

Local institutions and agrarian structures matter in LEADER:

Case studies from Finland and Italy

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ABSTRACT. With the emergence of the ‘new rural paradigm’, geographical contingency is the key to interpreting the current debates on the projectification of rural development. The investigated comparison between North Karelia (Finland) and South Tyrol (Italy) suggests that local institutional culture, land ownership, and cooperation are critical factors to be addressed when designing and implementing development policies such as LEADER. The empirical material indicates that this EU programme is better suited to North Karelia’s horizontal rural policy setting than that of South Tyrol. However, the overlapping division of labour between different actors, typical of the Finnish intermediate level (between the central and local governmental levels), prevents a unitary, strong, and politically accountable development strategy for the region; this results in a number of discrepancies between rural and regional policy as well as rural and agricultural policy.

As a result of the emergence of the ‘new rural paradigm’ (OECD 2006), starting from the early 1990s development policies have been characterised by “a territorial, integrated approach (as opposed to interventions by sector), the participation of several levels of the public administration (instead of a single administration), and locally defined objectives and strategies, making the various plans financed under one programme extremely heterogeneous” (Saraceno 1999: 439). As a result of this heterogeneity, case studies at the local level have considerable significance in understanding which policies are appropriate and where (Saraceno 1999: 452). Neil and Tykkyläinen (1998: 19) claim that “... the investigation of geographical variation in development can fundamentally enrich theory,

reinforcing the idea that a broad, globally applicable theory must have a geographical basis”. The aim of this paper is to investigate how the EU LEADER Programme, as a policy promoting endogenous rural development, has engaged the institutional context that encompasses the LEADER Local Action Groups (also known as LAGs) in two regions of the European Union, North Karelia, in Finland, and South Tyrol, in Italy.

The different historical paths that agriculture – interpreted through the dimensions of cooperation, land ownership, and cultural rootedness in the territory – has taken in the two regions since their passage from a subsistence economy to a market economy in the second half of the 19th century is crucial to understanding how the

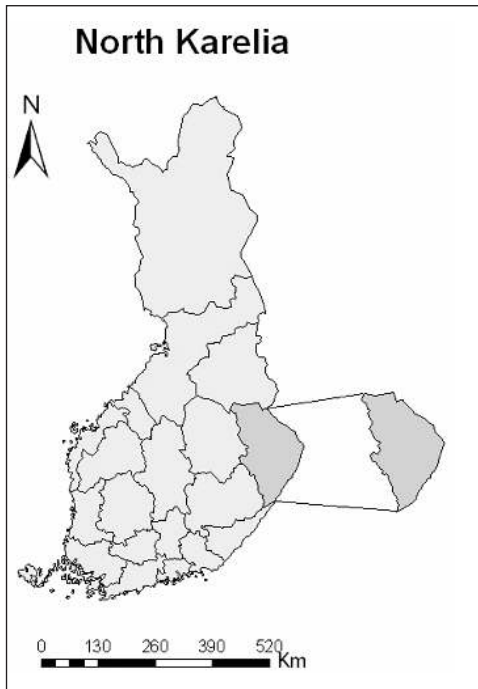


Figure 1. Location of North Karelia in Finland

respective institutional contexts have responded to LEADER. In North Karelia (Figure 1), the main economic sector has traditionally been forestry, and agriculture – mostly based on milk production – has been characterised by small farming, especially in its south-western section (Juvonen 2006). Eskelinen and Fritsch (2006: 62) define its current settlement structure as shifting from “a dispersed pattern towards a nodal one”, with decreasing population figures in sparsely populated areas. This eastern region of Finland is contextualised in a unitary state rooted in a bipolar politico-administrative structure: a strong central level and fairly autonomous municipalities (Rizzo 2007). The regional level, on the other hand, is characterised by “overlapping networks of power sharing arrangements” among municipalities (Haveri 2003: 316). South Tyrol (Figure 2) is a predominantly German-speaking autonomous province located in north-western Italy (Autonomous Province of Bolzano /Bozen, *Südtirol / Alto Adige*). Since the end of the First

World War, South Tyrol, formerly a component of the Austro-Hungarian Empire as part of the Greater Tyrol Region, was ceded to Italy through the Saint Germain Treaty (Steiniger 1999). The Autonomous Statute of 1972 assigned this province legislative power as well as numerous competencies in the economic field, including agriculture and forestry (Paolazzi 2008).

Methods and context

A qualitatively oriented comparative method (Ragin 1987) was deemed the most appropriate means of answering the research questions. Ragin (1987: 3) argues that “the qualitative tradition is oriented towards cases as wholes, as configurations, but it also tends to be historically interpretative”. For purposes of this study, while historical trajectories are taken into account to interpret how the institutional context has responded to LEADER, the comparative method adopted is the contrast of contexts, which is a specific type of comparative history (Skocpol–Somers 1980). Practitioners of contrast-oriented comparative history can be positioned between social scientists and historians. The contrast of contexts seeks to reveal the unique characteristics of the specific historical cases examined and tends to highlight the limitations of received general theories (Skocpol–Somers 1980: 192). In this paper, contrast-oriented comparative history includes links to macro-analytic arguments, since the historical paths analyzed suggest causal factors in explaining how the LEADER method has engaged the two regional settings.

As a result of history, religion, land-ownership, local governance, and spatial scale, formal and informal norms and routines that regulate society’s behaviour have evolved quite differently within the analysed settings. However, cooperation shares some common roots in the ideas of Friedrich Wilhelm Raiffeisen (1818–1888), who established rural credit banks to minimize not only the poverty of the rural population, but also that of the artisans and workers in towns (Pichler–Walter 2007). These two regions embody different approaches to rural development.

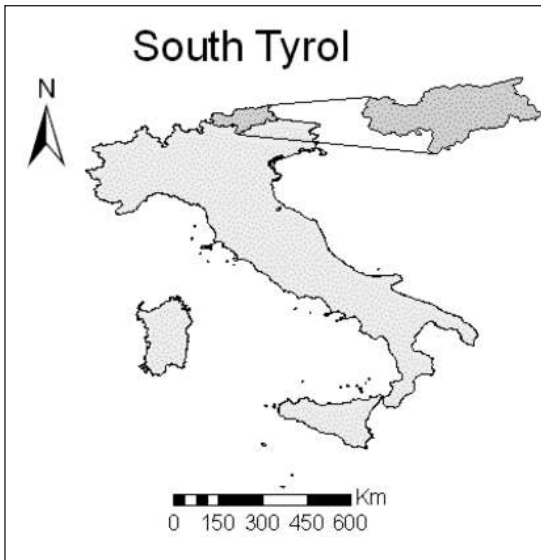


Figure 2. Location of South Tyrol in Italy

In North Karelia endogenous practices tend to be the prevalent mode of development, and they are grounded in the 'fertile seed' of village action and its predecessors in civil associations. In South Tyrol the top-down approach of the Provincial Council has traditionally played a crucial role in the growth of this autonomous province. This alpine region, which to a major extent is part of the German cultural sphere, is a unique case not only in Italy, but also in the wider context of the EU for two complementary reasons. Firstly, it has implemented the legal institution of the closed farm, which has positive effects on the viability of the countryside; secondly, its approach to rurality symbiotically combines production and culture. On the basis of this intrinsic diversity, these regions can acquire alternative perspectives on different policy and administrative practices for their development strategies.

In situ research has been carried out through semi-structured interviews (twenty-five per case) collected in the year 2008, and the collection of policy documents, secondary sources, and statistical data. In order to obtain a wide spectrum of responses, the interviewees in both case studies have different educational and working

backgrounds and range from the central to the local level, including researchers, university professors, entrepreneurs, farmers, civil servants, politicians, staffs of the Local Action Groups (*Joensuu Seudun LEADER Ry* in North Karelia, and *Wipptal, Sarntal, and Tauferer Ahrntal* in South Tyrol) and, in the case of North Karelia, also village activists and village planners. Through inductive content analysis, employed when knowledge about phenomena emerges during empirical fieldwork (Elo-Kyngäs 2008), the text of the interviews has been categorised into the main themes of discussion, which have allowed to explain the research questions framed by a comparative structure.

Conceptual framework

One of the main challenges in defining the term 'rural' lies in its intrinsic spatial and temporal variability, which depends on different perceptions and contextual contingencies (Storti-Henke-Macri 2004). Within the evolution of European policies, which has witnessed the shift from agricultural to rural policies, the concept of rural can be framed as a constant dialectics between the definitions of representation and place (Halfacree 1993, Gray 2000). In the discourses on European integration from the mid-1960s until the beginning of the 1990s, rural space was mostly regarded as a place of production and was associated with the Common Agricultural Policy (Hadjimichalis 2003: 103). The sectoral approach to agriculture, supported by European common policies for all rural areas, made bottom-up approaches irrelevant (Saraceno 1999: 451). Granberg and Kovách (1998: 7) argue that "agrarian structures and agrarian values have had a remarkable impact on the state system in the early phases of the modern state system ... and this impact still partly continues..."

In order to investigate the influence of agrarian structures and ruralities, Cruickshank (2009) argues that the representation of the 'rural' concept should be interpreted at the level of

discourse, in particular the modernist discourse versus an alternative discourse based on local and regional autonomy. According to the modernist approach, production (as the exploitation of natural resources), and culture (as the idyllic place) are two separate entities. The alternative discourse suggests that rural culture and its associated values are not separated (Cruikshank 2009: 101). On the basis of the empirical data collected in this paper, in North Karelia the current approach to rurality is oriented more towards the modernist discourse, while in South Tyrol rurality has been, and is still interpreted through the lens of the alternative discourse, according to which agriculture is not mere production, but a multi-faceted culture strongly rooted in an autonomous territory.

Within the fixed category of rurality located

outside modernity, partnerships have been revealed in the contemporary literature as the most popular tool in the development of rural areas. Partnerships are seen as the reflection of “the destructuring of the hierarchies typical of the Fordist mode of production” (Osti 2000: 172). The emergence of endogenous development approaches in the early 1990s, of which the LEADER method is one of the most prominent examples, represents a mode of capitalist production in which the new territories, along with local enterprises and other collective bodies, function as units in a European economy (Ray 2001: 280). At the same time, this new rural development system is defined as a tool for participative redistribution and coordination in which territories are nodes into which project funds flow (Kováč 2000: 185; Kováč–Kužerová 2006: 3).

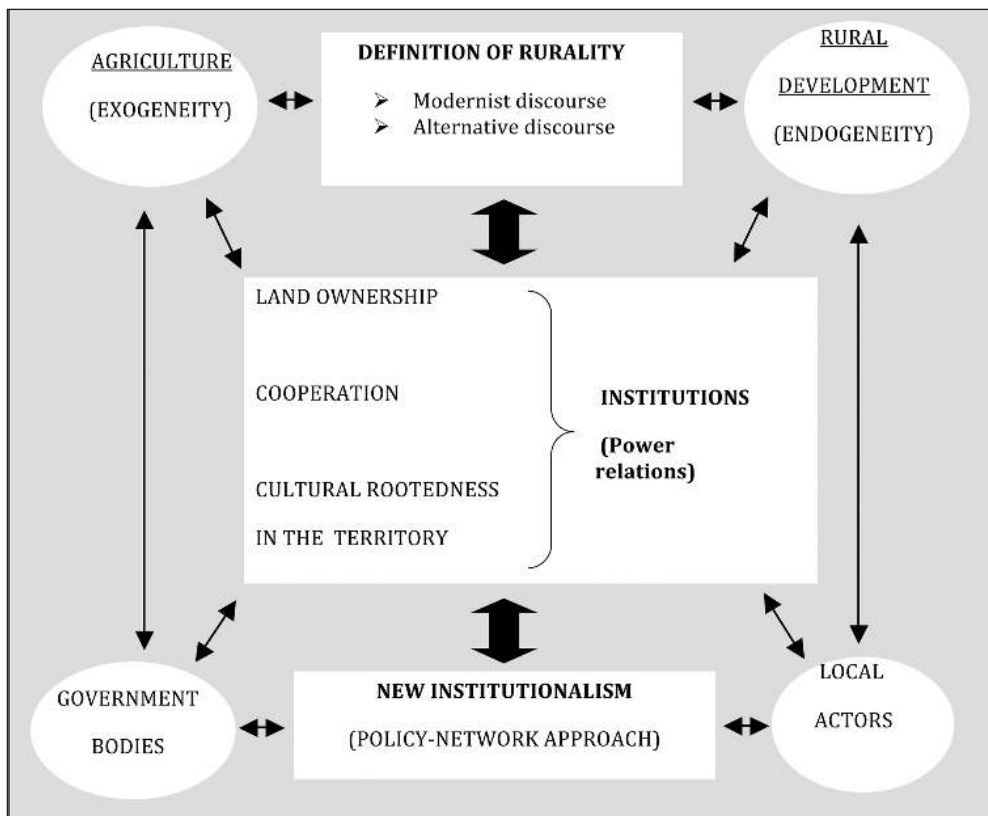


Figure 3. Conceptual framework

In European rural studies, a crucial issue is to investigate the effects of the 'projectification' of rural development (Kováč–Kuřerová 2006) on local institutions and the geometry of their power relations (Halfacree–Kováč–Woodward 2002). Institutions are not only political and administrative organisations, but according to a new institutionalist point of view, they are also "a set of routines, norms, and incentives that shape and constrain individuals' preferences and behaviour" (Lowndes–Wilson 2001: 632). Bryden and Hart (2004: 338) suggest that critical factors of development policies include local institutional autonomy as well as the character of networks. Within the new institutional stream of policy networks – based on the idea that institutionalised relations between governmental and non-governmental bodies facilitate policy-making (Jordan 1990: 472) – power is defined as a multi-layered and relational phenomenon (Goverde–Van Tatenhove 2000). "The optimism that leads to seeking to manage social problems within a network is probably based on the main assumption that society, nowadays, functions in essence on horizontal relations between individuals, groups, organisations and institutions" (Goverde–Van Tatenhove 2000: 98). Figure 3 depicts the content of my conceptual framework, in which the three historical trajectories of land ownership, cooperation, and cultural rootedness in the territory are approached through the rurality definition, on the one hand, and the new institutional stream of policy networks, on the other. In order to address how the LEADER programme has engaged the institutional context in the two selected case studies, it is necessary first to reconstruct the historical influence of the agrarian system on rural society in North Karelia and South Tyrol.

Finland and North Karelia: the legacy of rural cooperation and agriculture

Compared to many Western European countries at the beginning of the twentieth century, Finland

was in many ways an underdeveloped society and was moving from barter to a monetary economy. Most Finns lived in the countryside, and their main livelihoods were agriculture and forestry (Kuusterä 1999: 438–439). Considering that the number of poor people (children and older age included) was over a million, the elite saw the necessity for social reforms, in particular land reform. The most urgent tasks were to help small farms to organise the sale of their agricultural products, the buying of seed and fertilizers, and at the same time launch a credit system (Kuusterä 1999: 441). Thanks to Hannes Gebhard (1864–1933), one of the most active supporters of social reforms, the Raiffeisen idea of a cooperative movement and credit system was imported to Finland. "A typical feature in Finland was that in these founding phases the credit cooperative movement began from above not from under as happened in most other countries" (Kuusterä 1999: 444). In the original Raiffeisen model, the cooperatives received small membership fees and deposits from members as well as wealthy individuals. However, since the members did not have sufficient resources to make deposits to the cooperatives, there was no possibility of self-financing. As a result, a central institution for these cooperatives was created, the OKOBANK, which was to handle the financing (Kuusterä 1999). Though the state and state funding was the prime actor, the cooperative group played a role in the comprehensive migration and resettlement programme after the Second World War (Kuusterä 1999: 447). In addition, many cooperatives and their affiliates produced agricultural input and some handled the financial affairs of both agriculture and forestry (Granberg 1999: 323).

Until the Second World War, and also in the following two decades, Finnish society was in many aspects dominated by agriculture, which was the main focus of domestic policies (Granberg 1999: 311). After Finland became independent in 1917, an important social and agricultural policy issue was the position of the landless population and crofters (Juvonen 2006: 90). The main target of Finnish land reform

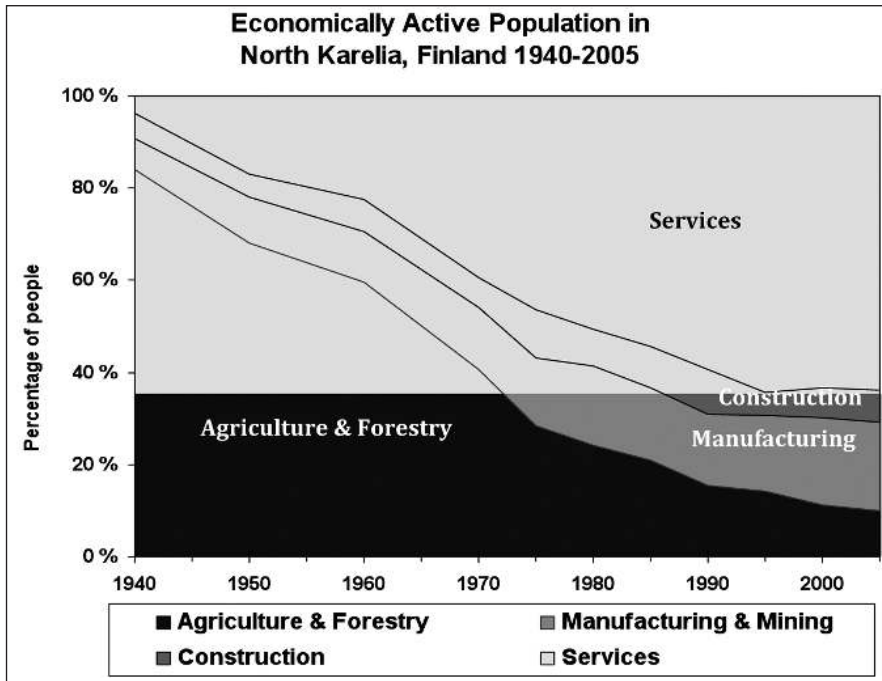


Figure 4. Economically active population in North Karelia: 1940–2005

Sources: Altika database, Statistics Finland; statistical yearbooks of Finland. Compiled by Dr. Jukka Oksa

was to build private ownership based on family farming. What changed the state of the land-ownership system during the period 1890–1940 was the allocation and resettlement activities of farms, which was implemented by the 1922 Lex Kallio, and the 1936 resettlement law. In North Karelia, from the beginning of the 1900s to the 1930s, the number of farms more than doubled, passing from 8,400 in 1901 to about 20,000 in 1939 (Juvonen 2006: 91–92). If, on the one hand, these laws fulfilled the target of guaranteeing land to as many citizens as possible, on the other hand, they increased the number of small farms, laying the foundations for a quite fragile and fragmented agricultural system which was severely affected by Finland joining the European Union.

By the 1960s, an era described by Katajamäki (1995 in Malinen 1996) as the ‘golden age of the countryside’, rapid changes in the industrial and entrepreneurial structure of the country and strong migration to the industrial centres of the

South and to Sweden weakened rural municipalities (Niemi 2008). As a counterforce to these changes, in the 1970s village action emerged in the Finnish countryside, which was partly promoted by village projects undertaken by academics, and included new ideas on how to develop villages (Hautamäki 1989). Hyyryläinen (2000: 112) defines village action “as part of the historical transformation of Finnish voluntary action: cooperation in the village community developed from voluntary work to modern voluntary action and then to local development”. Throughout the 1970s and 1980s villages had only modest economic resources at their disposal, which were mostly directed to the organisation of festivals and other public events (Lehto–Rannikko 1999). At the same time, in the remote eastern and northern areas of the country (such as North Karelia), these two decades saw the emergence of the public sector as the main engine of growth, and the decline of agriculture and forestry (Lehtola 1995 in Pyy–Lehtola 1996) (Figure 4). Along

with general economic trends, the adoption of the Common Agricultural Policy, which allocates subsidies according to the number of hectares, accelerated the decline of the number of farms in this region (representative of the Central Union of Agricultural Producers and Forest Owners (MTK) 5/2008). In the period 1990-2008, in North Karelia farms have decreased from 11,917 to 2,774. This decline, which is resulting in a constant enlargement of farming enterprises, is likely to continue in the near future (Suomen tilastollinen ... 1990–2008).

It is against this background that the LEADER Programme was introduced to Finland in 1995, and spread all over the country (Pylkkänen–Hyryläinen 2004) as a crucial instrument of developing rural areas.

LEADER in North Karelia: the institutional context

In Finland, the 'projectification' of rural development (Kováč–Kučerová 2006) has its foundations in the village communities, where action is developed within a horizontal network of state and non-state organisations. Finland is the only country in the EU where representation in the LAG boards is comprised of one-third of its members representing municipalities, one-third local organisations, and another third consisting of individual local residents (Vihinen 2007: 73). The main goal of this system is to prevent the possible dominance of the public sector in the workings of the Local Action Groups, so that, as a key rural developer (2/2008) at the national level has argued, "municipalities are important partners, but they cannot decide alone how to use LEADER funds. The power in the LEADER groups is not in municipalities, associations, or in the ordinary people. All these components must share power together." Since the introduction of the LEADER II Programme, the interviewees agree that municipalities have increasingly recognised the positive effects of LEADER projects on the local level. However, some of them remark that the division of labour between these local authorities and LAGs is not always clear. Accord-

ing to a high-ranking village officer (2/2008), municipalities may feel that "the LAGs can assume municipalities duties, for example advising the business and service sector". Within this context, the municipal reform which Finland is currently undergoing, will affect in one way or another the relationship between LAGs and municipalities, and the municipalities themselves, whose role may increase, at least the wealthier and larger ones.

The *Joensuun Seudun LEADER Ry* Local Action Group was established in the spring of 1995 by a group of active and pioneering individuals; at that time, the first news about the LEADER approach started to circulate in Finland (LEADER achievements ... 2007). This LAG has traditionally had several cooperation partners, including municipal authorities and university-level organisations such as the Karelian Institute of the University of Joensuu (Joensuun Seudun...2008). An important partner is the Joensuu Union of Rural Education and Culture (*Joensuun MSL*), a state-centred and politically sponsored (by the Centre Party) association, which organises cultural courses for village organisations, and at the same time activates citizens together with the *Joensuun Seudun LEADER*. Its function is to help village organisations design their village plans and advise them on how to use their budget (MSL representative, 3/2008). Another organisation that deals directly with villages is the North Karelia Village Association. According to a regional village coordinator (3/2008), this association is an NGO of villages, whose core work focuses on the villages as a basic unit of society. He further notes that this association is quite different from the LAG, which in turn is a 'rural' NGO, whose main target is rural development. If the North Karelia Village Association is viewed according to this perspective, the activity of this association is more related to the work of the North Karelia Regional Council than that of the Employment and Economic Development Centre (state regional administration authority, so called *TE-keskus*) (regional village coordinator, 3/2008).

The *TE-keskus* is the paying-authority

in LEADER; as such, it is the key player in the programme. The North Karelia Regional Council oversees the general development of the region, in cooperation with state authorities (Regional Development Act 602/2002 Section 7). It coordinates different EU programmes, which also include those making social policy. This regional authority has expertise in social policy while the North Karelia Village Association acts as a consultant on behalf of the Regional Council (regional village coordinator 3/2008). Whereas the Regional Council and the Regional Village Association represent political aspects of rural development, the LAG and the *TE-keskus* represent the financial; as a result, cooperation between the latter organisations is intrinsically close (regional village coordinator, 3/2008). As highlighted by a few interviewees, there may be some overlapping between the LAG and the *TE-keskus* since a common task is to finance enterprises, and consequently these two organisations finance similar projects. Overlapping, however, is not perceived as a problem because applicants have more options at their disposal and LEADER is a preliminary tool for seeking suitable ways of funding projects: often LEADER has funded preliminary briefings for entrepreneurs and the actual project has then been funded by some other actor (forest sector entrepreneur 3/2008).

The strengths of this horizontal system based on interdependencies with well-specified duties and goals are cooperation and compromise (Rizzo 2007). Nevertheless, the lack of a regional self-government, which is typical of the current Finnish intermediate level, may varyingly fragment policy responsibilities, and most importantly, lead to the lack of a unitary strategy. The empirical data, for instance, indicates that the Regional Council and the LAG are perceived as two separate bodies, almost in competition with each other. The official point of view of the Regional Council of North Karelia is that LAGs play an important role in rural areas, but are only one of the actors in rural areas. In addition, the civil servants interviewed at this organisation (4/2008) consider the

region as an entirely 'rural' region. In order to mitigate the effects of potential fragmentation at the regional level, the goal of policy designers at the Ministry of Agriculture and Forestry is to strengthen the 'rural voice' at the regional level, which would create a more political influence regarding rural policy. Their concrete plan is to merge LAGs, the Regional Village Associations and other rural organisations into the same entity. This is a fairly challenging task, and in all likelihood it will take some time before this reorganisation can be implemented (if it can at all), because the other rural organisations, most of them state-centred, are reluctant to engage in this reform. Even though some interviewees fear that this reform could institutionalise both the LEADER method and the entire system of rural development, it is more than necessary to give Finnish remote rural areas both the critical mass and strategic coherence to negotiate their development with an increasingly competitive, and urban-oriented central government.

Another central theme of discussion which has emerged from the empirical material is the relationship between agricultural and rural policy. Even though agricultural policy and the LEADER system are both under the supervision of the Ministry of Agriculture and Forestry, empirical evidence suggests that they go along two separate and parallel paths. A representative of *MTK* (5/2008) has, for instance, argued that although this organisation has been involved in designing the *Joensuu Seudun LEADER* rural plan, it is not involved in the functioning or implementation of the programme. A staff member of *Joensuu Seudun LEADER Ry* (5/2008) further describes these two associations as two separate bodies, one which is an interest group for farmers (*MTK*), and the other focusing on rural development (LAG). He hopes, however, for increased cooperation in the future, in the same manner as it has occurred in Denmark, where LEADER groups nowadays receive more funding than in Finland. Such a problematic issue between the LEADER Programme and the farming sector is not as relevant in the South Tyrol case study; in this province, the representa-

tives of the powerful farmers' organization of the League of the South Tyrolean Farmers (*Südtiroler Bauernbund*) take an active part in the LEADER Local Action Groups.

South Tyrol: the legacy of rural cooperation and agriculture

The shift from a subsistence to a market economy occurred in the second half of the 19th century, when agriculture suffered heavily in many parts of Europe, causing mass migration overseas. However, South Tyrol was still distant from the bitter social conflicts that characterised the large centres of Europe (Pichler–Walter 2007: 17–21); farmers in the Tyrol always maintained a greater freedom than in any other German region: agricultural conditions were satisfactory because the person who cultivated the land had in most cases the exclusive right of inheritance of his farm (Hans von Voltolini 1919 in Faustini 1985: 23). In the last decades of the 1800s Tyrolean politics carried out a vast agrarian reform which included the introduction of the closed farm, the creation of the rural credit banks according to the system of Friedrich Wilhelm Raiffeisen, and the establishment of agricultural cooperatives (Pichler–Walter 2007: 22). At the end of the First World War the South Tyrolean Cooperatives, which were severed from the central organisation located in Innsbruck, organised themselves autonomously and began to collaborate in a period of difficult transition characterised by the rise to power of Fascism, which opposed their work because of their desire for autonomy and democracy (Pichler–Walter 2007: 93–97).

Similarly to North Karelia (although less sharply), the economic and demographic structure of South Tyrol experienced a profound transformation from an agricultural society to an industrial and service society in the second half of the twentieth century; the workforce employed in agriculture has declined from more than 40% in 1930 to 7% in 2006. By contrast, the services' share of employment has increased from about

30% in 1930 to 69% in 2006 (Lechner–Moroder 2008: 6) (Figure 5). Nevertheless, "agriculture enjoys a higher status compared with the European average", and it plays a significant role for the landscape conservation and for the tourism industry (Lechner–Moroder 2008: 6–12). Due to the closed farm system, the agricultural land has not been fragmented (Pichler–Walter 2007: 149). According to this institution, reintroduced by provincial legislation in 1954 in spite of Italian opposition, agricultural property is excluded from the division of inheritance. The closed farm prevents the fragmentation of agriculture and the formation of large landed estates (*latifundium*), which result from the merging of many small farms (Gatterer 2007: 1122). According to the last census (2000), in this region there are 26,600 farms, of which about 12,500 are declared 'closed farms'. The number of farms has slightly decreased compared to the two previous censuses (Istituto Provinciale ... 2000: 64).

South Tyrol experienced profound structural changes since the 1970s, when the new Autonomous Statute of 1972 was introduced. Due to a wide-ranging urban policy, in the valleys numerous handicrafts and industrial centres were established. The intervention of the public sector through massive provincial financing has enabled farmers to earn supplementary income, which has contributed to the rediscovery and enhancement of authentic farming products that fascinate tourists. This supplementary income has not been created in Bolzano or Bressanone (South Tyrolean urban centres), but has been brought to the medium and small centres that characterise South Tyrolean valleys (civil servant, Province of Bolzano, 11/2008). Two other important developmental factors have been bilingualism (German-speaking and Italian-speaking) as a factor attracting tourists, and the policy of making Alpine huts accessible by road. On the one hand, farmers have been able to remain in their huts and develop rural tourism; on the other hand, the same farmers can quite easily reach their jobs, which still represent their main source of income (university professor, 9/2008).

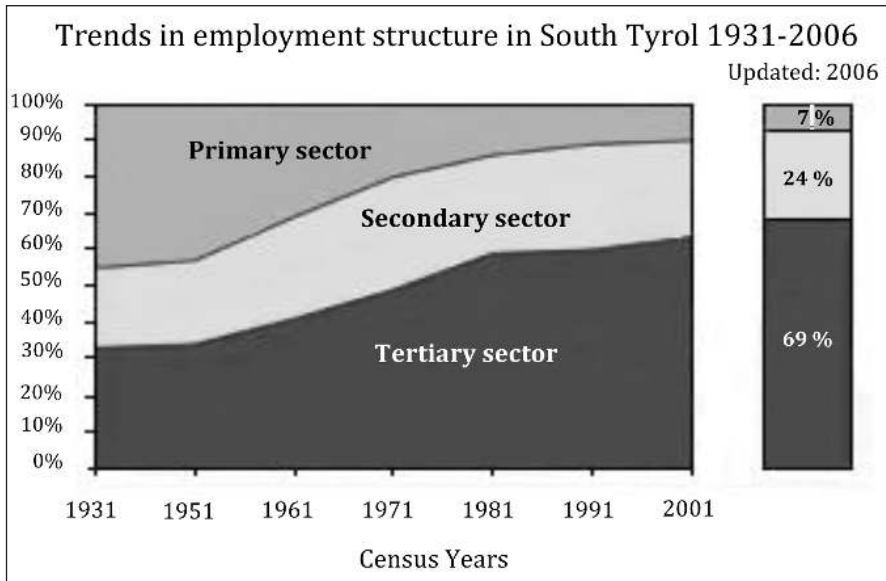


Figure 5. Employment structure in South Tyrol: 1931–2006 (Lechner–Moroder 2008: 6)

Leader in South Tyrol: the binomial politics-agriculture

Even though the number of inhabitants and the economic well-being stabilised in the 1980s and the 1990s (Lechner–Moroder 2008), there were still areas with delayed development. South Tyrol has had a relative advantageous population balance for decades, although out-migration to Switzerland and Germany took place to a varying degree from the 1950s to the 1980s (university professor, 9/2008). The emigration peak occurred in the 1960s, when each year approximately one thousand German-speaking South Tyroleans moved mostly to the above-mentioned countries (Pichler–Walter 2007: 147). Towards the end of the 1980s, the LEADER Programme started in South Tyrol, with the first Local Action Group created in Val Venosta (PIC LEADER+ ... 2005). Unlike North Karelia, where the horizontally based administrative organisations of the region have been designed by the Finnish state with the specific goal of dealing with EU Programs, in South Tyrol, as in the rest of Italy, the transversal

EU approach has adapted to pre-established administrative structures. From the empirical data collected in South Tyrolean LAGs, the LEADER Programme proves to have been rooted in the binomial politics-agriculture. The establishment of the Local Action Groups has been decided by provincial politicians along with local mayors, and not by the valleys' inhabitants (civil servant, Province of Bolzano, 9/2008). Moreover, a high-ranking civil servant (11/2008) remarks how all associations in the various economic sectors (agriculture, tourism, handicraft, etc.) represent strong political lobbies with their members in the Provincial Council; he further considers these associations to be bureaucratic bodies comparable to public administration itself.

The most prominent association in South Tyrol at the political level is the *Südtiroler Bauernbund*. This association, the first to be re-established after the Second World War, re-organised the agricultural sector in the province (Gatterer 2007). Nine of ten farmers voted *Südtiroler Volkspartei* in the last elections on 26 October 2008, and agriculture is still the strongest working group within the party. The

Südtiroler Volkspartei, the German-speaking ethnic party, has ruled the province since the end of the Second World War. In the last elections, even though for the first time the party received less than 50% of the total vote (48.1%), it still has the majority of seats in the Provincial Council (18 of 35). President Durnwalder started his career in the *Südtiroler Bauernbund* and has been in power since 1989 (almost 20 years); these considerations suggest that farming enjoys a significant position in the development strategies of the province (*Südtiroler Bauernbund* 2008; Consiglio della Provincia ... 2008).

The decision to concentrate the current LEADER Programme (2007–2013) on farming instead of rural diversification has sparked a lively debate among the interviewees; if it is true that agriculture is a vital sector in this province, the other economic sectors, especially handicrafts and tourism, may suffer from this decision. A politician from Val di Vizze (10/2008), for instance, totally disagrees with this change in focus, because this valley is not very developed in regard to tourism, and funding is needed. But as she says, “communal life is based on agriculture, it is a political question”. In essence, this decision implies that projects have to include agriculture, and if any other sector wants to be part of a LEADER project, it has to be linked to agriculture. Nevertheless, the role of the LAGs may be stronger in the current programme period of 2007–2013. In fact, there has been a discussion between the province and the LAGs about these development organisations becoming a centre of regional development that deals not only with LEADER funding, but also INTERREG, the European Social Fund, and other Community funding. In sum, the LAGs can become a centre for planning the rural development of all the sub-regions within the province (civil servant, Province of Bolzano, 9/2008).

Returning to the farming issue, agriculture in South Tyrol can be divided into two main branches: highly profitable intensive agriculture, practiced in the bottoms of the valleys (especially fruit-farming and viticulture), and the more vulnerable extensive agriculture, typical of the

alpine pastures of the high mountains (milk production) (Lechner–Moroder 2008). According to a representative of *LAG Sarntal* (11/2008), the wine and apple consortia and the milk (Mila, Brimi, and Vipiteno) and cattle cooperatives dominate. This area has other industries and commerce, but their critical mass is smaller than those related to farming. Agriculture in this province can essentially be defined as a social, economic, and cultural system well-rooted in the territory. A politician from Racines (10/2008) concludes that agriculture is not only important according to the economic point of view, but in preserving the beautiful valleys and mountains. As a matter of fact, directly or indirectly, all the interviewees have remarked that the maintenance of agricultural landscapes is crucial to keeping South Tyrolean rural areas viable, and the province has succeeded in keeping this rural territory alive, and the high value of agricultural land has prevented property speculation.

Concluding remarks

The empirical data collected suggests that the role of local institutions and agrarian structures is contextualised in the diverse interpretation and legacy of the rurality discourse. On the basis of geographical contingency, this comparison between these two diverse geographical areas of Europe further elaborates the research by Bryden and Hart (2004), indicating that local institutional autonomy, cultural rootedness in the territory, land ownership, and cooperation are critical factors in designing and implementing development policies. Neither exogenous nor endogenous approaches alone can tackle the challenges and opportunities that rural areas are currently facing.

The diverse interpretation and legacy of the rurality concept in the two regions explains why, strategically speaking, the LEADER method in North Karelia is almost exclusively focused on rural development and is rooted in the village movement and its associational legacy. The LEADER method better suits the North Karelian rural policy setting, traditionally characterised

by horizontal and power-sharing organisations. Nevertheless, a unitary, strong, and politically accountable development strategy at the regional level for the entire North Karelia region is missing, and a programme like LEADER seems to be fairly excluded from the strategic plan of the Regional Council, which on paper should be the main regional development authority in Finland. The lack of unitary strategies may increasingly leave the most disadvantaged and remote rural areas to their own destiny, especially in the current period, where the Finnish political forces and regional policy strategies are more urban-oriented than ever before.

Since agriculture is still relevant according to the economic, social, and above all cultural point of view, in South Tyrol the LEADER Programme is founded on the binomial politics-agriculture, and in the current LEADER period of 2007–2013 agriculture is main focus of rural development. Politics plays a significant role in every sector of public life and all the associations, especially the agricultural association, represent strong political lobbies within the Provincial Council. On the one hand, the vertical, top-down approach adopted by the Autonomous Province of South Tyrol has successfully implemented a strong and politically accountable development strategy for the entire region. This indicates that the assumption that society currently functions horizontally should be cautiously taken into account, since the series of formal and informal norms and routines that regulate society's behaviour is geographically contingent. On the other hand, the main risks of an exogenous approach are political favouritism and the potential inhibition of endogenous development processes. The LEADER method does not suit the traditional top-down structure of the province very well. However, thus far, political representatives and civil servants in South Tyrol have understood the importance of this method as a 'cooperation laboratory' necessary to face the destructuring of the hierarchies that are typical of the mode of production of traditional industrialised societies.

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