Regional development and depopulation –
a political framework for the Conference in Lycksele
2001–06–12,13

The issue

Regions across the European Union are facing the problems created by depopulation which forms a part of a vicious circle where decline in traditional sectors for employment leads to mobility and depopulation which creates problems – lack of market and workforce – for the development of businesses. The depopulation problem exists across the Union especially in the South of Europe and in the Northern member states (Finland and Sweden) as well as in regions and areas characterised by industrial decline.

Depopulation is most commonly seen as the process where the number of inhabitants of a region is decreasing. However, we may also take notice of the ”depopulation” of certain segments of the workforce and the population (well educated, young etc), which may have similar effects on the conditions for economic growth as an absolute depopulation. The two processes often goes hand in hand where the latter may be the first steps that leads ultimately to an absolute decrease in the number of inhabitants of a region.

Depopulation of some regions will lead to a concentration of the population in others. The other side of the depopulation issue is the ongoing concentration of the population and economic activities to urban areas. Such an evolution, if persistent, will increase regional disparities and counteract measures in place to promote economic and social cohesion.

These common problems could be resolved by common actions at a European level: The evolution of a proper European response in terms of policies and measures, exchange of experiences, dissemination of best
practices and development of a networking for innovative actions are of primordial importance not only in the context of the formulation of a national policy in the interested Member States but also in the elaboration of the European Community's priorities in relation to the Regional policy and its implementation in the new generation's co-funding projects for these particular regions.

Depopulation of regions, as it is understood above, might be seen as a horizontal issue that might be addressed as a priority within the future policies for economic and social cohesion.

Policies and measures

Traditional policies have, to a large extent, utilised a combination of grants (investment and employment grants) and operating aids. These measures still play an important role in regions across the Union. Recent developments in Community policies have limited the possibilities to use especially operating aids. Results from traditional policies have in some cases been rather meagre. There are reasons to believe that operating aids may be helpful in the short run but could damage the business conditions in the longer run by shifting resources from productive to less productive areas of economic activity. A system based on grants may also, with a longer perspective, be harmful and less efficient than a combination of grants and loans or a system based on loans. In some cases, it may also be proper to ask the question if the emphasis on large scale investments in infrastructure – associated with traditional policies – may be the most efficient way of using scarce community resources.

One could say that the discussion above is relevant for all aspects of the structural policies and not only for a discussion about the situation in regions facing depopulation. We do agree on that point. However, it is our view that the depopulation issue brings focus to some of the most profound issues concerning the future EU structural policies. Moreover, it is good not to lose sight of the general problems that may be relevant when we discuss a particular issue.

The evolution of appropriate policies is a question of learning by doing. We need to evaluate efforts made at EU, national and regional levels. Evaluations may provide an input to policy discussions where we step by step could improve our policies and measures.

One important aspect, with regards to the regions facing depopulation, is the possibility that the access to information technologies may improve the situation of those regions by providing new opportunities for employment, education and businesses.

It might be possible to outline a number of key issues related to policy formulation, measures and implementation.
- The objectives of policy measures are to achieve regeneration in depopulated areas by improving business environment and thus creating new jobs. In some cases this may lead to a reversal of the population decline. However, this may in many cases be too much to ask for and a more realistic objective may be to create a sustainable economic development which at least will sustain a certain level of population.

- "Depopulation" is common across the EU. In most cases it is related to a weakening of the economic base of a region caused by restructuring, lack of economies of scale and the ongoing concentration of population to large urban areas. In some cases, as in the Nordic countries, "depopulation" is linked to a very sparse population, which may provide certain characteristics that stands out when compared to the situation in regions with a structural problem. The effects of economic and population changes may be the same. However, it may also be assumed that the remedies could and should be different. Policymakers need to adress this issue with a proper understanding of the particular situation of the region concerned. Flexibility is needed.

- A call for flexibility will also increase the need for an active role of the regional and local partnership. They allways have a key role for the proper implementation of regional and structural policies. It might, however, be argued that in cases of depopulation the need for a regionally based understanding of the resources, problems and future possibilities will be very important. Policies need to adress this need and facilitate an active role for the local and regional partnership.

- Flexibility is also needed when it comes to the measures. Traditionally, regional policies have tended to rely upon direct grants and operational aid. This might in some cases, when provided for by the guidelines for regional aid, be unavoidable. More emphasis may, however, in the future be placed on an active role of the private sector, a shift to loans instead of grants and a more elaborate working partnership between the private and the public sectors. Moreover, such a shift in emphasis may provide a much needed increase in the "leverage effect" of public spending (including the transfers from the structural funds). The evolution of entrepreneurship, with active use of start-up grants and other policy measures targeting the SMEs will form an important part of such a shift in development strategy.

- Investments in infrastructure may be an important element in a strategy for development of regions facing depopulation. It may attract businesses by lowering their installation costs and thus enhancing the advantages of the region concerned. Investments in telecommunications networks and educational facilities as well as the existence of public services such as nurseries and hospitals may increase the possibilities of changing the negative trend. Diffusion of broadband techniques, facilitating telemedicine and learning at distance, may prove to be important for the development of regions
facing depopulation. It might be the case that investment in modern information technologies may be more efficient than “traditional” infrastructural investments in roads, airports and terminals.

- The competence of the workforce is of outmost importance. One characteristic of regions facing depopulation is that the skilled and educated are the first to leave. It is accordingly important to provide opportunities to increase the competitiveness and competence of those who remains.

- It is furthermore important to develop a working relationship between the structural policies at the EU level, national level and activities pursued at the regional level. The aim should be to achieve complementarity between EU and national policies. This has to be addressed also by an adaptation of the guidelines for regional aid to increase the scope for national policies.

- Resources ought to be available for the diffusion of ”best practices” and networking between regions. Community initiatives and innovative actions are important measures with a view to these needs.

It may thus be possible to highlight a few keywords:

**Flexibility**

**Subsidiarity**

**Public – Private partnership**

**Competitiveness**

**Information technology**

**Complementarity**

**Questions**

We would like the Conference to adress the following questions:

1. The role of the issue of depopulation in the present and future structural policies of the EU ?

2. May increased flexibility and subsidiarity provide an important element in the evolution of a succesful strategy for economic development in these regions ?

3. How do we achieve a better mix between public and private initiatives ?

4. How can we improve complementarity between EU, national and regional policies ?

5. What could be done to improve the use of structural funds with a view to the needs for a more thorough revision until 2006?
6. How do we broaden the use of different financial instruments (a shift from grants to loans) ?

7. Do we need specific community instruments to assist those regions that are characterised by long-term structural handicaps due to the combination of de-population, peripherality and unfavourable climatic conditions ?