areas of Finland. This transfer of people delayed industrial restructuring in Finland, and it was not before 1960 that the mechanisation of agriculture and forestry started the so called Great Move from rural areas to cities in Southern Finland (Oksa 1995). This was a result for a fast reduction in the rural population also in South-Savo. The followed industrial decline in the 1970s did not strike towns in South-Savo so severely because of the stronger rural character of the region. Rural transformation has in South-Savo been severe because the region is one of the most agriculture-dominant in Finland. The region is geographically not the most peripheral, but it is economically underdeveloped and growing slower than the national average.

On the other hand, regional economies of South Savo were thirty years ago still very much dominated by the agricultural sector, and the manufacturing base mostly contained processing plants of local raw materials. The diversification of the economic base in the region that was boosted by earmarked regional policy measures and improvements in the infrastructure networks from the 1960s onwards had typical characteristics of rural industrialisation. However, parts of the traditional sectors managed to diversify their activities and develop subcontracting networks in the region.

2. NARRATIVE OF CHANGE

2.1 Population development

The population of South-Savo is 157 000 inhabitants. The population trend has long time been decreasing, and from 1995 to 2007 population fell approximately with 14 000 persons (Regional Council of South-Savo 2006). South-Savo region is typical example of a region where both out-migration and natural population growth influences strongly to development because approximately two thirds of the decrease of population is caused by out-migration. People migrate especially from rural municipalities but towns in the region have also downward development in population growth. The out-migration is especially concentrated on working age young people and

women to whom rural municipalities in the region do not have possibilities to offer employment.

Persons who moved from the South-Savo rural municipalities and towns are for the most part young from 15 to 24 years old that also decelerates the increase in natural population growth and relatively increases the share of older people. The rural municipalities in the region will not experience increase in population anyway because fertility rate in these municipalities is higher than death rate. However, there is a slight growing amount of people aged from 55 to 65 moving to the region. The explanation for this development is the growing number of retired persons who have their second homes in South-Savo, and who in most of the cases were also born in the region. Their share will certainly grow in the future but they will not totally revolve to direction of the migration movement. Certainly their importance will be important for developing new services and new sources of livelihood in rural regions of South-Savo.

The age structure in rural municipalities in South-Savo is quickly changing and number of people over 65 year will grow rapidly. Ageing causes a lot of pressure on development of rural services in South-Savo rural municipalities. The continuation of out-migration will not change this situation and rate of employed in relation to retired people will grow rapidly in the future (e.g. Nivalainen & Volk 2002). Most of the persons 65 years and over live in South-Savo sparsely populated regions in small villages; although during the last few years the concentration of people in the municipal centres has been visible (Regional Council of South Savo 2008). The decline in the share of working-age population will also weaken economic growth significantly that again will worsen the capabilities to sustain sufficient service structure.

2.2 Regional structure

Regional structure of South-Savo is characterised by three main centres Mikkeli, Savonlinna and Pieksämäki. Lakes split the regional structure in the region, thus settlement structure is spread evenly across the region.

Nevertheless, built-up area of the region's total area is lowest (67.8 %) in Finland. In the Finnish classification of rural areas most of the municipalities in South-Savo belong to sparsely populated rural areas. Sparsely built-up area is changing not only because of the out-migration, but also, because of the falling number of farms, which have formed the main sustaining structure in sparsely built-up area in the region. The outcome is that functional structure, e.g. services and roads cannot be maintained, and some of sparsely built-up areas will remain as partly abandoned. Future development in South-Savo is leading to continuation of concentration process of people and also service structure.

South-Savo has the lowest population density in Southern and Central Finland and the lowest rate of urbanisation. The number of people living in the county is decreasing and the trend is expected to continue.



Figure 1: Regional structure of South-Savo

Living environment in South-Savo is relatively pleasant characterised vast lake area. Therefore, the scenery can be considered as unique. Most of the lakes have excellent water quality, and nutrient emissions into them have decreased (Panula-Ontto-Suuronen 2005). The environmental issues in South-Savo are advanced and implemented through the Environmental Programme 2005-2010 for South-Savo, which is completed by South-Savo Regional Environment Centre (South-Savo Regional Environment Centre 2005). The purpose of the programme is to plan future of the region according to principles of sustainable development. The programme will closely be adjusted with Regional Development Programme.

Environmental issues have special position in South-Savo regional development, because of the natural characteristics and promotion of ecological agriculture in the region. Environment is also a basic for the promotion of tourism related businesses in the region. Regional policies, now and in the past, have in South-Savo included strong connection to promotion of environmental aspects. The program comprises the protection and maintenance of diversified agricultural land and is thereby also closely designated to Rural Development Programme. The objective is to increase the share of ecological agriculture of the total agricultural production in the region.

Second homes are closely related to environmental issues in South-Savo. Natural characteristics have created and influenced to the strong growth of second homes in South-Savo. People living in their second houses in the summer time will increase number of inhabitants and also regional purchasing power by one third of the normal amount. There are at the moment 44 000 second houses in the region and annual growth is 700 second homes. Second homes have traditionally been something important for their owners, and actually the surrounding rural communities have not paid so much attention to second house owners. However, during the last twenty years situation has undoubtedly changed as rural dwellers need new sources of livelihood and at the same time second homes are renovated or new ones

built for round-the-year purpose. This development has important influences on new rural businesses and inventing new services for new round-the-year residents in rural areas.

2.3 *Economic development*

Rural tourism has an important position in the regional economy of South-Savo. Rural tourism is in South-Savo and in Eastern Finland lake region in most of the cases based on micro-businesses which do not really have growth prospects. The entrepreneurs are lifestyle-oriented owners and they are reluctant to growth oriented business, and they connect growth within environmental context, i.e. growth in quality but not in volume (Komppula 2004). Almost all rural enterprises in the rural tourism business can be included in the micro-business category. In South-Savo, there are approximately 1200 tourism entrepreneurs, most of which are included in the small and micro tourism enterprise category (Regional Council of South-Savo 2001).

Public investments play an important part for the development of infrastructure necessary for the tourism industry. In South-Savo region, public sector has been responsible part to invest in lake tourism infrastructure (Lehtolainen 2003). Broadly defined tourism related infrastructure contains accessibility, maintenance of natural recourses and provision of tourist and recreation facilities as well as basic infrastructure.

South-Savo is one of the poorest regions (NUTS3) in Finland. The Gross Value Added per capita in 2002 was 16 330 €, while the national average was 23 371 € (Statistics Finland 2004). The deep national economic treated the region very badly and unemployment rose up to 20 % and the value of production was 11 % lower in 1994 than four years before. Because of the structural problems in the region the recovery in the region has been much slower, and there are still marks to be noticed of the economic recession. For instance the unemployment situation has partly been recovered in the rural

municipalities, but the number of long-term unemployed is still rather high in comparison to national average.

2.4 *Agriculture and forestry*

Finnish agriculture has during the last twenty years gone through major changes due to increased efficiency and new technology, liberalisation of agricultural world trade and reformed European Union agricultural policy. These changes have caused critical socio-economic changes in Finnish rural areas. South-Savo region has faced most severely this ongoing process of agro-industrial change, as agricultural production is geographically shifting to Western and Southern Finland, where there is more agricultural land for rent. The region is suffering from the loss of agricultural employment and centralising of food processing industry. The future of regionally important milk production is now seen especially uncertain because of the decreasing subsidies. This is more or less a fatal question for many farms in the region, since they have given up grain growing and concentrated on milk production. The prediction is that two out of three milk farms in Finland will be out of business by the year 2020 (MTT 2004).

Another important source of livelihood in the region is forestry, as the income from forestry per farm is in relation to national average highest in South-Savo (Niemi & Ahlstedt 2008). However, most of the farms are not from their size developed to be viable in forestry. In South-Savo, farms are mainly rather small, although the size of the farms is rapidly growing due to ongoing structural change in agriculture. Many of the farms are changing their activities from agriculture towards forestry but also towards more diversified enterprises, combining farming and forestry to small-scale industry tourism and other business activities.

Forest industry plays a relatively important role in the whole Eastern part of Finland and paper industry plants are among the greatest in Europe. Neighbouring regions to South-Savo, Kymenlaakso and South-Karelia, are dominated by the biggest forest companies. In South-Savo, the forest industry is more based on

plywood production and mechanical wood processing. The region can more be regarded as a source of raw material for forestry industries. In 2006, the shares of domestic and imported roundwood of the total wood use were 58 and 42 percent, respectively. This dependency of forest industry on imported raw material creates immediate risk factors, which could cause serious disturbances on forestry production in Eastern Finland. The domestic log procurement does not compensate the amount of imported wood. Possible increase on demand of domestic wood would also increase the prices that will make production unprofitable and unsustainable.

South-Savo is suffering not only from structural change in the agriculture and forestry but also from the general loss of agricultural employment and the centralising of food processing industry. Mostly all agricultural inputs have been imported to the region. The food processing industry does use locally produced raw materials but inputs for the processing are also imported. The main food manufacturing plants are logistically located near major urban centres that indicate that demand of food products have become the main concentration motivation of the enterprises. This has changed the locations of the food processing industry outside the region. The specific feature of South-Savo agriculture is the commitment to ecological production which has been a systematic feature of the regional policy since the late 80s. There have been a number of development projects to develop the organic food chain and food processing facilities.

South-Savo is one of the main pioneering regions for promoting and intensifying organic food productions in Finland, and in the 1980s the region defined itself as an 'eco-province' in which organic farming was one of the main ideas (Käkriäinen 2004). The use of local food in different parts of the food chain is increasing, which creates market potential for local food suppliers. Yet the local products are so far mainly regarded as supplementary products. Retail stores may use local food products to create a positive image to consumers. The local food system is regarded as a novelty for the development of the agrifood sector, although it can be considered as a mean to survive but not necessary a main issue to create meaningful economic

growth (Käkriäinen 2004). South-Savo is way ahead of other areas here by systematically introducing organic production as the strategic choice for agricultural production and processing in the area.

2.5 Governance structures

Governance structures in South-Savo are based on strong traditions Finnish municipal administration. Municipalities are responsible for arranging the provision of services and sustaining the basic infrastructure in their area. Municipalities provide services to residents in different ways, and, if they do not manage tasks by themselves, they may provide services jointly with other municipalities, communities and enterprises. In South-Savo, community participation (the village action movement) has long traditions and is in many ways involved in local development work mainly through local action groups. During the last years village action movement is also activated in provision of simpler welfare services in close cooperation with municipalities.

Due to regionalisation the borders between municipalities become partly meaningless. In many urban areas the inflexible municipal borders cause problems to the infrastructure. This has been the case in South-Savo, where two municipalities have earlier merged with the city of Mikkeli and one municipality in the beginning of 2009 with Savonlinna. The municipal amalgamations have taken place in South-Savo only in the urban centres but not between rural municipalities. However, there is a clear necessity to proceed with amalgamations also in rural areas.

The City of Mikkeli is administrative centre of the South Savo-Savo region and holds a primary position in decision making processes dealing with rural areas. However, the municipal amalgamations in Mikkeli have modified the nature of the city towards rural and, therefore, the strategy of the city is to prepare a vision of rural municipality, which is formed of viable centres and living countryside around the city. Decision making structure will naturally remain unchanged, but intention is to activate people to participate and contribute to the development of new rural municipality.

Regional Councils are association of municipalities, of which responsibility is to draw up a regional plan and a regional strategic programme. Regional Councils outline the aims of regional development at NUTS3 level. However, the state has a major role in implementation of regional policy at NUTS3 level through The Employment and Economic Development Centres (T&E Centre). They work as a common regional office of Ministry of Employment and Economy and Ministry of Agriculture and Forestry. The T&E Centres develop rural industries and provide funding for development projects and is responsible for putting into action the EU's objective programmes with regard to rural development. The EU programmes are prepared for larger areas, but they have regional emphasis.

2.6 Future priorities

Future development in South Savo is, on the one hand, leading to even larger concentrations of people, jobs, action area and service structure, to seeking new operating models and networking for municipal, sub-region and population growth centres and in the sphere of influence of national trunk networks. As a result of this development, parts of existing densely populated areas, infrastructure and other structures of society may remain underutilised, which emphasises the support of service structures and the accessibility of such, the correct dimensioning of the infrastructures and community structures, and competitive quality and maintenance in accordance with actual needs and available resources.

The environmental values in South-Savo set a special need to safeguard naturally valuable areas, i.e. scenic landscape, biodiversity or ecotype values. In order to protect and sustain these areas, this has to be integrated in the normal productive activities related not only to agriculture but also to other sources of livelihood, like to rural tourism. In a region like South-Savo, the environment requires special attention at policy and planning level, but also in rural businesses to avoid 'creative destruction' in undertaking business activities. Also other activities like food processing not only from agriculture

but also from forest and fish products would obtain of the image of ecologically sustainable, unspoiled and diversified environment. South-Savo is generally outside the region itself connected to pure nature values. The region has so far relative successfully made use of these values in different occasions.

South-Savo region can be seen as a typical example of structural regional problems in Finnish peripheral regions. The region has suffered from population loss for decades and the net outward migration has accelerated again around the mid 1990s. Continuation of the decline in the share of working-age population will weaken regional economic growth significantly in the future, if especially the out-migration of younger people cannot be reduced. The Regional Council of South-Savo has therefore identified the reduction of out-migration as one of the most important challenges in the future. However, the number of people in the region is not only decreasing because of the out-migration but also because mortality is higher than fertility. The relative share of ageing people in South-Savo is higher than in other parts of the country. Out-migration is not solely a problem for rural municipalities but also for medium-sized towns in the region.

In a wider context, the peripheral character of South-Savo looks like stereotypical. The region is remote from the national and economic core of the European Union and suffers problems typical for peripheral regions, like loss of population, lower economic development, lower income level and higher unemployment. The region is also very much characterised by relatively important primary sector. Thus, looking the spatial and economic location of South-Savo in a national and European context, development trend in the region are in line with the view that geographic peripherality correlates with socio-economic peripherality. However, South-Savo has possibilities in the future to reduce some of the disadvantages of peripherality. The region is geographically located relative close to urban centres in Southern Finland, and has many close connections with these centres. One of the most important challenges is, how the region is able to reduce its accessibility from the main centres.

3. ANALYSIS OF CHANGE BY ‘GRAND NARRATIVES’

3.1 *Agri-centric narrative*

South-Savo can be regarded as specialised region in traditional resource based industries as agriculture, forestry, and fishing. Peripheral regions like South-Savo are concentrated on a narrow scale of export-oriented resource based raw materials, with restricted inter-sector production and consumption linkages.

In South-Savo, an increase in demand for local foodstuffs is from the local level point of view likely to have a positive effect on the local as well as regional economy in terms of enhanced employment possibilities and tax returns. Simultaneously, using local food stuff will also have a positive effect to sustainable development as decreased transport may lead to decrease in energy consumption.

It can be said that there has in South-Savo there has a notable trend for farms to get engaged in other gainful non-agricultural related activities. The accession to the European Union had a great influence to due to the decreasing economic development potential of the smallest farms, although a similar trend was ongoing already before the membership in the European Union. The development in the smallest farms in South-Savo was hastened after the membership. The only option to adapt the forthcoming change for farmers was to increase farm size and invest on new production, or alternatively, to find additional income. However, regional circumstances i.e. lack of suitable land for fields because of the nature of the region, set restrictions to enlarge the size of the farms. Therefore, in most of the cases new sources of livelihood were only possible solutions to secure living in the farm.

3.2 *Urban-Rural Narrative*

First, it has to be mentioned that agriculture has an important position in preserving the cultural inheritance and identity of Finnish people, which is very much rural oriented due to late urbanisation in Finland. This is especially the case in regions like South-Savo, which is very much rural from its nature and identity. The region has three urban centres, of which Mikkeli is administrative centre but not clearly bigger than other urban centres in the region. Hence this mosaic of urban and rural areas is different in relation to other remote regions in Finland.

In South-Savo, the three cities have more diversified production structure in relation to rural areas. It is also likely to generate inter-industrial demand within the region, which creates positive multiplier effects in the economy. Furthermore, labour released from a specialized industry is more likely to be reemployed by other industries. Furthermore, labour released from a specialized industry is more likely to be reemployed by other industries. It may be argued that specialization and economic diversity can successfully develop in parallel within a region providing the region has enough production bases. If not, specialization is likely to reduce economic diversity which might be risky for the long term economic performance and stability of a region. In South-Savo, this mode of urban-rural interaction is visible in minor aspect, as the urban centres in the region have also structural changes, which inhibit their growth.

Summer dwellers form a key question in relation to urban-rural relationship in South-Savo. Half of the summer cottages in South-Savo are owned by people outside the region and most of the built new summer residences are by built by same people. Traditionally people have brought only their summer holiday in the cottage but not visited the cottage regularly during the winter. However, most of the new summer cottages are equipped for round-the-year purposes, and people will spent more time in their cottages. This might even be a trigger for return migration or alternatively formation of people with double identity living flexible life both in urban and rural environments. Many belonging to large post-war age cohorts in the western countries moved from rural areas to

larger industrializing cities. They retire soon and can consider moving back to the childhood places.

The recent developments in spatial terms in South-Savo have been longer time the decreasing population growth and continuing process of urbanisation. However, the process of urbanisation in the South-Savo and whole Eastern Finland is ongoing, but at the same time weakening the permanent residential structures in rural areas. Population growth in Mikkeli is like in many other Finnish rural cities characterised by internal regional growth. Region is sparsely populated and there are no developments of corridors between the cities in the Eastern Finland. The main question for future growth of Mikkeli and South-Savo is how the region is able to make the most of economic growth in growth centres in Southern Finland.

3.3 Globalisation/Capitalist Penetration Narrative

Most of the flows of products and tourism in South-Savo are interregional or alternatively national. International tourism does not have such important position in relation to national one. Agricultural production is mostly directed to production plants near the national urban centres in the Southern part of Finland.

Under the present agricultural policy regime, there are in South-Savo very few farms, which are viable to compete in international markets. The problem in the future will not be just the transportation costs from the remote farm into the market but also the cost of collecting milk from fewer and fewer farms in remote regions. The harsh competition in the European Union market will in the future lead to a situation, where the farmer has to pay for the transportation cost. Without any targeted actions this will be fatal question for most of the farmers in South-Savo. Most probably the development will shift the milk production to more favourable regions in Southern and Western Finland.

The current policy of the European Union does not pay sufficiently attention to problems of northern location and expenses of scale enlargements in vast but sparsely populated country like Finland. The scale enlargement and concentration of production is not in a region like South-Savo a key to success. If the political motivation is to make agriculture possible in the future in all areas, there should a possibility for regions like South-Savo to tailor their agriculture in a way that people have possibility to combine scarce resources to the demand of open landscape and biodiversity. There is a need to invest and create a new kind of agriculture in regions like South-Savo that is above all tied to local rural economy and not to the chains of global food production.

4. IMPLICATIONS FOR POLICY

The policy which advances concentration process of agricultural production to fewer farms in more prosperous regions offsets from the point of view regions like South-Savo all attempts at balanced territorial development and cohesion. In the case of Finland, most of received subsidises from the European Union cover LFA, environmental measures or national specific support on the basis of geographic difficulties. The underlying principle behind these measures is connected to regional balance and multifunctionality. The marginalisation process is, however, not to be stopped in regions like South-Savo with current agricultural policy. At the moment, there is for instance rather narrow room to manoeuvre in promoting local food production, which could remarkably act as an economic input for remote regions.

Since the image of local food relies also strongly on the viability of the countryside, local food policies in South-Savo should have an influence on the region's agriculture. However, more precise instrument than the general growth of foodstuff demand is required. Supporting local food chains with a certificate system could be one way to implement a food system localisation policy.

Rural policy is very much evident at regional level in South-Savo. The Regional Council and Employment and Economic Development Centre

support rural policy through separate Regional Rural Policy Programme, which is connected to the national level Rural Development programme. In South-Savo, ecological food production and tourism are the main issues in developing businesses in rural areas, and besides these, important objective is sustaining the adequate service structure in the region's most remote areas.

Region's municipalities are all directly involved in agricultural policy through implementing some important controlling procedures in the farms. However, most important and visible municipalities' involvement in rural policy making is participation and financing the development work of local action groups in the region. Municipalities have from the very beginning participated the work of local action groups.

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The ESPON 2013 Programme

Applied Research Project 2013/1/2

EDORA

(European Development Opportunities
for Rural Areas)

EXEMPLAR REGIONS REPORT:

LA RIOJA, SPAIN

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M^a del Mar García-García *

Instituto Interuniversitario de Desarrollo Local
Universitat de València

Working Paper 19
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1. INTRODUCTION TO THE REGION

In the northeast of Spain, Rioja is internationally recognized for quality label wine production "Rioja". La Rioja limits to the north with the Basc Country, to the west with Navarra, to the SE with Aragón and to the SW with Castilla-León. Geomorphologically, its northern part belongs to the Ebro valley (lowland, productive areas in which population and economic activity are concentrated), while the rest of the territory belongs to the domain of the Iberian Mountains. The communications and urban systems are organized according to these geographical features: the most important towns form a NW-SE line along the valley and the main roads cross the region in this same direction. The average population density for the region is 52 inhab./km², with extreme disparities between the mostly depopulated mountain areas of the south and the dense lowland areas of the Ebro valley in the north.

The current population of the region is 317,501 inhabitants (INE 2009) distributed in 174 municipalities. The regional capital, Logroño, has 150,000 inhabitants. There are only other 3 towns with more than 10,000 inhabitants (Calahorra 25,000, Arnedo 15,000, and Haro 12,000). These 4 cities concentrate more than 65% of the total population of the region.

The main socioeconomic features and trends of the region are:

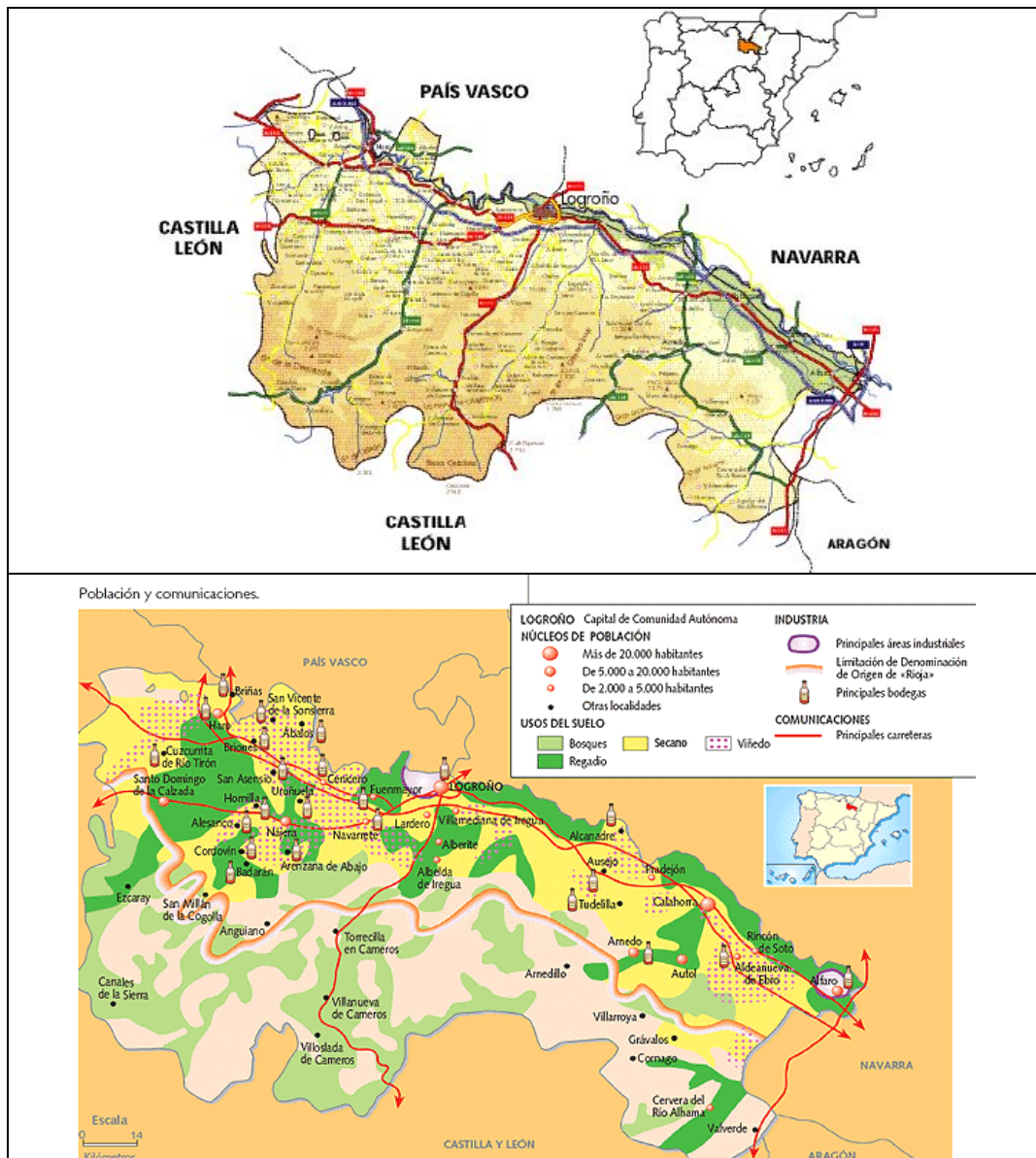
- The population growth for the period 1996-2007 (INE 2009). The population growth of the region (19.84%) is over the Spanish average (16.36%).
- Economic development between 1996 and 2007 slightly below Spanish average (less importance of building activities). Consequently, less impact of the current crisis.
- Economic structure: less relative importance of the services sector than Spanish average and more importance of industry and agriculture.
- Labour market: activity rate very similar to the Spanish average and unemployment below the average.
- Prices and wages growing more than Spanish average for the period 1997-2007.
- Reduced internationalization of the regional economy.
- Business fabric density over the Spanish average.
- Innovation and new technologies. Strong increase during the last years but still below the Spanish average.
- GDP over the Spanish average but converging.

The economic structure of the region is based upon two important industrial sectors: the wine production (including activities in all sectors like grape production, cellars, business services, transportation, etc.) and textiles-leather and shoe production. This is reflected in the distribution of employment by economic sector (Figure 1) that shows important differences with the Spanish average. Although most of the economic activities concentrate in the lowlands, the mountain areas are showing signs of new economic dynamism in activities associated to the new rural economy (rural tourism associated to heritage and paleontology).

Figure 1. Employment by economic sector, 2007

	Rioja	Spain
Agriculture	5.4	4.5
Industry	26.4	16.0
Building sector	11.9	13.3
Services	56.3	66.2

Figure 2. Location of NUT 3 Rioja, main towns and basic land use categories



Notes to Figure 2:

- Nucleos de Población: population settlements (size categories)
- Usos del suelo: land uses:
 - Bosques: Forest
 - Regadío: Agriculture irrigated
 - Secano: Agriculture non-irrigated
 - Viñedo: Vineyard

- Industry:
 - Principales areas industriales: Main industrial areas
 - Limitación de denominación de origen “La Rioja”: threshold of quality label “La Rioja”
 - Principales bodegas: main cellars
- Comunicaciones: principales carreteras: transport infrastructures: main roads

For the purpose of this report, we will concentrate mainly in the valley lowlands to focus on the accessible and agricultural rural areas. Therefore, we will mostly “ignore” the remote depleting rural areas whose population and economic evolution and situation are very similar to those described for the case of Teruel (Working Paper 20).

2. NARRATIVE OF CHANGE

The main factors explaining the current situation in the province of La Rioja are: firstly, the territorial features (geomorphology, soils and climatology) and its consequences on human settlement and activity; secondly, the history of the region and its political and socioeconomic implications; thirdly, the overall evolution of the region during the 20th century. The following subsections review each of these factors.

2.1 Territorial features of La Rioja

The Autonomous Community of La Rioja is located in the northeast quadrant of the Iberian Peninsula. It has an area of 5,045.27 km² which represents less than 1% of Spain.

There are two distinct geographical units: in the north, the valley of river Ebro, a territory of low altitudes (below 800 m) and plains, that contains the main towns and transport infrastructures; in the south, the domain of the mountain that separates the Iberian *Meseta* and Ebro valley. This mountainous area is composed of a set of hills that go down into the east in both elevation and slope, from Demanda (2,271 m) in the west to Alcarama (1,531 m) in the east.

In line with the geomorphological configuration, the region has two distinct climatic zones: one, the Valley, has a continental Mediterranean climate with low rainfall (400-600 mm annually) and summer water deficit. Summers are warm (21-22 degrees) and winters cold (4-5°); on the other hand, the Sierra mountain climate is characterized by higher rainfall and lower temperatures. Water availability is not a problem in Rioja (unlike what happens in other nearby Mediterranean regions) due to the presence of the river Ebro, the most abundant of the Iberian Peninsula, and the existence of a large number of aquifers. The availability of water resources (extremely important for one of the key economic activities of the region, wine production) largely exceeds the current and foreseen uses of water (see Figure 4).

Figure 3. Physic map, La Rioja



Source: Medioambiente en La Rioja 2000, http://ias1.larioja.org/apps/catapu/documentos/memoria_01.pdf

Figure 4. Water use and availability. La Rioja 1999

	AGRÍCOLA (Hm ³ /AÑO)	INTENSIDAD DE USO AGRÍCOLA	URBANO E INDUSTRIAL (Hm ³ /AÑO)	INTENSIDAD DE USO URBANO E INDUSTRIAL	TOTAL (Hm ³ /AÑO)	INTENSIDAD DE USO TOTAL	RECURSO NATURAL MEDIO (*)
Demanda 1995	240	0,28	60	0,07	300	0,35	849
Demanda prevista 2005	307	0,36	65	0,07	372	0,43	849
Demanda prevista 2015	366	0,43	73	0,08	439	0,51	849

(*) Hm³ de agua disponibles anualmente por término medio en La Rioja (generados únicamente en el territorio de la CARI).

Notes to Figure 4:

- Demanda: demand in different years shown in rows
- Agrícola (Hm³/año): Water used by agriculture in Hm³/year
- Urbano e industrial (Hm³/año): Water used by industry and domestic uses in Hm³/year
- Recurso Natural Medio: Hm³/year available in the region

2.2 Historical background

The location of Rioja at a historic crossroads (the Ebro Valley and the Sant James Way) favoured transit and settlement of different influences and domination (Celts, Goths, Franks, Saxons, Jews, Iberians, Romans and Muslims). The Roman occupation served to boost the urban organisation of La Rioja through the founding of the major cities in the regional urban system. Since S. VIII the territory of La Rioja passed into the hands of the Muslims. Muslims improved and expanded Roman irrigation systems through the construction of numerous irrigation ditches. From tenth century starts the period of Christian *reconquista* by the kings of Navarre and Castile. The Christian

repopulation was based in part on the foundation of monasteries in the main valleys. For several centuries this was a territory in dispute between the Christian kingdoms.

During medieval times the main cities of the region were important points in Saint James Way, which stimulated urban development, trade and culture. Monasteries played a crucial role in medieval culture as major libraries and disseminating artistic techniques.

The current territory of Rioja did not constitute an administrative unit until the nineteenth century. Until then, the territory was fragmented into successive territorial divisions of modern times, mainly belonging to *Castilla (Soria and Burgos)*. Only after the 1833 provincial division does the province of Logrono coincide with the current boundaries of the region of Rioja. After 1982, La Rioja becomes one of the 17 Autonomous Communities in Spain, with extensive decision powers in a wide range of sectors, and exclusive competences in land-use planning, economic development, etc.

2.3 The socioeconomic evolution during the 20th century

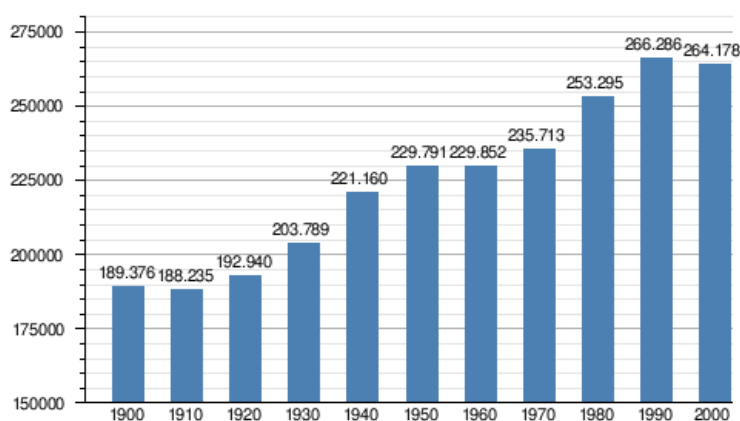
Towards the middle of the nineteenth century vine growing and wine production become important, aided by the phylloxera epidemic in France during the 1870s and 1880s.

During this period are founded the major wineries of the region that create the basis of capital accumulation and encourage the further development of an urban bourgeoisie. Already towards the end of the nineteenth century the majority of wine production is exported to France through a railway line, financed with French capital, linking Logroño with the port of Bilbao.

The twentieth century in Rioja is characterized by a moderate but steady population growth (Figure 5). This growth masks two distinct processes: on the one hand, the relative depletion and aging of the mountainous areas; on the other hand, a significant increase in the size of settlements in the Ebro valley. The cause of this dual process is the rupture of the historical balance due to mechanization of agriculture and the increased availability of agro-industrial, building and services jobs in the cities of the valley.

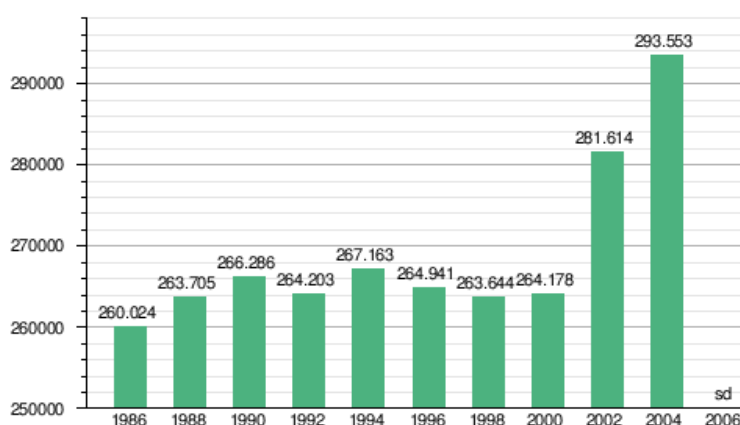
The trajectory of the regional economy during the twentieth century is also dual. Thus, mountain areas are characterized by specialization in livestock production, mainly sheep, and a relative contraction of the labour markets as a result of depopulation. By contrast, the lowlands of the Ebro Valley have a sustained economic growth and a more diversified economy. The valley is home to growing grapes with designation of origin, and agro-industrial plants for processing them into wine. Some of the major cities concentrate industrial employment (*Calahorra* and *Arnedo*). It is also in the cities of the valley in which are the main urban functions (services, administration, leisure) and wider labour markets.

Figure 5. Population evolution 1900-2000, La Rioja



Source: Instituto Nacional de Estadística (INE) (<http://www.ine.es>)

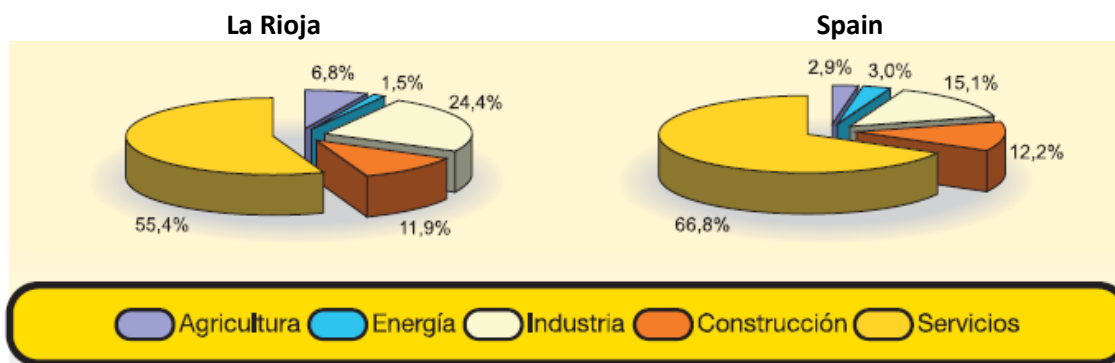
Figure 6. Population evolution 1986-2004, La Rioja



Source: Instituto Nacional de Estadística (INE) (<http://www.ine.es>)

In relation to the economic configuration of Rioja lowlands (“the valley”), agriculture plays an important role. Rainfed crops are dominant (75%) and, within it, the vine is the main crop. However, there is also an important production in irrigated orchards generating the raw material for canning (asparagus, vegetables, pepper). However the excessive fragmentation of agricultural plots hinders the competitiveness of this activity. As regards industry, it concentrates around the city of Logrono and is essentially agribusiness, processing of grapes into wine and vegetables into preserves. There are also textile products and footwear, furniture, rubber, plastics and other chemicals, and machinery and transport equipment. On the other hand, the service sector has growing importance in the region's economy but not as much as in other regions.

Figure 7. Contribution of regional and national gross added value of different economic sectors



Source: Instituto de Estadística de La Rioja (2009a)

Notes to Figure 7: Agricultura (Agriculture), Energía (Energy), Industria (Industry), Construcción (Building), Servicios (Services)

3. AN ANALYSIS OF THE MAIN NARRATIVES OF CHANGE OVER THE RECENT PAST

Over the past 20 years, La Rioja maintains many of the processes described above. However, there is a variety of newer processes of change that will surely be part of future developments in this area. This section starts with a review of the region in the frame of the Narratives of Rural Change. Then, the new processes of change are reviewed.

3.1 First of all, La Rioja in relation to the Narratives of Rural Change

Before entering the analysis of the processes of change, we try to situate the case of La Rioja in the frame of the three Narratives of Change described in the EDORA project: agri-centric, urban-rural and capitalist penetration:

- Agri-centric Narrative:** Lowland Rioja has a clear agri-centric direction. The agribusiness wine complex has a central role in the economy, in shaping the land and landscape, in the labour market, and in society, culture and identity of the region. Over recent decades there has been a rapid modernization of this activity that has allowed for an increase in productivity and competitiveness. There has been an improvement in international markets penetration, largely outside subsidy. The keys to success of the model are the elements of competitive advantage held by the area (climatic and soil conditions, early bet on a geographical quality label, historic accumulation of know-how, winery-based production model, etc.).
- Urban-rural Narrative:** there has been a long established “urbanisation” trend drawing population and economic activity out of the more remote and mountain rural areas into urban and accessible rural areas (the valley). There is also a small-scale “counter-urbanisation” flow out of the main cities (Logroño, Calahorra) into the surrounding countryside (accessible rural areas). These two process together explain that the accessible rural areas of the region are

“spaces of growth” as described by the SERA report (Copus et al 2005). In the same region, the remote rural areas (*la Sierra*) is still being depleted of population and economic activity through a cumulative cycle of decline. There are, however, a series of new interactions between the urban based population (including the “counter-urbanisation” inhabitants of accessible rural areas) and remote rural areas that include new demands and functions (leisure, quality products, landscape, etc.). Finally, the valley is a relatively accessible area. According to the “peripherality” reasoning included in the conceptual description of the Narratives (Shucksmith, 23-12-2007), easy accessibility from/to urban agglomerations provide “contingent” advantages (lower cost of service provision, higher rates of entrepreneurship, adequate infrastructure provision, easy access to advanced services, wider local labour markets, etc.).

- **Capitalist penetration Narrative:** the region corresponds well to the affirmation in Shucksmith (23-12-2007) that local capital may underpin a successful local economy seeking to develop products (wine, quality canned vegetables, quality cultural tourism) which depend upon a local identity for their market niche, so “selling the local to the global”. La Rioja can do so (specially in the case of wine) thanks to the many singularities associated to the territory (conditions for wine production, heritage, etc.). In this case, reliance on agriculture does not constitute itself a “disadvantage”. There is, however, a clear internationalisation of the capital involved in the agribusiness wine complex that may imply a loss of “power” to control the future of the region. In any case, the risk of activity “delocalisation” is very reduced since the production is fully dependent on the geographical quality label.

3.2 There are, at least, two typologies of accessible rural areas in the valley, with distinct socioeconomic evolutions

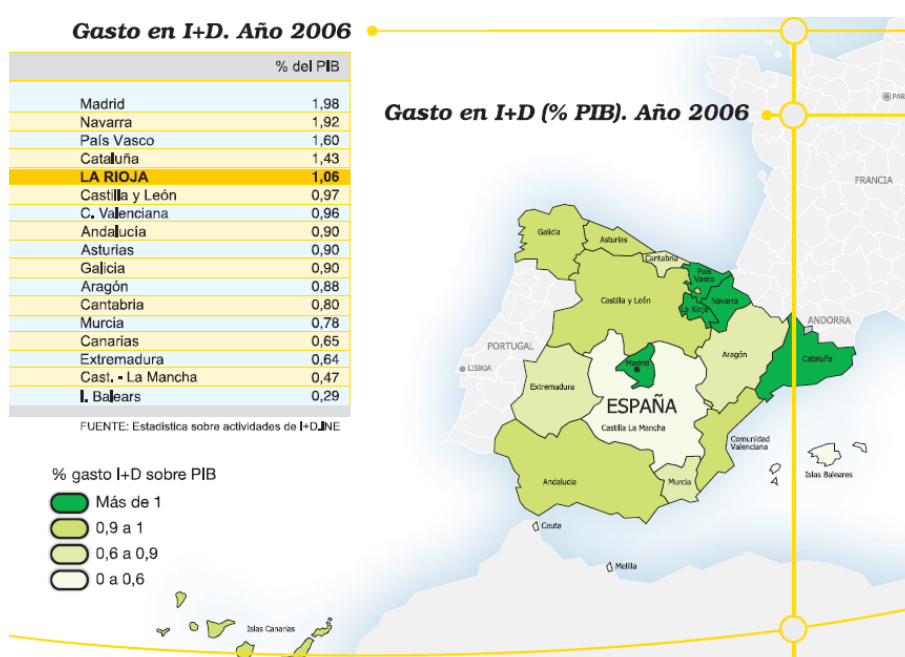
Following Arnáez (2002) we can differentiate two situations inside the rural accessible areas of the region:

- On the one hand, small rural villages (less than 1,000 inhabitants) have experienced a significant fall in population since the 50s (-57.7%). The economy of these settlements is almost exclusively based on rain-fed agriculture and livestock. Most of them are located in the mountain foothills and the dry lands of Rioja Alta. The extension of irrigation has increased the diversity and production, but has failed to retain rural population.
- On the other hand, larger rural villages (over 1,000 inhabitants) have a more positive demographic evolution. This category includes three subtypes: first, lead villages retain a significant number of activities and services and are key for territorial organisation (Arnáez, 1985); second, peri-urban areas around Logroño that receive the “counter-urbanisation” flows and are affected by high competition for land uses (industrial, expansion of road networks, second homes, etc.). These peri-urban areas have managed to increase their populations by 37% between 1950 and 2000 to accommodate a portion of the population in Logroño and host a big percentage of immigrant labour in intensive agricultural activities. Finally, other “large” rural settlements (over 1,000 inhabitants) not in the peri-urban areas. These municipalities have had a moderate population loss (19.5% between 1950-2000) and are usually specialized in agricultural and/or agribusiness activities.

3.3 Maintenance of a competitive agro-industrial complex based on the production of wine of quality, with ability to penetrate in the international market

The agro-industrial complex on the production of wine is one of the most important and competitive in the region. The production of quality wine requires a series of conditions that limit the number of competitors and territories to enhance the competitiveness of Rioja. In this sense, the most important elements are (Lasanta 1999): (i) weather conditions and specific soil types; (ii) a process of careful preparation of which essential parts are storage conditions and knowledge of the handling; (iii) the storage conditions and the know-how are also essential in the aging process that significantly increases the value of the final product.

Figure 8. R&D expenditure as percentage of GDP. Spanish regions



Source: Instituto de Estadística de La Rioja (2009a)

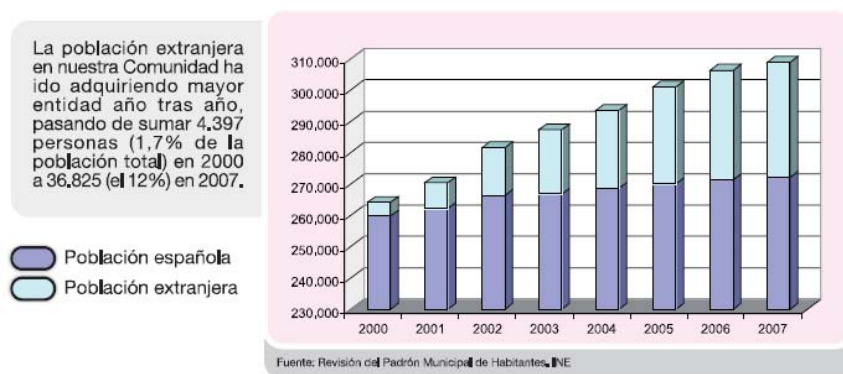
Prior to the accession of Spain to the EU in 1986, the Spanish wine from Rioja was mostly low-quality (bulk) and for domestic consumption. In this context, prices were low and there was little incentive to invest in improvements so that the sector was poorly capitalized and included obsolete structures. Under these conditions, its ability to compete in open markets was very low (Lasanta 1999). After incorporation into the EU and in a context of international trade liberalization promoted by successive meetings of GATT, there has been a significant increase in the production and sale of wine in Rioja in foreign and new markets. Only in the 1990s, the area under production increased by 36% and production value was multiplied by four, with a significant improvement in productivity per vine.

The model of wine production is also changing. There is a spatial concentration in Rioja Alta, while from the point of view of land ownership there is a tendency to concentrate in the hands of wine cellars. The model of production-packaging-marketing by cellars is clearly seen in the number of wineries that has gone from 60 in the late 80s to over 200 in mid 2000.

3.4 La Rioja has managed to have population growth over the 20th century. This trend has exacerbated during the current decade due to foreign immigration flows

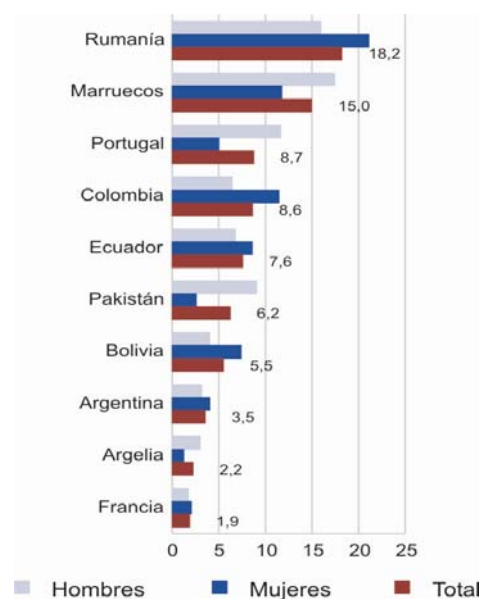
As in other regions and rural areas in Spain and other Mediterranean countries (mainly Italy), Rioja has gone from being a land of emigration to a land of immigration. Since the end of the 1990s, there is an important immigration flow into the region so that the percentage of migrants has increased from only 3% in early 90s to 12.6% in the mid-2000 (Fundación BBVA 2008). The origin of new immigrants is diverse, but it is consistent with the principal nationalities in other regions of Spain (Moroccans and Romanians). The main area of activity of the immigrants is the industry (26.5%), well above the Spanish average (10.7%). The building also has a significant (24.9%), above the national average.

Figure 9. Foreign population 2000-2007. La Rioja



Source: Instituto de Estadística de La Rioja (2009a)

Figure 10. Foreign population by country of origin. La Rioja 2007



Source: INE (www.ine.es)

4. IMPLICATIONS FOR POLICY

In rural accessible Rioja the problems to be taken into account in the implementation of a rural development policy are:

- **The need for a comprehensive and territory-based rural development policy** that enhances the adequate orientation of economic development, the skills of local manpower, the land-use conflicts, empowering the business sectors for which there are comparative advantages, the conservation and presentation of land resources and landscape, etc.. This action must originate from the regional and national institutional levels, and requires an integrated effort by various departments and agencies with expertise and decision powers in different areas affected. There are some examples of good practice in this regard, like the recent Law for Sustainability of Rural Areas, of the Ministry of Environment and Rural and Marine Environment of the Government of Spain¹. The Act clearly reflects these principles of integrated development, rural and cross specificity. The law affects powers of, at least, 8 Ministries of the Central Government.
- **Stimulating empowerment of rural communities.** There is no need to invent a new policy. The example of the LEADER method, duly improved according to evaluation results available, is suitable for achieving the above objectives.
- **A policy for land use management** that helps to rationalise the use of territory beyond the scope of local urban planning, that allocates infrastructure, equipment and services in a more equilibrated way.
- **Tackling the risks associated with intensification of agricultural production** (diffuse pollution of soil and water, erosion in some cultivated soils, loss of quality of some landscapes). The high environmental and landscape value of many regional ecosystems, and their potential role in tourism development, require special attention to this problem (Arnáez 2002).
- **Strengthening leading villages as places of centrality to rationalise and keep population in rural areas.** This may include the promotion of service provision and delivery to individuals and businesses, the introduction of ICTs, the articulation of transport in appropriate ways to the immediate rural environment, the promotion of corporate networks, putting the value of tourism resources and the creation of quality local brands that include rural areas of influence.
- **Promote territorial management in suburban or accessible rural areas.** These are the areas subject to greater land use pressure. They are well equipped in terms of services, with good accessibility and with a labour market increasingly diversified. The living standards of the population are, on average, higher. However, rapid changes in land use and the absence of an effective planning at supra-municipal level are likely to jeopardize the rationality of the territorial model of the future. At the same time, there must be ensured that the attraction that gave rise to processes of suburbanization is not lost. This means working on formulas for territorial planning in the long term to maintain the values and land resources and streamline the process of growth.
- The smaller municipalities, although accessible, suffer some degree of exhaustion. Given their easy accessibility from the regional urban areas and other surrounding areas, the focus should be on **empowering local resources** in these areas as key

¹ http://www.mapa.es/desarrollo/pags/ley/ley_desrural_14_12_07.pdf

elements to boosting tourism (heritage, culture, cuisine, festivals, history, etc.) (Arnáez 2002).

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ANNEX: PICTURES OF THE REGION

Wine production area



Paleontologic tourism in La Rioja



Some examples of singular architecture of wineries and the associated enology tourism







The ESPON 2013 Programme

Applied Research Project 2013/1/2

EDORA

(European Development Opportunities
for Rural Areas)

EXEMPLAR REGIONS REPORT:

TERUEL, SPAIN

Joan Noguera-Tur

M^a del Mar García-García

Instituto Interuniversitario de Desarrollo Local
Universitat de València

Working Paper 20

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1. INTRODUCTION TO THE REGION

Located in the domain of the Iberic mountains the province of Teruel (NUT 3) extends over an area of 14,810 km² with a total population of 145,820 inhabitants (INE 2009). This gives a population density of 9. inhab./km², far lower than the Spanish (83.6 inhab/km²) and EU27 (16 inhab/km²) averages. During recent decades, as a consequence of a cumulative process (see figure 2) the province has witnessed an intensive depopulation process losing more than 40% of the population they had in 1950. Consequently, it shows one of the higher population ageing rates (27% of population is 65 or over, 10% over the Spanish average).

The urban structure suffers from the consequences of the intensive depopulation trend. There are only two settlements over 10,000 inhabitants (Teruel and Alcañiz) and 189 out of its 236 municipalities have less than 500 inhabitants.

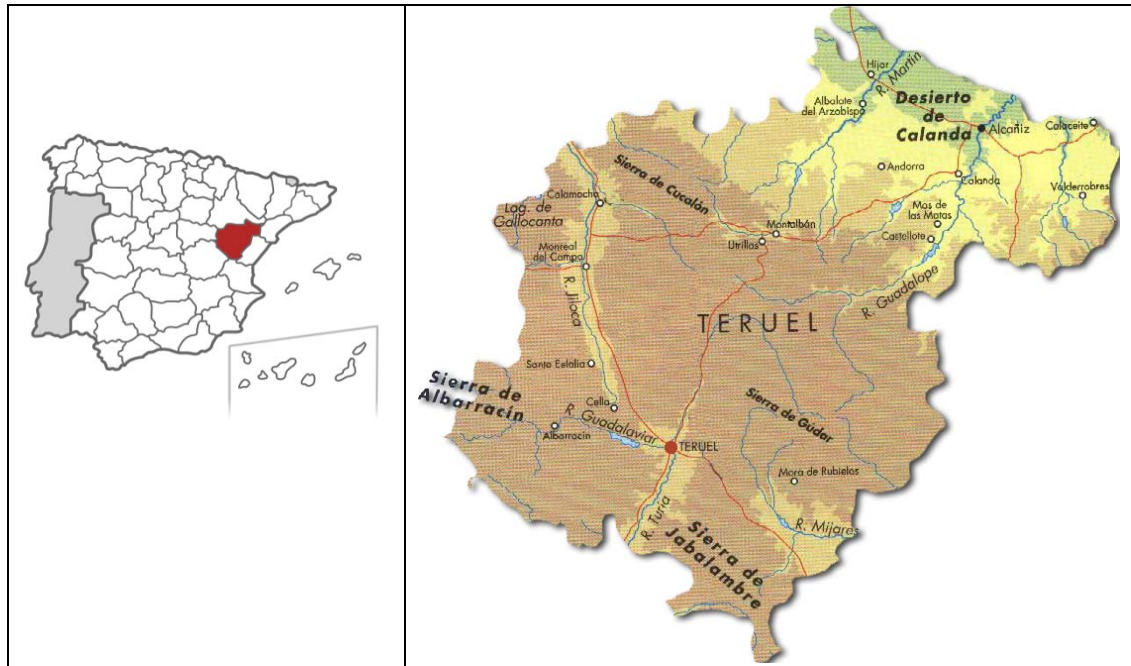
Accessibility to major economic centres has been historically low. Zaragoza (about 200 km) and Valencia (about 150 km) are the closest urban centres. Both were accessible from the province's capital by one lane roads (time access of over 2 hours to Zaragoza and close to two hours to Valencia). During the last 5 years, accessibility has improved substantially with the construction of the "mudejar" highway linking Valencia and Zaragoza through the province of Teruel.

The economy depends to a large extent on the administrative and services sector in the capital, and on primary activities (agriculture, livestock and some mining) in the rest of the territory. Ham with geographic quality label is one of the main potentials. During the last 15 years, strategies of endogenous development have allowed the region to recover and develop tourism linked to rural activities. The increased accessibility from the two mentioned metropolitan areas (Valencia 1.5 million and Zaragoza 1 million) provides an opportunity to consolidate a strong rural tourism activity linked to the variety of resources (traditional landscape, mountain areas, gastronomy, quality products, etc.), including the presence of two ski resorts mainly fed by the Valencian market (next skiing areas are more than 300 km farther away).

Because the consideration of per capita income is the only criteria for classifying regions under priority objectives, the province, even though suffering from intense depopulation and economic deprivation was never considered under Objective 1. As a consequence, the intensity of EU structural and cohesion funding has been less relevant than in other areas of Spain.

In any case, the critical depopulation level, the destruction of the traditional economic basis and the lack of viability of many towns and villages in their current population level explains the persisting depopulation.

Figure 1. Location of NUT 3 Teruel



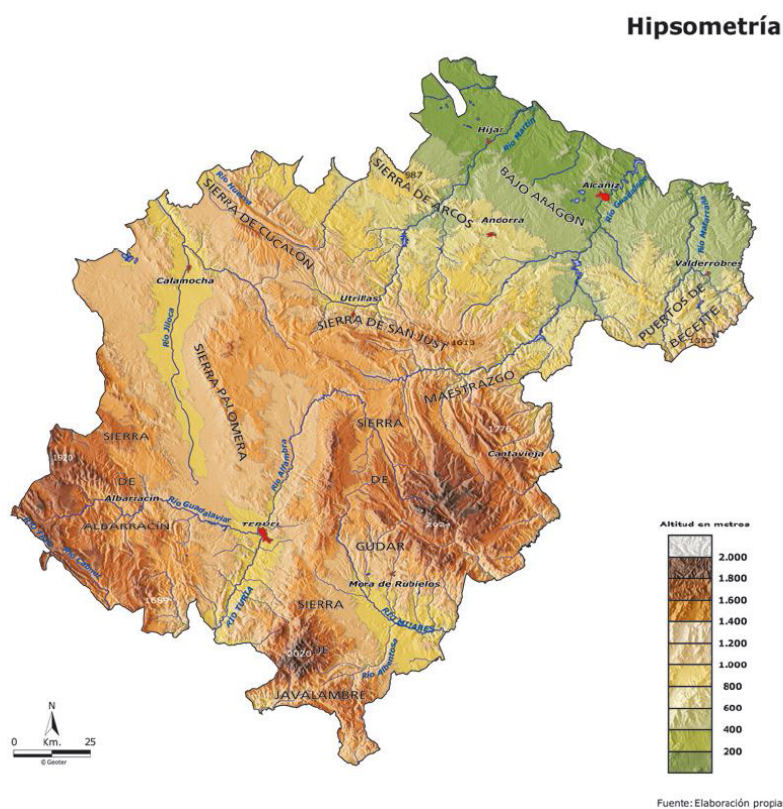
2. NARRATIVE OF CHANGE

The main factors explaining the current situation in the province of Teruel are: firstly, the territorial features (geomorphology, soils and climatology) and its consequences on human settlement and activity; secondly, the history of the region and its political and socioeconomic implications; thirdly, the overall evolution of the region during the 20th century. The following subsections review each of these factors.

2.1 Territorial features of Teruel

Teruel is located in the heart of the *Sistema Ibérico* range. As a result of this location, almost half of its territory is situated over 1000 m. altitude (Figure 2). This territorial configuration has important implications with respect to the harsh climate, difficulties in communication, constraints to agriculture due to the short life cycles of plants, etc. Extreme weather, from the altitude, mountainous terrain and high continentality, has been a limiting factor of human settlement and economic development throughout history. The weather is cold, dry and sunny, with marked seasonal contrasts (Lozano, 2007).

Figure 2. Hypsometric map, Teruel province



Source: Atlas de Teruel <http://interregvital.unizar.es>

2.2 Historical background

After the Islamic domination to the C12th, the territory became part of the Crown of Aragon. In C13th King James I set out the limits of the province of Teruel as they are at present. In relation to territorial administration and management this involved the creation of territorial entities called "village communities" (Teruel, Albaracín). These groupings would be valid ways for the reorganization of the new spaces of the Crown and for the management of the economic system (land, pastures, roads, etc.).

The marriage of the Catholic Kings (year 1476) meant the end of the Crown of Aragon and its integration into the Spanish monarchy. From this time the territory of the province of Teruel suffered recurrent episodes of confrontation and loss of privileges (*Fueros*). The seventeenth century saw Teruel declining in population and, economic terms. Famines, crop failures and, above all, the expulsion of the Moors (1610) were the causes of this decline. The consequences of the expulsion of the Moors were disastrous for the area, producing a sharp population decline and abandonment of many lands. After the war of succession and the accession of Philip V of Spain, *Fueros* of Teruel were abolished (1707). Despite the gradual loss of autonomy and political privileges, C18th shows a positive balance through slow demographic recovery after the expulsion of the Moors. This led to the increase of cultivated land and the flowering of the wool industry. During the War of Independence against the army of Aragon

(1808-1812) the land of Teruel was a scene of strong resistance to French occupation. The expansion of agriculture in the second half of the nineteenth century remained outside the commercial and the cautious industrialization recorded in other territories (http://www.teruelirwal.es/teruel/historia_turolense.html).

2.3 The socioeconomic evolution during the 20th century

The historical population peak of the province of Teruel occurred during the nineteenth century. The population of the province, which was about 100,000 at the end of the 16th century and 150,000 by the end of the eighteenth century, reached 250,000 by the middle of nineteenth century as a result of growth of agriculture and the momentum of the iron and lignite mining (Mercadal and Lorente, 1998).

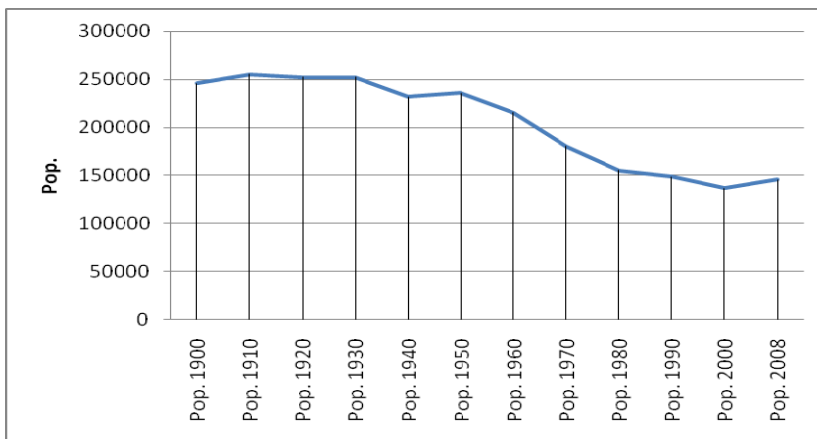
With the arrival of C20th came a continuous population decline until today. While the decrease started at the end of C19th, the process was accentuated especially after the 1950s. The causes for this dramatic decrease include the following factors:

- The handicaps associated with the territorial configuration (environment limiting the development of economic activities, low accessibility due to mountains, etc.), that have acted as a precondition for failure in the path of modernisation.
- The loss of territorial competitiveness associated with the development of transport infrastructures (ie. railway development during late nineteenth and early twenty centuries) that generated a sort of “isle effect” in relation to nearby, more dynamic territorial systems benefiting from an improvement of accessibility as industrial location factor (Rubio 2008).
- Productive specialisation in traditional activities for which location had provided competitive advantages (some agricultural products, cured ham production, mining, etc.). All these productions entered critical decline when competitive advantages diluted due to increased interpenetration with other territories.
- The lack of centres/areas in the province that could have consolidated attraction poles for population (ie. Industrial specialisation areas, strong administrative centres, etc.). The only small “attraction pole” is the capital of the province that holds about 40,000 inhabitants mainly in the administrative and service sectors.
- The phenomena of industrialization, urbanization and tourism development that occurred throughout the twentieth century, mainly since the 1950s, in the neighbouring provinces of Valencia, Zaragoza and Barcelona, which were an irresistible pull on people in Teruel.
- The modernisation of agriculture associated with the need to increase food production for the country's recovery after the Civil War and in the context of border closures and World War. The agricultural model shifted from self-consumption and local markets to intensive, specialised, market oriented and non-local focus. The main consequence was an intensive mechanisation and intensification of agriculture, and a progressive abandonment of marginal

agricultural lands (ie. those less productive). This process resulted in a significant percentage of agricultural workers losing their jobs. Many of these workers will not find in their municipalities and, in most cases, the rest of the province, alternative occupation. At the same time, the processes of urban growth, industrialization around cities (Valencia, Saragossa, Barcelona) were pockets of demand for labour. The leap towards emigration was served (Noguera 1999; Escalona and Díez 2004).

The consequence of the combination of the above factors was the outmigration of 50,000 persons from the province in a single decade (1960s) and a continued process of socioeconomic devitalisation that lasted to, at least, the middle of the 1990s (see Figure 3).

Figure 3. Population evolution 1900-2008. Province of Teruel



Source: INE (www.ine.es)

3. AN ANALYSIS OF THE MAIN NARRATIVES OF CHANGE OVER THE RECENT PAST

During the past 20 years, the province of Teruel has maintained many of the processes that have been described above and have produced a socioeconomic deprivation over the past 150 years. However, there is a variety of newer processes of change that will surely be part of future developments in this area. This section starts with a review of the region in the frame of the Narratives of Rural Change. Then, the new processes of change are reviewed.

3.1 First of all, Teruel in relation to the Narratives of Rural Change

Before entering the analysis of the processes of change, we try to situate the case of Teruel in the frame of the three Narratives of Change described in the EDORA project: agri-centric, urban-rural and capitalist penetration:

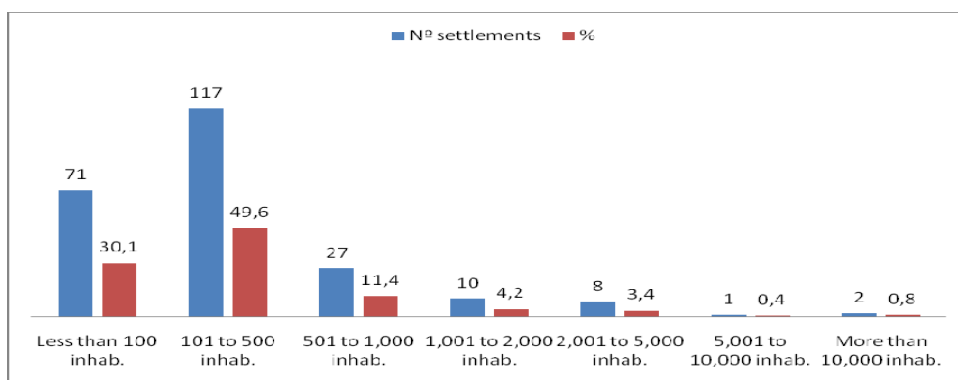
- **Agri-centric Narrative:** several factors combine to reduce the possibilities of the region to become a competitive agro-industrial area (high peripherality conditions of most rural areas, low productivity of agricultural lands due to altitude and resulting weather conditions, etc.). However, parts of the region have specialised in dried ham production that takes advantage of the same factors that are difficult agricultural production. Remoteness from potential markets partially reduces the possibility for full post-productivistic model, although there are some areas in the region that have developed functions associated to this model (skiing, rural tourism, quality products).
- **Urban-rural Narrative:** the region fits well to the typology of depleting remote rural area that keeps losing population and economic activity, through cumulative self-perpetuating cycles of decline (less population-less services-reduced labour market- less population....). However, during the decade of 2000s, the enormous immigration trend in Spain has begun to affect remote rural areas. Even if this new immigration has allowed for a certain socioeconomic vitalisation, it seems that in most cases, immigrants will stay only during a minimum necessary time to accumulate and will later start a new rural exodus circle.
- **Capitalist penetration Narrative:** much of the rural territory of the region is dependent on demands of urban population. The long trend of demographic decline and the strong reduction of local labour markets have contributed to reduce the possibilities of development. During the last two decades, however, certain public programs have promoted entrepreneurship, social capital, networks, strategic planning and local development in new and effective ways (LEADER, PRODER, etc.). There are some territories that have developed strategies based upon valorisation of local resources (heritage, gastronomy, landscape, ski, paleontology, etc.) and have achieved a degree of endogenous development. In any case, the target markets are always out of the region (Valencia, Zaragoza, Barcelona).

3.2 Many villages have exceeded the critical threshold of depopulation needed to maintain viability

There is a direct relationship between the number of people and the number of companies in a particular territory (Revital - SUDOE INTERREG III-B (2007)). In many villages in the province of Teruel, the continued depopulation process during the last 150 years has led to population levels that are below the minimum threshold necessary to maintain the viability of the settlement (Figure 4).

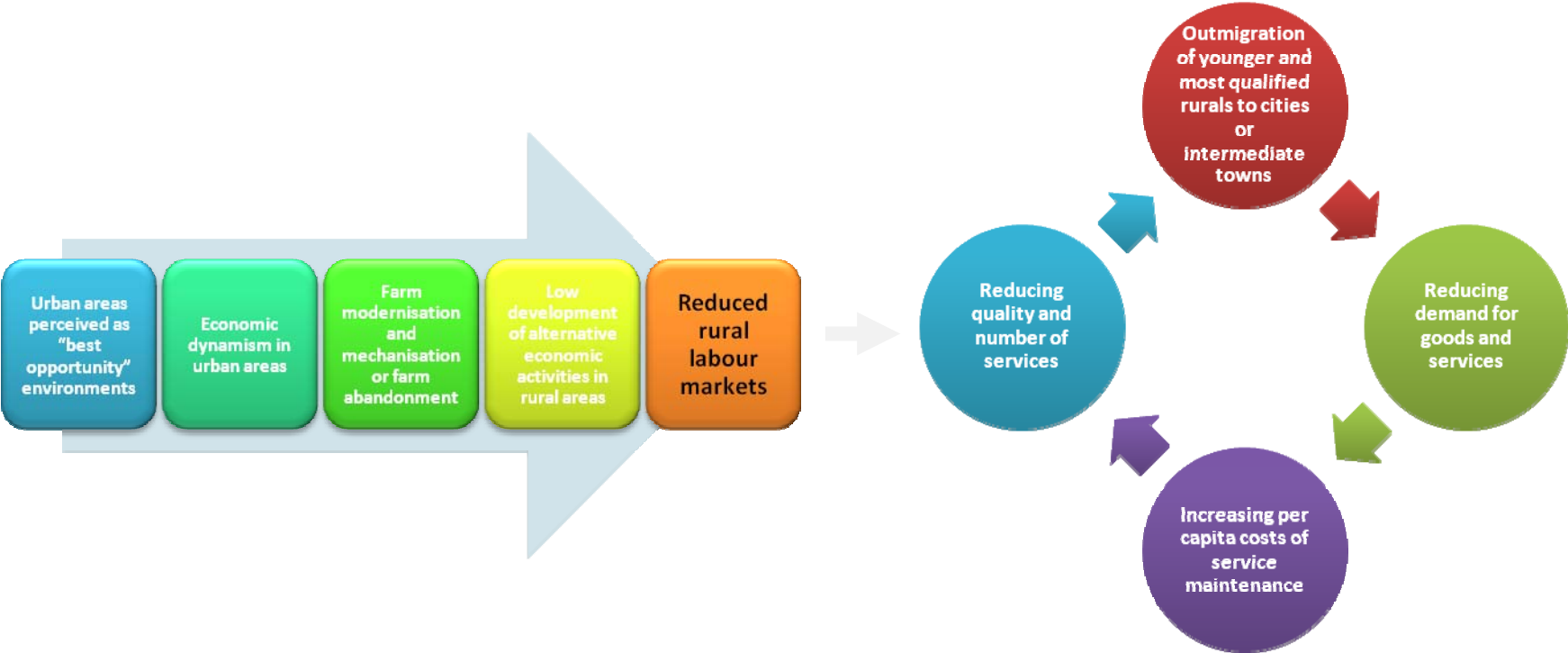
Once this critical threshold of population has been exceeded, it threatens a number of processes and key factors: first, it reduces the size of the local labor market and the number and quality of available jobs; secondly, it reduces the size of the local consumption market, which leads to lower profitability and viability of business and private services; third, the demographic constraint threatens the provision of even basic public services (education, health, public transport, etc.) due to the high cost per capita; fourth, the population decline reduces the size and capacity of public institutions and, therefore, the ability to attract and implement development policies; finally, this non-exhaustive list may also include the increasing average age of the population and the resulting ageing which is exacerbating the cycle of rural decline (Figure 5).

Figure 4. Settlements by population size. Province of Teruel, 2004



Source: Atlas de Teruel <http://interregvital.unizar.es>

Figure 5. Cumulative deprivation process of rural lagging areas. The case of Teruel

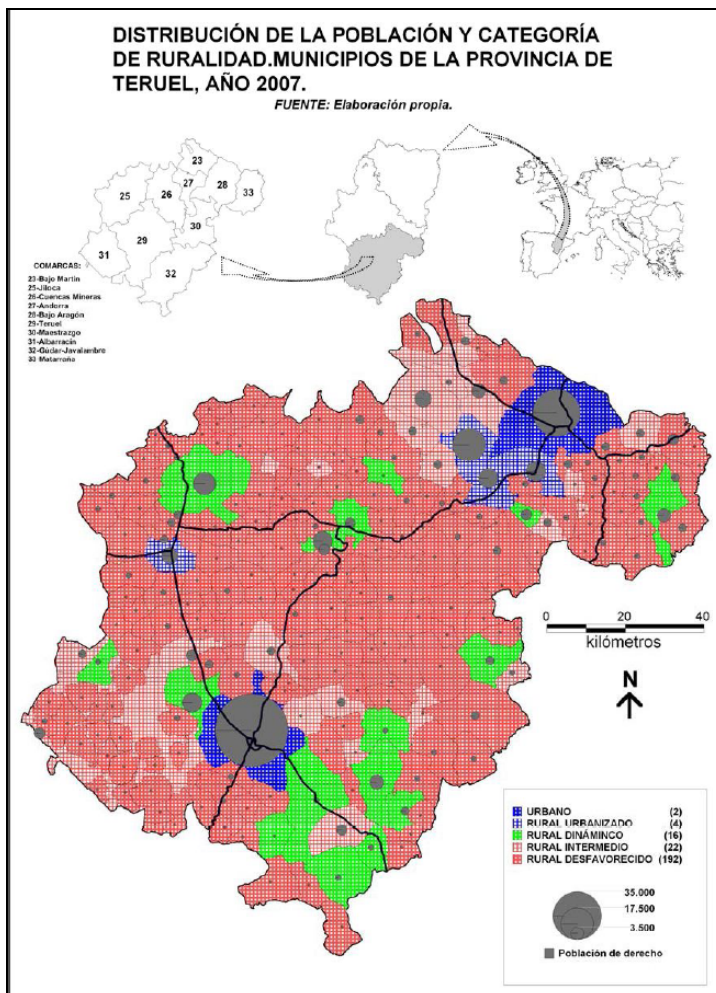


Source: adapted from Noguera 1999

3.3 The urban system lacks a network of intermediate towns that helps setting population

The urban system of Teruel is based on a network of micro-settlements that, in many cases, are still losing population. This is related to the absence of a true urban network able to structure and functionally organize the territory, to generate returns linked to the economies of urbanization and to activate new investments aimed at improving capital across the country (Rubio, 2008). Despite all efforts from both regional and local institutions and social and economic actors, the economic growth of Teruel is threatened in the medium term by the continuing decline in population, aging and uneven spatial distribution. Exceptions to this rule are the 2 biggest municipalities (Teruel and Alcañiz), and the mining area (*valles mineros*) that has more than doubled its population over the period 1990-2008. All in all, the province of Teruel has one of the 10th lowest population densities of all NUT 3 regions in the EU (9.2 hab/km²).

Figure 4. Population distribution and rurality. Municipalities of the province of Teruel, 2007



Source: Rubio, 2008

Key to Figure 4: Urbano (Urban); Rural Urbanizado (Urbanised Rural); Rural Dinámico (Dynamic Rural); Rural Intermedio (Intermediate Rural); Rural Desfavorecido (Rural deprived)

3.4 There is a certain demographic recovery due to foreign immigration since late 1990s but its impact on demographic and socioeconomic revitalisation is still unclear

Since the beginning of the twenty-first century, there is a change in the demographic trend characterized by a sharp slowdown of rural-urban migration and a parallel process of arrival of immigrants from abroad (Latin-America, Africa and Eastern European countries). This change in trend means that, for the first time in more than 100 years, the province of Teruel has a positive demographic balance. The slowdown of rural-urban migration is caused by depletion of the indigenous population potential (in practice there are no more population that might continue outmigration) and the reduced capacity of urban and industrial environments to continue to absorb rural population. Moreover, the relevance of the new wave of immigration is not so much the number of immigrants (only 5% of the total population in 2005) but the profile of the newcomers: young people of working age. This is the same demographic profile as the population that was leaving the region during the second half of the twentieth century and that can offset the huge population decline by encouraging natural growth.

Even if this new immigration is enabling a certain socioeconomic revival, the immediate challenge is to avoid a “second round” of rural-urban migration of current immigrants. It would seem that, in most cases, immigrants will stay only during a minimum necessary time to accumulate and will later start a new rural exodus circle.

Figure 5. % of immigrant workers by economic sector, province of Teruel 2005

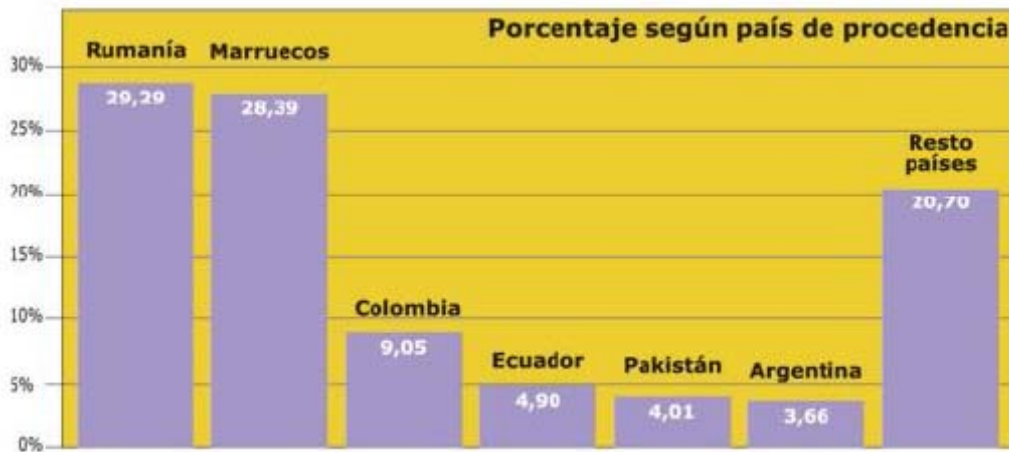


Source: Atlas de Teruel <http://interregvital.unizar.es>

Key:

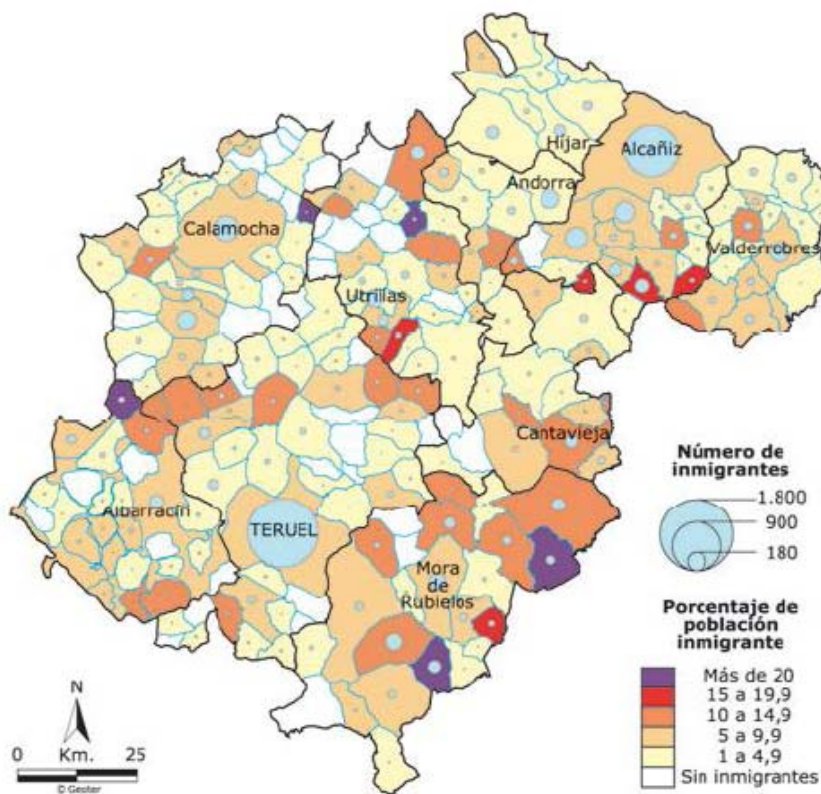
- Construcción: building sector
- Agrario: agriculture
- Hostelería: hospitality
- Personal doméstico: domestic care/services
- Agroindustria: agrobusiness
- Otras actividades: other activities

Figure 6. Percentage of immigrant workers by country of origin, province of Teruel 2005



Source: Atlas de Teruel <http://interregvital.unizar.es>

Figure 7. Immigration by municipality. Province of Teruel, 2005



Source: Atlas de Teruel <http://interregvital.unizar.es>

Key to Figure 7:

- Número de Inmigrantes: number of immigrants
- Porcentaje de población inmigrante: percentage of immigrated population

3.5 There has been an economic diversification and a contraction of the regional labour market

The regional economy has changed during the twentieth century from an agrarian specialisation (80% of employment in primary activities in 1900) to a clear specialization in service and administration activities (about 50% of employment by 2000). However, the distinguishing feature in relation to employment is a clear contraction of the regional labour market, parallel to the population decline, from more than 90,000 jobs in 1900 to just 50,000 in 2000. Intensive outmigration during the 20th century and the progressive ageing of remaining population are the main explanatory factors for this contraction.

Figure 8. Employment by economic sector 1900-2000. Province of Teruel



Source: Atlas de Teruel <http://interregvital.unizar.es>

Key to Figure 8: Primario (Primary); Secundario (Secondary); Terciario (Tertiary)

There are a number of processes and consequences behind this:

- An intensive loss of agricultural jobs over the last century, mainly since 1960, in relation to the mechanisation of agriculture and the rural-urban migration.
- A progressive abandonment of marginal agricultural lands, mainly in mountain and remote rural areas.
- Relative importance of agriculture even after the intensive agricultural job loss (about 15% of employment in 2000) in relation to the potentials of ham production.
- A tertiarisation of the labour market in relation to the general trend of advanced societies. In the case of Teruel, the percentage of service jobs is clearly below

average in relation to the reduced size of towns and the relative low development of urban functions (except for the capital)

- The contraction of most local labour markets in the region has provoked the reduction of available public and private services in extensive areas
- The region has witnessed an important tourism development. There has been a growing demand for accommodation and supply of hotel infrastructure and promotion of rural tourism. It is an activity that meets the demand of the urban population and increasing relations between rural - urban. This is also seen as a response to the diversification of farming, entrepreneurship and the incorporation of women into the labor market.

4. IMPLICATIONS FOR POLICY

As described throughout this report, depletion and the demographic consequences of this process on the territorial system, require specific attention and priority on the part of public policy. Future policy design and implementation for depleting rural areas should consider, at least, the following:

- ***The need for a comprehensive and territory-based rural development policy*** that enhances the diversification of the economy, the skills of local manpower, the fixing of the population, empowering the business sectors for which there are comparative advantages, the conservation and presentation of land resources and landscape, etc.. This action must originate from the regional and national institutional levels, and requires an integrated effort by various departments and agencies with expertise and decision powers in different areas affected. There are some examples of good practice in this regard, like the recent Law for Sustainability of Rural Areas, of the Ministry of Environment and Rural and Marine Environment of the Government of Spain (http://www.mapa.es/desarrollo/pags/ley/ley_desrural_14_12_07.pdf). The Act clearly reflects these principles of integrated development, rural and cross specificity. The law affects powers of, at least, 8 Ministries of the Central Government.
- ***Stimulating empowerment of rural communities.*** There is no need to invent a new policy. The example of the LEADER method, duly improved according to evaluation results available, is suitable for achieving the above objectives.
- ***A policy of land use management*** that gives value to the tasks associated with the maintenance of rural land resources, which often have no market value (landscape, water, air, etc..) beyond productive criterion.
- ***The identification and promotion of public and private services of strategic importance*** for the viability of local systems and local labour markets (healthcare, education, food, care for the elderly, security, transportation, IT, etc.).

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REVITAL – INTERREG SUDOE III-B (2007) <http://interregvital.unizar.es/>

ANNEX. SELECTED PICTURES OF THE REGION

Note. pictures belong to the Atlas de Teruel of the Universidad de Zaragoza <http://interregvital.unizar.es> except otherwise indicated

Open oak forest



Camascal abierto. El Campillo

)

Juniper on abandoned agricultural terraces



Enebral sobre bancales de cultivo abandonados. Aliaga

River Jiloca lowlands



Depresión del Jiloca en Caminreal

River canyons in Cantavieja



Fuertes encajamientos fluviales en Cantavieja

New highway (Autovía Mudéjar) linking Valencia and France via Teruel and Zaragoza



Viaducto en la A-23

Thermal power plant of Andorra in the Mining Valleys of Teruel



Source:

http://4.bp.blogspot.com/Mo_3nmqphfA/SNkF9fwnu_I/AAAAAAAAAb8/w1zWi-bHyjM/s400/Andorra.teruel.jpg

Dinópolis (Interpretation Centre for the paleontologic remains in Teruel)



Town of Albarracín





The ESPON 2013 Programme

Applied Research Project 2013/1/2

EDORA

(European Development Opportunities
for Rural Areas)

EXEMPLAR REGIONS REPORT:

NORTH YORKSHIRE, UK

Hilary Talbot, Newcastle University

Working Paper 21

March 2010



EUROPEAN UNION
Part-financed by the European Regional Development Fund
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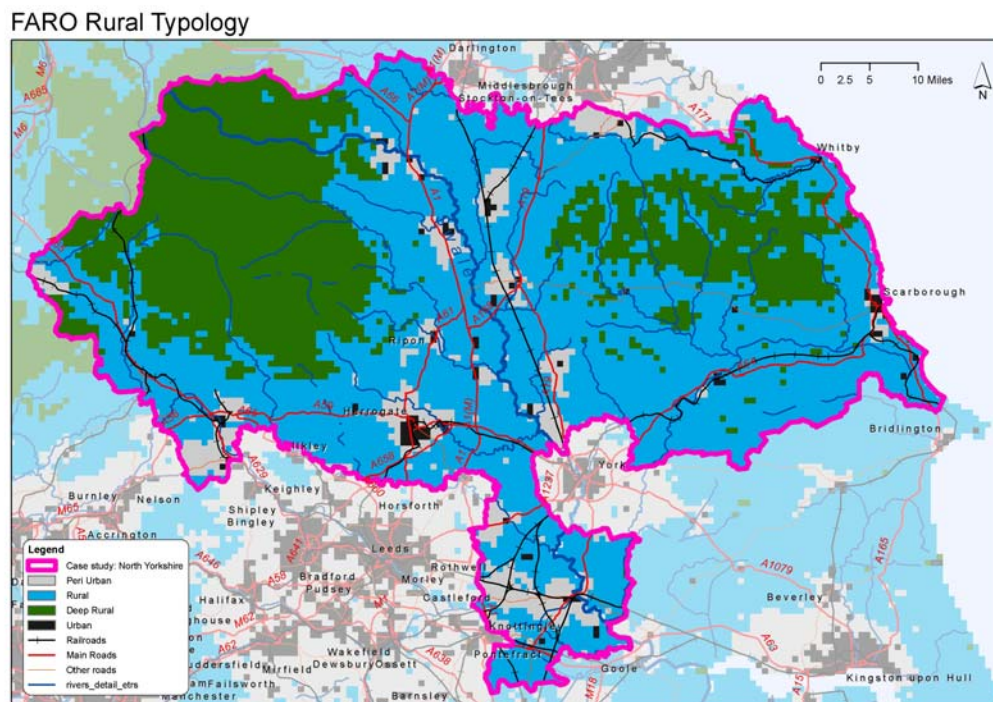
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1. INTRODUCTION TO THE REGION

North Yorkshire is a large county in the North of England that forms a NUTS 3 region for EU statistical purposes. It covers an area of c8,000 km² (Butlin, 2003), and has low population density in UK terms, causing it to be described as a rural county. It includes two conurbations: Scarborough (49,400 population) and Harrogate (73,700 population).

Its population is about 580,000. It is adjacent to a number of major cities, and out-commuting to these centres is popular in those rural areas with good access routes. The map at Figure 1 is helpful in demonstrating the importance of city links for the adjacent parts of the county, and how the North/South major road and rail routes also link businesses and residents in this 'central belt' to Scotland (north) and London (south).

Figure 1: North Yorkshire Typology



Source: This map was produced as part of the EU Framework Programme FARO project, and details of the typology can be found at www.FARO-EU.org.

North Yorkshire as a whole now only employs about 3% of the workforce in agriculture. Service sectors account for more than half the employment. It has a mixed economy made up predominantly of businesses with less than 10 employees.

While the NUTS3 region as a whole might be captured as 'Intermediate Rural – close to a city' (Dijkstra and Poelman, 2008), Figure 1 demonstrates the range of rural types that this incorporates. The road and rail system has already been discussed in terms of access, but the absence of significant access routes in the 'deep rural' areas and along the eastern coast is also noteworthy. While scrutinising the map, it is also worth highlighting that the two 'deep rural' areas also map roughly to the two National Parks in North Yorkshire, each of which also forms the core of a LEADER area.

The second world war forms something of a watershed in the recent history of North Yorkshire, and some of the history since that time forms a useful context for this study of change.

There was a strong post-war recovery of agricultural production, although employment in agriculture began to decrease in 1944 and has continued its downward trend ever since – between 1985 and 2000 there was a 27% decline in jobs in agriculture in North Yorkshire (Leigh, 2003). UK agriculture entered a new phase in 1973 with entry into the EEC and the CAP; milk quotas, in particular, had a significant influence on what was produced in North Yorkshire; subsidies became essential to keep farmers on the land. By 2000, 35% of farms were somewhat diversified. Leigh describes their new activities as “mainly temporary changes of normal farming patterns” (p.262) – farmers contract themselves to other farmers, use their farms or farmhouses as rural tourism destinations, for example. In more accessible areas, some start to do part-time non-agricultural work. These diversified activities do not have significant impacts, though, on farm incomes.

During the twentieth century, there has been growing public concern in the UK about the countryside and the protection of the natural environment. This culminated in the early post-war period in the Town and Country Planning Act of 1947 and the National Parks and Access to the Countryside Act of 1949, and the setting up in North Yorkshire of two National Parks – the North York Moors (1952) and the Yorkshire Dales (1954). By the 1980s, environmentalism was strong, and often in conflict with agriculture’s practices that were destroying valuable landscapes in North Yorkshire, particularly in the lowlands. Farmers have been under pressure to ‘green’ their activities for a long time in North Yorkshire.

Some of this public concern can be attributed to the proximity of large conurbations to rural areas, and the fact that there has been a long term demand by urbanites for access to the countryside. The National Parks have a duty not only to conserve their areas, but also to promote public enjoyment; the 1949 act also formalised a network of public rights of way that cross private land. North Yorkshire has long been an outdoor recreation destination for day trippers and holiday-makers. (Its spa towns in Harrogate and Scarborough also give it a long history of more formal tourism). Those visiting for outdoor recreation and tourism often head for the remoter areas, and especially for the National Park; these visitors almost always arrive by car, making road congestion and parking on peak days a significant management issue.

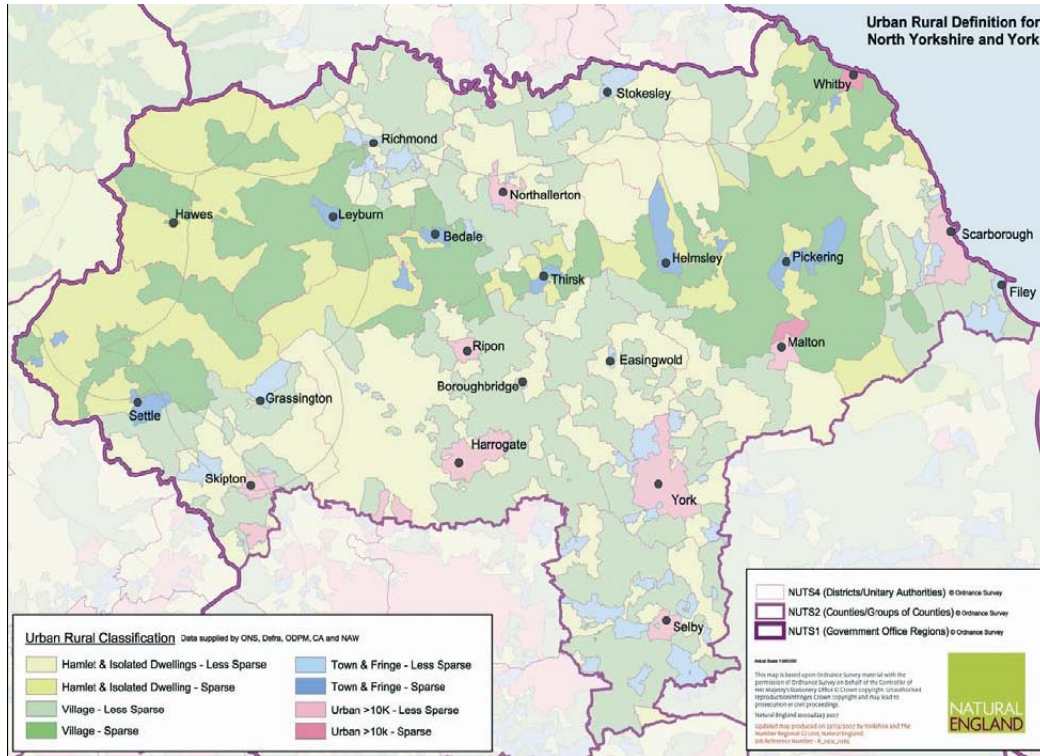
The National Parks have influence over a significant land area in North Yorkshire, but manage, rather than own, most of this. In the 20th century, however, there was a public land owner in North Yorkshire that owned 7% of the land cover – the Forestry Commission. In the second half of the 20th century almost all of this was dense coniferous forests; this is gradually giving way to more environmentally sensitive planting, and to major access projects.

This brief history serves to emphasise the fact that in North Yorkshire how the countryside should be used has been argued over for a long time. Farmers’ rights as landowners to do what they want has often been contested by environmentalists and by those wanting access to their land, and post-war laws began a process of formalising the rights of people other than farmers to decide how their land should be used.

2. NARRATIVE OF CHANGE

2.1 Current change in North Yorkshire

Figure 2: Urban/Rural Classification of North Yorkshire



Source: York and North Yorkshire Rural Evidence Base (York and North Yorkshire Partnership Unit, 2007a)

The population of North Yorkshire is 580,000. About two thirds of the people live in rural areas under the 2004 government definition (see Figure 2); there has been an increase of 10.1% in the rural population over the last 25 years mainly reflecting the trend for people to move from the urban areas for the quality of life. (North Yorkshire has had little experience of immigration from overseas although there has recently been an increase of in-migration from eastern Europe). The population increase masks the fact that young people are migrating out of North Yorkshire, mainly for higher education and work.

The population is also ageing. Two trends are apparent within this: a significant growth in the over 75 age group, and the out-migration of young people. According to County Council calculations, by 2016 23% of the population will be over 65 (North Yorkshire County Council, 2007).

The 'quality of life' attraction of North Yorkshire is closely associated with its high quality landscape. It includes within its boundaries two of England's nine National Parks (the North York Moors National Park, and the Yorkshire Dales National Park), and some of its sea boundary is designated as Heritage Coast. It also hosts a World Heritage Site: 'Fountains Abbey and Studley Royal'. The high quality of the

landscape and its designations reflect both its environmental merits and its visual attractiveness. There is great demand for housing – both permanent and ‘holiday’ homes – in North Yorkshire.

The population overall is fairly affluent, but this masks the poverty experienced in some places, and by some social groups. Some geographic differences in levels of deprivation are discernible at high resolutions: household income levels are particularly low in the uplands and in the eastern coastal strip of the county where only 0-4% of the population have household incomes in excess of £50k (significant areas in the western lowland have 19 – 32%) (York and North Yorkshire Partnership Unit, 2007a). Scarborough Town, on the coast is identified as having high levels of income deprivation in a cluster of its neighbourhoods and is the target for various public sector deprived area development initiatives. In Scarborough male life expectancy is the lowest for the county, teenage pregnancy is the highest and death attributed to alcohol misuse is particular high.

Affordable housing is difficult to find for those on low incomes. The demand for housing from incomers, coupled with stringent planning controls on new developments has forced house prices very high. The demand in some areas is particularly high because properties are regularly bought as second homes or for holiday letting (in the Yorkshire Dales National Park in 2006 this accounted for 15% of the housing stock, and in one valley, for 46%) (Yorkshire Dales National Park Authority, 2006). The effect of these trends is a severe shortage of houses for sale at the lower ‘affordable’ end of the market, with the problem increasing over time. In practice, for those on lower incomes the options are limited: the local authorities in North Yorkshire own far less housing stock for subsidised renting than they did before the 1980s and their waiting lists are growing - one District had a 100% increase between 2001 and 2004, and another had a 75% rise (York and North Yorkshire Partnership Unit, 2007a). The lack of affordable housing is another reason for the exodus of young people.

The high quality landscape of North Yorkshire attracts not only new permanent residents, but also holiday-makers. Visitors to North Yorkshire are often attracted by the marketing of ‘Herriot Country’ (www.herriotcountry.com), based on a series of books about a rural vet in the middle of the twentieth Century. The marketing is as much about the market towns, villages and isolated dwellings of North Yorkshire as about the physical landscape – this is a quintessentially English rural image. There are 28 Market Towns in North Yorkshire (North Yorkshire County Council, 2007), with 27 marketed as historic Market Towns (www.northyorkshiretowns.co.uk). The uplands, in particular, are popular with tourists, who appreciate the traditional agricultural practices - such as extensive grazing, dry stone walls and stone barns – and the pretty villages with a church and a pub.

Rural tourism has become an important part of the local economy in remoter areas. North Yorkshire’s proximity to major cities (Leeds (443,000 population); Bradford (294,000 population), York (185,000 population) and Middlesbrough (143,000 population)) make it an ideal destination for day visits and short breaks as well as longer holidays.

The attractive upland landscape, however, is a managed, rather than a natural one. Throughout history it has been formed and shaped by agricultural activity, and this continues to be the case. Farmers need to work the land in traditional ways – mainly through extensive grazing of the poor quality agricultural land. Much of the subsidy paid to these farmers is linked to their role as ‘stewards’ of this landscape. The two significant upland areas in North Yorkshire are designated as National Parks, which

further regulates what development activities are allowed, and provides additional support for good management.

In these remoter upland areas, agriculture and rural tourism are still significant employers, to the extent that the over-reliance on such a narrow economic portfolio is seen as a risk (York and North Yorkshire Partnership Unit, 2007b). The need for farmers to diversify to survive is seen as essential, including by farmers themselves (North Yorkshire County Council, 2006a). Some diversification is to activities outside farming and the farm, but it can also be about specialising in traditional or organic methods, about adding value to the raw materials, or using the farm or its buildings as accommodation or an attraction for visitors.

Farmers in these remoter areas are thought to be much more dependent upon subsidies than in the more fertile lowlands. In the uplands there are fears that changes within the CAP will lead to land being left unmanaged: there is already one holding on the North York Moors that has been unmanaged for about 10 years, and the land is beginning to return to its more natural, vegetated state. The local economy in more rural areas is particularly sensitive to the spending of farmers. There are concerns that recent and anticipated changes to their support schemes could impact negatively on the wider local economy.

There is also significant farming activity on the more productive agricultural lands of the lowlands. Much of this land is used to grow crops – cereals being the most significant. The lowlands are thought to have far more potential to remain commercial without subsidies than the uplands, although their methods might pay less respect to the environment than at present if subsidies were reduced.

Over time there has been a decrease in the land area of North Yorkshire that is commercially farmed, and also in the number of farm holdings (Butlin, 2003). Farms are still generally owned by families or family partnerships. For North Yorkshire as a whole agriculture now employs only about 3% of the workforce.

Instead, people work in other sectors in North Yorkshire, or commute to the adjacent cities. Employment within the rural part of North Yorkshire is predominantly in the public sector (28% of the population); retail and distribution accounts for a further 15% of the employment, manufacturing for 12%, business services for 10%, agriculture and land-based industries for 7%, construction for 7% and hotels and catering for 6% (York and North Yorkshire Partnership Unit, 2007a). However, this classification masks the importance of the tourism sector in rural North Yorkshire (employees are classified in a range of categories) and the creative industries.

The Gross Value Added (GVA) for North Yorkshire as a whole is lower than in England, but is growing; GVA in the more rural parts of North Yorkshire is lower than in more populated areas, but is forecast to grow (EKOS Consulting (UK) Ltd, 2006). Those rural Districts dominated by upland rural areas have far lower GVA than the rural Districts in lowland areas. Areas with limited access to large employment markets (the remote areas and the east coast) have significantly lower wages than nationally - Scarborough District's income rate is 79% of the national average (EKOS Consulting (UK) Ltd, 2006). Again, in rural upland and coastal areas, 30% or more of the adult population have no formal qualifications, although the educational performance indicators for children and young people are good for North Yorkshire as a whole (ibid).

The statistics suggest that the people of North Yorkshire are generally keen to work or find work (EKOS Consulting (UK) Ltd, 2006). Official unemployment rates are

generally low, and economic activity rates are high. These figures need treating with caution as there is evidence of under-employment, high levels of part-time working because of a lack of full-time work, seasonal working and under-utilisation of skills.

There is some evidence of difficult-to-fill vacancies in rural areas, especially in the health and tourism sectors (York and North Yorkshire Partnership Unit, 2007a). It is also apparent (although not well-documented or analysed) that in-migration from eastern European countries (particularly Poland) is manifesting itself on certain industries in North Yorkshire: agriculture, food processing, hospitality, leisure and catering sectors, in the lowland rural areas.

The County's businesses are mainly microbusinesses (85% of businesses), or 'self-employed' firms (North Yorkshire County Council, 2007). More than half of the owners are in the 35 to 54 age range, and a significant number are aged 65 or over (York and North Yorkshire Partnership Unit, 2007a). Working from home is significant in the rural parts of the county – in one rural District 17.9% of the economically active are home-based compared with 13.5% of the North Yorkshire population and 9.2% of the English population as a whole (www.ryedale.gov.uk/PDF/Ryedale%20Profile%20July%202004.pdf).

Start up rates and business survival rates are good. Major crises in rural areas (e.g., floods and foot and mouth disease) have highlighted the resilience of many of these tiny businesses, but also the low level of knowledge about the motivations and interrelationships between businesses by governance institutions.

According to the Yorkshire and The Humber Regional Healthcheck on Rural Prosperity (Promar International, 2007), the constraining factors for business development are differentiated by geography: for the remote districts these were the number of economically active people, business profitability and investment levels, and a lack of innovation. By contrast, for the accessible rural districts the lack of employment-related training, the level of business trading via the internet, and the decreasing propensity of businesses to trade outside the region were the problem issues. Growth of firms outside major settlements is sometimes constrained by the lack of appropriate premises, and stringent land use development policies.

To remain prosperous North Yorkshire needs to adjust to new business sectors. Engagement in the knowledge-based growth sector has been identified as a need/opportunity (York and North Yorkshire Partnership Unit, 2007a).

Commuting out of the county to work is important for many people, particularly the residents of the more accessible parts, with 26,800 people commuting westwards to the major conurbations, and one of the western Districts having two thirds of the working population out-commuting (North Yorkshire County Council, 2006b). North Yorkshire is also well-connected to more distant cities (including London) and to Scotland via its north/south motorway-standard road and its high speed train line. The areas around the road, particularly in areas of traditional industrial decline have been developed with depots and storage for the haulage industry.

The level of out-commuting in some parts of North Yorkshire raises social concerns. It turns some former vibrant 'communities' into dormitory villages and towns. In some cases a significant number of properties are also owned for holiday purposes leaving few permanent residents at home during working hours. The low numbers of daytime residents has two consequences for services: places lack the critical mass to keep public and private services viable; and it reduces the 'community spirit' and the number of people offering self-help and neighbourly services.

The lack of local services is usually of little consequence to those who out-commute using private transport: they can visit shops, banks, doctors, and so on near to their urban workplace, and deliver children to school on their way if they choose. Some of those who do not out-commute are not too severely inconvenienced by a lack of local services: they may travel to North Yorkshire market towns for work, and/or own a car, so making it relatively easy to travel to one of the local service hubs, typically the 28 market towns. The problems arise particularly for those without cars — public transport within more rural parts is ‘often irregular’ (North Yorkshire County Council, 2006b). The non-car owners are typically those on low incomes and the elderly (and North Yorkshire has an ageing population).

Statistics for North Yorkshire show that half the population has to travel more than 4 km to visit a bank, a cashpoint, a dentist, a doctor’s surgery or a petrol station; 30% of young children have to travel more than 2 km to their primary school, and 75% of older children must travel more than 4 km to their secondary school (Commission for Rural Communities, 2008a). There are low expectations from the rural population of North Yorkshire about the quality and availability of services (North Yorkshire County Council, 2006a).

Ensuring that adequate local services are provided, especially to remoter and sparser areas for those who cannot travel easily is a perpetual, and largely unresolved, problem for the public sector (North Yorkshire County Council, 2007). There is not much evidence yet of ICTs significantly reducing the necessity for travel to access services. The ‘third sector’ has a role to play, but the dwindling number of people around in the day reduces the number of people for neighbourly help or more formal voluntary work.

Development policy for rural North Yorkshire, as with the wider region, is geographically focused upon the ‘renaissance’ of the market towns (Government Office for Yorkshire and The Humber, 2006), and physical development outside these towns is highly constrained (Government Office for Yorkshire and The Humber, 2008). These centres are being developed as hubs for housing, for working and for services.

2.2 Changes in governance

This case study of a NUTS3 region maps exactly to the boundaries of North Yorkshire County Council. This is an elected ‘top tier’ of local government – North Yorkshire is sub-divided into 7 District Councils who share some of the local government responsibilities with the County Council, and 731 parish council areas (these are run mainly on a voluntary basis and have limited statutory powers). Simplifying slightly, until about twenty years ago these, together with the National Park Authorities, would have been the main decision-makers for North Yorkshire at the sub-national level.

The position now is much more complex, and still changing. The UK has undergone a process of devolution. North Yorkshire is now administratively located within the Yorkshire and the Humber region (NUTS1 level). At this level, the most significant institution for rural development is the Regional Development Agency (RDA) for Yorkshire and the Humber, which has an economic development remit and has also been given responsibility for the Rural Development Programme England (RDPE) 2007 – 2013 in the region. This means that the NUTS1 regional level is an important tier of rural governance for North Yorkshire. However, whereas the North Yorkshire tier has predominantly rural interests, the NUTS1 tier is dominated by urban

concerns. Much of the 'regional' resourcing of rural areas in North Yorkshire is therefore determined by a distant, urban-dominated decision making forum.

The power of these unelected regional bodies has recently been reviewed, and their relative position vis a vis the local authorities has been clarified (Communities and Local Government and Department for Business Enterprise and Regulatory Reform, 2008). The governance structure of the RDAs now incorporates elected members of the local authorities, and local government has a formal duty to undertake economic assessments, alongside their public service provision duties. In North Yorkshire, the economic assessment duty is being carried out by the County Council.

There has also been a shift towards local government being the enabler, rather than provider, of services accompanied by a dispersal of responsibilities and powers to other agencies of government, the private sector, and the voluntary and community sector, which come together as governance partnerships. Associated with this shift away from elected government making decisions on behalf of their electorate is the emphasis on 'participative planning', where local groups and individuals are involved in decision-making.

At the North Yorkshire level, alongside the County Council, there is an overarching Partnership, the North Yorkshire Strategic Partnership, which has the aim of promoting the economic, social and environmental well-being of North Yorkshire's communities, and responsibility for producing a 'community plan' (North Yorkshire Strategic Partnership, 2008a) and an associated agreement over action (North Yorkshire Strategic Partnership, 2008b) which is linked to central government funding. The Partnership is formed of organisations from the public, private and voluntary and community sectors, and works through six sub-partnerships, one of which is the York and North Yorkshire Rural Partnership – Stronger Communities.

This public/private/voluntary sector governance model is also used for many area regeneration initiatives (including LEADER) in North Yorkshire. The 'participation' of local people and of the 'third sector' can be problematic. There are issues over the lack of transparency about where and how decisions are made and that although processes of consultation take place the community view is then sometimes ignored. For the bodies that represent the community voice on the North Yorkshire Strategic Partnership, there are issues about having the capacity to send appropriate representatives to all the meetings, the cost in terms of staff time and expenses, the difficulty of representing the views of the wide range of tiny organisations, and of contributing to the decision-making process as a federation of independent organisations when the public sector organisations have much clearer corporate priorities.

Another recent phenomenon is that 'rural' institutions and policies are slowly giving way in England to more integrated structures and policies. There are two strands to these changes: the growth of 'city-regions' and the 'mainstreaming' of rural issues within all government policies.

The concept of the city-region has been embraced within England, particularly by the large cities that would form the core of these regions. At present, informal city-region partnerships have been formed; the government has now agreed to empower these further through Multiple Area Agreements (Communities and Local Government and Department for Business Enterprise and Regulatory Reform, 2008) which allows a city-region to bid for, and then allocate, government funds.

For North Yorkshire, there are two significant adjacent cities which form the core of city-regions. In terms of North Yorkshire the Leeds city-region partnership in the southwest already involves the adjacent District Councils of North Yorkshire (Craven, Harrogate and Selby) (see www.leeds.gov.uk/leedscityregion). To the north lies the Tees Valley city-region which could impact on parts of the north of the county, although there has been little contact to date with North Yorkshire. There are differences of opinion within North Yorkshire about the benefits of the city-regions. At present city-regions do not have boundaries defined by central government, and choose which parts of their rural hinterland to work with. In North Yorkshire a concern is that deeper rural areas and the east coast could become residualised in this process.

In the UK, rural policy as a separate policy domain is gradually diminishing. Instead, rural issues are now 'mainstreamed' (Gardiner, 2007). This means that there are few, if any, dedicated rural policies and government structures: as far as possible rural issues should be integrated into all other policies, and be the concern of the whole of government. A government agency, the Commission for Rural Communities, has been set up as the rural advocate across government; as part of its work it ensures that all government policies have been 'rural proofed' (Commission for Rural Communities, 2008b), to ensure that they take account of rural circumstances and needs. The 'mainstreaming' agenda is also being applied in the Yorkshire and the Humber RDA, where the 'rural team' is only involved in the administration of the RDPE; rural issues are integrated into the various strategies produced by the RDA.

2.3 Future priorities

A workshop was held, as part of the EU FP 'FARO' project (www.faro-eu.org), with some key stakeholders in North Yorkshire in November 2008 to discuss future issues. A number of key issues were identified as of continuing concern for the near future (see Box 1). There were also concerns about governance and policy.

Box 1: Future Issues in North Yorkshire

Key Issues at Present/ Near Future	Related or Sub-Issues
High quality landscape	Future of Upland Farming; Tourism
Diversification	A diversified local economy; Diversification of businesses/farms <ul style="list-style-type: none"> • on-site diversification • off-site diversification • value-added products; Importance of microbusinesses
Social issues	Hidden deprivation; Ageing population; Lack of services
Viability of local places	ICT development

The participants were keen to explore the possibility that the more distant future would be determined more by 'shocks' than extrapolated trends from the present. The shock that they agreed would be most likely to drive the future of North Yorkshire was a lack of oil (climate change was also discussed but was expected to have serious impacts further into the future than the lack of oil, and to be very difficult to conceptualise in terms of consequences for North Yorkshire's development). Various scenarios were constructed based around a lack of oil, broadly,

1. North Yorkshire would be radically different, and its primary functions would be the production of food, energy and water for the region (NUTS1 level). This could have one of two main results:
 - (a) It might be valued highly because of the dependency of urban areas,
or
 - (b) Subsistence-level living
2. North Yorkshire would not be dramatically altered because this would be politically unacceptable – ways would be found to mitigate the full effects of the lack of oil (and of climate change).

Although the practical consequences of climate change are still ill-defined and contested, the changes, according to the Climate Change Scoping Study for Yorkshire and the Humber (WS Atkins, 2002), is that the climate of the Yorkshire and the Humber region will become warmer, winters will become wetter and summers drier, and there will be an increase in the frequency of extreme events such as droughts and floods. It is anticipated that North Yorkshire will be affected by increased coastal erosion rates and tidal flooding; loss of heathlands and bogs in the uplands; and increased winter flood risks but problems of low river flow in summer.

3. ANALYSIS OF CHANGE BY 'GRAND NARRATIVES'

3.1 Agri-centric narrative

North Yorkshire is clearly no longer significantly dependent economically on agriculture. However, it still is a major land use. The farming patterns split broadly into the lowlands with high quality productive land, used mainly for cereals; and the uplands which are used for rough grazing of sheep and cattle. Some of this present pattern of usage reflects not only the natural environment and market forces but also CAP regimes – milk quotas saw many lowland farmers abandoning dairying.

The uplands, in particular, are highly dependent on public sector support for survival. However, upland farming is particularly linked to the quality of the landscape in North Yorkshire, and paying farmers as stewards of this is generally thought acceptable. They maintain the cultural landscape that visitors value; some have also diversified into providing accommodation, or farm-based tourism products.

Lowland farming is more economically viable than upland farming, and more modernised. Again, diversification takes place, but this is not only on-farm, or farming-related: some farmers in accessible areas take part-time jobs in unrelated sectors.

In the more accessible areas, there are a number of important employers that have little connection to the traditional view of what rural work might be. In one area there has been a concentration of jobs connected with coalmining and power stations; in another the military is a major employer of civilians; another area is renown for employment in financial services, research and development, and new technologies.

3.2 Urban-rural narrative

There are clearly important urban-rural linkages for North Yorkshire. This is particularly prominent in the more accessible areas where the urban-rural boundary is crossed daily by many people, mainly through out-commuting (there is also some in-commuting to the market towns in North Yorkshire). 'Outsiders' are also buying up properties for retirement and holiday homes and people visit regularly. This impacts on the remote areas as well as the accessible areas of North Yorkshire. These people tend to be from neighbouring parts of the region. There are advantages to the overall 'critical mass' of permanent migration, and potentially to the economy. However, these people often exacerbate the ageing population trends, make housing unaffordable for local people, and sometimes threaten the 'community spirit' of rural settlements by creating 'dormitory towns' where no one is at home in the day. The rural economy, especially in more accessible areas, has a very porous 'boundary', with trade and business networking crossing and linking to urban areas.

New governance arrangements are being put in place that cement the urban/rural linkage still further: the concepts of 'mainstreaming' rural policy, and of the 'city region'. The demise of clear 'rural' policies and demarcations are seen by some as empowering for rural areas – there will be benefits of having the rural included within the wider region. Others are concerned that rural issues and areas will be marginalised by this process. In North Yorkshire it is clear that at present one neighbouring city-region is working with the accessible parts of North Yorkshire adjacent to the core cities; the other, situated in a different NUTS1 region has not entered into effective dialogue with North Yorkshire. There is a fear from some that city-regions will amalgamate with the more affluent accessible parts of North Yorkshire, leaving a residue of remote and impoverished rural parts without effective formal links into the wider region.

3.3 Globalisation/capitalist penetration narrative

While there are many global linkages in North Yorkshire, there is only patchy evidence that the processes of globalisation have significantly disempowered the county. Market towns manifest some signs of globalisation, with branches of international retailers (especially supermarkets) and banks on their high streets, which presumably has been at the expense of more local retailers.

There are also some signs of local businesses retaining power while trading internationally. Some farmers are using overseas markets for their meat, but this seems to reflect farmer's decision-making rather than impositions by large supermarkets or multinationals. While the international business tourism sector is well-developed in Harrogate, the high quality accommodation does not carry the names of large international hotel chains.

Tourism could be an important factor in resisting a takeover by global forces in North Yorkshire. The attraction of North Yorkshire is its cultural heritage, which valorises the distinctiveness of place and the landscape, which is connected to traditional approaches. Appropriate development is small scale and locally sensitive, making it difficult to equate with global corporations. There is also significant emphasis in

North Yorkshire on local participative planning, especially in the two LEADER areas, which again draws on notions of local capital rather than global capital.

3.4 Other significant ‘grand narratives’: connexity

What is prominent in North Yorkshire is its connexity both within its territory and with other places. Some of the day to day connectedness is with its urban neighbours as described in 3.2 above. However, much of its connexity is far less geographically specific, and mainly with places and actors at a distance.

Some of the flows of people, goods and services in and out of North Yorkshire are from various locations around the globe. Largescale tourism, including business tourism, is well-developed in one part of North Yorkshire, and draws an international clientele; some of the visitors experiencing more rural tourism also originate internationally. Recently there has been an influx of workers from CEECs, but until this time North Yorkshire had very little experience of a non-British workforce. There is evidence of farmers exporting produce, including the export of live lambs from the uplands to Spain where the lambs are then slaughtered and sold as high price lamb joints. The position of North Yorkshire in relation to major North/South rail and road links (see Figure 1) means that it is well-connected. In some areas storage depots for the haulage industry have been developed.

Many policies and regulations that impact upon North Yorkshire emanate from outwith their boundaries. Economic development planning links to external ideas and possibilities: for example the Sub-regional Investment Plan for York and North Yorkshire (York and North Yorkshire Partnership Unit, 2007b) suggests development opportunities for parts of North Yorkshire in the digital sector, the business tourism sector, and new technology connectivity. The climate change being experienced in North Yorkshire links to global issues and sources.

4. IMPLICATIONS FOR POLICY

North Yorkshire is a NUTS3 region with relatively little discretion over the future of its rural territory. Major decisions affecting rural North Yorkshire emanate from tiers of governance well above North Yorkshire – WTO, EU, national and regional (NUTS1) governance are important regulators and resource providers to North Yorkshire. There are also tiers of governance lower than North Yorkshire that can make decisions over development in their territories such as the National Parks and LEADER areas.

A significant decision-making level for North Yorkshire is the NUTS1 regional level: Yorkshire and the Humber. At this level, North Yorkshire and rurality is not prominent. Some would see this as the positive outcome of rural ‘mainstreaming’, but others would claim that rural issues are being sidelined within an urban-orientated region. The move towards city-regions likewise generates contrasting opinion.

North Yorkshire is classified as an ‘intermediate – close to a city’ NUTS3 region. However, it contains contrasting rural areas as classified by sparsity, remoteness from centres of population, and/or settlement patterns (see figures 1 and 2). There are a number of ways in which stakeholders regularly contrast the conditions and needs of different parts of the county.

1. There is a clear upland/lowland split. The uplands broadly map to the 'deep rural' areas in figure 1; the lowlands to the rest of North Yorkshire. Contrasts include accessibility, the importance of farming, income levels, and landscape attractiveness.
2. There is something of an east/west split. The main concern is with the (eastern) coastal strip, which although not necessarily sparsely populated is relatively cut off from cities and access routes to further afield, and has relatively high levels of deprivation.
3. The place on the east coast with the highest deprivation (Scarborough) is sometimes singled out and targeted with a regeneration agenda.

It would seem appropriate for rural policy development to deliberate over not only the differences between rural types at the NUTS3 region level, but also how to address more local levels of difference. The County Council describes how North Yorkshire "is very diverse socially, geographically and economically. It offers a high quality of life to many but is still a low wage economy, with pockets of serious urban disadvantage and extensive but scattered rural deprivation. Size and diversity constantly shape our responses to improving delivery of public services" (North Yorkshire County Council, 2007, p.6).

One narrative of North Yorkshire and its people is of a well-connected and thriving place. However, this is not true of all parts of the county, or for all people. There are those who are relatively immobile in this world of connections and movement. For those people and places scoring highly on a range of indicators of deprivation living in rural parts of North Yorkshire can be difficult. Access to services without a car, and the ageing population exacerbate the problems of already deprived people. North Yorkshire has a "strong sense of community" (North Yorkshire County Council, 2007, p.7) and a strong community sector which have been important in providing support in some areas. However, there are concerns about whether the influx of holiday home owners and commuters will be detrimental to this community spirit and therefore to the services that they provide to the more deprived people in rural North Yorkshire.

Another pressing policy issue is the future of upland farming, which at present is still a significant employer and is dependent on public support. Without subsidy upland farming will become unviable which will affect the quality of the landscape, so potentially reducing the tourism and visitor attraction. If the tourism industry in upland areas were to collapse at the same time there would be a strong possibility of abandonment of the uplands.

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for **R**ural **A**reas)

EXEMPLAR REGIONS REPORT: SKYE & LOCHALSH, SCOTLAND, UK

Mark Shucksmith, Newcastle University

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INVESTING IN YOUR FUTURE

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1 INTRODUCTION

Skye and Lochalsh is located on the western side of the Highlands and Islands (H&I) region. The Highlands and Islands is in many ways a unique part of the United Kingdom (UK), covering 39,050km² (see figure 1), yet the region has less than 10% of the Scottish population with 373,000 residents, 96% of which live within 20 km of the coast. As a result, it has by far the lowest population density, with an average of 9 persons per km² compared to the UK average of 159 persons per km² and an EU average of 116 persons per km². The low population density is primarily attributable to the feudal structure of land ownership—a few large land owners controlling the vast majority of the land—and a scarcity of arable land. As the name suggests, much of the area is of relatively high altitude (up to 1,250m) including the famous Cuillin Hills on Skye. The region had a sudden and dramatic decline in population during the nineteenth century when tenants were dispossessed of their land in many parts of the Highlands and Islands. Very few communities have recovered their populations since that time and the region as a whole had approximately 115,000 fewer residents in 1991 than in 1851 (HIE 2002). Highland residents were scattered throughout the world at that time and tourists wanting to explore their Scottish roots are significant.

Historically the Highlands and Islands economy has been dominated by agriculture, forestry and fishing in addition to public sector jobs and today the region is struggling to diversify out of these sectors. The small scale tenant farmers, or crofters, have never held enough land to support their households and particularly in the face of dramatically declining prices for sheep, rural households continue to rely on a diversity of economic activities. Tourism has been an important part of the economy for decades and continues to be one of the growth sectors. In the latter part of the twentieth century, oil exploitation and oil servicing industries were important around the Moray Firth area just east of Inverness, but are of minimal consequence in the western part. Recently, the region has had success diversifying into communications related sectors such as call centres and IT industries, in addition to pharmaceuticals. These have also been primarily concentrated around Inverness and the other parts of the H&I continue to struggle to diversify their economies (HIE 2002). In 2001 and 2002 renewable energy has become a focus in the H&I, with a large scale (250 turbines) wind project moving forward in the Outer Hebrides, and a smaller proposal for Skye (Staff-reporter 2002). It is within this context that Skye and Lochalsh has been comparatively successful at attracting new jobs and residents. Skye in particular has a 'magic' that attracts many tourists and in-comers, many of whom have established small businesses in the area.

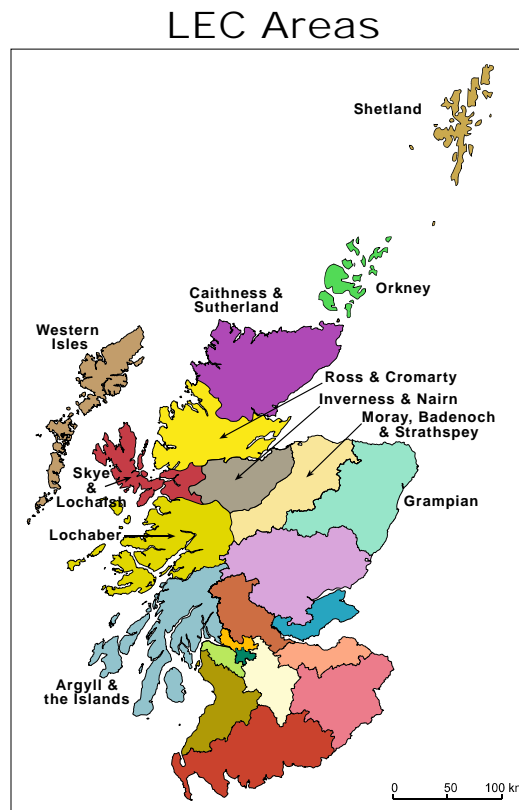
While the economy of Skye is growing, that growth is not necessarily occurring in sectors that provide long-term, non-seasonal and relatively high paying employment. The public sector is an extremely important source of professional jobs, particularly for women, but with the reform of local government in 1996, some of these jobs have been lost or moved to Inverness. In addition, the remote, rural areas of the H&I have difficulties retaining health professionals and there are moves to train local residents as nurse practitioners given the challenges of retaining doctors (Farmer 2002). The labour market shows strong differentiation along gender lines with more men involved in the 'traditional' sectors based on natural resources (agriculture, fishing, forestry, etc), finance and manufacturing. Women dominate jobs in the tourism, public administration, education and health sectors, but men hold most of the leadership and management jobs with those sectors. Both tourism and natural resource based sectors are largely seasonal, and unemployment increases during the winter months for both men and women. Thus the labour market, while growing, may not be providing adequate jobs for full-time residents of Skye and Lochalsh. It is therefore critical that the kind of de-

velopment promoted in the region is carefully evaluated, rather than simply focusing on producing more jobs through inward investment.

A pervasive influence throughout every aspect of life in Skye is the cultural heritage founded upon crofting and the Gaelic language. Gaelic is the ancient language of the Celts of Highland Scotland which has recently had a revival in the region. Crofts are smallholdings with a share in common grazings, associated with a particular form of land tenure and with an emotive history. They are typically very small, having been deliberately created (by landowners during the notorious Highland Clearances) too small to provide a full-time agricultural income, so as to ensure a supply of cheap, compliant labour for the capitalist landowners. Crofting continues to be a multi-economic strategy, with farm earnings augmented by a large variety of other jobs.

Skye and Lochalsh thus have been held up as a model of the potential remote, rural communities have for achievement. Yet, is a reliance on cultural traditions (which is not embraced by all residents), tourism and multiple economic strategies within households and by individuals adequate for promoting competitiveness? Can cultural identities foster economic development, or are they, like many brands, simply a passing fad? Skye residents value quality of life very highly, in most cases above all other factors and thus economic growth strategies must be consistent with maintaining the clean, safe environment and the 'magic' that currently characterises the area.

Figure 1: Location of Skye & Lochalsh in the Highlands & Islands of Scotland



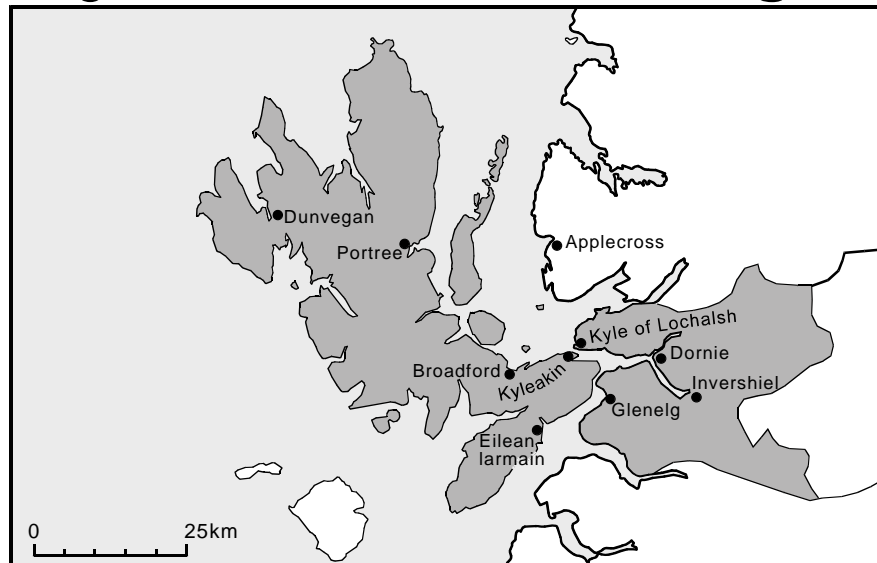
2 CHANGE IN SKYE & LOCHALSH

2.1 Introduction

Skye and Lochalsh is in many ways typical of remote areas in the Highlands & Islands of Scotland, but the area has been more successful at retaining its population and increasing jobs than other such areas have been. Figure 2 is a map showing Skye and Lochalsh in more detail. Crofting is an important activity but, particularly since decoupling of CAP support, livestock numbers and the revenues from crofting agriculture have fallen sharply. Area residents are accustomed to engaging in multiple economic activities to survive, but this strategy also promotes a dependence on seasonal, short-term and low-paying jobs. Besides crofting, jobs in natural resource based industries including fishing, fish farming, forestry and public sector conservation jobs (cf. Scottish Natural Heritage, Royal Society for the Protection of Birds among others) are important. New sectors include some IT development, particularly web design, horticulture and vegetable growing, cultural and tourist related events (music, Gaelic language) and alternative energy. There is a serious need, however, to promote more professional jobs to encourage educated young people to remain on the island after attaining university degrees and to attract in-comers of the same class.

Figure 2: Map of Skye and Lochalsh

Skye & Lochalsh Region



2.2 Population Change and Migration

The population of Skye and Lochalsh has been growing slightly for the last twenty years, although that growth is primarily attributable to migration and not birth rates. Table 1 illustrates the change in the population numbers within Skye and Lochalsh. In 1998 the population of Skye and Lochalsh was estimated to be 11,980, representing a growth of 2.0% since 1991. This growth is 1.7 percentage points higher than the H&I area and Scottish growth rates of 0.3%. Skye and Lochalsh is one of six (out of ten) Local Enterprise Company areas to have experienced a population growth in this time.

The population density of the area in 1998 was an estimated 4.4 persons per square kilometre. Because of changes in the collection of the data and preparation of the annual Population Estimates figures, it is no longer possible to provide analysis of population change for the Skye and Lochalsh area, nor is it possible to trace population trends further back.

Table 1 Resident Population

	1998	Change 1991-1998	% Change 1991-1998	Popn Density, (per km ²) 1998
Skye and Lochalsh	11,980	+240	2.0	4.4
H&I (HIE) Area	370,376	+1,058	0.3	9.5
Scotland	5,120,000	+13,000	0.3	65.5

Source: GRO(S) as cited in (HIE 1999)

However, Jim Hunter (2007) in his Henry Duncan Prize Lecture entitled “The Highlands: Scotland’s Great Success Story”, states that the population of Skye had fallen from 24,000 in the mid-nineteenth century to only 6,000 in the 1960s and that further decline seemed inevitable at that point. “In fact, the opposite has happened... Skye’s population is up by some 50% - and not just Sleat but the whole island is awash with new-built homes.”

There has been a tendency for young people to move out of the area after finishing high school, alongside an increase in the 45-64 age group indicating that many people are choosing to move to Skye somewhat later in their careers or to retire. The population of Skye and Lochalsh is marginally older than the population of the H&I area with 44.2% of the population being aged 45 years and over, compared to 42.0% in the H&I area. (HIE 1999). Overall, the population of Skye and Lochalsh is still growing, although it is trending towards an older population.

Population growth and decline is the result of a variety of factors: net civilian migration (the balance of in-migration over out-migration), natural change (the balance of births over deaths) and other change, which includes the movement of armed forces. Table 2 shows the breakdown of population change in Skye and Lochalsh compared to the H&I area and Scotland as a whole. These figures indicate the importance of in-migration for Scotland and Skye and Lochalsh in particular for increasing population. As mentioned earlier, population densities in the area are very low (4.4 persons per km²) and thus, in-migration is welcomed. The proposed Land Reform will hopefully make more land available encouraging further in-migration.

Closely related to the issue of migration, is the extent to which ‘incomers’ are accepted. Regardless of issues of ethnicity or other forms of difference, incomers are a source of both hope and suspicion, and a major force for social change.

Table 2: Components of Population Change 1991-1998

	Change in Numbers	Natural Change	Migration (net)	Other Change
Skye & Lochalsh	240	-93	333	0
H&I (HIE)	1,058	-684	4,539	-2,797
Scotland	13,000	6,957	13,801	-7,758

Source: GRO (S) as cited in (HIE 1999)

2.3 Economy and employment

The economy of Skye and Lochalsh is characterised by smaller firms with the greatest proportion of people employed in firms with 11-24 employees. The main sectors on Skye are: agriculture, forestry & fishing, energy & water, manufacturing, construction, distribution, hotels & restaurants, transport & communications, banking, finance & insurance, public administration, education & health, other services (Table 3). There is a strong gender and seasonal component to employment rates like H&I in general (HIE 1999).

Skye and Lochalsh is characterised by highly seasonal employment and low-skilled jobs. The public sector, which includes health and education, is the largest employer with tourism a close second. The labour market also shows strong differentiation along gender lines with more men involved in the 'traditional' sectors based on natural resources (agriculture, fishing, forestry, etc), finance and manufacturing. Women dominate jobs in tourism, public administration, education and health sectors, but men hold most of the leadership and management jobs within those sectors. Women in general, however, have higher rates of employment, reflecting men's crofting activities and perhaps a greater propensity to be self-employed (which these statistics do not capture). Both tourism and natural resource based sectors are largely seasonal, and unemployment increases during the winter months for both men and women. Thus the labour market, while growing, may not be providing adequate jobs for full-time residents of Skye and Lochalsh. There were also 1,246 self-employed persons in the Skye and Lochalsh area, resulting in a self-employment rate of 22.7% (Robertson 1993).

Table 3: Employment by Sector, Skye & Lochalsh - 1997

	Male	Female	Total	Percentage
Agriculture, Forestry & Fishing	90	40	120	2.9
Energy & Water	30	0	30	0.7
Manufacturing	100	60	160	3.8
Construction	240	20	270	6.5
Distribution, Hotels & Restaurants	510	800	1,310	31.4
Transport & Communications	160	50	210	5.0
Banking, Finance & Insurance, etc.	420	300	720	17.3
Public Admin., Education & Health	220	1,010	1,220	29.3
Other Services	60	70	130	3.1
Total	1,820	2,350	4,170	100.0

Source: 1997 Annual Employment Survey (NOMIS) as cited in (HIE 1999)

The Annual Employment Survey does not include data from the Agricultural Census which shows that in 1997 there were 1,700 persons engaged in agricultural activity in Skye and Lochalsh. The output between 1995-1997 was £11.6 million, of which 39.9% was subsidy. As a result of this significant dependence on subsidies, the changing structure of the CAP and agricultural subsidies will have a dramatic impact on Skye and Lochalsh and is a source of much concern for crofting residents.

2.4 Social structure

Skye and Lochalsh is inhabited by people with a strong tradition of community alongside a significant proportion of incomers. Housing issues are very significant, particularly for long-time island residents who are being out-priced in land and rental markets by in-comers bringing wealth accumulated elsewhere. Thus there are serious ques-

tions about social exclusion and the extent to which there is increasing class stratification among island residents.

Historically, Skye is renowned as the place where the original small tenant farmer (crofter) uprisings occurred that led to a dramatic change in tenancy laws in the late nineteenth century. Crofting is the outcome of the infamous Highland Clearances when entire villages were thrown off their land as landlords invested in capitalist sheep farms and kelp processing. The dispossessed tenants were in some cases given small plots of poor land deliberately sized to prevent subsistence agriculture to ensure a supply of cheap labour to landlord enterprises. Others fled abroad. Tenants on Skye rebelled against the inhuman conditions and, as a result since the 1886 Crofting Act the area's original crofting tenants cannot be dispossessed of their land (Hunter and MacLean 1986). Crofting is subject to a myriad of regulations, but most significantly, crofters are eligible for a variety of grants and subsidies that are not available to those who chose to purchase their land. Such policies have contributed to the current attitude among many crofters that renting from a benevolent landlord is far preferable to owner-occupation.

The structure of land ownership has produced serious housing shortages, however. The nature of crofting tenure makes financial institutions unwilling to lend money for house construction since they would have no security. Because of this, the Scottish Executive offers grants and loans (CBGLS) for house construction or house improvement to crofters, but the amounts available have not been updated with inflation for several years.

Attempts to build on non-croft land are frustrated by the concentration of land ownership on large estates and by the topography. Some families on Skye infamously live in caravans and wait for years for access to social housing. The Scottish Government has attempted to address these issues, both through funding building by the Lochalsh and Skye Housing Association and through its Rural Home Ownership Grant, but major shortages continue to exist. The tourist industry exacerbates the housing problem as those with surplus land or houses modernise them and then let them out by the night or week during the summer months as holiday lets. As a result, many local residents live in this kind of accommodation during the winter, but scramble during the summer when their leases are terminated in favour of the higher rents paid by short term lets.

One unique feature of the Highlands and Islands is the recent Land Reform legislation which promotes the community ownership of land. More than half of the neighbouring Western Isles is now under community ownership, and some communities in Skye and Lochalsh have also purchased their estates from private owners – they remain individual tenants of a community landowner. A key element is the management of common lands. Common property regimes have been extremely successful in many parts of the world, but they do require an adequate institutional structure to manage them. Crofters have experience of managing their common grazings, but the regulatory and institutional structures have recently come under severe pressure from market forces (high prices being offered by incomers to buy crofts for holiday use or for retirement). New legislation is proposed in 2009 to address these issues.

Another important ingredient in Skye's recent growth has been the Gaelic college, Sabhol Mor Ostaig, which was formed in 1983 by a merchant banker committed to the cause of Gaelic, Sir Ian Noble, and is now part of the UHI Millennium Project. It offers diploma courses in business studies, information technology and related subjects, with all courses taught in Gaelic. The college has been an important organisation for promoting the use of Gaelic language and providing courses on highland history and culture, including music and dance traditions. It is also the only opportunity for higher

education on Skye. Its mission is to make Gaelic a language of the workplace and not just of the home, and thereby to ensure its future.

The UHI Millennium Project is a remote learning-based network of former further education colleges throughout the H&I . A few years ago it became a higher education institution and it hopes during the next ten years to become a University of the Highlands and Islands. It has benefited from substantial investments from the Government and the national lottery. Access to higher education and advanced training courses remains an issue for Skye and Lochalsh residents as many courses are offered only in Inverness or in Glasgow. Clearly there is a need for distance learning in the area.

2.5 Political structure and governance

As mentioned above, the Isle of Skye falls within the local authority, Highland Council (HC). This council covers the entire northern part of Scotland. It was reorganised in 1996 by consolidating district councils across northern Scotland. Prior to 1996 Skye was administered as part of the Skye and Lochalsh Council (note the Western Isles or Outer Hebrides had a separate council). Now only an Area Office of the Highland Council is based in the main town of Portree on Skye, with devolved responsibilities for delivering services. The area council distributes welfare benefits, provides for community education and sporting facilities (i.e. the Skye swimming pool in Portree) and works in conjunction with the Skye and Lochalsh Enterprise (SALE) to initiate and oversee development programs in the Skye and Lochalsh area.

2.6 Services, communications and their geography

Skye and Lochalsh suffers from poorly developed road and rail systems. Many of the roads apart from the main trunk roads are single track and are not appropriate for lorries. In terms of air travel, it is one of the furthest areas from an airport in Scotland, and in this sense it is more remote than the Outer Hebrides, Orkney or Shetland. In addition, cell phone coverage is uneven at best in the area and access to high-speed broadband is limited. High-speed communications access is critical for the development of IT and knowledge-based industries on Skye as well as being a priority for many residents wanting access to the internet. The HC, supported by HIE, have been pro-active about improving infrastructure and taking advantage of the latest technologies to improve communications. This is a priority for HIE as part of their "Smart, Successful Scotland" initiative, and hopefully improvements will continue.

Public transportation on the island consists of ferry and bus services. Rail service is available to Kyle of Lochalsh from Inverness and Glasgow. Reflective of the importance of tourism on the island, the ferries and buses run far more frequently in the summer months, and drop off steeply out of season. Cars are the most common form of transportation on the island and are required to reach most of the smaller villages. Ferry service are critical for the Western Isles and the smaller islands around Skye, but the building of the Skye bridge from Kyle of Lochalsh in 1997 has alleviated Skye's dependence on ferries for contact with the mainland.

Hospitals are located in Portree, Broadford and Kyle. There are an additional five medical practices and two dental practices. There are a large number of voluntary services on Skye, many of which do receive some public funding, primarily from the Highland Council and other government sponsored funding groups.

One of the most important non-state organisations is the Scottish Crofters Foundation (SCF) that promotes Crofters' interests throughout the H&I but its main office is located

on Skye. Others are the Council for Voluntary Organisations; the Gaelic College, Sabhal Mor Ostaig; the Skye and Lochalsh Horticultural development association which has been working to promote organic farming; two historical societies which have been working to catalogue and protect historical and archaeological sites; the Free church, the Catholic church and other Protestant churches are very active and importantly on Skye; and various arts and crafts groups that promote the arts on Skye (Robertson 1993). Skye is also served by two newspapers, one of which is published in Broadford on Skye, the West Highland Free Press. Radio na Gael, the BBC's Gaelic language radio channel, is listened to very widely. There are also plans for a local radio station.

2.7 Quality of life

Quality of life is extremely important to people on Skye. One interviewee indicated that he had returned Skye to open a business because of "... social capital... by that I mean: sense of 'home,' proximity to family and friends, good place to bring up children - safe, good schools, attractive, clean environment, wide-open spaces, peace and quiet. What price do you put on that?" (e-mail communication 3 Sept 2001). Other respondents also spoke of the beauty of Skye, the lack of petty crime (most people do not lock their doors or their cars) and the sense of community. Everyone I spoke to, including one man who had come in from England and indicated he would not be staying on Skye forever, said they were attracted to the environment; the 'magic' of Skye.

The landscape and quiet lifestyle of Skye are the main features that draw tourists and many incomers to Skye. Residents tend to highlight the closeness of their communities and the landscape as features they value most.

2.7.1 Gaelic language

Gaelic language has become one of the new symbols of Skye and Lochalsh and serves to promote tourism and cultural activities. Gaelic is the ancient language of the Celts of Highland Scotland, but this was in decline and generally regarded as backward and pre-modern. Stimulus to the renaissance of the language and its associated culture was given by the founding of numerous local history societies during the 1950s and 1960s, which built a pride in the Gaeltacht's cultural heritage, and subsequently by the establishment of Gaelic-medium playgroups, youth clubs, theatre companies, TV programmes, a very popular radio station (Radio Na Gael) community festivals and commercial and educational initiatives. The formation of Comunn na Gaidhlig (CNAG) in 1985 as a broad development association based on the needs of the Gaelic-speaking community was also of fundamental significance.

2.7.2 Identities

The most important cultural identity on Skye, however, is that of the crofters. Crofts are smallholdings with a share in common grazings, associated with a particular form of land tenure and with an emotive history. A critical part of the crofter identity is the history of the Highland Clearances when tenant farmers were dispossessed of their holdings which was eventually stopped by crofter uprisings that began on Skye. The crofters retain a strong sense of their history as 'fighters' and 'survivors'. Elsewhere in the UK, such small holdings have tended to be amalgamated into bigger holdings, and while this has happened to some extent in the crofting areas through farming multiple holdings, the system of crofting tenure has provided a brake on farm amalgamation through permanent tenancy rights. The 1886 Crofting Act and subsequent regulation of transfers of land prevented crofts from being traded on the market. In 1990, there were still around 9,000 active crofters and 17,671 registered crofts, of which around 14,000 would be classified as part-time or spare-time.

The key to the retention of the population in crofting and to the survival of small holdings is, of course, the willingness (and indeed the tradition) of crofters to find the majority of their income from off-farm employment (Carter 1974). The vast bulk of crofters' incomes are earned off the croft, despite the fact that they spend 40% of their time, on average, working on the croft. Thus crofters tend to farm for symbolic reasons, related to community and identity, rather than for primarily financial reasons: the return on their agricultural work of 35 pence per hour compares unfavourably with the return of almost £5 per hour on their off-farm work (Kinloch and Dalton 1990). This history of multiple economic activities is crucial for crofting families to maintain competitiveness in a globalising economy, but the question remains as to how to promote economic activities that are both lucrative and compatible with a crofting lifestyle.

The number of inactive crofts seems to indicate a split between crofting agriculture and crofting as a social and cultural identity. Both tend to engage in multiple economic activities, but the latter is less invested in farming as a livelihood.

2.7.3 Cultural activities

Music and dance are the most important cultural activities on Skye, as they are seen as central to the Gaelic heritage of most of the residents. Traditional dances and music are common, including festivals and other events, especially in the summer months when many events are also open to tourists. Two less formalised cultural activities are also worthy of note. One has been the growth in the last few years of the Feisann, the festivals which celebrate the Gaelic language and culture in many villages and townships throughout the Gaelic speaking areas. The other is the tradition of 'visiting' and its decline. Many local people lament the loss of the former habit of dropping in on one another unannounced which was widespread in the islands until television offered a more individualised entertainment. The word 'ceilidh' also had a less formal meaning in this context.

2.8 Recent development projects

Development projects in Skye and Lochalsh are difficult to fully catalogue as they are sponsored by a bewildering array of organisations. Some of the most important have been in the area of agriculture (specifically horticulture and organics), the LEADER program and various activities promoted by HIE.

The Skye and Lochalsh Horticultural Development Association consists of approximately 60 members who are small scale farmers growing food for local markets and catering. It has been important in helping crofters to diversify their production activities and in promoting local markets for local produce.

The LEADER programme has had various initiatives in Skye and Lochalsh. The LEADER1 programme in the Western Isles, Skye and Lochalsh from 1991-1994 employed community animators who provided a local contact point for the community and for the agencies, stimulated and facilitated local development initiatives and provided ongoing assistance for local development projects. The use of community animators in this LEADER programme was considered one of its strengths. In addition, the programme has assisted music groups and other community initiatives (Black and Conway 1996). The programme has since had a second (LEADER2) and third (LEADER+) phase.

SALE sponsors relatively large scale business set-ups but many local residents complain that they will not consider smaller proposals. In conjunction with HIE, they have

also sponsored community development projects to revitalise declining communities (Duthchas) and to promote the development of a new one (Orbost) on the site of a township that was cleared in the nineteenth century.

Of concern is the fractured nature of these efforts. The proliferation of public, private and voluntary service providers means that it is difficult to ensure that efforts are not duplicated or to generate sufficient funds for more ambitious schemes without complex partnerships. The Highland Council has limited funds to promote development activities in contrast to SALE and HIE which seek to promote both social and economic development, but focus more heavily on the latter. The mission statement for HIE makes it clear that supporting communities is central to their aims, but they allocate a very small proportion of their total budget to this area. In contrast, the bulk of their expenditures are on economic activities, particularly encouraging inward investment. It is not clear, however, that inward investment promotes the kind of development desired by residents, nor does it promote sustainable communities in an age of globalisation and the rapid movement of global capital. Recently HIE themselves have acknowledged this and shifted their emphasis from attracting inward investment towards promoting the knowledge economy in the H&I.

3 EDORA NARRATIVES OF CHANGE

3.1 Explanations of Change in Skye & Lochalsh

Three main explanations for the transformation in the fortunes of Skye and Lochalsh - from population and economic decline for more than a century until the 1970s - tend to be put forward, the third deriving in large part from the first two. These are:

1. State intervention in the cause of Highland betterment
2. Cultural valorisation and renewed self-confidence
3. In-migration in pursuit of “the magic of Skye”

Hunter (2007, 10) regards “the longstanding willingness of successive governments – whether British or Scottish and irrespective of party – to involve the state in the cause of Highland betterment” as fundamental to this transformation. Acknowledging that this is a deeply unfashionable view during a period of neo-liberal hegemony, he nevertheless offers a convincing list of the contributions that the State has made, including

- The 1886 Crofting Act, granting security of tenure to crofters
- Establishment of a development agency in the 1890s
- Early twentieth century land reform and land settlement
- Establishment of a crofter housing grants and loans scheme
- Establishment of the North of Scotland Hydro Electric Board in 1943
- Establishment of the Highlands and Islands Development Board in 1965
- Further land reform in 2003 enabling community-owned estates.

That this commitment has extended across political parties may be largely because, following the Clearances, “for two hundred years the Highlander has been the man on Scotland’s conscience.” But this commitment remains today.

Hunter (2007, 12-3) also argues that renewed confidence and self-esteem has been another major factor. For most of the past two hundred years Highland poverty has tended to be put down to Highland failings, and specifically to the Gaelic culture. “When people are told, as Highlanders were told for generations, that everything about them, starting with their Gaelic language, is second-rate, of no account, those people can’t help but end up lacking self-esteem. And where there isn’t self-esteem there can’t be enterprise, initiative, advancement. That’s why a key contributor to renewal in the north

has been the realisation... [that economic development policies] have had to be accompanied by a commitment to restoring our formerly demoralised population's sense of worth." Accordingly, Hunter argues that the growth of a movement of local history societies led to a growing appreciation of Gaelic culture and heritage, and that this in turn has led to a flourishing music scene, an improving business start-up rate and ultimately to community initiatives and empowerment, such as community ownership of landed estates.

Of course, these two factors – State intervention and cultural valorisation are linked, for good or ill. The State, after the Jacobite rebellions and through to the 1950s, played a major role in diminishing Highlanders' self-esteem and the Gaelic culture; but in recent years and especially since the establishment of the HIDB in 1965, there has been support through investment in Sabhal Mor Ostaig, Gaelic playgroups, folk festivals, book festivals, community facilities and indeed in community development, and this has been continued by the LEADER programme in the Western Isles, Skye and Lochalsh.

The third explanation for the transformation of Skye and Lochalsh has been the attractiveness of the area to in-migrants, as noted above, drawn to "the magic of Skye". What attracts them is partly the natural beauty of the landscape and the environment, which of course is not a natural landscape at all, but hugely transformed by human activity (Arnason, Shucksmith and Vergunst 2009). But equally important has been the cultural heritage of crofting, Gaelic and so much more, along with the infrastructure of services and facilities in which the State has invested, so that again this third explanation may be seen to derive to a large extent from the first two factors. For example, thirty years ago Sabhal Mor Ostaig was a derelict farm steading, but following the vision and investment of Sir Iain Noble (a merchant banker with a commitment to the Gaelic language) and of HIE this is now a Gaelic College with more than 100 full-time students taking degree courses taught through the medium of Gaelic, and many more following short courses. It is also home to several spin-off businesses, together with which more than 85 full-time jobs and a similar number of part-time jobs have been created. The population of the Sleat peninsula as a result has grown rapidly and attracts many in-migrants. The case of Sabhal Mor Ostaig and Sleat illustrates the intertwining of these three factors in turning the longstanding decline of Skye and Lochalsh into a story of success.

This explanation, in terms of these three overarching factors, can also be related to the three 'grand narratives' hypothesised in the EDORA project.

3.2 Agro-centric narrative

The successful transformation of Skye runs directly counter to the agri-industrial model in so far as Skye and Lochalsh is characterised by a highly regulated structure of small farms in which amalgamation and capital penetration have been explicitly prevented in the interests of maintaining a population of pluriactive crofters on the land in these remote locations. Neither does this conform to the post-productivist model in which the countryside is shaped socially and morally to make it attractive and lucrative to ex-urban groups, even though such groups are now moving in to the area and marketisation pressures have emerged as in-migrants seek to purchase crofts and use them primarily for residential purposes. Rather Skye and Lochalsh may offer an instance of Marsden's (2003) claim that those peripheral rural regions least exploited by either the agro-industrial model or the post-productivist model offer hope for rural development based on re-embedding local food supply chains. However, despite the establishment of various horticultural initiatives, the evidence suggests that Skye and Lochalsh's ren-

aissance has little directly to do with food production and much more to do with non-food sectors, notwithstanding the importance of crofting in keeping people on the land.

3.3 Urban-rural narrative

Migration has been important to the revival of Skye and Lochalsh's fortunes, but its considerable distance from urban areas (well beyond commuting distance) makes this fit poorly with the urban-rural narrative in which regions such as this would be expected to be declining in economic and demographic terms. The experience of Skye and Lochalsh therefore cannot be explained by the urban-rural narrative.

3.4 Capitalist Penetration and Globalisation

Of the three 'grand narratives', it is this which best captures the experience of Skye and Lochalsh, provided that the important role of the state is factored in. The decline of the Highlands is often understood in terms of capitalist penetration and globalisation, as Highlanders were cleared from the land to make way for sheep ranching and wool production by landed capitalists. Hunter (2007) argues, in addition, that what truly marginalised the Highlands was not where the region is located on the map but the way they were governed for centuries from elsewhere (by absentee landlords and by the Scottish and British governments). Its resurgence in turn may be explained in terms of power being returned to the region, through the establishment of HIDB/HIE, through local government reforms, through land reform, through community development and most of all through discursive power restoring and reaffirming self-esteem and cultural worth. The experience of Skye and Lochalsh is principally about resistance to globalisation, seeking agency and empowerment, while also pursuing economic competitiveness, very much as envisaged in the OECD's *New Rural Paradigm* report.

4 CONCLUSION AND POLICY IMPLICATIONS

Skye and Lochalsh exhibits many of the outward characteristics of a vibrant remote, rural area: a growing population, an increase in jobs and new business start-ups, and numerous civil society organisations and networks. It is a success story within a predominantly rural remote region - the Highlands and Islands of Scotland - and is therefore of considerable interest and policy relevance.

Consistent with the rest of Scotland and the UK, development provision and innovation in Skye and Lochalsh has been fractured among a variety of state, voluntary and private organisations. Funding comes from the central government, the Scottish Executive, and the EU often passing through regional intermediary institutions. Skye and Lochalsh is similar to many parts of the Highlands and Islands in that it has an underdeveloped road and alternative transportation system. Communications are improving but continue to be a barrier to the development of IT and knowledge-based industries. Yet the state's role over several decades has been crucial to its resurgence, and the state's continuing investment in this infrastructure will be vital.

The area's history of crofting and strong Gaelic culture are very important aspects of the landscape and cultural identities. Most residents expect to be engaged in multiple income earning activities and to have a seasonal aspect to those activities.

The main turning point in the development of Skye, does seem to correspond with the resurgence of interest in Gaelic culture. It was previously seen as backward but now is actively promoted as a source of cultural pride, empowerment and positive identity. The natural heritage is also important, attracting tourists and in-migrants. The Cuillin Hills draw many people to Skye and some, at least, of them choose to stay.

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