

Public action and social capital in rural areas

C. Cecchi & E. Basile

SPES Development Studies,

Research Centre at the University of Rome "La Sapienza", Rome, Italy

Abstract

This paper deals with the process of building social capital as constrained by the availability of public and private services. The purpose is to show that social capital shapes, both in positive and negative terms, the capacity of local institutions to support development projects and strategies. The analysis shows that a higher level of social capital gives to communities a stronger planning capacity; a lower level of social capital implies that new initiatives are implemented only if they give private individual benefits; a higher level of social capital generates actions that increase and improve social capital itself.

The first section outlines the logical links between the concept of social capital and the availability of "services". Social capital is seen here as a public good. Section 3 focuses on the relationship between the supply of *public* services and the level of social capital. Section 4 compares the Italian case with other cases in Northern Europe.

The concluding section shows the relationship between marginality and the availability of public goods. It contributes to the analysis of the relationship between social capital and development, showing that there is both a theoretical framework and evidence to justify the "principle" that public action supporting social capital has a major role in determining the performance of development strategies and actions.

Keywords: social capital, rural marginal areas, planning systems.

1 Introduction

Social capital is frequently considered as a public good. For example the UK National Statistical [19] agrees with Putnam [21] and adopts this definition:



‘Social capital is generally perceived to be a private and public good (Putnam, [22]) because, through its creation as a by-product of social relations, it benefits both the creator and bystander. It is a classic public good because of its non-exclusivity - its benefits cannot be restricted and hence are available to all members of a community indiscriminately’ (Woolcock, [29])

This definition emphasises the possibility for all members of a community of gaining from *the use* of the social capital. But also the state is a subject that actively participates to the process of creating social capital. The state sustains private action because it contributes in creating the social and political environment; the important role of the state in this action is justified because of the *public good* character of the outcomes of social capital.

Which are the ways the state uses for the creation of or for the support to social capital?

Taking social capital as an example of the basis for the production of public goods, one can easily observe that there is not any single firm interested in producing that type of public good, which is non-excludable and non-rival in consumption. On the contrary, it will be easy to find people who over-consume the public good or who have no hindrance to deplete it, if its use gives them some satisfaction, utility or cost reduction in some economic activity.

A broader interpretation of public goods can be taken to include goods that are not *per se* public goods but goods that entitle people to exercise a public good. For example, railways can be considered as public goods, “if one assumes that the right to freedom of movement means that one citizen cannot be excluded by virtue of an appropriation by another citizen” (Bianchi [5], p. 111).

Public goods are therefore a consequence of a “natural” or an “institutional” market failure, which prevent the supply of meeting the needs of the population and of the firms.

The shortage of a public good can therefore be faced by means of action implemented by the state or by some group. The difference between the former cases refers to the resources used to produce the public good and to the people who are entitled to use the newly produced public good.

The state – and, in general, public administration – chooses to supply a public good using public resources coming from direct or indirect taxation. The state decides to produce it by means of state owned structures or to buy it from a private enterprise. The state decides to make a consumer pay a “contribution” – not a price – for the use of that public good, or not.

Some groups – private associations, formal and informal networks – can choose to supplement the shortage of a public good by means of a “private” supply. The group chooses the resources to be used for the production of the public good: from the pocket of a single member or from the pockets of all members. The group decides how to produce the public good: by means of structures owned by the group, or buying it from a private producer. The group decides whether it supplies a proper public good (with non-excludability) or it supplies a quasi-public good (reserving the use to the members of the group), which represents a substitute of the lacking public good.



As a summary, social capital represents for a community also a stock that provides public goods, which can be increased or consumed by means of the action and of the choices of the state, of groups and of individuals.

2 The *Maremma* district as a rural area

With particular reference to the area we are now considering – the *Maremma* rural District in Southern Tuscany (Italy) –, it is necessary to emphasise the fact that we are dealing with a rural area. Therefore, we must take into account some specificity that distinguishes this type of territory.

With reference to the evolution of the Italian economy during last decades, rural and agricultural local system analysis gives an important contribution to the understanding of the development path, because this kind of territory cover more than a half of the national surface and contain more than 40% of the Italian population.

The rurality that emerges in recent times appears as very different from the pre-industrial one. Basile and Cecchi [2] have shown that this difference is as relevant at the theoretical level as it is on the basis of the evidence coming from the Italian countryside. Post-industrial rurality is characterised by a complete integration within the contemporary economic and social organisation of the capitalistic world. This organisation is different from others' local systems because *i.* production is differentiated between and within sectors; *ii.* the dispersal of economic activities generates a rarefied social fabric that is, under many circumstances, the antithesis of the industrial district; *iii.* finally, the presence of agriculture, amongst other activities, completely integrated represents a characterising element, which contributes to build the singularity of the economic system and the qualification of the social system.

Before the end of the Nineties, economists have been able to show two different situations for the countryside. The first one relates to areas where agriculture's modernisation has been able to specialise resource with an agricultural use. On the contrary, where the modernisation process has failed, a large part of local resources remained under-employed, and available for a different use. In this second situation, "modern" rurality emerges because rural resources have attracted the urban ones.

Modern rurality is then characterised by rarefied social fabric, economic differentiation and the presence of agriculture. This is the consequence of the interaction between urban and rural resources.

Modern rurality is frequently considered as a positive situation, because it represents a new vitality for declining social organisations. Nevertheless, a limit has been shown to the process of development and of growth for rural areas. This limit is represented by the potential shortage of services, which are needed for industrial growth, for resident families and communities.

In other words, it is true that urban areas expel human and financial resources, and it is true that rural areas are suitable for new activities. But, the availability of services generates new competitive advantages for each different type of territory.



Traditional services, financial services and “modern” services, when suitable for the economic rural local system, can sustain growth and development or can constrain them when not integrated in the economic and social organisation.

The research we have carried out in Southern Tuscany has analysed the role of services within the development processes, which involve rural and agricultural local systems, in three different directions. The first direction concerns the definition of specific characters that distinguish rural and agricultural development processes. The second direction concerns the definition of a typology of services, suitable for the support of the growth process of an economy, which is differentiated by sector and locally integrated. The third research direction concerns the identification of the subjects of the governance of rural development processes. The research has concentrated on the multi-dimensional composition of the development process. The dimensions are: the planning procedure, the management and the monitoring practice and, finally, the control and the accountability of actors.

Within the theoretical framework described above, public goods are strictly linked to public action and to the action of civil society. Our attention to public goods is confined to the local dimension; this assumption implies that we are not interested in public goods such as defence, which is usually considered as an emblematic kind of public good. Our focus is mainly on services – within the study area – that constitute the way in which the state contributes to the building up and to the increasing of public goods. But we are also interested in understanding the ability of the local community to face and to supplement any lack of state action. Therefore, we looked for plans implemented by the civil society – networks, association etc. – that produce or develop local public goods.

We focus on three types of services, which refer to different dimension of the public good component of social capital. In addition, we focus on the creator’s dimension of those services; in other words, we have tried to highlight the subject that has the power of supplying the service, without any reference to the subject that actually produces it.

3 The *Maremma* backwardness in terms of services

The combined action of the structural transformation and of the Italian welfare system has shaped the initiatives enhanced by the population in the area. On the one side, the change that has affected the economic structure of the area has destroyed a large part of the traditional jobs: the mine sector has definitely closed down during the 1970s, and agriculture has witnessed a massive introduction of technical change, which has caused an astonishing reduction of labour requirement. On the other side, the State has mainly concentrated its action on the agrarian reform, during the 1950s; after that action, the welfare state prevailing in Italy has largely failed to meet the needs of a population who lived in an area with a declining level of opportunities. People in the area – as it was in any Italian agricultural and marginal areas – obtained public support only from the agricultural policy, and obtained a lower welfare support than the one granted to industrial workers and to people in towns. Under these conditions, the private



initiatives have been mainly oriented towards profit generating activities; migration to growing industrial areas represented the most used alternative for the population who lacked resources.

The lack of public services has been faced more by means of “exits” from the community than by the search of other people who shared the same need; as an alternative, private individual choices has supplemented the shortage due to the little state action. The population continues to migrate from the area, even if there is some significant amount of immigrants. These immigrants apparently requires a lower level of public services or – as wealthy as they are – they can afford to buy private services – mainly outside the area. The most recent concern for the environment in rural areas should promote collective actions, but instead the prevailing trend shows many forms of privatisation also of the environmental dimension of the community.

The interviews we have carried out in the area show that development actions improve and increase, in the opinion of the people, more the private earnings than the quality of life of the community as a whole.

4 Welfare state, public services and social capital

This section aims to show now how communities participate to the process of building new and structured initiatives as part of some network or some association. In other words, we link the degree of participation to common local life to the process of building social capital.

In our research, the study of social capital has focused on the analysis of networks and the participation of the members of the local community to networks. Attention has been paid to networks that have been build on the basis of the public action and of the functioning of public administration; but the greatest attention has been paid to networks that are “privately” managed and those that people build as a “place” where to share common interests and common concern toward some problem.

In Sotkamo (FIN), all the respondents belong at least to one (formal) association and, amongst them, there is a group – that Lehto and Oksa ([16], p. 31) have named as *super-active* – composed by people who are not only members of many groups but that play also an active role at least in four networks. Respondents to questionnaires consider as successful the development actions, implemented during the recent years, more because of the degree of their participation than for the economic aim of the actions themselves.

Also in the Norwegian Mountain Region (N), the degree of participation appears as very high because all the interviewees are member of at least one network/group. The degree of information and of participation to public action in the area is quite surprising.

‘... the general impression is that the various state or semi-state agencies are perceived to play the most important role.’ (Rye and Winge, [24], p. 12)



In Leksand and Rättvik (S), networks play a very important role because they represent the basis for the construction of trust of the citizens towards public administration. In Sweden too the participation to networks and, mainly, the voluntary work of the members show the old tradition of “village democracies”. The role of network in building plans and other development initiatives is emphasised by the Swedish team noting that the success of those plans derives from the secondary position played by key actors and from the capacity to involve in actions also the large number of entrepreneurs who are not embedded in networks of civil society (Tillberg Mattsson and Stenbacka, [27]).

At Skye and Lochalsh (GB), whilst the number of associations and networks is lower than in the other Northern areas, the degree of participation to the activities of those groups is particularly high. This high degree of participation is associated with a diffused success of public initiatives that have also involved citizens and associations.

‘... the results suggest that respondents are less than content with those areas of development that are perceived to be the responsibility of the national governments.’ (Lee and Arnason, [15], p. 28)

A similar situation is observed in the Lake District (Irl). Also in this area networks and groups exist, but the degree of participation appears as a non-relevant aspect. The link between association and the public administration appears as vague, and the associations do not see any consequence between their action and development (Kinlen, [14], p. 18). The Irish report highlights that people appear as not being in condition to describe their role in development ‘despite mentioning their involvement in various community and voluntary associations in the area’ (*ibidem*).

The case of Maremma (I) appears as significantly different. The degree of participation to associations and networks is lower than in any other area. One third of the sample does not give any answer to the question related to the type and number of association the respondents belongs to. In relation to the counterpart of the public action for development, it appears that only few type associations play some role. The evidence given by respondents shows that people in the sample are not in condition to identify a limited group of specific subjects that link the administration with citizens.

The major consequence of the weakness of the links between planners and citizens is represented by the low level of awareness of what development actually means for a citizen and about the ordinary ways of planning development actions.

As a summary, we can observe that there is a relationship between the quantity and quality of formal and informal networks of citizens and of associations, and the capacity of the public administration to face the needs of the population or, at least, to make the population aware of the public action. The consequence of this observation is that networks of relations increase and improve their way of functioning by means of public support. For this reason, we must emphasise the necessity to pay attention to social capital in all its components in order to understand the process of change in rural areas.



5 Social capital and planning

The first consequence of our research on restructuring of rural marginal areas relates to an alarm bell that signals some dangerous weaknesses of the rural development policy of the European Union. This observation comes from the analysis on the relationships between social capital that characterises a community and the development actions that the same community is in condition to plan and to implement.

The bell rings in a room that hosts the more general theme of public policies for rural development and their funding. On the one hand, the concern comes from the reduction of public expenditure, as a consequence of the commitment of the European Union members' governments to maintain the so-called Maastricht parameters within the agreed range of variation, which has its major consequences on the welfare state and on the provision of public services that should be granted to the population. On the other hand, the enlargement towards East of the European Union raises problems linked to the risk of another change of the emphasis of Common agricultural policy (CAP) in favour of the support of agriculture instead of economic differentiation in rural areas, because agriculture, in these countries, is still a very important activity from many points of view.

The consequences of this twofold recent threat concern the entire functioning of the CAP, from the growing importance given to role of private initiatives – the supremacy of market forces – to the types of strategies to be implemented for rural development support. The regional and social equilibrium, which was at the basis of the TREATISE OF ROME since the 1960s, has been cancelled because of the failure of the mechanisms introduced with the CAP tools to support the agricultural sector and because of great change that has involved the countryside at the end of the 20th century. The CAP of the 1990s has promised to give support only to farmers who were becoming true entrepreneurs showing their attention to market forces; the same policy has also promised support to rural communities that were able to plan development actions by means of internal forces – the so-called endogenous development strategies.

This change of the aims of the EU's policy has been based on the assumption that social and regional problems might be solved by the private action and that the only role of the government is to supplement resources to those who lack them.

Our research has shown that this assumption is completely wrong. In other words, it is wrong to assume that farmers and the rural population behave always in order to maximise their profits and it is wrong to assume that the local communities have always had a strategy that allows the filling of the gaps that separate them from the richest areas.

Focusing on the social capital that characterises a number of rural communities in marginal areas, we have shown that the capacity of defining and of implementing development strategies highly depends of the social capital availability, which in turn depends on the history of the community in terms of the results reached by means of the public action. Moreover, the success of the public action depends on the type and on the level of services that the state has



granted to local population. This means that the greater effectiveness of rural policies does not depend on the target of the public funds transfers – farmers or other components of the community; it does not depend on the specific strategy that each single community is able to plan; it rather depends on the capacity of public action to create the conditions that make any action – and the resources that are necessary for their implementation - efficient and productive.

The social capital that characterises a community significantly influences: i. the capacity of the governance of the community to project new initiatives; ii. its management capacity of dealing with the implementation of the initiatives; iii. the capacity to link top-down actions “suggested” by the central government to local private personal or collective actions.

From the analysis of the link between the needs of the population and the way in which each single citizen can meet those needs, it emerges that in those localities where the “normal” answer to needs comes from public services, there people trust collective action as a means of solving both private and common problems. In other words, communities with a good level of public services have a high level of awareness of the role of collective action and of the significance of public services as public goods. Therefore, one may expect that, as a consequence of the reduction of the supply of services by the state, the network of local relations creates the condition that allows for the substitution of the state action with a local collective action. This causal relation appears to be as stronger as higher is the level of participation of single citizens to the decision process – the level of democracy. This “tradition” of democratic participation to the decision making process – in other words, the degree of coincidence between local government and local governance – explains the reason why development programmes represent, in these areas, the result of answers to local needs by means of local resources and of external public funding.

References

- [1] Arrow K. (2000), Observations on Social Capital, in P. Dasgupta and I. Serageldin, eds., *Social Capital: A Multifaceted Perspective*, World Bank, Washington, D.C.
- [2] Basile E. and Cecchi C. (2001), *La Trasformazione Post-Industriale della Campagna. Dall'agricoltura ai Sistemi Locali Rurali*, Rosenberg & Sellier, Torino.
- [3] Becattini G. (1999), Introduzione, in *Modelli locali di sviluppo*, edited by G. Becattini, Il Mulino, Bologna.
- [4] Becattini G. edited by (1987), *Mercato e forze locali*, Il Mulino, Bologna.
- [5] Bianchi P. (1998), *Industrial Policies and Economic Integration. Learning from European Experiences*, Routledge, London.
- [6] Cecchi C. (2001), *Rural Development and Local Systems. The Case of the “Maremma Rural District”*, Department of City and Regional Planning, University of Wales, College of Cardiff.
- [7] Cecchi C. (2002), Sistemi locali rurali, e aree di specializzazione agricola, in *Sviluppo rurale: società, territorio, impresa*, a cura di E. Basile e D. Romano, Franco Angeli, Milano: pp. 90-115.



- [8] Fine B. (2001), *Social Capital versus Social Theory. Political economy and social science at the turn of the millennium*, Routledge, London.
- [9] Ferrara M. (1998), *Targeting Welfare in a "Soft" State, Italy's Winding Road to Selectivity*, Paper prepared for the ISSA Conference, Jerusalem, 25-28 January.
- [10] Grootaert Ch. and van Bastelaer Th. (2002), Social Capital: From Definition to Measurement, in *Understanding and Measuring Social Capital. A Multidisciplinary Tool for Practitioners*, edited by Grootaert Ch. and van Bastelaer Th., The World Bank, Washington D.C.
- [11] Hillmert S. (2003), Welfare State Regimes and Life-Course Patterns: An Introduction, <http://www.mpib-berlin.mpg.de/en/institut/dok/full/e2001.0232/frames/paper.htm>
- [12] Jonsson I., Rydén G., Tillberg K. (2002), *Innovativeness and traditionalism: Rural development in Leksand and Rättvik*, Sweden, Swedish context report, Restructuring in Marginal Rural Areas (RESTRIM) - Dalarnas forskningsråd (DFR), Dalarna Research Institute, Falun, Sweden.
- [13] Kinlen L. (2002a), *The Lake District, County Mayo*, Irish context report, Restructuring in Marginal Rural Areas (Restrím) - The International Centre for Development Studies, National University of Ireland, Galway, Ireland.
- [14] Kinlen L. (2002b), *RESTRIM Project Analysis of Questionnaire*, Irish questionnaire report, Restructuring in Marginal Rural Areas (Restrím) - The International Centre for Development Studies, National University of Ireland, Galway, Ireland.
- [15] Lee J and Árnason A. (2003), *Questionnaire Report for Skye and Lochalsh*, Scottish questionnaire report, Restructuring in Marginal Rural Areas (RESTRIM) - Arkleton Centre For Rural Development Research, University Of Aberdeen, Scotland (GB).
- [16] Lehto E. and Oksa J. (2002a), *Rural development in Kainuu region in Finland: A Case of Sotkamo*, Finnish Context Report, Restructuring in Marginal Rural Areas (RESTRIM) – Research and Development Centre of Kajaani, University of Oulu and University of Joensuu, Finland.
- [17] Lehto E. and Oksa J. (2002b), *RESTRIM Questionnaire Study of Sotkamo, Finland*, Finnish Questionnaire Report, Restructuring in Marginal Rural Areas (RESTRIM) – Research and Development Centre of Kajaani, University of Oulu and University of Joensuu, Finland.
- [18] Lowe, P., Ray, C., Ward, N., Wood, D., Woodward, R. 1998, *Participation in Rural Development: a Review of European Experience*, Centre for rural economy – Research report, Newcastle upon Tyne.
- [19] National Statistics (2001), *Social Capital. A review of the literature*, Social Analysis and Reporting Division, Office for National Statistics, October.
- [20] Nightingale A. (2002), *The Magic of Skye: Innovation, Growth and Rurality in Skye and Lochalsh*, Scottish context report, Restructuring in



- Marginal Rural Areas (RESTRIM) - Arkleton Centre For Rural Development Research, University Of Aberdeen, Scotland (GB).
- [21] Putnam R. (1993), *Making Democracy Work: Civic Traditions in Modern Italy*, Princeton University Press, Princeton.
 - [22] Putnam R. (2000), *Bowling Alone - The Collapse and Revival of American Community*, Simon & Schuster, New York.
 - [23] Rye J.F. and Winge A. (2002a), *The Mountain Region*, Norwegian context report, Restructuring in Marginal Rural Areas (RESTRIM) - Centre For Rural Research, Norwegian University of Science and Technology, Trondheim, Norway.
 - [24] Rye J.F. and Winge A. (2002b), *A survey of development priorities, Projects and networks in the Mountain Region*, Norwegian questionnaire report, Restructuring in Marginal Rural Areas (RESTRIM) - Centre For Rural Research, Norwegian University of Science and Technology, Trondheim, Norway.
 - [25] Rye J.F. and Winge A. (2002c), *The role of Networks in Promoting New Usage of Farmland in the Mountain Region, Norway*, Norwegian report on networks, Restructuring in Marginal Rural Areas (RESTRIM) - Centre For Rural Research, Norwegian University of Science and Technology, Trondheim, Norway.
 - [26] Sabatini F., (2003), *Capitale sociale e sviluppo economico*, Serie Working Papers dei dottorandi Dipartimento di Economia pubblica – Università degli studi di Roma ‘La Sapienza’, No. 12 – luglio.
 - [27] Tillberg Mattsson K. and Stenbacka S. (2003), *The Role of Social Capital in Local Development: The Case of Leksand and Rättvik*, Draft National Report – Sweden, Restructuring in Marginal Rural Areas (RESTRIM) - Dalarnas forskningsråd (DFR), Dalarna Research Institute, Falun, Sweden.
 - [28] van Staveren I. (2000), *A Conceptualisation of Social Capital in Economics: Commitment and Spill-Over Effects*, Institute of Social Studies, The Hague - The Netherlands, Working Paper Series No. 324 – November.
 - [29] Woolcock, M. (2001) The place of social capital in Understanding Social and Economic Outcomes, *ISUMA Canadian Journal of Policy Research*, 2 (1), pp. 11-17.