

2.1 Viable communities in the North?

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Introduction

We start by defining the concepts in the heading: First, what do we mean by a *local community*? The answer is “a habited place” – which can be everything from small village settlements (Kongsfjord, population 40, in Berlevåg municipality, Finnmark County) to small urban places (Hammerfest, population 10,000), and even distinct residential areas within larger urban regions (Kroken, in Tromsø municipality, population 5,000). A local community then is something different from, and smaller than a *region*, which comprises several communities.

When raising the issue of how to develop local communities, there is an underlying tension between two radically different versions of policy perspectives, within the area of regional policies. On one side, there is a preference for policies to support future development in places that have so far demonstrated innovative potential and growth, and implicitly to forget about the communities that are losing population and job opportunities. On the other side, there is the more radical challenge of stimulating development in every local community in the North, implying that places that are still inhabited in the post-industrial age are most likely to survive also in the future.

Radically different as these positions may be, they can still be at least partly reconciled, because a regional centre may grow without destroying the potential of the surrounding smaller places, provided that a regional labour market is in operation. As well, a growth strategy for smaller places will demand regional centers to serve them with specialized services and to provide markets for products from the periphery.

From an academic point of view, it is evident that there are losers and winners among local communities in the North, with respect to economic performance, habitation attractiveness, and development potential. Such differences can be illustrated over time by statistics on



demographic development. Statistics Norway issues and updates basic population statistics at the level of the municipality four times a year, and by following the issues over time, one can see ups and downs, but a strong trend can easily be detected. The general trend is of small places losing population, some larger ones with population stability, and a few urban centers showing population growth. In Northern Norway there are three winners, one in each of the three North Norway counties: Alta in Finnmark (28,000), Tromsø in Troms (72,000), and Bodø in Nordland (49,000). Together, these three places still do not have a lion's share of the total population in the Northern region; today (2014) they comprise about 30 % of the total regional population.

When local community research in Northern Norway started in the 1950s, however, the towns and cities of the North were not the focus. At that time, the cities were quite small, and most of the people were farmers and fishermen, living dispersed along the coastline or in small villages. No wonder then that local community research concentrated on processes of modernization in communities with a male work force within primary occupations. In particular, the works of the Canadian Robert Paine (1965) and the Northern Norwegian scientist Ottar Brox (2006) highlighted the economic basis of life in smaller, fishery-dominated places.

One interesting finding, when looking back, is that the economic back-bone of the local communities of the 1950s, the fishery/farming occupational pluralism, combined with a low-technology landbased industry (drying and salting marine products for export) gradually lost its occupational and economic hegemony, while the settlement structure more or less remained the same. Only a small number of communities were totally abandoned, and when it happened, it was due to lack of harbour or road facilities.

Industrial modernization

In the industrialization period (1950 – 1970), some places became the locations of more technologically advanced fishery-based production, with ocean-going trawlers and a filleting / freezing industry onshore. In other places, heavy investments in steel, iron ore, or shipbuilding industries created new and full-year job opportunities. This drive for large scale industrial investments tended to create uneven development, with winners and losers among the many fishery-based communities. Uneven development due to a planned (as well as spontaneous)



transition from fisheries/farming based on households, to industrial occupations follows a global path.

But during the 1970s, the welfare state services were transformed from being run by central government agencies, to a system in which local and regional authorities were trusted with public service delivery. With a fine-grained municipal structure, this meant that the region's 90 municipalities were equipped to cater for public services within education (9 years compulsory primary education), technical infrastructure, health, and elderly care. Centralization certainly had prevailed in the modernization of the fishing industry, while the welfare state commitments seemed to bolster a decentralized settlement structure, underpinned by a municipal structure with many small units. In the modernized communities, traditional, small-scale fisheries could still be performed – at least as long as there was a landside infrastructure to process or pack the catches for export.

Welfare-driven decentralization

The developments noted above have never been a deliberate outcome, seen from a regional policy point of view. From the 1950s and onwards, policy experts and leading politicians have agreed that: (1) economic transformations were both desired and inevitable, and that the centralization produced by them would have a direct impact on habitation as well; and (2) with people leaving the small places to search for higher incomes in the industrialized sectors of the economy, the settlements that were unable to modernize their economy would be abandoned.

Revisiting the region in question, Ottar Brox in the late 1970s formulated the research project *Regional Integration Processes* to study what processes underpinned a continual dispersed settlement structure, when the economic hegemony of the fisher/farmer-society had vanished. What the research team found was that the resilience of people inhabiting smaller places in the North was a combined effect of the emergence of commuting possibilities in emerging regional labour markets, and local well-being being enhanced by growth in the municipal service production. It is a great paradox that the extension of the welfare state and its intervention into communities of the Northern periphery seemed to sustain a settlement structure that was attuned to the traditional occupational structure.



Ottar Brox formulated the “consolidation hypothesis” linked to his findings of increased commuting and the access to modern public services. Meanwhile, and increasingly, the de-industrialization of the Northern periphery has continued within most economic branches, and to a great extent, young people are being offered educational opportunities that contribute to their being lifted out of their rural home places. Very few young people envisage a future within fishing, agriculture, and even in manufacturing industry today. This also means that to the extent that manufacturing industries survive, they are likely to be operated by immigrant labour rather than locals.

Neo-liberalist policies

The impacts of an increasingly globalized economy, however, have challenged what seemed to be a consolidated settlement structure of the 1970s. A strong public sector can in the long run not sustain habitation if its private sector counterpart fails to provide jobs and economic development. From the 1980s, this has become more vulnerable, in part because neo-liberalist ideology and policies became more prominent on the regional development agenda. A neo-liberalist approach in this respect means that the regions and communities in the periphery should receive support that transformed them into competitive actors on the global marketplace for goods and services, more or less neglecting the structural handicaps like geographical distances, a harsh climate, and a low educational level. WTO and EU frameworks for competition, including a ban on central government subsidies for businesses and a more lean welfare state, have challenged the foundations of what has been regarded as a successful regional policy in the Norwegian periphery.

But as a contrast to many other periphery regions, the local communities in Northern Norway are equipped with strong municipalities – and municipal leaders. Development work then can profit from an institutional pillar, so to speak, that is lacking in regions where the village level and the individual would-be entrepreneurs relate to regional-level development agencies, as is the case in the periphery of Canada. In the Norwegian periphery, people have access both to a system of this kind, in addition to being served by full-time mayors whose main task is to articulate the needs and potentials of their respective communities on a regional and even national political level.



The role of the municipalities can hardly be overrated in this context. Local development is a question not only of business development and positive externalities emanating from successful business ventures, in the form of additional job opportunities. Local development also presupposes a competent coordination of community infrastructure, both hard and soft: transportation, basic public services, and measures aimed at enhancing place attractiveness, often in the form of support for leisure/culture activities. This overall coordination is the task of the Nordic-type municipality and, therefore, the competence of the municipal institution will be rather decisive – also in combating forces of a global scope that almost invariably seem to counteract local development efforts. This happens because local development efforts often combine resources from private businesses, civil society, and public sources in such a way that the principle of clear-cut boundaries between public and private efforts to secure fair competition in the marketplace cannot be observed.

The return of resource-based industries

Strategies for enhancing innovation has not been first on the community development agenda – at least not until fairly recently. Much of the effort to sustain habitation has been focused on the maintenance of traditional and manufacturing industries threatened with closure and/or labour recruitment problems. Indeed, perhaps even more effort has been put into the acquisition “game” – trying to attract outside firms and investors to the municipality by offering investment subsidies, no or low pension taxes for employees, and tangible benefits in the form of ready-made factory halls and cleared industrial sites. But as the post-industrial economy has evolved, and the potential for attracting manufacturing industries has been exhausted, both policy makers and local people (resident families, investors, and local authorities) have had to look in new directions for strategies and solutions.

After the turn of the century, however, structural developments in the overall regional economy have shown some trends that have been almost surprisingly favorable to Northern Norway. While almost all attempts at creating or maintaining a more diversified industrial base, with manufacturing firms serving domestic and export markets seem to have failed, a return to nature-based production has occurred. Five economic sectors today contribute to a more promising future for the Northern communities: fisheries, fish farming, tourism, oil and gas, and mineral extraction. These five sectors have all made successful “come-backs” exactly at the moment of a Europe-wide economic recession. What is especially interesting about these



sectors is that they offer possibilities that are accessible for many of the most vulnerable local communities and municipalities in the region.

Fisheries are dependent on competent and authoritative resource management schemes in a time where depletion of resources is always a risk. Since the turn of the century, however, the cod stocks in the Barents Sea are larger than ever, due to a successful management practice within the framework of Norwegian-Russian cooperation. The sheer volume of fish brought ashore has become a problem though, because the demand in crisis-ridden markets is failing, and consequently, the prices for the catches are low. This should be regarded, however, as a minor problem compared to a situation of resource scarcity that most fishery regions experience today. Almost every community along the North Norwegian coastline is linked up to the fisheries, and although the amount of jobs offered is minimal compared to the “good old days”, the sheer presence of a local fishery sector represents an economic contribution, also in the context of tourism attractions (see later paragraph).

Fish farming favors small and peripheral places outright. All projects of land-based basins, geographically concentrated large scale production, and full control of all critical environmental parameters have turned out to be unrealistic. Instead, even the remotest fjords now serve as production locations utilizing very advanced fish farming technology, in which manpower now is used to monitor automatic foddering systems. The reason for locating fish farming all over the coastline is to diminish the risk of contamination and the spread of illnesses. The patriotism of the operators/ owners often results in a decentralized management system as well (but these functions of course can easily be centralized). So fish farming has, at least for employment reasons and for its profitability, been a blessing to several small communities in the North. This does not, however, preclude the many disadvantages and challenges following the growth of the fish farming sector in the form of centralized ownership, pollution, and conflict over areas at sea, but as to the competitiveness of many smaller places in the periphery, this sector represents a substantial contribution. And over decades now, the market for salmon seems to be constantly expanding world-wide, in a marked contrast to the slack demand for cod.

Tourism then is more of a contested sector, from a local community perspective at least, as it can be successfully performed both in big cities as well as in the remote, scenic places. Three distinct locations are attracting mass tourism in Northern Norway: North Cape on the Finnmark



coast, several attractions in the city of Tromsø, and the scenic Lofoten region with its romantic fishing cottages for rent. However, every place in Northern Norway, by way of its spectacular landscape, is a potential participant in a plus-sum game for tourists. Increasingly, middle class tourists go for exotic experiences “off the main road”, including both the wilderness and reindeer herding traditions of the interior, as well as the romantic fishing villages that can offer authentic scenery. Also, there is the “silence” as well, as the Aurora Borealis in winter time have proved to be a tourist asset that can be offered anywhere in the region.

Oil/gas developments represent a fourth economic sector that is expanding in the Northern area. So far, explorations have resulted in two rather big gas fields, one outside the coast of Nordland (Skarv) operated by British Petroleum on a production vessel at sea; and the gas development industry in Hammerfest, Finnmark based on a subsea pipeline from the Snøhvit (Snow White) well, operated by Statoil. Investments in the latter case amounted to more than 70 billion NOK. In both these cases, the municipalities in question have enjoyed an increase in business activities due to the demand for diverse deliveries to the gas industry. But even though there is by now an understanding that oil/gas developments cannot be everywhere, local business lobbies and their respective local and regional authorities develop strategies to become the location of the next oil/gas investments. And, at the time, there is a highly controversial question about opening up of the seas surrounding the tourism magnet of Lofoten for oil and gas explorations.

Mineral extraction is also expanding in both Finnmark and Nordland counties. Like the other economic sectors in expansion, this sector is definitely located outside urban centers and will thus benefit – or harm – some of the smaller communities or municipalities of the North.

From this overview, it is interesting to notice that decentralized localizations seem to be a precondition for investments and activities in the expanding economic sectors. While forces of centralization certainly prevail, due to expanding higher educational institutions and the growth of specialized services, the return of resource-based industries represent an alternative for many smaller municipalities and communities in the region.

Also outside the areas of the larger cities in the region, we have witnessed the rise of the “Sami nation” in the North. The location of the Sami parliament in the municipality of Karasjok, Finnmark (population 2800), and the location of the Sami University College in the



neighbouring municipality Kautokeino (population 2900), plus diverse other cultural and nation-building institutions have contributed substantially to the consolidation of habitation in the very vulnerable reindeer herding communities in the interior of Finnmark county. Also, a number of other small municipalities outside Finnmark, like Kåfjord (Troms) and Tysfjord (Nordland), have benefited from the rise of Sami nation-building.

The innovative municipality

Against this backdrop of historical phases in economic and policy developments, how do local communities perform? The answer today is: all municipalities are searching for and stimulating innovative and entrepreneurial activities of almost any kind. This has been possible, to a great extent, by a local government that commands substantial organizational and economic resources to stimulate innovative activities in these communities. Even the smallest municipalities have a repertoire of local development tools that at least from an outside perspective should be impressive enough:

1. Comprehensive, but flexible planning system (mandatory): This is a potential tool for democratic participation as well as a tool for determining land uses and the municipality's investment strategy. To follow up the comprehensive plan, there are sectoral plans, planning for public health, for the environment, for business development, etc.
2. Fund for business development and at least one development officer: A rather small sum is given by the regional/central authorities on an annual basis to municipalities, and the municipalities distribute these sums to help start up small business initiatives.
3. Strategies for place attractiveness: Awareness that the outlook of a place matters for tourism as well as for in-movers, most municipalities today have a program for place development. In practice, this strategy is about improving architectural standards in the built environment, but also improving the functionality of a place, creating meeting places.
4. Strategy for identity and culture: Here, the municipality supports more than commands the activities of annual festivals and other cultural events – often with the aim of attracting out-movers to return.
5. Innovative public services: As many of the municipalities in question are quite small, with very few specialists in each service area, municipalities tend to integrate local services by lowering the sectoral boundaries and thereby reducing costs, as well as



improving the services by cross-professional cooperation. The public sector arrangements are well known for their positive effects upon habitation, e.g. by finding ways to keep small schools in communities with few children.

6. Innovative democratic participation: Village boards, elected by villagers or made up by representatives of voluntary organizations, are linked up to the municipality. Many municipalities have a demanding geographical distribution of their inhabitants, and support by annual grants such village councils is important. They are often named “development associations”. Also, support for local newspapers and radio stations are common, to enhance opinion-formation and overall citizen participation.

All these 6 tools are today in operation in almost all municipalities – even the smallest and most remote ones. In the context of the favorable economic trends then, one should expect also small municipalities in Norway’s Northern periphery perhaps not to flourish, but to show some signs of a positive demographic development; in practice this means to halt the downward demographic trend.

Viable communities?

Analyzing the updated reports from Norwegian Official Statistics, there is an interesting development during the last 5 years. Of the largest 6 towns of the region, only Narvik (population 19,000) experienced stagnation, while the others have population growth. In the middle ground, the municipalities with about 10,000 inhabitants have also grow in population numbers. More critical to the settlement structure is the situation in the 70 smaller municipalities of the North. From the 1970s and to 2008, the situation in this segment was one of gradual population decrease. But during the 5 last years, this situation seems to have changed. Demographic stabilization today is the overall trend outside the urban settlements of the Northern region.

We should, however, be careful not to exaggerate the effects produced by the positive turn in resource-based industries, and by the instruments deployed by the municipalities to promote local innovative action and entrepreneurship. A closer look at the demographic statistics reveals that a vital stabilizing force in the small municipalities is the presence of an increasing number of immigrants from abroad. These are both labour immigrants from the European Economic Area (mainly Swedish citizens, and citizens from Poland and the Baltic states), and



naturalized refugees coming from Africa and the Middle East; in addition Russian citizens have moved to places in Finnmark county. This development illustrates an expanding Norwegian economy, a vital municipal institution, but also processes emanating from a mismatch between the preferences among the highly educated young Norwegians, and the manual jobs offered in resource-based production, as well as in-person services in the expanding elderly care and kindergarten sectors. Thus, an important factor determining the future viability of the smaller municipalities seems to be the immigrants' well-being and integration within the local community.

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