



# The unforeseen scenarios of the crisis: Local governance transformation in rural areas

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**Abstract** – The severe crisis which has spread throughout Southern Europe has revealed the strengths and limitations of rural areas to overcome current difficulties. Focusing on the case of Spain, this paper aims to discuss the new scenario of rural areas in terms of the transformation of rural governance and welfare. According to preliminary data, rural population faces a reorganization of welfare services and a decreasing capability to take part in many decisions concerning relevant aspects of their everyday life. In relation to rural populations' decreasing access to governance, it is important to note that many regulations are modified in order to take power away from local institutions, especially those concerning territorial planning and management. Hence, many competences that were traditionally executed by rural population through participatory processes are now transferred to bureaucratic organizations. Contrary to traditional local institutions, these organizations depend on the State and have no roots in local territory. Finally, once the local participatory institutions have been eroded, communal land and resources are deposited on private organizations that are in charge of their exploitation. (The paper has been supported by the Spanish I+D Programme through the research project CSO2011/27981 and the Action CSO2011-15703-E).

## INTRODUCTION

The present global crisis is having a clear impact on European rural areas owing to the fact that possibilities of economic development and the implementation of measures of social protection have been reduced. As a result rural areas withstand great pressure to maintain previous life conditions. In Spain, rural areas experience a paradoxical scenario: while the effect of the crisis on employment rates is lower than in urban areas, the crisis is having an incipient impact on population number and migratory balance. During the early years of XXI century, the arrival of immigrant settlers had slowed down the demographic decline of many rural areas. Now, census data shows that migratory balance is again negative. Hence, it could be argued that one of the first consequences of the crisis for rural areas has been the return to former demographic trends: decrease of active population and increase of aging population. Nevertheless, demographic turnaround neither represents the sole

effect of the crisis, nor does it occur in an isolated manner. On the contrary, it makes sustainability of rural areas more difficult and may intertwine with another effect of the crisis on rural areas. Namely, the restructuring of rural governance, especially in the case of small populations, that leads to rural areas' loss of political capacity.

Governance has been highlighted as a key issue in rural development (Brunori and Rossi: 2007). In this context, different studies have focused on the role of local communities into the partnership mode of governance (Storey 1999; Falkowsky 2013). During the current crisis, the amalgamation of local communities is one of the future scenarios, leading to the loss of municipally status. The effects of amalgamation have been analyzed by O'Toole and Burdess (2004) in rural Australia. Their work shows the emergence of local developing groups and, paradoxically, the reinforcing of local governance.

This paper aims to explore some of the consequences of the new economic and political scenarios in regards to the restructuring of rural governance and the progressive disempowerment of small rural populations in Spain. The starting point is the following: Anti-crisis policies demanded by EU and implemented by Spanish authorities are focused on the budgetary reduction and the reduction of human resources devoted to the provision of welfare services. The impact of these cuts becomes more relevant in rural areas that are compounded by small administrative entities and the capacity of administration of which depends greatly on regional and national budgets. In these cases, the research questions that came up were diverse:

- To what extent does the reduction of financial capacity threaten the political subsistence of the smaller rural entities and their capacity to play an active role in the governance of the region?
- How can rural entities confront the new scenario?
- By what means can rural entities improve their resilience – if any?

## THE OBSERVATION PROCESS

The process discussed here refers to an emergent and open process of political and territorial restructuring of rural areas. In so doing, the study has an exploratory character that tries to grasp the process from its very beginning in order to anticipate further changes to come. The reflection is based on the analysis of the last legislative projects as well as on social and political groups' reactions expressed in the media. In addition, interviews have been

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conducted in order to gather information about the local impact of new policies with political and territorial representatives of rural areas administrated through two radically different models of governance and population participation in the design of social policies and management of commons.

#### FROM WELFARE POLICIES TO SOCIAL INVESTMENT: THE EXCLUSION OF LOCAL COMMUNITIES

Presently, EU is promoting the implementation of policies based on the model of 'social investment' that takes into account the expected returns of invested funds on public policies and boosts the funding of public policies through the partnership of public and private entities. Following this path -and having the crisis as the main argument-, Spain has dramatically reduced the budget for local entities, especially funds for social policies. Furthermore, it opens the possibility for social policies to be subsumed by regional and national administrations under certain circumstances and for local institutions to direct their efforts to the provision of basic services. In so doing, the new policy model excludes local administration from the design of social policies and erodes the role that participatory processes had played in this design. The outcome is the progressive diminution of local communities' capacity to plan and implement social policies and leads to an ever increasing marginal role in shaping life conditions in rural areas.

#### LOCAL MANAGEMENT: THE END OF COLLECTIVE FORMS

As previously stated, the legislative projects envisage the temporary suppression and the permanent subsumption of areas of local responsibility by regional administrations if local entities cannot provide those services – or if this provision can be cheaper if it is provided by superior administrations. In order to face this progressive disempowerment, local entities have adopted different measures. One measure has been the increase of local taxes to compensate for the funding cuts in order to maintain provision of former services. Another has been placing value of local patrimony and the commons through different means: alienation, sale, privatization of their management, looking for new ways of obtaining greater benefits from them, and so on. The management of commons may entail participatory processes at the local level. Thus, and paradoxically, local administrations are compelled to generate greater incomes but, at the same time, the collective entities behind the commons are gradually effaced by the increasing role of superior administrations.

#### LOCAL GOVERNANCE AND RURAL DEVELOPMENT

The relationship established between local administrations and development organizations becomes another key point of the restructuring of rural governance. As mentioned above, two different models of governance and population participation have been observed. On the one hand, the case of small municipalities, whose progressively reduced capacity of management and taking political

decisions has contributed to strengthen the role of Local Action Groups. In this case, the new model of development is based on an increasingly lower popular representation that is replaced by a greater relevance of organizations and companies in the design and implementation of territorial policies. On the other hand, the case of municipalities where supra-municipal commons still play a key aspect in the rural development of the area. In this case, supra-municipal bodies become a sort of development organization with experience in participatory management.

#### PRELIMINARY CONCLUSIONS AND FURTHER LINES OF ANALYSIS

Data shows that the administration of current financial crisis is changing the governance models in rural areas. Rural entities lose their political agency, especially in terms of social and cohesion policies, and may lose patrimonial resources entirely, or at the very least, their management. Within this context, development organizations acquire greater relevance in the design and implementation of territorial policies: political parties and companies gain greater influence over the restriction of the community's participation. This restructuring of rural governance is an ongoing process that should be looked at in order to anticipate potential difficulties for the maintenance of smallest rural entities.

These are the main issues to be investigated by further research; Firstly, the channels of participation for local communities, within the framework of 'social investment' should be reviewed. It should also be taken into account the traditional role of community in the detection of needs and potential beneficiaries of social policies. Secondly, the ever decreasing political capacity of small entities, namely in relation to social policies is being further reduced. These rural entities become highly dependent on territorial policies relaying, to a great extent, on development agencies. Nevertheless, these agencies are not always attached to local communities and, consequently, the implementation of regional policies in small localities may face a lack of precision and effectiveness. Finally, the protection of commons should be analysed as they may represent a core factor to keep effective rural resilience.

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