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THE HIDDEN COUNTRYSIDE
– SOCIAL RELATIONS IN A LATVIAN RURAL AREA

Abstract

This paper seeks to capture different kinds of social networks in a rural area in Latvia and their potential to act as resources for development and diversification of incomes. The analysis is based on a survey of rural households and businesses in a depressed Latvian rural parish. Most rural inhabitants live on transfer incomes and subsistence farming. This group is characterised by isolation from official institutions and the labour market. They depend on neighbours, family and social benefits for survival. People with jobs in the city have found their employment through friends and relatives. The few rural business activities rely on networks with friends and other businessmen in order to find markets, supplies and financing. An understanding of such social networks in a rural area is necessary in order to grasp the conditions for development. The dominating very local and closed networks are not very efficient for diffusion of new knowledge. In order to learn, people need to actively seek information and establish new contacts.

Keywords: Networks, social capital, rural development, depressed area, Latvia, post-socialist countryside, closed networks.

RURAL SOCIAL NETWORKS

It has become widely recognised in rural development research that the degree of mobilisation, organisation and networking between local actors and institutions is an important factor for rural development (e.g. Post, Terluin, 1999; Courtney, 2001). The RUREMPLO research project on employment opportunities in rural areas in Europe shows that stronger local networks and institutions are essential for rural development. Lack of interaction between actors inside the rural area weakens external links such as lobbying/applying for financial support, exporting products and attracting firms to the area. (Post, Terluin, 1999).

Chloupkova et al. (2003) suggest that communism destroyed trust and social relations in the Polish countryside. In post-communist countries, many researchers consider the lack of a civil society and cooperation a limiting factor for economic development (e.g. Miller, 1992; Pickles, Smith, 1998). Putnam (1995) mentions that in post-communist countries, there is widespread reliance on the state because heavy state intervention in centrally planned economies left no room for entrepreneurship or voluntary organisation.

Raagma (2000) refers to depressed rural areas in Estonia as "hidden countryside". The decrease in agricultural employment and out-migration leave local societies distanced from formal structures and they form their own subculture based on family ties and an informal economy. These local micro-cultures are economically and culturally closed and become increasingly traditional and intolerant towards official initiatives and different thinking. These tendencies restrict the entry of innovations and innovative newcomers. Local power structures are often focused on preserving themselves, which results in very closed local societies.

The crucial role of local networks for the development of an area is increasingly emphasised in regional theory. The "learning region" concept stresses the crucial role of information and knowledge to be absorbed and disseminated through local networks (Morgan, 1997; Asheim, 1996). These networks are not only formal contracts and set responsibilities, but informal social relations based on trust, reputation and face-to-face interaction (e.g. Cooke, 1998). Social capital adds the dimension of public engagement and civil society as a condition for development (e.g. Putnam, 1993). The notion "institutional thickness" stresses the presence and interaction of a diverse set of institutions like local development agencies, financial institutions, local authorities, industry associations, unions, research institutes and individual firms as central for local development (Amin, Thrift, 1995). The strong presence of institutions constitutes a framework of collective support for individual agents, a culture of collective representation and shared norms and values which constitute the "social atmosphere" of a particular locality (Amin, Thrift, 1995).

This is an exploratory analysis of the "social atmosphere" in a rural area in Latvia. The article seeks to capture the different kinds of networks in a rural area and their potential to act as resources for rural development and diversification. The focus is on the social relations of rural households and businesses.

METHODOLOGY AND CASE AREA

The study area is the district of Rezekne in the Latgale region of Latvia. The Latgale region is suffering from the highest unemployment in the country. In the district of Rezekne district the unemployment rate was 28% in 2003 (LS, 2004).

The case municipality has 1800 inhabitants and neighbours the district capital, Rezekne City i.e. Latvia's seventh largest city. The methods for collecting data are both quantitative and qualitative. The field study includes a questionnaire survey with rural households and interviews with rural households and businesses. The questionnaire survey included 100 households. More people commute to work in Rezekne and the rural economy is more diversified than in many other rural municipalities in the district. The households for the questionnaire survey were chosen at random. All households were visited and the questionnaire acted as a template for structured interviews and were filled in by the interviewer. The 30 households taking part in more in-depth interviews were selected with the aim of getting a wide representation of households with different income generating activities. All businesses were interviewed in the rural municipality together with the registered businesses in five other rural parishes in the district, adding up to 20 interviews with rural businesses.

The focus of the analysis lies here on what networks the individual households and businesses are part of and use. In the survey, local institutions were also identified and interviewed. But in this article it is through the rural inhabitants that the "institutional thickness" is assessed. What institutions do they know of and use? In the questionnaire people were asked whom they go to for advice or financial assistance. Is it friends, family or different institutions? The survey also incorporated questions on what kind of local organisations, clubs and meetings people attend and what they think about their local area and community. Through interviews households and businessmen were asked to describe their social relations and whom they trust.

DISTRUST AND KINSHIP NETWORKS

The rural municipality is made up of many rural households that farm a few hectares of land with potatoes and vegetables but their main income is pensions, social benefits or wage employment. People do not consider themselves as farmers; "we are unemployed" is a common statement. Most people were former collective farm workers. Besides their work as tractor drivers or milkmen, they had their own plots of land to farm. They still farm those plots today. Pensions are the most important income source in the countryside. "You have to be a pensioner to survive", an unemployed teacher from the village says. It is difficult to get unemployment benefit, so pensions and children's benefits are more stable incomes. Even in a six person household with one pensioner, the pension is considered as the main income.

An important characteristic of the respondents is that many do not participate in organised public life. A high percentage attends church (41%). In interviews

few people state that they attend church regularly as the church is in the city. People attend church a few times a year on average. The average age of churchgoers is 58 years. An old man says that he wanted to attend a bee-keeping course but that all courses were in Latvian, which he does not speak. A bee-keeping course in Russian was then organised through his church. There are few other organised activities: Two women joined a women's organisation in the neighbouring municipality, one man does sport in the city and a middle-aged couple also does folk dancing in the city.

On questions about who they go to for information, advice and financing most people stated "nobody". Some people tick off under friends and family but the most common answer is "we do not need information" or "advice and information for what?" 90% of the questionnaire respondents stated that they had no plans for the future. The rest had plans either to extend their farming activities, to build a fishpond or to leave for the city. People are frustrated with their situation but most people do not answer the question "what have you done to improve your situation?". "There is nobody who can help us" is often an answer.

The public institutions people had been in contact with, were the farm advisory service and their local municipality, where they had collected pensions or unemployment benefits. 10% of the respondents had attended meetings in the local cultural centre arranged by the farm advisory centre on bee-keeping, potato growing or fishponds. Among them, there were pensioners, a few wage employed and newcomers from the city who had got land back in restitution. People from 11% of households have attended local political meetings in the municipality. These are in many cases the same people who attended information meetings, however, excluding the newcomers from the city. People attending political meetings all have a collective farm background. Many households which had started commercial farming (13%) had sought information from the farm advisory service in the city. Two farmers and a potter had taken out bank loans. The potter borrowed money to start a café, where he exhibited his pottery. He could not pay the loan back. He is disappointed with the bank and official institutions, as his café now houses a storage facility selling illegally imported spirits from Russia. He says that the bank must be part of the mafia.

The respondents mainly mentioned the changes in social and cultural activities when asked about what have been the most important changes in rural life. No films are shown in the cultural centre. Neither do the municipality organise Christmas/harvest parties, holidays or give presents when a child is born. People showed photos and post cards from organised bus holidays to Moscow and Romania, which was part of collective farm life. The municipality has changed from being an organiser of social events to a unit mainly occupied with the distribution of social benefits. A man working as a chauffeur in the city describes the local municipality as being weak and lacking vision: "The local government

only caters for the poor. There are no new faces in the administration. They are all middle-aged clerks from the collective administration. I will not attend political meetings because the co-operative leader runs them". Nowadays there are no organised activities in the rural area. People attend church or take part in organised activities in the city. "Nothing happens out here. There is not even a place where we can drink together. But you can drink anywhere. We sit on a bench outside the blockhouse".

Most pensioners describe the area as friendly: "I like my neighbours. I always leave my door open". An old woman likes the area and finds that she has many old colleagues and people to help her out with daily problems. She sews and knits for friends in exchange for the loan of a tractor or a lift to the city. She does not trust the government, but she described the local administration positively. More than half the households described the area as "friendly" and a "place with people to talk to", but at the same time many people ticked off the area to be "depressed" in the questionnaire.

People who described the area negatively were mainly young people with jobs in the city or those who intended to change their activities. They described the area as "you feel isolated" or "badly governed". A woman in her twenties who had moved from the city to the municipality because she could not pay her rent in the city portrayed the people in the village as old and drinking too much: "People drink and fight. The district has been left behind". A 23 year old girl who hoped to get into the hairdressing school in the city said that "the area is a place with no future, where there is nothing to do and it is full of old people and alcoholics". She described the area as "depressed", "boring" and "people feel isolated" and said "I will leave if something comes up". There has been a net immigration to the rural area since independence. Mainly young people have moved out to live with their parents in the village because housing in the city has become too expensive. Some of these movers still have employment in the city. With their background in industry or service, it is easier for them to find employment than many former farm workers. They have a larger network of friends and colleagues in the city, which they depend on in order to find employment: "I moved from the city to the municipality four years ago. I grew up here but left because there were better jobs and flats in the city. I could not afford to live in my flat in the city. My mother lives here and has a pension and grows vegetables and potatoes. I lost my job in a construction collective in the mid-nineties. But my former colleagues and I help each other with work. We recommend each other to employers".

Many people feel that the government has let them down. They might like their local area, but do not trust the government or the EU:

"The government is corrupt. It does not care about us poor people".

"They have forgotten about us in Riga. They take all the money for themselves".

"The rich get richer".

There are also many people who do not have an opinion about the local government: "I don't feel there is any government". "I just want to feel independent". The last statement was a frequent answer to the question whether they know and are interested in new support measures from the EU or the government. Many people do not trust the leader of the former collective. "The super-boss (the leader of the collective) bought vouchers from ordinary people. It was easy for him to buy them after the dissolution of the collective. He took advantage of us. Because people just needed ready cash. So he got them very cheaply. I should have started something or gone to the city. But how can you start something. You need capital and where are you going to get that from". The collective farm leader is now the leader of a large farm co-operative in the municipality. He also owns a petrol station in the municipality together with grocery shops and sawmills in other municipalities and the city.

CHANGING BUSINESS NETWORKS

The few people in private business have relied on social relations with people outside the rural area in their activities. Commercial farmers were in contact with farm consultants. The few others in the rural area also depended on family, friends and contacts to start their business.

As in the case of the former collective farm leader, rural business activities are often run by people owning more businesses. In the municipality two grocery stores are owned by such businessmen. One of these also owns a petrol station, two shops and a saw mill in neighbouring municipalities. In addition to these activities, he is the director of a privatised former state electrical utility company in Rezekne. This businessman knew the local leader of the collective and apparently bought the store premises inexpensively in the privatisation of the local collective farm with help from the leader. The premises were formerly the collective farm store. Personal contacts were also used in connection with his purchase of a petrol station and some old barn buildings, which now houses his sawmill in another municipality. His advice is never to take a bank loan: "Transfer money from your other businesses or borrow money from friends. The interest rate is too high... People in the countryside are poor and retail here does not make much profit".

Social relations with people in high positions in the district have been important for the businessmen. The director of an agro-service station also emphasises that personal relations with former collective leaders and mayors of rural municipalities have been important in the transformation of the former state enterprise. During the 80s, the agro-service station had 700 employees. The station was privatised by the former director and two bookkeepers, and now it employs 10-20

persons depending on orders. The major activities are now fixing fences, heating systems and greenhouses for rural municipalities since there are only very few farmers in the district who need new machinery. From the days of distributing agricultural machinery to the collectives, the director knows many mayors and personnel in the local municipalities. In some rural municipalities, former managers in the collectives are still in charge today. These personal contacts have been important for the change in fields of activities of the agro-service station. However, many rural municipalities have tight budgets and cut down on maintenance.

A former state construction enterprise has also used contacts from before independence in the transformation of the company. In the privatisation process, the enterprise split into a hardware store, a shipping company and a plumbing and heating maintenance service. The maintenance company repairs heating systems in rural municipalities as they did before independence. There are many heating systems in need of repair, but as in the agro-service station experience, the municipalities have low maintenance budgets. The shipping company transports goods to and from Russia, mostly for Russian companies which the construction enterprise dealt with before. However, nowadays it is difficult and expensive to cross the Russian border, and not much freight is going eastwards anymore and Russian products are not easy to sell. The hardware store no longer sells Russian products. Through agents in Riga, it has become a distributor of German construction products, which they sell in the district: "There is a market for these new products. The products are better than Russian building material".

In order to adapt to the changing situation, rural businesses need to change their contacts, markets and suppliers. A baker who was formerly the manager of an industrial bakery connected to a collective farm, now runs a bakery employing 5 people. He bought the machinery from the collective bakery in the privatisation process. This baker is originally from Riga, where he got his education. He is a member of the national bakers' association through which he has established contacts with an Estonian company supplying him with flour, icing and new recipes for products: "The company supplies me with new ideas and I have changed from baking 17 kinds of bread and cakes to 4 kinds. Products that the supermarkets in the city are interested in selling... I go to meetings at the bakers' association in Riga every two months". The baker and the potter are the only businesses taking part in trade associations.

An orthodox priest who has moved out from Riga has started a school for less privileged Russian children in the municipality. This newcomer got the idea to start mushroom farming from friends in Riga as a way of creating employment for poor families and recently he started mushroom farming in a former collective stable: "To start up the production I used loans from my friends, my own savings and then some very good negotiating skills in the local municipality in order to get them let me use the old collective buildings for free. Fortunately I have

friends in Riga because the main problem for rural businesses is that it is difficult or impossible to obtain credit. I have friends in Riga who have a very large mushroom farm. They give me information about technology. My friends also make paste and canned mushrooms so they will buy much of my produce”.

Businessmen are generally negative about the rural area. They describe the area as depressed and a difficult place to do business and find employees. “There are too many alcoholics”, many of them say. The hardware store employs builders and shop assistants from the city because the local people do not have the necessary skills. Most businesses have neither taken any bank loans, nor approached any institutions for advice either. They describe their channels for information, advice and financing as friends and business contacts. Public institutions are described as slow and bureaucratic. The hardware store recently imported paint from a German company: “When the goods were sent to Rezekne, the local customs took months. The authorities have not changed into service institutions”. Public institutions are considered best avoided. The baker says: “The new public health control kills me. They have the power to close my business when they want and I have not yet been able to pay for a ventilation system”.

DISCUSSION – NETWORKS FOR LEARNING

Many rural inhabitants rely on personal one-to-one contacts in the local area. Contacts with official institutions and participation in more organised activities are limited. Organised activities like church, sports and agricultural advisory service only take place in the city. The farmers’ advisory service is the only institution other than the municipal administration that some people know and use. People do not trust the government, banks or businessmen.

Granovetter’s (1985) distinction between tight and weak ties describes the situation well. He distinguishes between tight and loose networks. Ideally, tight ties are the solidarity ties uniting primary social groups and weak links are the connections to larger, more extended and loosely knit networks of affiliation. The ability of people to “couple and decouple” from tightly knit social groups is a necessary precondition for accessing the resources of wider and more loosely connected social networks. While strong links might produce social cohesion and security, without weak links to wider networks, more insular groups risk isolation and fragmentation within the broader social context (Granovetter, 1973; 1985).

Different networks have different potentials for development. Neighbours and more closed networks are not adequate for diffusion of new knowledge and ideas. The very local social relations inhibit learning about new possibilities for diversification of incomes and employment opportunities. The network of neighbours and family give security, but cannot lend money nor provide inspiration and mo-

tivation for starting up a business. Few people seek information about opportunities for diversification by attending local meetings. Rural diversification is about learning new skills.

The idea of the "hidden countryside" (Raagma, 2000) where rural communities isolate themselves from the outside world, also applies to this area. Most inhabitants seem to find the area friendly and hospitable. People with strong relations in the city and businesses outside are more negative. They feel isolated and describe the area as being depressed and where it is difficult to do business. People employed in the city and in business depend on wider networks of friends, colleagues and business contacts in the district, in Riga and in some cases abroad.

Some of the relations between the local businesses can be described as local informal business networks between people in high positions in the district. These relations have been important in connection with business start-ups and the transformation of former state and collective enterprises. Relations with mayors or company directors can provide assistance for and information on business opportunities. The question is whether the informal networks of personal favours are sufficiently loose and flexible for the diffusion of new knowledge. The problem is that some of these people are no longer as powerful. Networks that were valuable before independence and during the privatisation process may not be as useful nowadays. The networks that the agro-service station, the shipping company and the heating maintenance service rely on, may be characterised as "stagnating networks". The former network partners in the municipalities have limited municipal budgets and low purchasing power. Contacts with Russian suppliers and markets have also lost importance due to the increasing difficulties in crossing the border and that Western products are more popular.

In the study area, legacies from the days of collectives like household plot farming, low civil engagement and a limited number of institutions prevail. As before independence agricultural institutions are the only public actor concerned with rural issues. Businesses like the bakery and the potter have not had the same security network and support from influential people as the businessmen. They have had to use associations and banks for financing and supplies. They are vulnerable to high interest rates and initiatives from the authorities such as the implementation of new sanitary standards. Newcomers such as the mushroom farmer often have useful external contacts, e.g. with markets in Riga. Such relations can be most essential. Learning about new sectors, markets and supplies come from outside the district. However, when most people are not organised and there are few institutions for advice and information, the potential for dissemination of new ideas is low. The local organisation, which existed in connection with the collectives, has not been replaced by new associations. Many isolate themselves in their local area and the business community and newcomers find it difficult to live and do business in the area. Rural inhabitants and businesses work isolated

from official institutions, and only a few attend local meetings. According to some people, these meetings are a forum for the old elite, which people do not trust and that lack vision for development. The challenge is to create a more integrated social atmosphere of common values and trust, where local inhabitants can learn about new possibilities and an institutional thickness that can mobilise and inform people. Local networks take time to build up and they are dependent on the particular social relations in an area (e.g. Putnam, 1993; Storper, 1997). Institutions can be created by policy intervention, but what is more difficult is to create a process of interaction and reconfigure what constitutes public life.

CONCLUDING REMARKS

The nature of social relations is important to assess in order to improve the understanding of the different diversification strategies and opportunities. The "social atmosphere" in the rural area is fragmented. It does not include many public institutions and actors. Most rural inhabitants and businesses do not trust public actors and work isolated from official institutions. There are few institutions: the local administration and a farming advisory service. They are too weak to provide strong support for wider rural development. Rural inhabitants are not organised and are difficult to reach and support. Businesses do not find the area attractive for business. The few businesses in the area rely on friends and business contacts for advice and financing. The potential for dissemination of new ideas is low, when most rural inhabitants do not have relations outside the area. Unemployed or retired farm workers make up the largest proportion of the rural population and they are economically weak and socially disorganised. When organised activities on collective farms have disappeared, only neighbours and family are left to rely on. Many people feel they live in a friendly area and they sell and exchange goods and favours with family and neighbours. These relations are important for living and income generation, but might not have the resources and knowledge to help with new jobs or financing and supplies for business start-ups. A contact net extending beyond neighbours and family in the local parish characterises the business community, the newcomers and wage employed in the city. Knowing people in the city is important to get a job. Relations between people in high positions before independence like directors of farm collectives or state enterprises in the district have often been essential for financing and supplies for new businesses. Connections with markets in Russia were also initially very important for transformed state enterprises. These relations and networks which were valuable at independence are often no longer useful. The dominating networks between former influential people and the closed relations between locals in the municipality are not very efficient for diffusion of new knowledge.

In order to learn about new opportunities for jobs or business, people need to actively seek information and establish new contacts.

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