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## The Role of Local Centres in Rural Fringe Areas: the Case of South-eastern Estonia\*

### Rural Estonia

In Estonia the term 'rural' reflects mainly the administrative division into urban and rural communes. In some points the adequacy of such a division can be discussed (within the commuting area just nearby the capital city Tallinn, for example), but in general the division follows well the character of production which is about 90% agricultural.

To describe Estonian rural areas in general I would like to present some statistical evidence (see Table 1.).

Table 1.

1. Share of rural population in 1959 (%)	- 43,5
2. Share of rural population in 1991 (%)	- 28,5
3. Change of rural population 1959-1991 (%)	- 13,6
4. Share of actively engaged population by sectors:	
— agriculture and forestry in 1960 (%)	- 26,5
— agriculture and forestry in 1989 (%)	- 12,9
5. Share of agricultural production in GNP in 1970 (%)	- 18,6
Share of agricultural production in GNP in 1989 (%)	- 19,7

From Table 1 we can conclude that a relatively big share of populations is involved in agricultural production. Before the unstable political situation in the former Soviet Union, Estonian agriculture was orientated

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to the Soviet market and this kind of specialization was in every respect supported by the Soviet and also Estonian authorities.

The problems in rural areas are manifold in all countries: economic specialization and structural decline; the decrease of population; out-migration, especially of young people; few jobs for women; too large amount of unprofitable industries; close-down of service facilities, etc., if to point out only some of them. The main difference between advanced economies and present-day Estonia is the problem of surplus agriculture in the former countries versus low productivity and low level of technological development in the latter. At any rate, after World War II rural areas have been considered as one of the most serious problem areas everywhere; the expectations for rural renaissance (and for counter-urbanization respectively) was not realized. While in some countries the turn-around of population and economic activity from bigger cities to rural areas proved some short-time effects, in Estonia this has not yet taken place.

### Focus on rural fringe areas

The rise of attention to the specific problems in rural fringe areas in the early 1980s owed much to the concentration of the state and collective farms. While the average size of these farms has increased, the total number has decreased since 1950s (when there were about 2400) up to the present (317 state and collective farms in 1988). The most serious change was at the beginning of 1970s (from 463 units in 1970 to 295 in 1984) /2, p. 328/. These large economic units have played a decisive role in the development of rural settlement systems. In rural communes the investments into production, as well as into the social and cultural sphere, were made by state and collective farms which concentrated their investments (and also all their economic growth) predominantly into their production centres. While 2 or even more collective farms joined, all these investments were directed to the new, usually the strongest, centre leaving the former centres with their surrounding villages without the necessary level of services etc. These 'new' peripheries within communes, the sharpened contrasts between different parts of a commune (in rural areas the level of commuting and accessibility to services is very low) gave the basis to point out the problems of marginal areas.

The next step was the IME (Estonian Self-Management) program in 1987 where in an indefinite form the main priorities of rural development in Estonia in the context of possible regional policy were described.

The latest step was taken in 1989 when the conscious elaboration of Estonian regional policy started. In 1991 the first legislative act on regional policy — The Decree of the Government of the Estonian Republic on

regional-political division of the territory and regional tax allowances was signed. The Decree was directed mainly at rural communes and through this document more than 2/3 of rural communes gained tax allowances.

### **New phenomena, developments in rural areas**

The period of Soviet occupation meant a stable market for Estonia. The economy was centrally and strictly regulated. The problems common to market economies (unemployment, economic crises, bankruptcies etc.) were unknown. The present administrative (the establishment of the system of self-government in Estonia) and economic reforms have brought Estonian rural areas to the crossroads, we will soon be faced with the same kind of problems. A new phenomenon — unemployment — is present already. At the moment the overall unemployment in the official figures is still low (0,5% of working population in May 1, 1992) for the description of trends. At the present moment it is a more serious problem in industry, but the next years will be telling, and surely unemployment will present the greatest danger for the Estonian countryside, especially for the marginal areas.

As the disintegration of state and collective farms has already started (the spatial dispersion of agriculture), production has gradually moved from local centres to farms. In January 1992 more than 7000 new and restored private farms were (re)established. But the creation of new jobs has not been so promising as the number of farms (or the rate of growth of the farms). There are very few full-time farmers, most of the private farmers are either pensioners or part-time farmers, still working on collective farms so preserving themselves an additional source of income. It is quite unclear today — will the present part-time farmers move towards full-time farming or preserve their status quo. The latter phenomenon is partly caused by collective farm leaders also, making often the new farmers face the choice: whether to leave the job in the collective farm in the case they want to become full-time farmers and take all the land they have inherited rights on or whether to give up rights to their land for a job on a collective farm. So the number of new jobs has not increased significantly. Another set of obstacles for success concerns the lack of equipment and poor infrastructure: for example, only 3% of restored and new farmsteads have their own telephone. The number of new farms in relation to the number of population has the highest rate in the less developed regions (about 2 times over the Estonian average), for example in South-east Estonia and should probably be related to the presence of weaker collective farms.

We do not have adequate information about the creation of new private enterprises and new jobs, respectively, in Estonia, and it is possible only to draw out some main tendencies concerning rural areas. In September 1991

the share of new private enterprises in rural areas was only about 12% of the total in Estonia, which gives a rate of 40% in relation to the number of population of the Estonian average; in the rural parts of South-east Estonia the rate is only 20% of the average. Another negative side is the character of these new firms and farmsteads: these activities can be seen as new ones only because they have been forgotten for 50 years already. In practice there seem to be very few ideas searching for new markets, new 'niches' which will be inevitable for the viability of Estonian countryside after integration into the world economy.

The possibilities for further description and explanation of these processes (especially on the basis of statistical material) are limited due to the slow pace of economic reforms and due to expectation of monetary reform: the processes mentioned above have been only the first steps on the way of transferring to a normal market economy. As it can be seen from the limited set of figures, radical changes have not taken place yet but surely they will do so very soon.

### **Local rural centres and rural development**

The present and coming economic restructuring in Estonia will inevitably affect the development of settlement systems, both urban and rural. The most extensive changes will probably take place in marginal areas (which settlements and their systems are smaller and so less stable), (re)directing the development paths towards new directions. In the present article I would like to point out some sufficient aspects of settlement systems in relation to rural and regional development in present-day Estonia and I shall argue also for the new approaches defining the possible roles of former collective farm centres.

### **Why local centres?**

The first question should be whether it is adequate in our approach to separate relatively small settlements in our approaches from their hinterlands — from the communes? In the legislative framework the regional and other forms of aid are usually directed to the units of self-government. The economic and social level of development should be measured by these units respectively — by the areas which have juridically defined boundaries. For some purposes, the calculations by areas which are in some way identifiable can also be justified. So there seems to be little space for individual small settlements in the context of regional development. Of course, we can draw out a lot of architectural or cultural peculiarities, but in the since

Table 2.

Year	Share of population living in rural settlements with 200 and more inhabitants (%)		Share of population living in the centres state and collective farms (%)	
	Total Estonia	South-East	Total Estonia	South-East
1959	30,9	25,6	na	14,8
1979	48,7	39,5	na	25,7
1989	63,1	49,2	na	33,1
1992	na	48,7	na	34,7

The calculations have been done for settlements which had a population of 200 and more in 1989 and which were the centres of state and collective farms in 1989.

of local and regional development this kind of differences do not matter significantly.

But in 1989 more than 60% of the rural population lived in this settlements, and this percentage has grown gradually (Table 2). At the same time these settlements are very small (in comparison with urban settlements) and will be greatly affected by the economic successes of a few firms. The majority of these settlements have one and only employer — a state or collective farm. Currently, the process of collective farm disintegration (destruction) is going on. And Estonian agriculture has to compete with the agriculture of advanced economies. This means that after a few years more than half of workers formerly engaged in agricultural production would be unemployed. It means further that the local centres have to preserve a critical 'weight' to be attractive for new small entrepreneurship (especially all kind of small-scale production, processing etc., but also for services) and for preserving contacts with bigger cities (usually these will be county centres) through transport. These local centres have slowed down the growth of smaller urban settlements (the development of local rural centres has taken place in large part at the expense of small cities) and their average growth rate over last 30 years has been at the rate of general urban growth rate in Estonia. Some of these centres have to take over the functions of cities (the growth of rural settlements is presented in Table 3). From the Table 3 we can conclude that there exists a negative growth rate for all bigger rural settlements and the slowing growth of collective farm centres.

A possible explanation can be drawn from the logic of the metropolitan decline in Western cities: the replacement of traditional spatial division of labour by the new (hierarchical) spatial division of labour, the latter concerning the role its labour force plays in the production process. This means a gap between the processes of deindustrialization (as routine jobs in

Table 3.

Year	All rural areas		Rural settlements with 200 and more inhabitants		Other villages		Centres of state and collective farms	
	Est.	S-E	Est.	S-E	Est.	S-E	Est.	S-E
1959-1989	-0,5	-1,0	+2,3	+1,2	-1,9	-1,7	na	+1,9
1979-1989	0	-1,0	+2,3	+1,3	-3,1	-2,4	na	+1,7
1989-1992	na	-0,3	na	-0,6	na	0	na	+1,3

Est. — Estonia; S-E — South-East

manufacturing and services disappeared) and the abilities to attract jobs, characteristic of the so-called flexible production.

Following this path of explanation the task of economic restructuring in rural areas means the loss of traditional highly specialized collective farm jobs (administration, clerical staff, engineering etc.). Hoping only for the retraining of these workers to new needs (producer services, or simply new possible 'niches') through their own endogenous potential we can expect many people remaining unemployed or leaving (additionally a large amount of these people have higher or some kind of technical education which constitutes a large amount of the region's educated people). Anyway it will surely be difficult to compensate the losses, but it will also be the easiest way to re-educate these people, not letting them leave and to motivate/stimulate through a wide range of measures to start their own businesses. Following the ideology of *laissez-faire* or being with reform late means a future having extremely sparsely populated areas with weak, 'forgotten' contact centres.

### Towards a new conception

The role of local rural centres in Estonia has traditionally been seen as centres of:

- agricultural production;
- serving agricultural production;
- social and cultural services.

This viewpoint can be easily understood in the framework of the early 1980s, described above already: agricultural production in Estonia had a relatively strong position in the division of labour among the former Soviet republics and this group of settlements had proved its viability under these conditions. The view also corresponded well to the images of the Estonian countryside being urbanized through agrarian and industrial integration.

It is clear that this kind of view does not correspond to the new trends of rural development. A new conception for the development of local rural settlement systems has to be worked out in the context of general regional and rural policy.

The conception should be based on the following set of principles:

1. Maximum local freedom in decision-making; local mobilization and stimulation strategies; support of local initiatives through regional, rural etc. policies;

2. To make use of accessible resources more effective, a territorial selection of governmental resource flows to central settlements is required and a limited number of such kind of key settlements should divide the territory between themselves to well-commutable areas, each territory organized around its centre — the principle of 'combined hierarchy';

3. Rural people must have access to productive city jobs. This can be organized through these key settlements — through local rural centres.

#### Notes

1. The statistical material is quite fragmental: there are no statistics available (especially regional), concerning unemployment, average incomes, new entrepreneurship in present-day Estonia. The material which has been used in this paper has been collected from different sources of information (central statistics, countries statistics, local statistics and information, newspapers) and they can be used only for description of some general tendencies, not for empirical analysis.

2. The material about new enterprises has been brought from the Department of Statistics of Estonian Republic from the register of firms about these enterprises which have registered themselves (not about all). The figures, respectively, are calculated on the basis of present co-operatives and stock companies.