

Local development – on the crossroads of regional and rural development

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Abstract

As development funds are becoming increasingly scarce both nationally and internationally, so local development is getting intense attention. Although developments based on local resources, involving local participants and controlled locally also rely on regional and rural development in respect of their objectives and methods, institutional links between the two types of development are weak. On the other hand, the tools for local development policies, which are crucial ones for local development, can only be ensured through the decentralisation of strategic planning and management. Two major issues are (1) the extent to which current trends support decentralisation and (2) the situation revealed by the experience that regional development initiatives (aimed at the most disadvantaged regions) and rural development initiatives (the LEADER programme), both focusing on local development as their priority, have had in Hungary so far. This paper seeks to address these issues and identify the factors hindering further progress.

Key words: local development, spatial development, rural development.

JEL Classification: R

1 Introduction: local development as a product of globalization

Paradoxically, it is through the deepening of globalisation that local development has commanded intense interest on the part of development policy makers. Policy makers expect an increasingly high number of local initiatives to provide effective protection *against* the threats of globalisation and identify new resources *for* globalisation in a manner that these efforts burden the central budget to the least possible extent. [1] [2] Different as the target areas, purposes, means and institutions of the two major categories of area-based development policies, i.e. spatial development and rural development, may be, both urge the strengthening of local development. How can we interpret local development in this context? What is its special purpose and method? How can it, if at all, meet this double expectation?

2 Role of local development within spatial and rural development

2.1 Different functions – different roles

The purposes of spatial development are to mitigate territorial inequalities within a given region and facilitate the efficient utilisation of regional resources and, hence, increase the competitiveness of a higher-level regional unit. [3] These purposes are intended to be achieved through a focus on economic activities and their background and in an innovation-driven manner.

In keeping with the geographical scales of the organisation of production and markets and striving to utilise the impacts of agglomeration, spatial development occurs in geographical areas with a higher level of concentration where the bases of highly sophisticated knowledge, i.e. R & D, can be established. Spatial development is driven by regional level organisations and operates under regional, national and supra-national control. As competition between the various areas, which is crucial in spatial development, is competition between the individual centres, the primary targets of spatial development are the centres of less developed areas. Local development and, within that, the economy boosting activities of the local governments of the centres as well as networking serving the integration of the centres into the globalised world all play a role in the improvement of the competitiveness of settlements and regions. Typically, even measures aimed at the development of the peripheries focus on local centres and, within that, local business people and local governments, and set great store by the involvement of foreign capital. [4]

The purpose of rural development is keeping rural population in rural areas in place [5] partly in order that the adverse impacts of earlier spatial development interferences can be offset. The intentions underlying this major purpose may, however, be diverse, including (1) the prevention of the influx of the rural population into cities and towns and, hence, the mounting of urban tensions, (2) social support for the rural population and the prevention of mass rural ghettoisation, (3) a reliable supply of the local labour needed for environment-based activities, (4) the protection of rural heritage, (5) the urbanisation of the rural areas and, hence, the convergence of the chances for various ways of life within the country and (6) the preservation of rural life styles offered as a real alternative. [6] It is the last intention that comes the closest to my interpretation. That is to say, I do not think that a stop-gap solution to rural development can address or resolve social issues. Nor do I think that a radical change in the rural profile in the name of urbanisation will have any beneficial impact. The preservation of the characteristics of “ruralism” means the preservation of (1) a smaller density of population and buildings, (2) job opportunities and free time activities that are more closely related to nature and (3), as a consequence, local communities on a more human scale. The spatial preferences of the majority of the population suggest strong demand for such areas. Under this interpretation, rural development should, in terms of spatial development, reduce the disadvantages of the agricultural areas that fall behind other areas and facilitate the utilisation of the (rural) resources that are specific to a certain area in a manner that it takes into account the special (rural) features. Rural development is, by nature, characterised by a focus on nature, agricultural/economic orientation adjusted to the environment, a lower level of concentration (the density of population, built-up areas and businesses) and a focus on the peripheries. Typically, its methods rely on local resources, local knowledge and local communities in respect of initiatives and implementation. Community participation means not only local participation, but also the exercising of control by local communities over developments. [7] It is mainly the LEADER project that offers convincing evidence of how rural development draws on the tools of local community development. Although rural development also must factor in competition between the individual regions, this competition, i.e. the competition between the individual peripheries, is driven by other constraints than what drives competition in centres; furthermore, the rules of the competition are also different. [8]

The above suggests that there is no difference between the fundamental objectives of spatial development and rural development. By contrast, there is a marked difference between the special goals that arise from different functions, difference in the spaces of development, methods and inter-regional competition. Though local development as a tool is present in both types of

development, an additional difference lies in the actors of development and the degree to which development involves the entire society.

Table 1 Different characteristics of spatial and rural development

Spatial development	Rural development
<ul style="list-style-type: none"> • Focus on economy • Driven by innovation • A higher level of concentration, impacts of agglomeration • Driven by regional-level movements • • Highly sophisticated knowledge and R&D • Regional and global control • Competition between centres 	<ul style="list-style-type: none"> • Focus on nature • Agricultural/economic orientation adjusted to the environment • A lower level of concentration (the density of population, built-up areas and businesses) • Initiatives from local communities, local participation • Local knowledge and local innovation • Local control • Competition between rural areas/peripheries

Source: the author's own compilation

2.2 Different roles – different but converging tools

It follows from the differing functions that, in practice, too, tools, though different, should strengthen each other, and organisational backgrounds, though different, should be related to each other.

Due to the characteristics of rural areas and the objective to preserve them, rural development uses tools that rely on the environment and strengthen local economies which, while utilising nature, preserve it. However, these tools are completely ineffective unless supported by regional economic policies, regionally integrated economies relying on the environment and a macro-economy that also takes into account environmental considerations. Likewise, in rural development as well, the strengthening the regional basis and flow of innovations within the framework of spatial development is a pre-condition for the introduction of alternative infrastructural and service procedures that are viable even with a lower level of concentration. Similarly, the sale of local goods, which is a key concern in rural development, hinges on the expansion of demand as part of regional policies, and the success of businesses in communities in areas where there are not enough businesses depends on their integration into the markets of the centres and on channelling support from large corporations into the social economy. On the other hand, rural development can also take into account spatial development needs, and, while re-evaluating the town-country relationship, it may, relying on its own tools, help supply energy, raw materials and labour and offer a wider selection of housing and recreation opportunities for regional centres.

The revision of the criteria of the competitiveness of rural areas and their preparation for competition in the global rural space is a special issue worth mentioning in the context of spatial development. [8]

Table 2 Converging tasks of rural and spatial development

Rural development	Spatial development
<ul style="list-style-type: none"> • Funds earmarked for an environment-based economy and environment protection • Encouraging alternative solutions viable even with a lower level of concentration • Encouraging community businesses – expansion of demand • Development of communities • Improvement of innovative capabilities • Development of the manufacturing and distribution of local produced goods • Facilitating of keeping resources in local ownership, preparation for the exercising of local control 	<ul style="list-style-type: none"> • Area development/regional economic policy • The factoring of the ‘price’ of the environment in the economy • Facilitating the flow of innovations • Establishment of basic technical infrastructure • Establishment of supply networks • Establishment of a network of human services centres • Strengthening of environment-based regional integration • Boosting demand for local goods • Re-interpretation of the concept of competitiveness – preparation for competition in the global rural space • Channelling support from large corporations into the social economy

Source: the author’s own compilation

These two policies can converge if each allows for the special characteristics of the other and adjusts its own tools accordingly.

Although spatial policy in Hungary today treats the tools and institutions of spatial and rural development separately, they are not necessarily different.) However, neither the complementary nature, nor the special characteristics of the two types of development are taken into account. Spatial policy sets the same objectives for both centres and rural peripheries: it interprets regional convergence as the copying of the development path of centres. Rural development on the other hand ignores centres and strives to be successful in isolated spaces.

2.3 Lessons from flagship programmes

Local development should follow both directions simultaneously. Inability to do so and the resultant disorientation are reflected in the implementation of the flagship programmes based on local development projects and initiated by both development policies. Flagship programmes of spatial development include those aimed at growth poles and the most disadvantaged areas (i.e. centres and peripheries). As regards rural development, its flagship programme is the LEADER programme.

Both the interpretation of and the space designated for local development are clear in the case of the *Pole Programme* [9] aimed at the preparation of the country’s potential poles of growth for the competition between cities/towns and regions. The programme is restricted to local development as interpreted under spatial development, i.e. it is meant to integrate the efforts of local businesses, and especially those of local governments and public institutions. And even this is confined to centres. The spatial development tasks summarised in the above table and needed

for successful rural development rarely feature in the planned development projects of the poles (with the exception of the establishment of alternative energy clusters). From the perspective of the rural areas, the launch of projects aimed at innovations encouraging the revival of rural areas, the establishment of human services centres, the identifying of markets in the centres and opening them for local goods and recreation opportunities is a highly desirable goal.

Although, in respect of its underlying principles, the *LHH Programme* [10] – launched within the framework of spatial development to develop Hungary's 33 most disadvantaged areas – intends to utilise the funds allocated to small regions through local development based on the broadest possible community co-operation, it is confined almost exclusively to the development projects of the local governments and fails to lead to decentralisation. Available funds had been earmarked for clearly defined purposes: while working out their strategies, local participants could only select from a menu imposed upon them from above. The assertion of a regional approach was thwarted by the die-hard practices of local politics and the unchallengeable tenet of 'something for everybody'. Given the external and internal social and political limits as well as an unmanageable 2-month deadline set by the central authorities, community planning, with a high number of administrative tasks to perform in order that transparency could be ensured, could not launch truly local development processes /programmes.

Integrated into the rural development programme, the *LEADER Programme* [11] is based, in keeping with the guidelines provided by the EU, on the initiatives of the local communities and decentralised decision-making. However, 'the Hungarian version' of this programme is also unable to solve the issue of the development of local communities. The very size of action groups makes it unfeasible. Interest reconciliation and daily communication as a fundamental condition of community developments are a tall order with action groups that comprise over 200 members and cover – on average – 31 (in extreme cases, i.e. in the most disadvantaged areas, over 80) local communities. Furthermore, the establishment of local strategies was also a strongly regulated process. Control from above was exercised through a methodology imposed from above which focused on the allocation of funds rather than the adoption of a strategic approach; furthermore, it was often the case that locally approved measures were radically changed in the course of discussions with authorities.

Table 3 Basic indicators of the LHH and LEADER Projects

Indicator	LHH Programme	LEADER Programme
Number of area units	33	96 / 84*
Number of area units within the small regions of the country	19%	55,1 / 48,2* %
Number of the local communities concerned	717	3020 / 1571*
Number of the local communities concerned within the local communities of the country	22,8%	96 / 50* %
Number of the population concerned	963 thousands	-
Number of the population concerned within the total population of the country	10%	-
Average number of the local communities per area unit	22	31
Average number of residents per area unit	29 thousands	-
Total amount of allocated development funds	81,9 billion HUF	159,4 / 81,95* billion HUF
Average amount of allocated development funds per area unit	2,5 billion HUF	1,66 billion HUF
Average amount of development funds per local community	114,2 billion HUF	52,8 / 52,2* billion HUF

Source: data from [10], [11]

3 Conclusion

To conclude, it is safe to say that local development based on local resources, local participants and local management should play a greater role in both area and rural development. However, as regards local development, the priorities of the two policies are different. Area development relies on local development managed by the local governments of the centres, while rural development focuses on the development activities of the more broad-based communities of the peripheries. In Hungary, both are at their early stages and taking shape under strong pressure from the central authorities. The influence of the centres is exerted mainly through the regulation of access to development funds. There is no allocation of funds to speak of, as objectives, methods and institutions are specified from above. There is relatively limited room for manoeuvre for local participants, although there is no knowing as to the 'size' of the room for manoeuvre that the most disadvantaged areas require or can handle. Paradoxically, creating an ability to develop independently should be a key component of the developments that are implemented with external support in these areas. Rather than complying strictly with centrally set rules, the ability to lay down local rules in conformity with the central ones and abiding by them should be encouraged even in the most disadvantaged areas, which, however, requires a radical change in approach in both spatial and rural development. Local development proper will materialise in these regions only if such change occurs.

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