

# **HHInternational Conference on Engaging Communities**

***An Initiative of the United Nations and Queensland Government***

**14 - 17 August 2005**

Brisbane Convention & Exhibition Centre  
Queensland, Australia

**S03**

***ENGAGING PEOPLE: BUILDING SOCIAL CAPITAL***

## ***BUILDING SOCIAL CAPITAL IN RURAL AREAS: DOES PUBLIC ACTION HELP?\****

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### **Introduction**

Social capital is now considered unquestionably as part of the assets belonging to a community, together with physical capital and human capital. Therefore capital, as composed of different parts, owned by a community (by single members or by the community as a whole) contributes to the understanding of the development level reached by the community itself. In other words, in economics as well as in other social sciences, the social dimension of capital cannot be neglected in order to explain the performance shown by a community and the outcomes that the community expect.

While there is a wide consensus about the necessity of an enlargement to a social dimension of capital, a clear and common definition of social capital is still missing: each discipline and sub-discipline sometimes adopts a specific definition that someone else frequently disputes<sup>1</sup>. As a consequence, it is necessary here to show clearly what definition of social capital we are assuming and to give the reasons for the choice.

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\* This paper is one of the products of the activities carried out by the Italian team within the research RESTRIM (*Restructuring in marginal rural areas*) co-ordinated by Mark Schucksmith from University of Aberdeen and funded by the European Union within the FP5th. In addition to the team from the University of Rome 'La Sapienza', participants to the research were from the University of Aberdeen (GB), the University of Oulu (Finland), the National University of Ireland at Galway, the Norwegian Science and Technology, the University at Trondheim (Norway), and the University of Uppsala (Sweden).

<sup>1</sup> In economics, for example, Kenneth Arrow has recently discussed (2000, p. 7), from his outstanding position as a Nobel Prize winner, the correctness of using the term 'capital' with reference to social relations or institution; Arrow's critique is that some pre-requisites are missing, like the willing motivation of the actors who invest in the building of social capital.

In this chapter we will assume the very broad definition that Grootaert and van Bastelaer present in a recent paper. The authors define social capital as ‘... the institutions, relationships, attitudes, and values that govern interactions among people and contribute to economic and social development’ (Grootaert and van Bastelaer, 2002: 2).

According to this definition, social capital is the result of the use of resources – that might have been used in a different way – whose benefits can influence the performance of the community for a long period of time. Other forms of capital share this character but there are significant differences. Physical capital is made of produced (or natural) material goods; human capital, being immaterial, is represented by skills and other abilities which are embedded in any single member of the community; by contrast, social capital is constituted by immaterial goods that are part of the assets of the community as a whole.

For these reasons, the outcomes of social capital assume the nature of a public goods. The characters distinguishing the outcomes of social capital as public goods are: i. The outcomes of social capital can be ‘used’ by each member of the community (non-excludability); ii. The use of social capital by any member of the community does not exclude its use by other members (non-rivalry).

Being a public good, each outcome of social capital distributes many different types of benefit to all members of the community. These benefits assume the form of services that each member of the community can access. In order to analyse the role of social capital in development processes, we have to distinguish its use – i.e. the services that social capital provides – from the subjects and the social organisation that can potentially provide the services.

In literature, the benefits that come from the use of social capital in production processes are represented by the services that social capital provides to the members of the community who share it.

In particular, three categories of services are supplied by social capital: i) non-market economic services that are subject to market rules; ii) social services provided by means of personal relationships; iii) ‘validation’ services that help people (and economic actors) to be considered and recognised as a trustworthy member of the community (Robison, Schmid and Siles, 2002: 9-10).<sup>2</sup>

In relation to the subjects that embody social capital, there are two different dimensions that give a different perspective through which social capital can be defined and scrutinised: the *forms* and the *scope* of social capital (Grootaert and van Bastelaer, 2002).

Different *forms* of social capital refer to different degree of cohesion within a community. A community that has a low level of cohesion can be described and analysed only by reference to the ‘structural’ features of social capital: that is, with

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<sup>2</sup> In fact, the authors consider four types of services, the fourth being ‘services of encouragement, moral support’. Here, we are considering this fourth type as part of the previous one (*validation*) that logically implies, in our opinion, also different forms of support to the members of the community.

reference to the body of formal rules that govern local behaviour. The structural dimension of social capital refers explicitly to institutions, networks of relationship and formal codes that govern economic and social actions. Instead, to explain the behaviour of a cohesive community, reference has to be made to the ‘cognitive’ dimension of social capital. This dimension refers to more ‘subjective and intangible’ elements that contribute to govern social and economic actions; in particular we refer to values, behavioural rules, norms that define trust at a community level. The particular form that social capital assumes within a community, contributes to the understanding of the way in which the community faces the needs of its members and gives collective answers to their explicit and/or undisclosed requests.

Different *scopes* focus the attention of the researcher on the amplitude of the subject that defines, creates and changes social capital. Starting from the micro-level, we observe individuals who have chosen to share their interests, their needs and their actions on the basis of a common aim or of a common problem. At meso-level, many (at least, more than one) different communities decide to cooperate or, at least, to interact on the basis of their contiguity that can be defined at a geographical dimension, or at a social dimension or at an economic dimension. Finally, the macro-level of social capital is observed when many different micro-actors and many different meso-actors define ways that help in creating and controlling general components of social capital that belongs to, and can be used by, each member of the community as a single individual or as a community at a lower level.

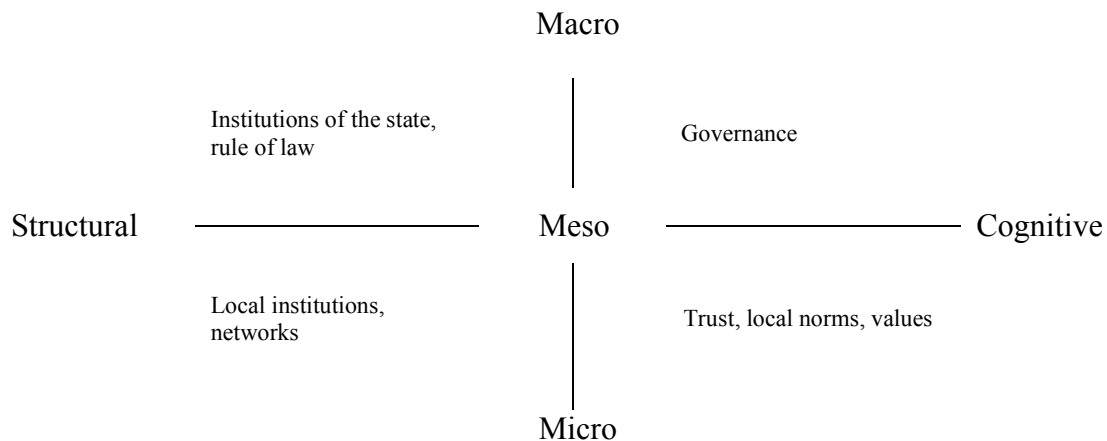


Figure 3.1 – The forms and scope of social capital. Source: Grootaert and van Bastelaer (2002: 4)

The figure synthesizes and shows the two dimensions of social capital by means of examples that distinguish the meaning of the four different quadrants. Moving from top-left towards down-right, we found at the beginning the social capital that describes a community top governed with a very low level of ‘communitarian life’ and, at the end, a very exclusive community that works mainly through a specific behaviour, with a high degree of isolation.

One can easily note that, when speaking about social capital, it is always necessary a reference to a community. This reference represents a problem that has to be solved both in theoretical and empirical terms; in other words, the researcher should state, on the one hand, the theoretical framework within which the analysis is developed and,

on the other hand, what kind of community is to be investigated.

Here we refer to a local community: the community that constitutes the group of persons who belong to a *local economic system*. Indeed, social sciences have shown that the local dimension of development is the only one that can be considered in order to understand any process of growth, of development and of change; the analysis of the national (and regional) performance is realised by means of the sum (or by means of other form of aggregation) of the results shown by the local systems that the nation (or the region) includes<sup>3</sup>. Few variables, describing growth and financial phenomena, can be considered only at an aggregate national level: for example, the international rate of exchange, the rate of interest and some parts of the state's budget<sup>4</sup>; all other aggregate variables show always a relevant local component.

RESTRIM – the research whose results are here presented – concentrates on rural local systems, which are considered as remote. In relation to the dimension that have been taken into account for the study of social capital, we can observe here that the analysis has focused on the central and southern part of the above figure: RESTRIM has assumed that there is a sense of belonging to the community by the citizens who live in the areas we have explored, and that it is worth to scrutinise the entire range of variation of social capital, between the structural and the cognitive character. The survey that the research unit of the University of Roma 'La Sapienza' has carried out mainly focused on the analysis of local institutions and networks in Southern Tuscany – the '*Colline interne dell'Albegna e del Fiora*' and the '*Amiata grossetano*' local systems<sup>5</sup>; moreover, we have explored the root of the system of local norms, values and trust shared by the population.

In order to perceive both sides of the social capital – the structural and the cognitive character – the research has analysed many different types of indicators, but the most important aspect that we wish to highlight here concerns the level – in terms of quantity and quality – of the services that the local community can use. Furthermore, some indicators of performance have been considered in order to 'measure' the results of the development strategies that the community has enhanced.

These choices, in terms of indicators, allow comparisons between the areas that have been studied by the other RESTRIM research groups<sup>6</sup>. The research carried out by the Italian team concentrates on public and private services – seems as indicators that depend on the presence of social capital – that contribute to the building of local processes of development. The hypothesis of RESTRIM concerns the relationship between social capital and development: as shown in large part of the literature on social capital, important relationships exist between the quantity and quality of social capital that characterise a community and the level and type of development achieved

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<sup>3</sup> This is the well-known Becattini's argument, based on the 'partial equilibrium' approach that he derives from Alfred Marshall. The best presentation of this argument is in Becattini (1999).

<sup>4</sup> At local level, these variables must be considered as exogenous.

<sup>5</sup> These areas represent two out of five 'local economic systems' included within the project 'Maremma: the rural district of Europe', enhanced by the administration of the Province of Grosseto, within the Rural regional plan of the Tuscany Region.

<sup>6</sup> In Ireland: the hilly rural area of The Lake District, County Mayo. In Scotland (GB): the north-western areas of Skye and Lochalsh. In Norway: the central Mountain Region. The remote area of Leksand and Rättvik in the county of Dalarna, Sweden. In Finland: Sotkamo with is one rural municipality located in the Kainuu Region of the North-East Finland, which borders Russia.

by the community itself<sup>7</sup>. More precisely, the purpose of the research group is to verify that the action of the local institutions in supporting development projects and strategies, is shaped up by the contribution of the social capital that characterises the community: this contribution may have a positive or a negative influence. It is positive, when the community is able to play an active role, for example by proposing new projects and actions; it is negative when, for example, a single group tries to catch all advantages produced by development programmes. The reason why a community shows a more sensitive attitude towards collective actions than others rests on the experience that the members have about past results of public action; this is particularly true with reference to services. In fact, there is a correspondence between the case in which a citizen that has some needs is satisfied by means of a collective action (or service), and the one that shows this same citizen trusting collective action as a means to enhance development strategies.

The assumption that sustains our hypothesis relates to the relationships between social capital and development. First of all we assume that a higher level of social capital gives to a community a stronger capability of planning new initiatives, also in absence of external hints. Then we assume that a low level of social capital implies that the initiatives are implemented only if – or mainly if – they give private individual benefits. Thirdly we assume a community that has high level of social capital carry out initiatives that, amongst other results, make it the social capital itself increase and improve.

The results of our research are presented in this paper. Next section (Social capital and services), starting from the observation that some outcomes of social capital have already been considered as public goods in literature, outlines the logical path that links the concept of social capital here considered with the goods represented by ‘services’. This link is examined through the observation that the outcome of social capital is a public good and that many public goods are represented by some kinds of service. Section three concentrates on the relationship between supply (and/or local availability) of *public* services – i.e. education, health and quality of life – and level of social capital that characterises a community. Here we start from the presentation of the ‘Italian welfare system’ and refer to the study area for evidence based on historical developments. With reference to the present situation, we observe that the marginality – in territorial and social terms – does not diminish even if some signals of economic growth appear. In order to sustain this statement, the evidence comes from i) the analysis of statistical information about the availability of services and about the income in the area; and ii) the information provided by the population by means of the answers to a questionnaire that have been submitted in 2001/2002.

Section four shows the relevant differences that RESTRIM has highlighted between the study areas. More precisely, we show i) what the different communities have in common and what differs between them, in terms of social capital and in terms of development strategies; ii) we examine the differences between the study areas in terms of availability of services and in terms of ‘networks’; iii) finally, we compare the processes of reproduction of social capital that characterise each of the study areas.

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<sup>7</sup> For a wide and accurate survey on the topic see the paper by Sabatini (2003).

The concluding section – The role of services for the restructuring of rural areas – highlights the causal link between availability of services and development. Here availability is considered in historical and in actual terms; both public and private services are considered; and development is considered with reference to the strategies that each community plans and with reference to the actual performance. This analysis shows the relationship between the marginality of a community and the availability of public goods and, at the same time, contributes to the understanding of the process of social capital building, which a community is in condition to develop. The conclusion contributes to the analysis of the relationship between social capital and development, showing that there is both a theoretical framework and evidence that justify the ‘principle’ that social capital has a major role in determining the performance of development strategies and actions.

## 1. SOCIAL CAPITAL AND SERVICES

Social capital is frequently considered as a public good. For example the UK National Statistical (2001) agrees with Putnam (1993) and adopts this definition:

Social capital is generally perceived to be a private and public good (Putnam, 2000) 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, 2001)

This definition emphasises the possibility for all members of a community to gain from *the use* of the social capital – here considered as a ‘by-product of social relations’. The following quotation – from the World Bank’s ‘Social Capital’ web page – emphasises instead the conditions that enhance the production of social capital, suggesting that the cooperation between institutions creates a fertile field for development.

The broadest and most encompassing view of social capital includes the social and political environment that shapes social structure and enables norms to develop. This analysis extends the importance of social capital to the most formalized institutional relationships and structures, such as government, the political regime, the rule of law, the court system, and civil and political liberties. This view not only accounts for the virtues and vices of social capital, and the importance of forging ties within and across communities, but recognizes that the capacity of various social groups to act in their interest depends crucially on the support (or lack thereof) that they receive from the state as well as the private sector. Similarly, the state depends on social stability and widespread popular support. In short, economic and social development thrives when representatives of the state, the corporate sector, and civil society create forums in and through which they can identify and pursue common goals.<sup>8</sup>

This quotation introduces explicitly the state as a subject that actively participates to the process of creating social capital. Here, 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 here 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?

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<sup>8</sup> Source: <http://www.worldbank.org/poverty/scapital/whatsc.htm>

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 satisfaction, utility or cost reduction in some economic activities.<sup>9</sup>

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» (Bianchi1998, p. 111).<sup>10</sup>

Public goods are therefore a consequence of a ‘natural’ or an ‘institutional’ market failure, which prevent to meet the needs of the population and of the firms. The shortage of a public good can therefore be faced by means of actions implemented by the state or by some groups.

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.

## **1.1 PUBLIC GOODS IN RURAL AREAS**

With particular reference to the area we are now considering, it is necessary to emphasise the fact that we are dealing with a rural area. Therefore, we must take into

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<sup>9</sup> Economists define these situations as «externalities», which can be positive or negative. The externalities are positive, if each consumer increases his/her welfare as a consequence of the presence of social capital: are negative if the presence of social capital decreases the welfare. The same applies to firms in terms of costs and/or returns.

<sup>10</sup> In this case, railways can be considered also as meritorious goods. The term ‘meritorious goods’ describes private goods that are institutionally transformed into public goods for normative reasons. Another real example is represented by electric energy, which from 1962 to 1989 has been supplied by a State Monopoly and considered in Italy an example of a meritorious good.

account the 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 (2001) 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 capitalist world. The organisation of rural local systems is different from the one of 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, amongst other activities, of a completely integrated agriculture represents a characterising element, which contributes to build the singularity of the economic system and the qualification of the social system.

Many reasons justify the change just described, but one of the most important one is considered to be the reversal of the direction of the resource flow between countryside and town. In mid Seventies, the resource flow from countryside to town, in Western European Countries and in North America, has definitely seen a stop. Since then, historians, sociologists and economists have tried to build models for the interpretation and prediction of the resource flow direction. None has reached a univocal conclusion, but many have observed that different performances can be observed in different local and regional contexts.

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 modernisation 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, necessary to industrial growth, for resident households 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<sup>11</sup>.

Traditional services, financial services and ‘modern’ services, when suitable for the economic rural local system, can sustain growth and development; yet, they can constrain them when not integrated in the economic and social organisation.

RESTRIM has analysed the role of services within development processes, involving 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. Here we analyse in depth the connections between the supply of services and the functioning of the development process. In the case of services, we refer to two different types of services: the public and the private ones. While the former supply public goods that start and sustain growth processes, the latter emerge, on the one hand, as a consequence of the structural transformation of the economy and, on the other hand, as a manifestation of the needs of firms and people within the local system.

The second direction concerns the definition of a typology of services, suitable to support growth in a sectorally differentiated and locally integrated economy. This research direction points explicitly to the definition of a typology of services, which are specific for rural areas. In fact, in this kind of territory, the economic and social organisation becomes, on the one hand, the result of rural needs, and on the other hand, the starting point for a new prevalence of market forces. Rural needs are completely different from the urban ones, because the community lives in a different context; markets for rural firms appear usually as limited, therefore a lively rural firm should search for new opportunities outside the area.

The typology that describes public services must be analysed with particular attention in rural areas, because the characters of the local community entrap their supply in a dangerous trade-off. High production costs, due to the limited dimension of the supply and to the limited number of tax contributors, on the one hand, and absence of private supply, due to the limited number of consumers, on the other, make it difficult to find the ‘right’ dimension of public supply.

The third research direction concerns the identification of the subjects of the governance of rural development processes. Here we focus 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. The opportunity for this analysis comes from the observation that rural development processes are frequently considered as endogenously produced; but many authors believe they are generally governed by external institutions. Sometimes, one can observe a formal institution that governs the process

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<sup>11</sup> The local systems literature widely examines the consequences of post-industrial transition. In this literature, global transformation, together with suitability of local resources to face the transformation itself, explains the functioning of the model of local production system’s and local social system’s change. This model was originally born within the industrial district analysis (Becattini 1987), but it has been extended to the more general category of the ‘local system’ (Becattini, 1989). The industrial genesis of the local system concept makes it difficult to use the model for the analysis of rural territories. Nevertheless, Cecchi (2002) has shown that ‘rural’ and ‘agricultural’ local systems represent true ideal-types of local systems.

by means of formal rules and decides the resource use; this is the case of a public administration empowered by consensus. Sometimes, one can observe informal institutions that drive the growth process by means of substantial control on the local resource use; this is the case of private control on resources.

Within the theoretical framework described above, public goods are strictly linked to public action and to the action of civil society. The interest of RESTRIM for 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 that constitute the way in which the state contributes to the building up and to the increasing of public goods. In other words, we aim to identify the kind of action with which the state – by means of the local administration – increases the welfare of the population and makes new economic initiatives attractive. 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 have been looking 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.<sup>12</sup> In addition, we focus on the creator’s dimension of those services; in other words, we intend to highlight the subject that has the power of supplying the service, without any reference to the subject that actually produces it. The tables provide examples of different types of services from the two complementary perspectives.

Figure 2 – Types of services from the user’s point of view

	Education	Health	Quality of life
Citizens	primary school, higher education , permanent education ...	medical assistance, hospitals, first aid, ambulance, emergency ...	child care, transport, post office, ...
Community	building maintenance, transport, ...	buildings, emergency transports ...	infrastructures, energy and water supply, ...
Tourists	sport schools, ceramic workshops, ...	special medical care, free access structures, ...	travel agencies, local information, hotels & restaurants ...
Firms	job centre, professional schools, skill creation, marketing boards ...	information on rules, control structures, ...	Development agencies, R & D centres, accounting

Figure 3 – Types of services from the (exclusive) creator’s point of view

	Public	Civil Society	Private
Education	primary school	child care	higher education
Health	emergency	red cross	medical care
Quality of life	post office	choir club	hotels & restaurants

<sup>12</sup> It is clear that here we ignore ‘defence’, because it is typically a national or super-national problem. We could have explicitly referred to ‘security’, but we decided to consider it as a component of the ‘quality of life’.

This theme has been analysed by the Italian team, on the basis of the information that each team has supplied and of the specific information collected in our study area.

The table 1 (Appendix 2) shows a short list of services – and of the indicators measuring their presence and level – that each national team has investigated.

1. From official data, we have obtained an estimate of the intensity of the services availability in the area.

2. From documents we have obtained analyses on availability of services.

3. From interviews we have obtained some sorts of evaluations of the ‘quality’ of the services that a citizen can use.

Obviously, the information refers only to the territory included in the study areas.

## **2. THE MAREMMA BACKWARDNESS IN TERMS OF SERVICES**

The analysis of the process of creation of social capital by means of a combined action of state and private action is here considered within a framework that has two different dimensions. The first one concerns the process of change that has influenced the study area during the last decades: Maremma, like Italy as the whole, has experienced during the last half of the 20<sup>th</sup> century an important and singular process of change, which has acted differently in different parts of the national territory. The second dimension we deal with concerns the ‘welfare system’ that has characterised the post-war period of rapid and intense economic growth: during this period, the welfare system has paid attention mainly to urban areas and to the industrial labour force, sustaining only marginally rural population.

### **2.1 THE WELFARE STATE AND THE SERVICES**

The role of the state in providing services for the population and for economic initiatives is strictly linked to the welfare state system that prevails in a country. Italian history is characterised by a strong presence of the central administration that has always maintained a dominant position in terms of planning actions: the welfare system, the education system and the other public services have been centrally governed quite in every single detail, even if the Regional administrations have been involved in the management and in the financing.

We are now mainly focusing on the welfare system, which actually shapes all decision process of the provision of public services. Furthermore, we consider some consequences that the prevailing characteristics of the welfare system cause on the way in which other services are managed.

According to Himmlert (2003), the Italian welfare system is to be considered as *familistic*, deeply differing from the welfare state systems prevailing in Northern Europe<sup>13</sup>.

The reason for calling it *familistic* lies on the fact that families and family-networks

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<sup>13</sup> ‘Italy has a mixed model of welfare. Income maintenance benefits are provided by occupationally fragmented social insurance funds, while health care is provided by a universal national health service. A variegated, largely decentralised system of social assistance provides cash benefits and basic social services to various categories of needy people, such as poor elderly or the disabled.’ (Ferrara, 1998: p. 1).

represent the main source of informal assistance to citizens. Moreover, the main characteristics of this system are that: i) benefits are strongly linked to (and dependent on) labour market relationships, and ii) the larger amount of the expenditure goes to the pension system. As a consequence, there is a bias in the way in which the welfare state is financed. The pension scheme, which gives more than the 66% of the social benefits and includes also social security pensions, is mainly financed by workers and firms; only the 33% of the social benefits are financed through taxes, as it is for the National Health Service – that is financed now also by means contributions paid by people to use some types of health services.

The period that shows the most impressive growth of social expenditure in Italy is the decade of the 1980s, when the social benefits grew from 19.4% to 24.1% of GDP, with an annual percentage growth in real terms of 5.5% (Ferrara, 1998: p. 5). After this period, Italy has suffered the same crisis that hit all industrialised countries; this crisis has fostered a structural reform of the state expenditure that, nevertheless, has not changed yet the weight of the welfare system expenditure.

Within this framework, the social benefits – measured as share of GDP – are represented by a lower level (24.3%) than in the average of the European Union (26.2%). The peculiarity of the Italian welfare system gives rise to other important structural ways of working of the system itself. While apparently a largely decentralised system of social assistance prevails, the pension system – that absorbs the largest part of the benefits – and the National Health System – that is still largely decided at national level – represent the most important parts of the welfare state system; and it is completely evident that the management of these parts is not decentralised at all. In fact, with reference to the remaining part of the welfare system, we should speak more of fragmentation than decentralisation.

The characteristics distinguishing the welfare system point towards the service system, from education to transports, including the structures that are necessary for their provision.

The Italian education system has its own peculiarities – that are here worth to mention – but it is important to highlight the fact that, whilst the structures – buildings and other materials – are owned and managed by local administrations, the rules that govern the supply of education services are defined at central level – this refers mainly to the quantity and quality of teachers and the teacher/pupils rates.

Under these circumstances, the capabilities of localities to adequate the supply of education to the needs of the population is very low; this is particularly true with reference to rural areas, where the population is usually more dispersed than in urban areas. According to official statistical data, the area – together with the entire province – has a quite low rate of pupils per teacher; this indicator hides the reality represented by a large number of ‘special’<sup>14</sup> classes, where this indicator is completely useless to make any judgement. From our survey, we have observed (see appendixes 3 and 4) a very high number of special classes in the area: in the *Amiata grossetano* LES, something less than one third of the classes are of this type and, in *Colline interne*,

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<sup>14</sup> ‘Special classes’ are represented in Italy by groups of children – with two teachers – who include children of different age or also children with handicap.

half the classes are special ones. Moreover, with reference to high schools, we have observed a quite peculiar situation. In numerical terms, the situation appears not being bad because ten schools give opportunities to 1700 youngsters approximately; but the geographical distribution of these schools suggests that there is no actual choice for the students, because distance becomes a very strong constraint; therefore, unless one chooses to commute daily or to move to another locality, each pupil can only attend the nearest school.

It is worth to mention the fact that there is no university nearer than 100 km from the centre of the area. Moreover, only few workshop activities are implemented in the *Colline interne* LES. Therefore, the limited supply of higher education and the absence of jobs push youngsters (and sometimes their families) to migrate outside the area.

A similar situation is found in the health service. We must distinguish between the structures and the availability of services. On the one hand, in terms of beds within the two hospitals of the area, the number of 4 beds per 1000 inhabitants is a quite high number – if compared with urban areas. Obviously, the total number of 130 beds shows that the type of assistance given within these structures is limited to ordinary practices and to occasional emergency<sup>15</sup>. In relation to the decentralised supply of health assistance, we must observe that the supply is very poor. For a total population of 31.000 citizens only a total of 170 hours of assistance by a medical doctor is available in 8 centres; the average distance from these centres is 14 km.

The services we have named as ‘Quality of life’ present a standard level in the area, the reason being mainly that the services here considered are centrally managed by the government, through its ministerial offices. In this situation, it is quite surprising to note the complete absence of private initiatives; in fact, whilst private delivery services and private security activities – like couriers and private guards – represent very important and growing initiatives in urban areas, in our study area they are not developed at all.

Furthermore we have recorded occasionally some protests about all types of public services on different basis: someone has deplored the polluting sewage systems that show many breaks and has stated that the waste disposal system is discontinuous; someone else complains for failures in the electrical energy distribution and in the water supply system; and, lastly, many have lamented that the mobile phone system covers only a small part of the area.

As summary we can observe – from the answers given to questionnaires that have been submitted to a sample of the population in the area, and from reports on other public meetings in the area – that the population perceives the lack of good public services at a very low level. More that 40 % of the respondents consider ‘adequate’ the quality and quantity of all the public services in the area, while only 15% consider the level of all the public services are ‘inadequate’. Surprisingly enough the most common opinion in relation to the kind of service that should be increased and

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<sup>15</sup> People in the area are used to move to Grosseto, Siena or even Roma or Florence for the most serious treatments; also child-care facilities are not present in the study area. We should mention here that ambulances are quite numerous in the area: there are 30 cars; moreover there is an helicopter service based on the hospital of Grosseto, for emergencies.

improved relates to transports, both in terms of routes and public lines<sup>16</sup>. Amongst the services that are considered as inadequate in the area, education occupies the first position, because it is so considered by 25% of the respondents.

## **2.2 THE LACK OF THE COLLECTIVE PRIVATE INITIATIVE**

The combined action of the structural transformation and of the 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 industrial workers and people in urban areas. Under these conditions, the private initiatives have been mainly oriented towards profit generating activities; migration to growing industrial areas represented the most common alternative for the population who lacked resources.

Few collective initiatives were successful in the area and are represented by co-operative enterprises that received a strong support from the national regulation; the vast majority of the co-operatives in the areas is still linked to the agrarian reform and to the special support programme that followed the mines' crisis. The cooperative system appears as the result more of the pressures coming from the 'reform agency' and political action than of a common will. When, at the end of the 1990s, the co-operative system faced a crisis – as a consequence of the decreasing state support – the most important change observed in the area was the 'privatisation' of a significant number of such co-operatives (mainly in the food production). Solutions to economic problems appear as guided by private individual initiatives, while the collective action is confined to non-economic activities or to activities that do not satisfy basic needs.

The lack of public services has been faced more by means of 'exits' from the community than by active actions of people who share the same need; as an alternative, private individual choices have supplemented the shortage due to little state action. Population continues to migrate from the area, even if there is a 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.

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<sup>16</sup> Actually, the transport service - that only includes busses - is now completely private; only small amounts of subsidies are given to bus companies.

### 3. A COMPARATIVE PERSPECTIVE

In order to make some comparisons between the study areas considered by RESTRIM, it is now necessary to follow the same path we have followed for the analysis of the creation of social capital in Southern Tuscany. Therefore, we focus first on the different welfare systems that prevail in the North European countries we are dealing with.

#### 3.1 WELFARE MODELS

First of all, it is necessary to observe that the welfare system of Norway, Sweden and Finland – that share the ‘social-democratic’ or *Northern model*<sup>17</sup> – shows the greatest and most significant differences in comparison to the ‘familistic’ Italian – and Southern – welfare system. Citizenship is based on completely different assumptions on the two types of communities. While in Southern countries, family and family networks are assumed as the source for the provision of assistance, which is then supplied on an informal way, in Northern countries the family – and particularly each individual – is considered as the target of the assistance system supplied by the state. In Southern countries the state plays a role confined to the provision of a limited basis of social security – concentrated mainly on citizens who participate to labour market – and on the definition of rules that govern the action of local administrations; in Northern countries, instead, the state builds social infrastructures and provides services by means of a broad network of public structures (Lehto and Oksa, 2002a)<sup>18</sup>. Another characteristic of the social-democratic welfare system is represented by the importance of local administration: in Northern countries, the organisation of the services is chiefly in charge of the municipalities even if their degree of freedom varies sensibly in relation to different kinds of services and to different national

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<sup>17</sup> Hillmert (2003) in his introduction to *Welfare State Regimes and Life-Course Patterns*, defines as follows the welfare state models that one can observe in Europe.

The liberal model characterised by little involvement of the state in the provision of social welfare. Social security is regarded as being a matter of individual responsibility. As the state has also not been involved in the provision of vocational training, the general skill level is relatively low. In reality, the situation in the UK and the US probably comes closest to this model.

The conservative model focuses on the idea of subsidiarity. Social security is financed mainly by contributions from dependent workers. Institutions provide incentives for a one-breadwinner family model. The state also takes some responsibilities for vocational training. Germany, the Netherlands and France can be regarded as resembling this model.

The social-democratic model secures a high level of (tax-financed) social welfare for all citizens. State engagement in training, a large share of public sector employment and investments in social infrastructure result in a high rate of labour market participation and a highly-skilled workforce. Scandinavian countries come closest to this model.

In the familistic model, the state takes responsibility for securing a basic level of social security. It is assumed that informal assistance is provided by family networks. Most Southern European countries resemble this model.

<sup>18</sup> There are some significant differences between Nordic countries; for example it important to stress that in Norway, ‘basically, the welfare state provides certain free services to all citizens without regard to income, but few of the services are unconditional’ (Rye and Winge, 2002).

contexts. For example, whilst in Finland ‘... the main responsibility for producing social, health, and educational services has belonged to the municipalities’ (*ibidem*), in Norway one can say that ‘... municipalities are characterised by a ‘negative freedom limitation’. That is, they have to execute the tasks they are required to by law, besides taking on whatever tasks they want to’ (Rye and Winge, 2002a); lastly in Sweden, municipalities have the power to collect taxes on the basis of their strategies (Jonsson, Rydén and Tillberg, 2002). Even if differences are great between countries that use the same Nordic welfare model, it is important to emphasise the most important character: the role of the state is mainly the one of *producing* services, while in Southern countries the role of the state is the one of *redistributing* the revenue by means of taxes and expenditure.

The second comparison that is necessary to present concerns Britain and Ireland: both these countries are considered as using a *liberal* model of welfare state. Although the liberal system gives to the state a limited role, we can notice that social benefits from welfare state amount in Great Britain to the 25.8% of the GDP<sup>19</sup>. This situation is very different from the one in Ireland where, after a long period of reductions, the share of social benefits has reached the level of 13,4% of GDP – the lowest level in European Union. Even though Britain has witnessed a long period of ‘privatisation’, the role and the commitment of the state are still very important in planning and financing the provision of public services and sustaining the welfare system<sup>20</sup>. The process of privatisation has accompanied the process of de-centralisation, and today, there is ‘a fragmentation of responsibility to a host of non-elected bodies from central state, private sector and civil society, necessitating partnerships to pursue ‘area-based integration (Nightingale, 2002). In Ireland, the *liberal* model ‘combines modest universal schemes and extensive means tested assistance. The state intervenes on a discretionary basis on the principle of needs. It intervenes to protect people who are unable to protect themselves, either because they belong to a high-risk group or because they are not attached to the labour market. Benefits are paid at a flat rate and are financed out of general taxation.’ (Kinlen, 2002a).

While recent changes have deeply influenced this model of welfare, nevertheless the degree of participation of local population to the process of managing public services is still very high and linked to the planning and managing structures of the local administration. There are differences between Britain and Ireland that it is worth to stress: they concern mainly the ‘confidence’ that the citizen has in the action of the state: whilst in Britain people are used to the support of the community as an organised body, in Ireland the trust of the citizen lies on the capacity of the state to perceive specific needs by means of its decentralised structures. In other words the two systems differ for the role played by official networks of relations.

In RESTRIM areas that use the liberal or the social-democratic welfare model, people who have been interviewed by the research teams do not complain – generally – about the level of public services, they only complain about the change that follows the

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<sup>19</sup> A value that is higher than in Italy, for example. In year 2000, according to EUROSTAT (2003), the share of social benefits on GDP in the European Union as a whole is 26.2%. The same index for the other RESTRIM countries is: Italy 24.3%, Ireland 13.4%, Finland 24.4% and Sweden 31.7%.

<sup>20</sup> It is also important to note that there is considerable concern over levels of public services in Skye. According to the analysis of the Scottish team, decline in public services affects remote areas even more strongly due to the additional difficulties in accessing them.

crisis of the late 1980s and 1990s. This change is represented by a spread reduction of the quantity and of the quality of public services. Nevertheless, we can easily observe that the quantity and the quality of services in the rural areas we are dealing with are of a surprising high level, if compared with the Italian ones.

#### 4. PUBLIC SERVICES

In order to compare the level of public services in the study areas, it is important to stress the fact that the density of the population in the areas highly varies amongst countries. These differences partly explain also the differences in the indicators of the quality of public services.

1. Sotkamo (FIN)	4.2
2. Skye and Lochalsh (GB)	4.4
3. The Lake District (Irl)	8,6
4. Maremma district (I)	36.0
5. Mountain Region (N)	3.2
6. Leksand and Rättvik (S)	10.0

Moreover, it is important to add that not only the density of each area as a whole is important but also the distribution of the population on the territory matters<sup>21</sup>. The Northern areas present a low level of density that usually corresponds to a population concentrated in villages. This circumstance makes the possibility to provide services easier, on the one hand, and more expensive, on the other. It is easier because a small community requires little assistance by the state and is able to identify in a better way the needs of its members; it is more expensive because if welfare is granted to every citizen, in order to fulfil this commitment, the state must devote resources even if the number of beneficiaries is low.

In terms of indexes describing the quantity and quality of services, northern countries do not show a significant difference with the Italian case: the number of school rooms – primary and secondary levels – is comparable, if referred to the amplitude of the population, to the results shown in the Italian case; almost the same applies to hospitals and to some other services linked to the ‘quality of life’. Nevertheless, there are significant exceptions. The first one relates to the area of Leksand and Rättvik (Sweden), where municipalities make all possible efforts in order to maintain public services (at least education, health, and child and elderly care) at the high level reached in the past<sup>22</sup>; another one is represented by the Kainuu region, where great importance is given to education and elderly care: this area is characterised by a wide range of educational opportunities which varies from primary schools to the Kajaani Polytechnic that hosts 1500 students, less than 40 km from Sotkamo (the centre of the Finnish study area). The last important case is represented by the Norwegian

<sup>21</sup> In the Italian case, for example, the population is scattered in ten municipalities, each of them includes not less than three villages, each of them including a large number of ‘case sparse’ (isolated houses, which are usually farm buildings); therefore, the population is relatively spread on the territory.

<sup>22</sup> It is worth to mention here that the state provides all residents with the access to a fixed connection to Internet via cables, ‘broadband’ (Jonsson, Rydén, Tillberg, 2002).

Mountain region, where there are two hospitals (95 beds) for a population of 25,000 and an area of 14,000 km<sup>2</sup> (more than ten times the Italian area).

The major difference with the Italian case comes from the fact that each other study area has shown a significant presence of private initiatives. These initiatives have three possible characteristics: the first one refers to the case where the private way of producing services comes from a specific state choice, as it is in case of post offices, which have been given to private shops during the 1980s and 1990s in many European countries; the second case refers to private services acquired by the public administration, for example transports for pupils from home to school; finally, private initiatives deal with services that the state, or the local administration, does not provide, as in the case of particular kinds of professional training courses.

We do not have much evidence on the quality of public services in different study areas, but by means of the screening of the questionnaires that have been submitted to the population we can make some evaluations.

The areas belonging to countries that adopt a social democratic welfare state model show a high level of satisfaction about public services. For instance: 1) in the Norwegian Mountain Region, public services are at the first place in the ranking of reasons for living in the area (Rye and Winge, 2002b); 2) In Leksand-Rättvik, according to the Swedish report, ‘public services – including health care and care of children and elderly – is totally ranked highest, though women rank it slightly higher than men’ (Tillberg Mattsson and Stenbacka, 2003); 3) in Sotkamo, 47% of the respondents consider the quality of public services in the area as one of the three reasons for considering it as ‘a good place for you to live and earn your living’ (Lehto and Oksa, 2002b).

A quite different situation is found Ireland and Great Britain that share the liberal welfare system. In the Lake district, commenting the answers to a question on factors influencing the discontent of leaving in the area<sup>23</sup>, the Irish team says that ‘half of the respondents elaborated on this question on detail, showing some of their concerns for the area. These included issues such as the lack of services, particularly in relation to healthcare’ (Kinlen, 2002b). With reference to Skye and Lochalsh, the Scottish team refers that only 6 out of 62 have considered services as important (Lee and Árnason, 2003).

Finally, in Italy, where the familistic welfare system prevails, only 6% of the respondents consider public services as a good reason for staying in the area, and more than 1/3 of the respondents consider the ‘lack of structures and infrastructures, and bad public services’ as the most important thing they do not like in Maremma (Micocci, 2002).

#### **4.1 WELFARE STATE, PUBLIC SERVICES AND SOCIAL CAPITAL**

In order to complete the comparative analysis, our aim is to show now how communities participate to the process of building new and structured initiatives as

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<sup>23</sup> We refer to the the second part of question 3, that asked the respondents what factors in the area they are not content with and why. (Kinlen, 2002b)

part of networks or associations. In other words, we link the degree of participation to common local life to the process of building social capital.

In RESTRIM, 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 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 an ‘arena’ where to share common interests and common concerns. Moreover, the interviews and fieldwork have concentrated on the analysis of participation of networks to development initiatives, projects and co-operation with planning authorities.

In Sotkamo (Finland), all the respondents belong at least to one (formal) association and, amongst them, there is a group – that Lehto and Oksa (2002: 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. Networks’ role in planning is very important and is part of the democratic government system that characterises this country; 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<sup>24</sup>.

Also in the Norwegian Mountain Region, the degree of participation appears as very high because all the interviewees are member of at least one network/group; and amongst them almost half play an active role being part of the management committee of a network/group<sup>25</sup>. The degree of information and participation to public action in the area is quite surprising.

The informants were asked to name what agencies are the most important actors in the area regarding economic development. Many actors from different sectors are mentioned: business actors, the municipalities, the counties, the state, NIRDF, local associations, local and central politicians etc. Other informants names concrete persons or enterprises. None of these agencies/actors obtain distinctly more references than others. However, the general impression is that the various state or semi-state agencies are perceived to play the most important role. (Rye and Winge, 2002b: 12)

In Leksand and Rättvik (Sweden), networks play a very important role because they represent the basis for the construction of trust of the citizens towards public administration. Moreover networks that show a great level of co-operation between

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<sup>24</sup> It is worth here to quote the Finnish questionnaire report that gives evidence of the satisfaction of the population about public action.

The Sotkamo success story has the support of the many active groups in Sotkamo. ... However, there seems to be simultaneously awareness that success is not shared by all. Although about half of the decisionmakers, municipal officers and entrepreneurs said everybody has an equal chance to participate in development, they also said that there are some groups that are left out.

Those who are contesting the results of the success story ... claim that development efforts have been too much focused on tourism and sports ... they have not been very efficient. They would like to have more resources for rural development and for public services, and especially for culture.’ (Lehto and Oksa, 2002: 42)

<sup>25</sup> In their report Rye and Winge (2003c) present a very articulate mapping of networks in the area. From this mapping, one can see how complex is the network organisation that shows a double organisation system, which is hierarchical, on the one hand, and horizontal, on the other.

citizens and between networks themselves «can be seen as ... a natural continuity and expressions of the social activities and networks that are, and always have, existed in the region» (Tillberg Mattsson and Stenbacka, 2003: p. 35). In Sweden too the participation to networks and, mainly, the voluntary work of members show the old tradition of 'village democracies' (*ibidem*: 15). 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.

Results from the questionnaire and interview studies indicate that regarding both the question of services and the stimulation of local business development, non-key development actors expect and trust the municipal politics and authorities to be responsible. A strong vertical trust could thus be seen as hindering innovative ideas concerning the realms of services and entrepreneurship to emanate from 'below', from civil society. (Tillberg Mattsson and Stenbacka, 2003: 50)

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; moreover, 75% of the sample have between 2 and 6 memberships. More than 53% of the respondents assert they are playing an active role as member of the management committee of the association<sup>26</sup>. This high degree of participation is associated with a wide success of public initiatives that have also involved citizens and associations.

It should be mentioned here that it is regional agencies that are charged with promoting economic development in the Skye and Lochalsh region and so high scores for the local agencies seem to suggest that respondents are content with the promotion of economic development locally. At the same time, 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 Árnason, 2003: 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; in fact, the people who have been interviewed are not in condition to describe in proper terms their activity, when asked about the role of the association in development actions<sup>27</sup>. Moreover, 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, 2002b: 18). For example: question 13 of the questionnaire asked about to whom they would turn if they were setting up a business; the question appears as a strange one and 'some people did not reply or said they did not know ... Of those who did reply many mentioned specific individuals working in agencies and their individual qualities'. (Kinlen, 2002b: 10). 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*).

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<sup>26</sup> Almost the same percentage has stated that they have been actively involved in development initiatives.

<sup>27</sup> Kinlen (2002b: 10) says:

The groups in which the respondents to the questionnaire appear to be most active are charity/voluntary groups, community councils and sports and cultural groups. Whilst some stated that they are active in such groups, when asked about their role in development they answered that they were not involved and therefore did not necessarily see any link between their group involvement and 'development'.

The case of Maremma (I) appears as significantly different. The degree of participation to associations and networks is lower than in any other area of RESTRIM. 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. Moreover, only few people say they have an active role in the functioning of the group. In relation to the counterpart of the public action for development, from interviews and from other research, it appears that only few type associations play a specific role. This is the case of parties, which are obviously strongly linked to representative in the elected local bodies, of the workers' unions and of the associations of entrepreneurs and farmers. The evidence given by respondents is represented by the long list of association mentioned as relevant for the planning activities; in other words, the people in the sample are not in condition to identify a limited group of specific subjects that link the administration to citizens.

The low level of awareness of what development actually means and of which ordinary planning actions are represents the major consequence of the weakness of the links between planners and citizens. In this sense it is quite surprising that, in the ranking of things that have been appreciated in previous programmes and things that should be improved by means of development actions, the first position is occupied by 'roads', while the second is a generic reference to tourism (Micocci, 2002: 11). Several are the reasons for satisfaction or dissatisfaction about previous programmes; while the most positive answers are linked to personal earnings, the negative ones claim the 'distance' between citizens and planners and the fact that planners 'just do their minimal duty' (Micocci, 2002: 18).

As a conclusion, 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. THE ROLE OF SERVICES FOR THE RESTRUCTURING OF RURAL AREAS**

The first consequence of the RESTRIM research on restructuring of rural marginal areas is mainly represented by an alarm bell that signals dangerous weaknesses of the rural development policy of the European Union. This observation comes from the analysis that the research teams have carried out on significant rural areas in different parts of Europe; the analysis has focused 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, or at least the necessity of reducing 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 threats concern the entire functioning of the CAP, from the growing importance given to the 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 the CAP has introduced to support the agricultural sector and because of great change in the countryside at the end of the 20<sup>th</sup> 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.

RESTRIM has shown that this assumption is completely wrong. It is wrong to assume that farmers 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 social capital in marginal rural communities, RESTRIM has shown that the capacity of defining and of implementing development strategies highly depends on social capital availability, which in turn depends on the history of the community in terms of the results reached by means of public action. Moreover, the success of 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 its implementation – efficient and productive.

RESTRIM shows that the social capital that characterises a community significantly influences: i) the governance of the community and its capacity 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.

RESTRIM has also shown that the quantity and the quality of social capital strictly depend on past history of public action in terms of supply of public services. 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 people trust collective action as a means of solving both private and common problems in those localities where the 'normal' answer to needs comes from public services. In other words, communities with a good level of public services – as it is in localities belonging to countries that use the social-democratic welfare state model – 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 state action with 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 – i.e. the level of democracy. This 'tradition' of democratic participation to the decision making process – in other words, the degree of matching of local government with local governance – explains the reason why, in these areas, development programmes represent answers to local needs by means of local resources and external public funding.

This has an impact on the whole design of the rural development policy of the European Union. Three different kinds of impact are observed:

i) In relation to the target of Common funds' transfers, when the aim is economic. It does not matter who the target of the transfers is, provided that this target is an active part of the community. Therefore, public transfers should respond to needs expressed by the community as a whole, even if the beneficiary of the transfer is a single person. This is the only way in which public funds can be transformed in development or, at least, in collective growth instead of becoming private gains. This also means, for example, that agricultural policy must imply transfers to farmers if and only if they are more an integrated part of the community than an integrated part of the agricultural market. To consider targets as 'active parts of a community' raises the problem of social exclusion; in this case, other forms of transfers must be planned, which have a social aim more than an economic one. In other words, marginality needs a specific policy and should not be confused with economic weakness.

ii) In relation to the type of action that the policy should support by means of public funding, when the aim of the policy relates to 'regional' disparities. We have seen in RESTRIM that marginality is a condition that makes the public expenditure less efficient than in integrated areas; poverty of social capital is at the same time a cause and a result of marginality: it is a cause because communities, which have received a low level of attention by the state and that, as a consequence, have 'consumed' their social capital, are not in condition to use public funds properly; it is a consequence, because marginal communities, as a consequence of their isolation, are not able to use state resources in a collective way and to make social capital increase and improve. Therefore, public action that aims to development should be directed to projects that increase social capital.

iii) In relation to specific aims of the rural development policy, when development means an improvement of the quality of life of the citizens. RESTRIM has shown that the history of state action, in terms of public services, explains the quality and quantity of social capital that characterise a locality; it has also shown that in a community where public services have been supplied properly, social capital is well

developed and the population trusts collective action. Therefore, a policy that takes for granted the capacity of a community to plan its own future and to decide the necessary action, ignores the fact that those abilities depend on the level of trustworthiness of the collective action in front of any single citizen and, moreover, that trustworthiness depends on past public action. Therefore, it must be stated that each action programme of rural development has to be combined with a programme of growth of public services that sets the conditions – the quality of life – of the local population to a similar level as the one of an urban integrated population and to conditions similar to the ones of other communities that enjoy a better quality of life in other areas of the European Union.

As a final remark, we can observe that, in order to implement a productive strategy of development in marginal areas – and many rural areas are of course marginal – a policy that enhances development should present the following characters:

i) First of all, it must consider the quantity and the quality of public services and of public goods; this policy must make the public administration able to meet the basic needs of the population in order to create a climate of trust towards collective action.

ii) It should rank the projects that the community has planned according to the capacity of answering to common requests; these projects should receive a high priority for the funding, in order to give concrete answers to the needs that are perceived as collective by community members.

iii) Lastly, the projects that have a strong economic impact should be considered for their capacity to increase the earnings of local resources, which might be used in alternative activities in other areas. The aim of this order of priority aims to increase the degree of integration of the owners of the resources within the local community.

Here we have presented a rural development policy, which deeply differs from the one defined by the European Union.

RESTRIM has shown that social capital is at the roots of the process of building and implementing local collective action. RESTRIM has also shown that trust in collective action is a distinguishing character of social capital. Moreover, the analysis of communities has shown that trust in collective action depends on the role played by the state in terms of answers to individual and collective needs. Finally, our analysis has shown that the main role of the state, at local level, is to supply public services. In other words, the lack of public services generates a community that does not trust collective action; and, as a consequence, the willingness of building social capital appears as very weak.

Therefore, when a community is poor of social capital, the state should supply a better level of public services in order to create a climate of trust in collective action. It is only within this climate that the community will invest in the building of social capital; and it is only on the basis of high levels of social capital that the local community can plan and implement effective rural policies. Within this framework, the investment on the building of social capital becomes a priority of public action.

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## Appendix 1

Basic information about the availability of services in each of the study areas

Type of service	Service	Indicator	Public	Private
Education	Primary and secondary schools	Number of school rooms	X	X
	Higher education	Number of secondary schools	X	X
	University	Number of University centres	X	X
	Periodical workshops	Number of days per year	X	X
	Others			
Health	Hospitals	Number of beds	X	X
	Medical care	Number of hours per week (public medical centre)	X	X
	Emergency	Distance (km) from the nearest emergency room	X	
	Ambulance	Number of cars	X	X
	Others			
Quality of life	Post office (and/or courier)	Number of offices	X	X
	Job Centre	Distance (km) from the nearest job centre	X	X
	Tourist offices	Number of tourist offices	X	X
	Security	Number of police stations	X	X
	Others			

## Appendix 2

Table 1 – Population in the Study area.

	Resident Population			Area <b>ha</b>	Density 1991 <b><u>inhabitants</u> km<sup>2</sup></b>
	<b>1981</b>	<b>1991</b>	<b>2001</b>		
Arcidosso	4.545	4.135	4.103	9.339	44,3
Castel del Piano	4.378	4.372	4.331	6.779	64,5
Castell'Azzara	2.375	2.092	1.826	6.472	32,3
Roccalbegna	1.667	1.446	1.242	12.496	11,6
Santa Fiora	3.232	2.995	2.730	6.291	47,6
Seggiano	1.234	1.088	953	4.953	22,0
Semproniano	1.703	1.460	1.332	8.144	17,9
<b>Amiata Grossetano</b>	<b>19.134</b>	<b>17.588</b>	<b>16.517</b>	<b>54.474</b>	<b>32,3</b>
Manciano	7.562	7.140	6.866	37.204	19,2
Pitigliano	4.449	4.329	4.136	10.289	42,1
Sorano	4.644	4.172	3.915	17.460	23,9
<b><i>Quadrante Colline interne dell'Albegna e del Fiora</i></b>	<b>16.655</b>	<b>15.641</b>	<b>14.917</b>	<b>64.953</b>	<b>24,1</b>
<b><i>Study Area</i></b>	<b>35.789</b>	<b>33.229</b>	<b>31.434</b>	<b>119.427</b>	<b>35,9</b>
Province of GROSSETO	220.562	215.907	209.295	450.433	47,9

### Appendix 3

Basic information about the availability of services in «Amiata grossetana» L.E.S:

Type of service	Service	Indicator	Public	Private
Education	Primary and secondary schools	Number of school rooms	81 (25 special)	0
	Higher education	Number of secondary schools	4	0
	University	Number of University centres	0	0
	Periodical workshops	Number of days per year	0	0
	Others			
Health	Hospitals	Number of beds	59 (1 Hospital)	0
	Medical care	Number of hours per week (public medical centre)	140 (5 centres)	0
	Emergency	Distance (km) from the nearest emergency room	15 (25 max)	
	Ambulance	Number of cars	17 (12 at the hosp.)	0
	Others			
Quality of life	Post office (and/or courier)	Number of offices	17	0
	Job Centre	Distance (km) from the nearest job centre	7 (12 max)	0
	Tourist offices	Number of tourist offices	0	6
	Security	Number of police stations	8	
	Others			

## Appendix 4

Basic information about the availability of services in «Colline Interne dell'Albegna e del Friora» L.E.S:

Type of service	Service	Indicator	Public	Private
Education	Primary and secondary schools	Number of school rooms	75 (36 special)	0
	Higher education	Number of secondary schools	6	0
	University	Number of University centres	0	0
	Periodical workshops	Number of days per year	320 (10 wks) (6 h. per day)	
	Others			
Health	Hospitals	Number of beds	71 (1 hosp.)	0
	Medical care	Number of hours per week (public medical centre)	30 (3 centres)	0
	Emergency	Distance (km) from the nearest emergency room	13 (18 max.)	0
	Ambulance	Number of cars	13 (11 at the hosp.)	0
	Others			
Quality of life	Post office (and/or courier)	Number of offices	7	0
	Job Centre	Distance (km) from the nearest job centre	13 (18 max.)	
	Tourist offices	Number of tourist offices	0	7
	Security	Number of police stations	3	0
	Others			

