Strategies for preventing the decline of peripheral areas

The compensation of economic site disadvantages (caused by a unilateral urban agglomeration policy) and participatory processes as opportunities for regional policy in Alpine areas.

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EDITOR’S NOTE

Translation: Accent Mondial

Overall structural conditions

An empirical paradox

1 The figures speak for themselves, but what exactly do they tell us? The Swiss State Secretariat for Economic Affairs (Seco) reports a growing distance between centres and peripheral areas (RegioSuisse, 2010/16), whereas at the same time, the “Groupement suisse pour les régions de montagne” (Swiss Group for Mountain Areas), the SAB, highlights population growth in mountain areas that is higher than the Swiss average (SAB, 2010).

2 How can two observers come up with such divergent findings? Or, in other words: who is right? The answer to this question is easy and well-known: Both are right! And so, the paradox disappears, i.e.: if we make broad-based observations for all mountain areas or even for the whole Alpine area (as stipulated under the Alpine Convention), we can see indications of positive growth over the last 30 years. However, if we consider data on a small-scale basis, as Bätzing did on the communal level (Bätzing/Dickhörner, 2001), we can see a mosaic image that illustrates conflicting trends: at one point, strong growth (for
example, in the Upper Engadine or in Grenoble); at another point, stagnation or even regional decline. It is, therefore, possible to return a positive or negative result depending on how data is perceived and used.

**Driving forces**

3 If we compare the population history of the Alps (if we consider, for example, the Walser migration) with current demographic trends, we may come to the conclusion that following a period of influx, a period of outflux has begun.

4 This superficial conclusion does not, however, reveal very much. On the other hand, if we observe relationships between demography and spatial patterns, we rapidly notice that during the initial influx, individuals who were probably motivated by demographic pressure or a shortage of resources in their home countries, came to the area first and then built their infrastructures (Bundi, 1989). Today, however, this causality is reversed: in the less appealing areas, infrastructures and production plants are being wound up or, at least, not developed at the same rhythm as in urban agglomerations. Therefore, even the availability of investments for replacing substantial current losses plays no effective role in a highly dynamic environment, but rather contributes to a slowing-down of the erosion process (Siegrist et al., 2009). A gap in drawing power between the different habitable areas appears to favour urban centres, which results in an “overpopulation” of peripheral areas. This can be seen, for example, when visible or hidden unemployment or a demographic shift towards an elderly population prompts the active population to move out.

5 Why are infrastructures and production plants not consolidated and developed in the same way everywhere? The answer to this key question in the convergence/divergence debate most certainly lies, above all, in investors’ behaviour, since one of the main regional development driving forces is investment. It is important to emphasize that, nowadays, the public sector is bound to meet savings and rationalization requirements and, as such, must perform in the same way as a private business. This means investing only where rapid gain or, at least, adapted yield can be obtained and where the economic risk to the investor is low. The public sector also reacts in the same way when it wants its investments to return sufficient profit, for example through an adequate number of passengers in public transport or pupils per class in schools.

**Gap in drawing power**

6 The issue on the reasons behind this divergent evolution has not, as yet, been solved. What is the reason for this drawing power – in terms of drawing power for investments of all types: private and public, financial, material, institutional – is it perceived so differently? Why are sites assessed so distinctively?

7 The causes are largely based on current requirements in relation to site productivity, or at least in relation to sites for production companies. Yet, regeneration areas, i.e. residential, relaxation, training and cultural areas, are assessed in the same way. The sites requested today are those which are easily accessible and nurture market segments big enough to host economies of scale as well as the opportunities for contacts and communication, which are likely to generate high quality cooperation and information streams (Frey, 2008). Moreover, it is highly likely that the requirements described herein
have strongly increased over the last few years and will continue to do so in the future. These trends are the result of ever-intensifying production process interdependencies that inevitably require enhanced and diversified mobility. Ever-harsher competition reinforces this situation even more. Similar developments can also be perceived in the regeneration field, for example through the availability of tourist offers in ever more expansive economic sites (referred to as destinations), or through increasingly gigantic sports or recreational events, which inevitably lead to a choice of sites.

These trends all reinforce each other, given that these activities must be constantly integrated into optimization and decisional processes that are as cost-effective as possible. An urban agglomeration-sized town system is today the underlying condition for a site to have economic success, and it is also the underlying condition for attracting and keeping agrowing, young, dynamic population. The opposite conclusion is also viable: the more superficial the enhancements and the more fragmented the social structures, then the higher the trend for population outflux and aging. In this debate, it is also essential to take an interest in the issue of densification costs and saturation thresholds (Boesch, 1996). Long-term development processes are on the one hand, generated by the cohabitation of such differences in drawing power and polarization processes and, on the other hand, by saturation and compensation processes. Is the result of this a convergence or divergence of spatial patterns? Are urban agglomeration areas and peripheral areas becoming closer to each other or distancing themselves from each other?

A light at the end of the tunnel for convergence processes?

The answer of the predominant theory to the question of regional economical (and social) systems development is a definite “yes” in favour of convergence. This position relies on Solow’s steady-state theory and on Heckscher-Ohlin’s convergence of conditions of exchange (Gärtner, 2009). Even though this theory has been put into perspective, both theoretically and empirically (Barro/Sala-i-Martin, 1995), it is relentlessly perpetuated as a low-cost palliative in current deliberations on regional policy. The main factor of this fundamental criticism is the new growth theory, which very properly elevates technological transformation to a central role (Barro/Sala-i-Martin, 2004). Here, the term “technological transformation” does not only include technical progress (abstract) but also the tangible events that result from this transformation: expertise and know-how, knowledge structures and innovative infrastructures, as both human and material assets. These types of asset exist and are available, more or less, depending on the region, and must be constantly updated. Such investment is only made when it results in economic success. As such, it is only provided for “profitable” sites, i.e. as mentioned here above, in structurally privileged areas. Whereas the steady-state assumption presupposes stationary and ubiquitous technology, this prerequisite is no longer satisfied in a period filled with rapid transformations. Therefore, the convergence theory comes crashing down like a house of cards. The challenge today for an effective regional policy is to provide a solution that is coherent with this criticism. Yet how can different structural conditions be compensated? And how can driving forces be controlled?
What path is current regional policy taking?

Current concepts and strategies: the example of Switzerland

10 Current concepts and strategies for regional development and regional policy differ from the endogenous regional development concepts of the 1980s and 1990s. At that time, the aim of these concepts was to reduce the gap between urban centres and peripheral areas. As alternative concepts, within the framework of development trends dominated by urban centres, these approaches, privileging locally-induced innovation strategies turned out to be too weak. Therefore, many rural and mountain tourist regions no longer have enough economic strength to pursue sustainable and coherent development. One of the consequences of this change is the growing depopulation of mountain regions (Regiosuisse, 2010).

11 At the same time, civil society and political representatives perceive “sustainability” as a guiding principle for future development efforts. Alpine countries and the European Union established comparable postulates in the “Alpine Convention” (Hasslacher, 2000). The concept of sustainability should integrate particularly well into the regional Alpine policy owing to the specific patterns, initial situation and overall conditions of mountain regions. In this way, new fields of action may ensue to counter the population outflux from mountain regions (Boesch et al., 2009; Siegrist et al., 2010).

12 The roots of regional policy go back to the 1970s. By creating regions for development and promoting infrastructure projects, the Confederation opposed the depopulation of mountain areas. The Federal Act on Investment Schemes in mountain areas constituted the basis of this. In regions where the economy was structured unilaterally, the Confederation attempted to back economic structural development through measures that encouraged private enterprise, pursuant to the “Bonny Ministerial Order”. These regional policy instruments were adapted over time and completed by new measures. The “Interreg” programme for cross-border cooperation was thus launched as was the “Regio Plus” programme, establishing help for structural development in rural environments.

13 Over time, these traditional regional policy instruments would lose their effectiveness. Moreover, the instrument would clearly become a collection of accomplishments which were to solve specific issues in places each characterized by different regulations and bodies. Although this regional policy managed to enhance residential appeal significantly, it was not able to improve the economic drawing power and competitiveness of mountain regions. The shortage of jobs became the major reason for difficulties.

14 It was within this context that a new outlook and concentration of regional policy on its priority missions became prominent. The instruments of the previous regional policy were not included in the new guiding principle. The Federal Act of 25 June 1976 encouraging the provision of guarantees and contributions to serve interests in mountain areas4 and the Federal Act of 20 June 2003 encouraging the accommodation sector are still in effect today. The situation is the same for the Federal Act of 10 October 1997 encouraging innovation and cooperation in the field of tourism (InnoTour).
The New Regional Policy (NRP)

The assessment of the previous regional policy in Switzerland revealed that it had played a significant compensatory role in the field of infrastructure and had largely encouraged collaboration within regions. Nevertheless its strategic approach and its instruments were no longer suitable for dealing with the new challenges issued by the overall competition between economic sites, as they were unable to underpin Switzerland’s international competitiveness (Expertenkommission, 2003). The “New Regional Policy” (NRP) came into effect on 1st January 2008. The Confederation and the cantons (constituencies) supported Switzerland’s mountain areas, its other rural areas and border regions, and aimed to further the structural transformations taking place. The purpose was to improve the prerequisites of economic sites for hosting entrepreneurial activities and to sustainably encourage innovation, value creation and competitiveness. In this way, the New Regional Policy attempts to contribute to economic performance, job creation and sustainability in the targeted regions, but on the contrary, is no more than a secondary effect – yet rightfully welcomed.

Switzerland’s New Regional Policy (NRP) focuses more intensely on the economy than the previous policy did. It no longer targets regional conciliation, or the maintenance of regional occupation in decentralized areas thus preventing depopulation of mountain regions, but rather the promotion of economic centres. It no longer aims, first and foremost, to strengthen mountain areas, but must reinforce the Swiss economic position as a whole, as part of the world economy. The towns and agglomerations in the Alps (urban centres and peripheral areas) must also benefit from this (Frey, 2008).

Its expectations are based on the fact that the peripheral areas of mountain regions (the “peripheries of the peripheries”) may also benefit from the strengthening of centres – an expectancy that has not yet been fulfilled. On the other hand, the perception of remote regions as being devoid of economic value has intensified over the last few years, and has led to these regions being unbecomingly referred to as “Alpine wastelands” (Diener et al., 2005).

In the current discussion on regional policy in Switzerland, three key positions, representative of the general debate on economic policy, can be identified:

1/ A radically market-oriented position which would like to steer regional policy towards economically-efficient centres. This position relegates the profession of a social and ecological perspective for remote regions to the background. The classic postulate of conciliation between urban centres and peripheral areas is no longer a key objective for regional policy (Frey, 2008). Diener et al., (2005) provides a contribution (possibly unintentional) to consolidation of this position with their “urban portrait of Switzerland”, where the authors challenge the viability of peripheral mountain regions.

2/ A conciliatory position that focuses on the harmony between respecting landscapes and creating wealth from them. This position, established on the basis of the NRP 48 “Landscapes and Habitats of the Alps” national research programme, promotes reinforced valorization of the landscape but also intensified cooperation between towns and remote regions, based on the model of market requirements. To date, this position has not been assertive in regional policy, although it is well established in some of the Confederation's other sectoral policies, for example in the sector relating to parks.
(creation of new parks or nature reserves in Switzerland) or in the revision of agricultural policy (Lehmann et al., 2007).

3/ An ecologically sustainable position that perceives a new mountain-region policy as the element of a fairer overall economic policy, based on sustainable development. Pursuant to this position, mountain regions, on the whole (thus also the Alps) are the regions that lose out the most in this context of globalization (CIPRA, 2007). The populations of these areas as well as their political representatives should therefore be inclined to offer their support to sustainable ecological approaches. Current guiding principles mean that this position cannot yet be perceived in regional policy even though it has been implemented for a long time by private organizations in cooperation projects.

19 The criticism of the New Regional Policy focuses, firstly, on fundamental aspects relating to economic policy, which cover essential economical-ethical, environmental and sociopolitical positions (among others, Ulrich, 2005; Ulrich, 2008). Furthermore, a range of operational aspects are also criticized (Siegrist et al., 2009): the key criticism relates to the way competitiveness in remote areas is represented in the New Regional Policy. For structural reasons, this competitiveness cannot be attained under current economical framework conditions. To preserve the strong picturesque and ecological values, peripheral areas should, in future, still be able to count on transfer payments from the State, to try and compensate for the immanent asymmetries in urban agglomeration policy.

20 Another point of criticism of the New Regional Policy concerns the commitment of State responsibility on a countrywide level. The Swiss Federal Constitution includes a mission relating to decentralized occupation of land. However, in politics, the predominant trend is for the State to neglect its responsibility on a countrywide scale. No objections can be raised against the general urban policy itself as long as this strategy does not only affect peripheral areas. However, when the State abandons peripheral areas because of unbridled promotion of urban agglomerations, this process seems to be unreasonable and politically unacceptable.

21 The issue of cohesion is also perceived as a subject of criticism given that, without taking peripheral areas into consideration, the country’s cohesion may be jeopardized, in the medium or long-term. Although the New Regional Policy provides many prospects for urban agglomerations and centres, it provides very little for potentially weak mountain areas. Strengthening urban centres (including those in mountain regions) and regions close to these centres is a major objective of the New Regional Policy, which focuses more on competition. In this context however, only the towns and the economic centres of the country are supported, to the detriment of peripheral areas. In a context of countrywide responsibility, it would be essential, however, for cantons and the Confederation to commit themselves strongly to peripheral areas.

22 The fact that the New Regional Policy is abandoning the idea of a subsidization policy adjusted to the different types of regions can also be criticized. Indeed, there are significant socio-economic inequalities between mountain regions; for example between valleys and mountains, and between regional urban centres and peripheral municipalities that are intensely agrarian.
Assessment

The New Regional Policy does not make adequate use of the leeway resulting from a significant continuation of sustainable development goals. A sustainable regional policy should privilege existing ecological advantages and the potentials of mountain regions, rather than restricting itself to pursuing unilateral economic development and growth goals. Stronger commitment of regional policy by the public sector in mountain areas can only be justified if it is associated with a significant sustainable development policy, especially on an ecological and social level. It is only in this context that it will be possible to compensate for the corresponding deficits, by distributing work at regional levels or through functional cooperation.

Sustainable development as a counter strategy to opposition

Although a sustainable regional policy must be implemented, it is also essential to define clear objectives and a range of credible measures. Here, we are looking for conciliatory positioning that allows us to bring together the three paths addressed in the discussion on regional policy, which take into account economic requirements, the needs of society and sustainable development goals so that a promising strategy may be produced.

Through the following three theories, we will demonstrate how, based on transfer payments from the State - as an expression of society and public interest in mountain regions -, commercial structures will be strongly adapted, thus becoming viable.

Theory I: regional policy is in line with sustainable development principles

Based on the objectives of the Swiss Federal Constitution, highly-sensitive areas, such as mountain areas, should only be developed in a sustainability context. To integrate its principles in action plans, the notion of “capital stock development” is adapted. This results from two sustainable development definitions by the Brundtland Commission (1987)

and by the World Bank (1997)

. The first definition focuses on the conservation of life and the economic conditions of future generations; the second focuses on the creation of a portfolio of capital assets for implementing development potential.

In the sustainable development capital stock model (Siegrist et al., 2009 and Brunner et al. 2010), the capital includes the resources available on an economic site or which are to be created, so that a region may develop with respect to sustainable development. They represent the site's intrinsic economic potential; it is important to acknowledge this potential and develop it through joint effort.

Capital stock takes the form of four different types of capital, which cannot be fully substituted, i.e.:

1. natural capital (flora and fauna, natural landscape, water, raw materials, etc.)
2. social capital (values and standards, traditions, participation and cooperation, etc.)
3. economic capital (real capital in the form of infrastructures, means of production, organizational structures, institutions and businesses, etc.)
4. human capital in the form of specialized knowledge and skills, physical and mental health, etc.

These four capital stocks thus form the basic resource for creating a region's wealth, or in other words, a site's potential. The task of regional policy, flagships by sustainable development, is to determine site potential, heighten public awareness and exploit capital stocks without depleting them; on the contrary, they must be continually developed. Participatory processes support this strategy.

Theory II: Regional policy promotes participation

Participation can be interpreted as a participatory or cooperative process involving economic, public sector and civil society stakeholders. In parallel with its fundamental role as an emancipating quality for society, it must also be used as a regional policy instrument, in particular for determining a site's potential and defining objectives for sustainable regional development. It is therefore no longer perceived as an amalgam of individual entrepreneurial decisions or as a purely technical and bureaucratic coordination, but as a collective process.

As in businesses, regional development is implemented following a cycle based on the following 5 criteria (Brunner et al., 2010.):
1) Diagnosing the current situation, describing the region's potential and resources, i.e. the three types of capital respectively;
2) Developing ideas for the future, developing strategies, formulating objectives;
3) Establishing measures, creating development plans, implementing actions;
4) Constantly assessing the development processes, modifying the strategies and goals;
5) Managing capital stock development and the three types of capital respectively.

Concrete measures as well as regional development design processes include both collective projects (such as, for example, communal events and investments) and entrepreneurial projects integrated into an overall framework. Through these participatory cycles, the various stakeholders are integrated into the development processes and consider themselves, more and more, as responsible regional actors with a key goal of organizing their habitat and economic activity.

Theory III: Regional policy promotes cluster processes and networks

Participation in regional development processes results in the creation of solid networks (branch networks), which pursue their common visions and goals. As regards isolated branches, it is not enough to simply collaborate on the design for all tasks to be integrated into the regional context. For this to be a success, both within and between regions, it is essential to incorporate cluster structures as well as a cluster process. Through this cooperation, “brands”, rooted in the region, which sometimes include more than one business, can be created and developed, especially in the tourism sector. Such brands provide the opportunity for common ideas and goals to grow stronger and become viable products that sell on the market (global) as a result of mutual marketing actions (Lukesch et al., 2010)
A sustainable regional policy may only be a success if the obstacles of the sectoral policy still in effect today, are overcome. The sectoral way of thinking hinders fundamental collaboration in regions – on both political and population levels. It causes fragmentation of public sector resources that are increasingly limited. Strategies triggered by participatory processes illustrate how global regional development, borne and supported by the majority of the population, should be implemented. By applying a method of persuasion, it is essential to motivate the population and regional players to think and to act together.

It remains to be seen what is likely to happen in regions that have been substantially and structurally weakened by decades of depopulation; regions where investors prefer not to venture to develop resources that are still available. Regional policy must discuss this issue openly, and also determine how a desired and structured decline may be implemented in certain regional sectors. It would be highly ineffective to avoid this subject, as this decline has been unfolding for a long time, silently, almost invisibly, and in a totally disorganized manner until now.

Figure 1: The capital stock model (source: Siegrist et al. 2009).
BIBLIOGRAPHY


NOTES

1. Of course, it is not the sites themselves that establish this, but the various players who use these sites, even on virtual levels through communications platforms which may be clearly identified and relate to the site.

2. For example, the Sawiris Project in Andermatt in Switzerland (http://www.andermatt-swissalps.ch), or the selection criteria and the decisions for choosing sites for the Olympic Games.

3. Regional policy instruments in Switzerland are briefly described on the following website: http://www.regiosuisse.ch/politique-regionale.ch

4. The New Regional Policy (NRP) was amended on 1st January 2008.


6. Sustainable development “is development that satisfies the requirements of the present without compromising the opportunity for future generations to be able to satisfy their own needs.” (WCED 1987).

7. “Sustainable development is a process of managing a portfolio of assets to preserve and enhance the opportunities people face.” (World Bank 1997).

8. For more about this see: Lukesch et al, 2010.

ABSTRACTS

The gap between urban centres and peripheral areas is widening and the depopulation of remote regions is increasing. In the less appealing areas, infrastructures and production plants are being wound up or, at east, not developed at the same rhythm as in urban agglomerations. Switzerland’s New Regional Policy (NRP) focuses more intensely on the economy than the previous policies did. It no longer targets regional balance, or maintenance of regional occupation in decentralized areas thus preventing depopulation of mountain regions, but is focusing on promoting economic centres. Although a sustainable regional policy must be implemented, it is also fundamental to define clear objectives and a range of conclusive measures for the peripheral areas. At the same time, the obstacles of the sectoral policy still in effect today, must be overcome. It remains to be seen what is likely to happen in regions that have been substantially and structurally weakened by decades of depopulation; regions where investors prefer not to venture to develop resources that are still available. Regional policy must discuss
this issue openly, and also determine how a desired and structured decline may be implemented in certain regional areas. It would be considered highly ineffective to avoid such a subject, as this decline has been progressing for a long time, silently, quite invisibly, and in a totally disorganized manner until now.

L’écart entre les centres et les périphéries se creuse et l’exode des régions excentrées augmente. Dans les zones moins attractives, on dissout les infrastructures et les sites de production, ou, pour le moins, on ne les développe pas au même rythme que dans les métropoles. La Nouvelle politique régionale de la Suisse poursuit une direction orientée plus fortement vers l’économie que la politique de ses prédécesseurs. Son objet n’est plus la conciliation entre les régions, le maintien de l’occupation décentralisée du territoire et donc l’empêchement de l’exode des régions de montagne, mais plutôt la promotion des centres économiques. Si une politique régionale durable doit être mise en œuvre, il est aussi nécessaire de définir des objectifs clairs ainsi qu’une série de mesures probantes pour les régions périphériques. Parallèlement les obstacles de la politique sectorielle toujours en vigueur doivent être surmontés. Il reste à savoir ce qui devrait se passer dans les régions substantiellement et structurellement affaiblies à cause de décennies d’exode, là ou aucun investisseur ne veut se rendre pour valoriser les ressources encore disponibles. La politique régionale va devoir discuter ouvertement de cette problématique, mais aussi déterminer comment un déclin souhaité et structuré pourrait avoir lieu dans certains secteurs régionaux. Eviter de traiter un tel sujet serait peu efficace étant donné que ce déclin est en cours depuis longtemps, de manière silencieuse, peu visible et jusqu’à présent totalement désorganisée.

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Mots-clés: politique régionale, durabilité, métropoles, zone périphériques, déclin
Keywords: regional policy, sustainability, urban agglomerations, peripheral areas, decline

AUTHORS

MARTIN BOESCH
Research Institute of Economic Geography and Regional Policy, University of St. Gallen, Switzerland., martin.boesch@unisg.ch

ERICH RENNER
Department of Logistics, Mobility and Sustainable Development, School of Engineering, Zurich University of Applied Sciences, Switzerland.

DOMINIK SIEGRIST
Institute for Landscape and Open Space, University of Applied Sciences Rapperswil, Switzerland, dsiegris@hsr.ch