

## SUSTAINABILITY AND LOCAL DYNAMICS IN A GLOBAL CONTEXT : RURAL DEVELOPMENT IN SWEDEN

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### Abstract

Since 1990, the Swedish Parliament and Government decided that the agricultural sector should adhere to the same regulations as other national production sectors. Henceforth, farmers received only payment for what was demanded in terms of product and services. How such a position can be reconciled with the objective aiming at sustainable rural development ? However the process of depopulation of the forested areas in north Sweden still continues, although even in this region some localities are dynamic and able to initiate and attract economic activities and immigration. This urbanisation of rural areas is based on an enhancement of the valuation of rural landscape and other rural life qualities and at the same time the continued possibility of rural/urban interchange through commuting. Rural areas pass from agricultural to rural development where agriculture has to find its new place.

### Key Words

rural areas, sustainable development, multifunctional agriculture, Sweden

### Résumé

*Depuis 1990, le gouvernement et le parlement suédois ont décidé que l'agriculture devait s'aligner sur les règles des autres secteurs économiques. Dorénavant, les fermiers ne seront payés qu'en fonction de ce qui est demandé en produits et services. Comment cette position peut-elle s'intégrer dans des objectifs de développement rural durable ? Bien que le processus de dépopulation des régions forestières septentrionales ait continué, même dans ces régions, certaines localités sont capables d'initier et d'attirer des activités économiques. L'urbanisation des campagnes repose à la fois sur la prise de conscience des qualités de la vie à la campagne et de la valeur des paysages ruraux et sur la possibilité accrue d'échange entre les villes et les campagnes. Les campagnes sont passées d'un développement agricole à un développement rural où l'agriculture doit chercher une nouvelle place.*

### Mots-clés

*campagnes, développement durable, agriculture multifonctionnelle, Suède*

### I. INTRODUCTION

Enhancement of sustainable rural development requires an understanding of a number of diverse elements of different dignity, e.g. ranging from primary production to culture and from the local to the global level. As well, the dynamic interrelations between these elements and levels need to be understood.

At this venue, the focus is to initiate a dialogue on such issues between the countries of the European Union and those of Central and Eastern Europe. The experiences of individual countries will be presented and used as a background for such a discussion. At this conjuncture in

European history and development, it is of great importance to learn from experiences and to distil which parts of these experiences might be useful or appropriate for the future.

In this context, I will introduce some features of Swedish rural development; some elements of its history; the shift from agricultural or primary production to rural development and global aspects of change in particular the WTO negotiations on agricultural liberalisation and their implications for rural sustainable development. At first let me mention a few fundamental issues that circumscribe sustainable rural development in Sweden. I believe these are equally relevant for any other country in the world.

Of the about 6 billion people inhabiting this world about 2.5 billion live on less than two USD a day. This vast global poverty which is primarily to be found in the rural areas of developing countries, but also in areas of the former Soviet Union and East Europe, is further underlined by the fact that about 800 million people in the world go hungry every day. This is in spite of the fact that enough food is produced globally to feed everybody in a decent way if it had been evenly distributed. (Havnevik and Sandström, 2000 and Djurfeldt, 2001)

This means that a discussion of future sustainable rural development in EU countries and Central and Eastern Europe must give attention to the global poverty context and remedies for its resolution. The global context is presently unsustainable in terms of both food and material well being of people and as regards environmental and ecological issues. The divide is not only between the rural context in more developed, such as EU countries, and developing countries, but even within individual EU countries, accessing countries and developing countries. Thus, there is a need to answer what is meant by « the whole of Europe » and as well how European rural development can be promoted in a sustainable way at the same time as developing countries move in the same direction. Further, the discussion of rural sustainable development in Sweden is complicated by different historical, natural resource, climatic and economic conditions and developments in the north and the south.

## II. HISTORICAL FEATURES OF AGRICULTURAL AND RURAL DEVELOPMENT

While Belgium, France, Germany and Great Britain colonised Africa and parts of Asia, Sweden and other Nordic countries colonised to the north, beginning as far as 3-400 years back. Mines, forests and hydropower, primarily in the north, attracted the Swedish state to undertake this colonisation. Primarily the colonisation took place on the land of the Sami people who can provide daims that they have been living in the area for nearly 8 000 years.

The mines and the forests were the base of the Swedish development, which later continued and intensified in manufacturing and other non-primary production activities. In the north, the colonisation process released seasonal agricultural labour force for natural resource exploitation. Conflicts over land and rights to natural resources and grazing with indigenous Sami population ensued and continue until this day. As well, other groups, including the colonising population itself, would lose at time what they considered their rights to land and resources due to unconstitutional procedures by the

Swedish state. This conflictual relationship between the state and periphery or marginal areas remains largely in spite of the process of democratisation that unfolded in the country.

Sweden has undergone deep-seated social, political and economic changes, in particular during the last century, with profound implications for agriculture and rural areas. (Havnevik and Malmer, 1999) A political compromise opened for price regulation in agriculture and unemployment subsidies (1933) and from the late 1940s, political decisions were taken to rationalise the agricultural structure. A rapid level of mechanisation and structural changes led to a drop in the occupation in the agricultural sector by 75 per cent between 1950 and 1980 and half a million ha of land was taken out of production between 1950 and the mid-1960s. Since then the trend has continued, but at slower speed. This development reflected in the reduction in the number of farms, from about 305 000 in 1940 to about 100 000 in 1990. Presently about 80 000 farm units, of which many are part time, are registered in Sweden.

The growth of the welfare state in the 1960s and 1970s led to an increase in the level of government services as well in rural areas, absorbing female labour that was squeezed out of farms. A flexible farm structure increasingly with single males operating the main farm activities ensured the survival of the family farm structure. (Djurfeldt, 1994) The introduction of neo-liberal thinking in the early 1980s led to decline of the welfare state and government services thus reducing alternative employment options in the rural areas, in particular in the north. Women dominated occupations in health related services are those that have declined most rapidly in Swedish rural areas recently, with about 10 per cent from 1994 to 1997. More women than men leave the rural areas and more youth than other categories of people. Women can more easily access employment in urban areas due to longer educational backgrounds with less focus on primary production than those of men. Youth leave to attain education and experience from other locations. The fact that the range of cultural opportunities in rural areas belongs more to the male domain, also provides an incentive for women and youth to leave the rural areas. Statistics show, however, that there is a considerable number of middle aged people that grew up in the rural areas, man and women, who return to the rural areas often their original homes or communities. This group has played an important role in the recent mobilisation for survival and development in many rural areas of Sweden.

In 1998 about 25 per cent of the Swedish population of about 9 million people lived in the rural areas (defined as

areas with more than 5 minutes travel time to a municipality with more than 3 000 inhabitants). This percentage dropped by only about one per cent from 1990 to 1998. However, the process of depopulation of the forested areas in north Sweden has continued, although even in this region some localities are dynamic and able to initiate and attract economic activities and immigration. The process of outmigration from these areas has also been interlinked with the promotion of capital-intensive technologies in forest exploitation and the shift of saw mills and wood processing pulp and paper production to coastal or other far off areas. A few years back, even the sole saw mill in Jokkmokk, in the middle of forested land, was forced to give up. The drain of resources from the natural resource rich northern inland thus continues unabated (mines, forests and hydro-power). Other rural areas, in particular around major cities and towns, have experienced population increase. These urbanisations of rural areas are based on an enhancement of the valuation of rural landscape and other rural life qualities and at the same time the continued possibility of rural/urban interchange through commuting.

### III. FROM AGRICULTURAL TO RURAL DEVELOPMENT

The unfolding process related to diversification in the rural areas implies a shift of emphasis from agricultural or more primary oriented production to further processing or a broader range of « products » emerging in the rural areas. In 1997, only 2.1 per cent of the Swedish working population was employed in agriculture and forestry; and employment in this sector dropped by 8 per cent between 1994 and 1997. However, the industrial- and service related production linked with agriculture and forestry accounts for on average 20-30 per cent of total employment in the rural areas of Sweden. This clearly implies that the commercial sector of the rural areas is still very dependent upon agriculture and forestry.

A process towards ecological farming has also emerged and particular in central areas of the country aiming at capturing value added for smallholders and at the same time enhances social sustainability and the meaning of farming. Alongside this development, small scale food processing has been initiated, partly under the brand name, « Swedish Rural Food » (svensk lantmat), where small farmers are trying to capture niches among consumers that are inclined towards buying Swedish products for various reasons. In a situation of CBM and Mouth and Clove disease, people's concern about food safety has led to increased interest in the origin and quality of the food consumed. This development has tended to favour Swedish and small scale producers.

Another range of « new » products emerging in the rural areas of Sweden is related to rural based tourism. About 500-600 Swedish farms are currently trying to attract urban tourists to « live on the farm » during their holiday. On a broader scale emphasis on historical sites and cultural practices have given a boost to tourism in some areas, whereas in other areas nature is the main attraction for tourists both for the celebration of the beauty of the landscape, clean air and a relaxed atmosphere. More adventurous forms of tourism offer rafting on rivers, climbing or hiking in the mountains or mountainous areas. The announcement by UNESCO of certain areas as world cultural- or natural heritage areas is also seen as a way to attract the attention of outsiders, both nationals and foreigners, for the value of rural culture and beauty. The commercialisation of life that accompanies tourism may however lead to the abrogation of established rights and norms in rural areas or it may offend or threaten some sections of the rural population for other reasons. Tourism development therefore also tends to raise new conflicts that need to be addressed in order for it to be socially and culturally sustainable.

Another rural employment option has emerged with the advancement of IT. Several companies in rural areas have initiated « call station » activities, often ticketing, partly based on own initiatives or as an element of major companies, e.g. air lines (British Airways in Hagfors, Värmland), bus companies (e.g. on northern Öland) and rail ways (Swedish Railways in Vilhelmina in northern Sweden). Such jobs may be questionable in terms of individual development. Some positive outcomes may emerge at the community level if the profits generated can be reinvested locally. However, the market sensitivity of the operation on which call stations often are based and their high degree of external control makes their sustainability questionable. In several communities, village associations have taken initiatives to develop IT services and to train villagers so that they can develop small companies related to the IT sector. The IT developments have also opened the way for increase in distance work, allowing people living in the rural areas with workplaces in other locations, to remain more at home.

An increasing awareness and consciousness regarding environmental and ecological issues as well as health/food relationships also among parts of the urban population, have led to growing demand for various types of environmentally certified product, e.g. food and timber. This development might create in the longer run a rural/urban alliance that might contribute to a new foundation for sustainable rural development.

There is increasing acknowledgement that agriculture in addition to production of food and fibre, affects the eco-systems and biodiversity, water, air, soil quality, the well being of farm animals and it shapes the landscape. These products/goods, positive or negative, that emerge from agricultural production add to or detract from the goals of society, i.e. the quality of the environment, land conservation, food security, biodiversity, animal welfare, sustainability, viability of rural areas and cultural heritage. It is evident that other activities beyond agricultural production can also contribute to these goals.

A key question raised in the discussion related to multifunctionality, in addition to the identification of the range of multiple outputs from agriculture, is the discussion of multifunctional economic activities, i.e. the joint production of multiple outputs. Jointness in production has both economic and policy relevance. The economic relevance is related to that jointness can influence the way in which scarce resources are used in the economy to meet societal demand. The policy relevance of multifunctionality is linked with the fact that some of the multiple outputs are externalities or public goods. If these goods enhance or reduce welfare in society and there exist no market for them, there will be no signals to inform the farmers, in the absence of corrective measurements, how much to produce of these outputs. In such a context, it is therefore necessary that a non-private entity, e.g. the state, finds ways to identify societal needs and mechanisms to pay for the various ecological, environmental, cultural, landscape and other services generated by agriculture and the farmers.

Issues related to the multifunctionality of agricultural production can help provide a more nuanced understanding of the constraints and possibilities for rural development in Sweden. The concept of multifunctionality has been on the agenda in EU since 1998 and more recently introduced into OECD discussions (OECD, 2000). One weakness related to the multifunctionality discussion is, however, its neglect of the global frame of reference. Thereby it posits EU or OECD countries' rural contexts outside the challenges required to address global rural poverty and development. Sweden on its side has however shown repeated concern for the conditions of rural development in and agricultural exports of poor developing countries. This has partly emerged through the working for easier access for poor countries' agricultural products to EU markets. On the other side, the Swedish government has overlooked the possible impact of liberalisation on the conditions for sustainable rural development in the diverse Swedish rural settings.

#### IV. MOBILISATION FOR SWEDISH RURAL DEVELOPMENT

One important part of the mobilisation for rural development is carried out by local development groups, of which close to 3 500 are registered with the People's Movement Council (Folkörelserådet). This development reflects a clear shift of focus from primary production to a wider range of rural development activities. An inquiry in 1995 indicated that 75 000 people in rural areas were active in such groups.

Bi-annually the People's Movement Council organises a « Rural Parliament » where members of its various local groups and representatives of its major organisations, politicians and other concerned people meet to discuss issues of concern for Swedish rural development. A detailed « Rural Political Programme », was tabled to the year 2000 Rural Parliament.

One weakness of the movement for Swedish rural development is manifest in the issues its « Rural Political Programme » raises. The objective of the programme, it is claimed, is to guarantee, similar, but locally adapted, livelihood- and development conditions in the whole of the country. The issues therefore relate to, the Programme states, both local mobilisation and central strategic decisions (Folkörelserådet, 2000). However, no mention nor any demand is made, related to the fact that simultaneously the Swedish government in the WTO/agricultural negotiations are pressing hard for an agricultural market liberalisation, alongside Great Britain and New Zealand which is likely to increase the vulnerability and weaken livelihoods conditions of large tracts of the Swedish rural periphery, in particular on small farms and in particular in the north. The situation is not made easier for the northern areas by the fact that the Swedish government decided to steer Leader + away from the area. The argument given by the relevant Swedish Ministry in a letter to the EU Commission of February 15 2001 is that the Objective 1 Area, i.e. the north, is too sparsely populated to have any development potential. (Swedish Agricultural University/SLU Kontakt, 2001) The Swedish government wishes to compensate the area with other EU structural funds, which are considered to be of lower quality by those with experience from Leader type of rural development work.

#### V. GLOBAL PROCESSES, GLOBAL GOVERNANCE AND RURAL SUSTAINABILITY COMPLEMENTARY OR COMPETING TRENDS?

The ongoing debate on globalisation does not contain much on what it might imply for the conditions for

sustainable rural development. But by investigating a concrete institution of globalised governance, such as the World Trade Organisation, we might be able to trace the implications of such an institutions, its policies, regulations, etc for sustainable rural development. This is particularly the case at this point of time as regards WTO as this organisation recently initiated global negotiations related to reform of the agricultural sector worldwide.

In the preamble to Article 20 of the Agreement on Agriculture (AoA) it is stated that the long term objective, « is to establish a fair and market-oriented agricultural trading system », and it is further noted that, « commitments under the reform programme should be made in an equitable way among all members, having regard to non-trade concerns, including food security and the need to protect the environment; having regard to the agreement that special and differentiated treatment for developing countries is an integral element of the negotiations ». Legitimate and important non-trade concerns can be identified as the contribution of domestic agriculture to food security, aspects relating to the protection of the environment, the preservation of the cultural heritage and the overall viability of the rural areas. Clearly, an important link emerges between the discussion of the multifunctionality of agricultural production and that of important non-trade concerns in the WTO/agricultural reform negotiations. Most non-trade concerns mentioned above can be seen to constitute a joint production relationship with agricultural production of which some clearly have a collective good character.

Thus the WTO/agricultural reform negotiations put to test individual country governments view' on the role of agriculture for rural and national development. What is interesting and peculiar about the Swedish case is that the Swedish Parliament and Government already in 1990 decided that the agricultural sector should adhere to the same regulations as other national production sectors. Consequently, the market regulation of Swedish agriculture was dismantled and farmers received only payment for what was demanded in terms of product and services. By so doing a close relationship was seen to be established between what consumers preferred and what Swedish farmers produced. This major regulatory change was not seen to be associated by any substantial debate related to multifunctionality of agricultural production and its welfare, environmental, cultural, food security and developmental implications.

The entry of Sweden into EU in 1995 led largely to the reintroduction of the regulatory system that had existed before 1990. This regulation was combined with the EU

system of quotas for a number of agricultural products. These major changes in Swedish agricultural policy led to a great deal of uncertainty on the part of Swedish farmers as to the stability of the regulatory framework under which they operated. This development has without doubt led to increased uncertainty on the part of farmers with possible effects on investment decisions and exit from the sector.

It should therefore not emerge as a major surprise that the Swedish government position as regards the WTO/agricultural reform negotiations at present is strongly in favour of agricultural market liberalisation and reduction of agricultural sector support measures. Alongside Great Britain, Sweden is the EU member country most strongly pushing this position. The question that arises is whether or how such a position can be reconciled with the objective aiming at sustainable rural development. And further can such a position be reconciled with the directives for agricultural policies decided by the Swedish Parliament that they primarily should be guided by compensating agriculture for its production of collective goods which otherwise cannot be compensated for through the market (Environmental and Rural Development Programme for Sweden 2000-2006 (RDP), The Ministry of Agriculture, July 2000).

The ambiguity of the Swedish government position is reflected in the means identified in attaining the objectives of the RDP 2000-2006, which include the promotion of ecological, economic and socially sustainable development of agriculture, food production, forestry and the rural areas. On the one hand specific mention is made of the means to capture agriculture's positive and minimise its negative environmental effects whereas the other major means aim at improving the competitive situation of the rural areas through facilitating and speeding up a necessary adaptation of the agricultural sector to new conditions (RDP, 2000, p. 78). There seems to be a lack of problematic of the relationship and possible contradictions between sustainability and competitive promoting means. The outcome has been that the Swedish negotiating position in the WTO/agricultural reform process has tilted in favour of the competitive promoting means, which roughly may be defined as enhanced market liberalisation. This development seems as well to have been aided by lack of a clear perception on part of the Swedish authorities of what the multifunctionality issues related to agriculture imply for sustainable rural development.

The seriousness of the issues in relation to large parts of Sweden, in particular the north, emerges when comparing with the situation in Norway, where a large part of

agricultural production is conducted on small farms in difficult natural and climatic conditions. Calculations have shown that if world market prices were the only in force, Norwegian agricultural production revenues would only cover 30-41 per cent of total production costs (The need for flexibility in national policy design to address non-trade concerns, Norwegian Government, July 2000:7)

#### CONCLUSIONS

A preliminary assessment of sustainability, local dynamics and global processes in the Swedish rural development context indicates that :

- Colonisation, modernisation, urbanisation and individualisation are the dominant paradigms of development. Insufficient problematic of these paradigms have taken place in order to clarify their implications for the sustainability of rural livelihoods and development.
- The current approach to rural development which downplays issues related to the multifunctionality of agriculture paired with a strong emphasis on liberalisation of agricultural trade within WTO negotiations indicate that agricultural liberalisation is the leading star for Swedish authorities
- The ongoing discussions within EU and OECD may help identify measures that can direct rural development to a more sustainable path. The EU and the OECD multifunctionality approach does not, however, take sufficient account of the challenges posed by the needs of developing countries where poverty in rural areas is intense and widespread. Hence, there is a need to link the discussion of rural development in the north and the south in a global context; learn about how it is interconnected and how north and south can learn from each other in order to enhance sustainable global development.
- One important implication of the preliminary conclusions above is the need for rural people in the north and the south to organise and present their agendas and visions more forcefully. This will require development processes that are based on genuine democratisation both in Sweden, within EU and globally.

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