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Shrinking of Rural Territories in Latvia

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Abstract

Development in the last decade was characterized by economic, social and spatial shrinking. This phenomenon is observed in many Western and post-Soviet countries. In spite of the existence of wide-spread research and publications on shrinking the concept rarely are applied to rural areas outside metropolitan regions. Until now there is no national-level in-depth research or targeted policies towards shrinking phenomenon in Latvia. The aim of the study is to examine if and how the concept of population shrinkage is represented in Latvian rural areas, and how this phenomenon might be incorporated in spatial development of the country. The article explores the inconsistency of application of shrinking at the Latvian context. Theoretical concepts used in this research are the result of a review of the literature. Empirical research is carried out in seven local municipalities of the former Alūksne, Balvi and Gulbene districts in north-eastern Latvia by interviewing local government employees and analysing statistical data and policy documents. Spatial shrinking is wider concept than population decline by incorporating not only demographics but also drivers, outcomes and impacts of the process as well as governance, planning and policy response aspects. Our study indicates that whole Latvia, both its rural and urban spaces, has to be considered as shrinking territory that needs to prepare place-specific policies for different areas. The investigation results approve that Latvian countryside can be defined as typically shrinking. This process requires a change in attitude among decision-makers at both national and regional governmental levels. The scarcity and incompleteness of available data is reflective of the realities of regional policy implementation. Drivers of rural spatial shrinking are due to socio-economic structural changes and rescaling and consequent changes of former economic, social and cultural linkages. Shrinkage processes have an impact on rural social capital and services. Shrinking requires the need for a set of innovative; knowledge-, evidence- and place-based; coordinated; pro-active; multi-disciplinary; spatial; economic and socially-targeted policy measures.

KEYWORDS: shrinkage, rural development, regional policy, policy change, science-policy

Introduction

Shrinking or decline (Directorate-General for..., 2008) as social and spatial phenomenon is not new concept (Haase *et al.*, 2014; Mitchell & de Waal, 2009; Rybczynski & Linneman, 1996; Commins, 1978). The existence of extensive research and publications and better understanding of shrinking in recent years has not lead to common approach, a model or theory on shrinkage as a development pathway and a set of solutions (Haase *et al.*, 2016; Kotilainen, *et al.*, 2015; Reckien & Martinez-Fernandez, 2011; Wiechmann & Bontje, 2015). Spatial shrinking is wider concept than population decline by incorporating not only demographics but also drivers, outcomes and impacts of the process as well as governance, planning and policy response aspects. Sousa & Pinho (2015) underline that urban decline not always leads to urban shrinking, and that shrinking is not a negative process, but needs to be considered as another type of development path of



urban pattern. Some comparative research in the East Germany and Estonia was targeted to find out if urban size (including small rural towns) is relevant for shrinkage process (Leetmaa *et al.*, 2015); and the study indicated that combination of shrinking drivers are more relevant than the location of a settlement in the hierarchy of urban classes. This research “did not find “one size fits all” examples” in relation to social capital, but “discovered, however, that different forms of social capital combine differently with local development practices and economy, and the local government bodies need to adjust their governance practices to local conditions” (Leetmaa *et al.*, 2015, p.164).

The wide-spread research and publications on shrinking rarely are applied to rural areas outside metropolitan regions. Post-socialist European countryside is undergoing structural changes that often have been classified by researchers as another example of rural decline due to technological changes and modernization of the societies, and as a phase of the general urbanization process. We argue that in the Baltic States the centres of rural settlements were urbanized and serviced close to the standards of small towns due to central government investments, particularly in 1970s and 1980s in order to strengthen collective agriculture outputs relevant for Soviet food provision; current population loss causes impact similar to observed processes in urban areas. During two last decades shrinkage in rural areas in Latvia is manifested by re-industrialization and social-economic changes, like aging, decline of social capital, decrease of public and private services, school closures, housing vacancy, land abandonment and re-wildening. There is a poor transfer from research results to policy documents, as consequence the shrinking processes are rarely addressed into the policy measures at various levels (Haase *et al.*, 2016; Kotilainen *et al.*, 2015; Reckien & Martinez-Fernandez, 2011).

Social changes in the last decade raise a question concerning future planning and development, how we understand and conceptualize place development in the future without population growth; what values, qualities and priorities will make the baseline of future lives of individuals and communities and their economies. Currently in Latvia, similarly to many other European countries, phenomenon of shrinking is not widely recognised, and therefore it is absent from existing policies and is not utilized for preparing new policy initiatives and documents. In-depth studies on cases of shrinking processes and their outcomes, relevant data analysis and re-assessment of its quality and relevance for better understanding of spatial, economic and social changes at localities and their regional differences are missing at national or regional governments' agenda for research needs and presumable policy adjustments. Since recent times scholars at global academic levels debate on shrinking and its consequences, – “we argue that the urban growth model is no longer valid for the sustainable development of cities and regions” (Martinez-Fernandez *et al.*, 2012, p.214) and that requires adequate planning measures that considers different dimensions of shrinking pathway of development.

The novelty of the article is to localized shrinking concept in the context of Latvian countryside by analysing various its dimensions and aspects in the peripheral north-eastern rural municipalities. The data on demographics, employment and economic structure and taxes used for the analysis are obtained from the Latvian State Revenue Service, the State Land Service, the State Employment Agency and the Central Statistical Bureau, and from planning offices of local municipalities. During the study comparative qualitative and data analysis were conducted, partly structured interviews with local politicians and municipal employees were carried out and the texts of local and national level planning documents were reviewed. The authors propose that current development pattern of Latvia at a national level comply with the shrinking paradigm – demographic, economic and social dimensions are shrinking. Observed geographical differences increase the shrinking trends in the peripheral areas of Latvia. The article compares a central part of the country

Shrinkage Concept in Urban and Rural Areas

(the capital city of Riga agglomeration) with peripheral areas, with emphasis on in-depth study of a case from the north-eastern Latvia on the border with Estonia and Russia. Our study emphasizes the importance of data and its interpretation in the context of better understanding of shrinkage processes. We demonstrate that shrinking concept is scale-targeted for different areas of Latvia and ambiguous in relation to selected criteria. The decrease of population number is not sufficient as criteria to unambiguously assess if shrinkage pattern is prevailing.

The theme of the article covers such scientific concepts as shrinking, growth, development, countryside, urban and rural. Whatever conception that is used as metaphor is characterised by uncertainty and ambiguity. Shrinking (in Latvian – *sarukšana*) is pathway of slower or sudden processes of causal relationships in the systems of economics, social and political spheres or nature (natural disasters). While spatial and scale aspects are analysed; temporality of processes or/and eventisation, including extraordinary versus conventional paths, are rarely topic of spatial research. The decrease in population numbers is causing numerous development problems, such as aging, brain drain, vacant housing, un-utilisation of infrastructure and services (Bernt *et al.*, 2012). Shrinkage has social consequences that influence social capital and the quality of life of individuals and local communities, and therefore the potential to innovate is diminished in such localities (Martinez-Fernandez *et al.*, 2012). The knowledge, skills and attitudes toward their local environment are deteriorating (Delken, 2008). Research on shrinkage are mainly based on reactive approach than proactive or preventive position; and this might be explained with the dominance of growth-based policies and existing research paradigms in development geography. Shrinking has cyclic character that defines that “the underuse of industrial infrastructure, a low number of jobs, and emigration of the working-age population, which usually moves to more prosperous agglomeration regions. The problems come together in a vicious circle, which is exacerbated by demographic change” (Domhardt & Troeger-Weib, 2009, p.163). The growth needs to be distinguished from shrinkage, as these are phases of development with „different overall trends – growth, slow growth, stabilization and shrinkage” (Sousa & Pinho, 2015, p.13). Researchers acknowledge that development is not merely related to the growth, but it is immanent with shrinking. In contemporary uncertain conditions where global economy and linkages are dominating; any growth centre or locality might lose its run of luck and might become a place with shrinking patterns. Pallagst (2014, p.59) concludes „shrinking and growing are processes that can be observed in parallel”.

While researchers admit that shrinkage as a consequence of modernization, is becoming a part of contemporary realities of social, economic and physical processes. Politicians undesirably are changing their traditional worldviews and ideologies towards the futures of local communities and national societies. In the politics shrinking does not fit into the growth strategies and considered as place degrading phenomenon (Canzler, 2008). They believe that it is necessary to turn back to the *growth path* that alone is able to provide needed welfare level. Although there are no all-purpose and ready-to-use solutions; shrinking if empowered as new policy paradigm can provide alternatives to the traditional growth paradigm. Planned shrinkage can offer opportunity to create smaller, more compact and better quality space for communities, it can offer additional time to find, select and implement high-quality smart local measures (Hollander & Nemeth, 2011; Rhodes & Russo, 2013). The crux of the matter for place development/shrinkage is the loss of the main economic, social or cultural function that is not yet substitute with new one. Strategic spatial planning is mentioned as a measure to accommodate undesirable conditions and to „counteract the spatial mismatches on various levels” in order „to break a downward spiral to cross instituted behaviour, to transform” shrinking areas „into a different state of consciousness

and to use the given institutional, social and economic settings" (Reckien & Martinez-Fernandez, 2011, p.1390). This study proposes to use two planning strategies that might lead out of the spatial mismatch dilemma that is considered as one of the main cause for shrinkage; – firstly, to „bring the functions that are spatially mismatching together“, by moving people where jobs or vice versa, that is bringing adequate jobs where people live; – secondly, „enable a better informational or spatial connection between the disconnected parts“(Gobillon *et al.*, 2007).

In the scientific literature the focus of the shrinking concept is most often towards urban or metropolitan areas, and rarely towards peripheral countryside. Through the social construction of the shrinking the analysed space is structured in urban and rural categories. By replacing rural category with regional, the theme of shrinkage can be extended towards inclusion of rural areas (Directorate-General for..., 2008). Therefore, "rurality can be considered along two axes: accessible rural areas marked by growth and connectedness; and peripheral rural areas frequently denoted by investment uncertainty and remoteness" (Houston *et al.*, 2016, p.44). Ever increasing uncertainty and complexity defines the need for universal approach in spatial planning – flexible response that is counteracting traditionally defined and fixed strategies and goals (Pallagst *et al.*, 2009). Researchers and policy-makers more often such flexible strategies apply for urban areas, particularly in brownfield sites. Another approach that used to solve shrinking problems, particularly in localities and rural areas, are suggested by the research community (Hasse *et al.*, 2016; Wiechmann & Bontje, 2015) is need to coordinate planning and policies and their implementation at various levels and sectors. Scarce human and financial resources, the shortage of knowledge and incapability to innovate requires shrinking communities call for assistance outside their borders. It has been emphasised that in shrinking context spatial planning requires smart solutions by accommodating both – place-based and multi-scale and cross-sectoral approaches that are appropriate to real conditions in point of fact. Such examples of smart shrinking carried worldwide are hardly applicable without adjustment in other specific places (Wiechmann & Bontje, 2015). Additional long-term, experience-based and culture-related knowledge on particular shrinking places and regions is needed. Until now there is no national-level in-depth research or targeted policies towards spatial shrinking phenomenon in Latvia. Previous scientific activities have been focusing on population change, international and inter-regional migration and metropolitan suburbanization processes (Bauls *et al.*, 2004; Krisjane, 2007; Krišjāne & Bērziņš, 2009; Pužulis & Šķiņķis, 2010).

In modern societies the concepts of 'urban' and 'rural' might have distinct meanings at diverse scales. The social construction of urban and rural categories and their differences are related with long-term cultural and political bias. How these urban/rural categories are utilized for policy-making and implementation are closely linked with prevailing spatial development goals defined for these 'urban' and 'rural' regions, inhabitants and enterprises. In Latvia the urban-rural population ratio is based on the formal administrative status of local municipalities or their sub-divisions. These boundaries are inherited from the Soviet period, and have not change in general since 1960s–1970s. There are no strict thresholds for urban and rural areas and these have been considered being with less importance as since 1994 all municipalities have equal rights and functions despite their formal status (Kule, 2010; Kūle, 2014). In 2009 as result of municipal reform, the merger left 118 local municipalities out of former 522 municipalities, and new pattern of rural and urban areas under joint local government frame was created – new amalgamated local-level municipalities have for types in relation to urban/rural status: – 1) entirely urban or 2) rural area, 3) central urban (medium and small towns) with adjacent rural area, and 4) rural area with more than one urban centre (rural towns). Currently there are 119 local municipalities and 76 areas with urban status at local municipalities or their sub-divisions level. At the

Latvian national level a formal urban–rural boundary defined in the legislation is two thousand inhabitants (Saeima, 2008), although historically established towns that are smaller in population numbers or towns that have recently depopulated are still keeping their urban status in spite of discrepancy with formal criteria, except one case when due to amalgamation of urban and rural local communities, Kalnciems town decided to agree to be re–classified to rural area. Urban–rural categories are exercised for ad–hoc planning needs, e.g. for the needs of the implementation of the EU Common Agricultural Policy in Latvia the threshold of five thousand inhabitants as criteria for urban areas are used; the smaller urban area are applicable for rural aid and are regarded as rural area (Ministry of Agriculture..., 2015). Additional to previous approach, several national–level programs of rural and regional aid are defined in the way that is not applicable for formal rural, currently suburbanized municipalities located in the Riga region. In Latvia there are no official policies towards functionally connected areas that can be applied towards urban agglomerations (Pužulis & Šķiņķis, 2010). Suburban settlements in legislative and policy documents are in most cases constructed as villages in rural areas in spite of their apparent urban character and proximity and close functional connectivity with central urban core. In the article we use mixed approach towards a separation of urban and rural categories, – (1) formal local level administrative territories – 9 large cities (in Latvian – *republikas pilsētas*) and 110 amalgamated local municipalities (in Latvian – *novadi*), and (2) functional metropolitan region that is defined from research on suburbanization – in our case we include here the cities of Riga, Jurmala and 12 adjacent local municipalities that are currently characterized with the growth pattern. To describe shrinking pattern at national scale we propose growth and shrinking typologies against above mentioned urban–rural pattern, where both formal and functional approaches are examined.

Data constraints for describing spatial shrinking

The main indicator that is widely accepted as a signal to indicate a shrinking pattern is the change of population numbers; although to make in–depth analysis in order to understand drivers and outcomes of this process, other social, economic and spatial data is needed at units of local municipal and their sub–divisions territories. Latvia can be characterized as a territory with scarcity and fragmentation of statistical data at local level. Besides widely used population, employment/unemployment numbers per local municipalities, other data on human and social capital, economic and cultural activities, built environment, access to services and social and regional aid measures are complicatedly or impossible to obtain. In our study to characterize the extent of demographic and economic shrinking in rural areas we analysed data on population, jobs and taxes. To describe local economic situation we used data on unemployment and transfer of the payments of population income tax (in Latvian – IIN), – since to obtain data on enterprises and jobs is cumbersome process requiring additional resources unavailable for independent researchers. The shrinkage of population is not only a cause, but also at the same time an effect and an indicator, particularly, if the usage of other additional data is limited. Currently available official statistical information on resident population, e.g. all inhabitants who declared permanent place of residence is the respective administrative unit, does not reflect actual (present) population number. This is due to liberated declaration system of residence, open borders and free movements of inhabitants. In our case study in the shrinking periphery – seven local municipalities located in the northeast Latvia – Alūksnes, Apes, Baltinavas, Balvu, Gulbenes, Rugāju and Viļakas local municipalities (*novadi*) (Figure 2 and 3) lost population by one third in the period from 1990 to 2015 if the official statistical data is analysed (CSP data). Indirect calculations by local municipalities' staff indicate change of population by in average 20–30 percent larger than official statistical data (CSP data). Actual numbers of local inhabitants are crucial in the context of

shrinking, as this indicator is a base for derived data on unemployment, density of population, access to services or structure of local economy. In our study we used available official statistical data that was available at the beginning of 2016 (CSP data).

Data extraction from population income tax transfer is not a solution at the current policy practice when enterprises declare not actual places of jobs, but their juridical notification. These data are collected and compiled for other purposes, like accounting, then identification of actual population number at particular territorial unit. Tax transfers from other municipalities constitute approximately one third of the local municipalities' budgets of the seven case municipalities of the north eastern Latvia (VID data). The number of jobs in a particular geographical unit is extrapolated from the survey data (CSP data). Due to the national legislation, only a portion of all businessmen is paying the population income tax. Paradoxically, during interviews we realize that shrinking communities are not interested in the issues concerning incorrect data on factual population numbers, population income tax or jobs in local municipalities. The Latvian national legislation on the municipal income equalization defines that the budgets of poorer municipalities are dependent from the central government dotation and tax transfers from more prosperous municipalities through the equalization fund. Similar to other European countries (Blair, 1992), Latvia rely on a national level regional development policy instrument – the system of municipal income equalization. This mechanism of tax transfer is designed to use data from the State Population Register.

Population numbers published by the State Population Register for shrinking municipalities are larger than the numbers of population identified by the Central Statistical Bureau and considerably larger than calculated at local level by local municipal offices. And vice versa in the suburbanized growing local municipalities adjacent to Riga city population numbers identified by local planners are larger than published by the office of the national official statistics. The fact what proves this observation is people participating in elections at times exceeds more than hundred percent in suburban municipalities (CVK, 2014). These growing municipalities are concerned how to attract actual population to declare their formal place resident in the territories of their factual living, and with thus to increase their municipal budgets; and how to pay less taxes into the national municipal equalization fund created with the aim to support the left behind municipalities. Taking account, the actual situation with data availability and their quality at local municipal and their sub-divisions level, there is a need for other alternative and derived data to be explored and probably used for analysis in the further research on shrinking.

Contemporary technological changes and new smart solutions provide ever increasing data availability (big data) in the disposal of private and public service providers, e.g. data of electricity consumption, mobile telephone location, retail turnover. In Latvia such big data are used by business and communications sectors, but rarely collected and analysed by state, regional and local governments for the purpose of spatial planning and public services and infrastructure. During interviews in municipalities of the case study area we did not find any innovative measures to counteract situation with data discrepancies. For instance, local level population census might be a solution for smaller rural communities to increase data credibility and to correct available quantitative information used for planning purposes. Additional constraints to data interpretation for the needs of the analysis of shrinking processes are due to uneven size of local municipalities (LAU-2). That situation is created as result of democratic character of local municipalities' reform in 2009, e.g. Baltinava *novads*/ the smallest local municipality with 1000 inhabitants formed from one unit (*pagasts*) as it is refused to any amalgamation option, while Gulbenes *novads* with 21000 inhabitants was created by amalgamating all local municipalities of former regional level municipality (*rajons*), currently there are 14 sub-divisions (13 rural and one urban).

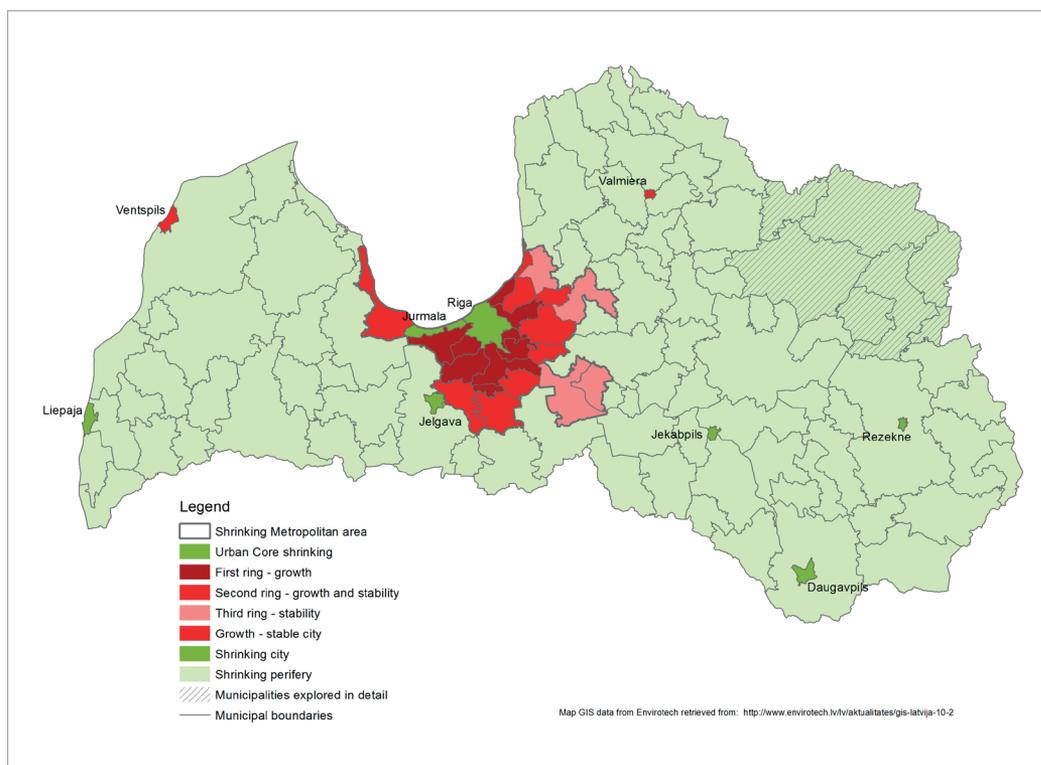
Case Study Areas

In order to understand spatial shrinking patterns, we analysed all Latvia territory, the capital city Riga agglomeration, and seven municipalities representing a case from shrinking periphery. In total all Latvian territory is under demographic shrinking, e.g. long-term depopulation during last twenty years. The territories of growth and shrinkage were mapped in Latvia based on LAU-2 geographical units at local municipalities (*republikas pilsētas* and *novadi*) level (figure 1). There are only two medium-size cities in Latvia which characterize as stable – growth – Valmiera and Ventspils; – all other cities are shrinking. Riga metropolitan area is shrinking if it is perceived as one spatial unit (agglomeration) (figure 2). Within Riga agglomeration there are 15 local municipalities where population numbers have been increased due to suburbanization process. From them 12 most economically advantageous municipalities are financial donors contributing to the national municipal equalization fund. We divided Riga agglomeration area in (1) the first ring – the inner circle which is growing, (2) the second ring – outer circle which development is under the growth and stability pattern, and (3) the third ring – metropolitan fringe municipalities that are experiencing stable development pattern (figure 1, 3). These suburban municipalities demonstrate the growth pattern in both demographic and economic activities.

Other research similarly classifies Riga city as shrinking (Mulligan, 2014), demographic data proves that. However, Riga and Jurmala need to be assessed both at national and metropolitan context. Riga is the largest economic growth centre for Latvia, and the growth of its suburban areas cannot be separated from its central part where economic and financial power, governance and culture centre are located, and which contains the highest share of all employment places and registered companies. However European and national trends of depopulation, international migration, globalization and economic slowdown influence not only Latvia, but also hampers the growth of its capital city-region. These shrinking tendencies need to be considered when national and regional spatial plans and policies are made.

Figure 1

Growth and shrinkage territories in Latvia
(Source: authors)



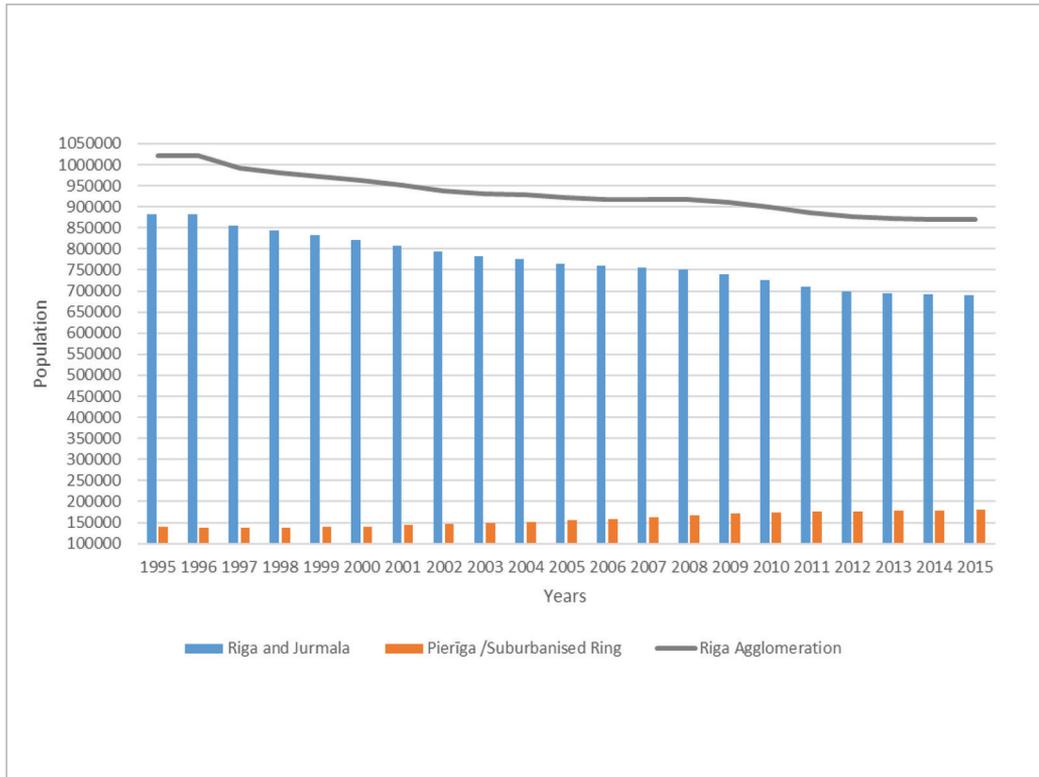


Figure 2

Population Change in Riga agglomeration (Source: authors based on CSP data)

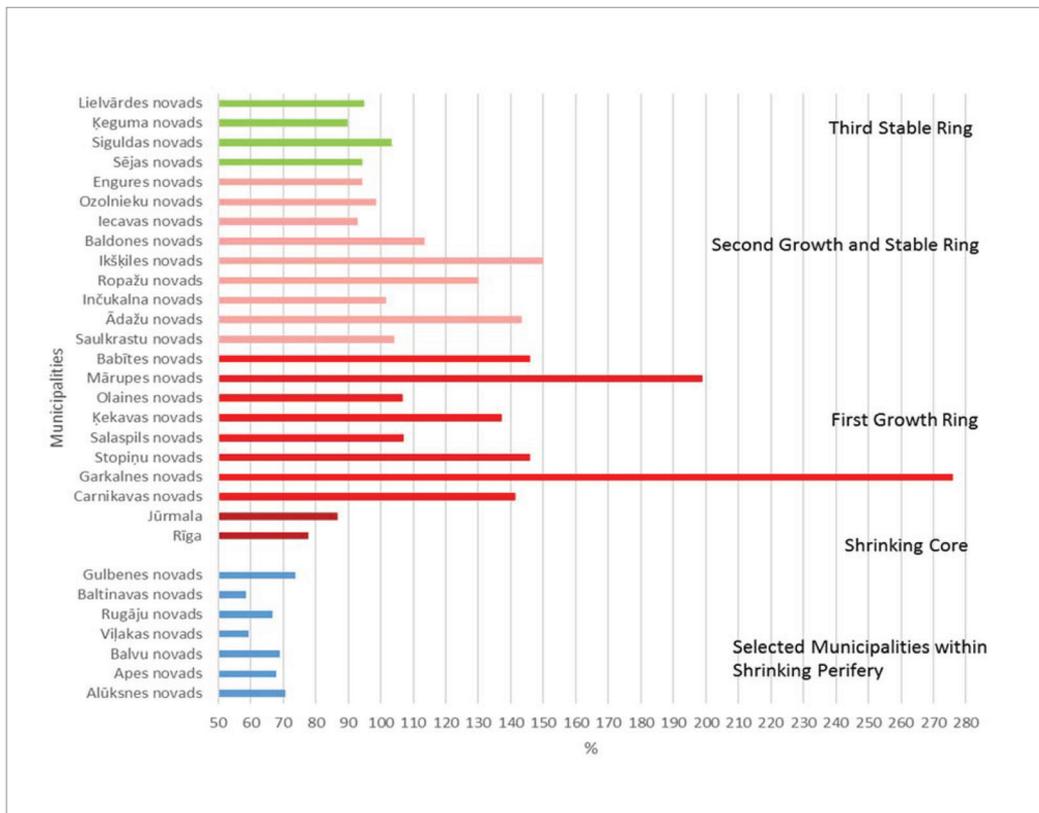


Figure 3

Population Change (%) 1995–2015 Riga agglomeration versus periphery (Source: authors based on CSP data)

Riga agglomeration against the Latvian periphery is defined by social and economic barrier due to differences in wages, employment, land and immovable properties values and market. Such barrier is hampering free movement of labour force from peripheral areas to the economic growth centre. Net wages in Riga and its suburban area (Pierīga) are two times larger than in the rest of Latvia (shrinking periphery), transfers from population income tax payments into the municipal budgets are five times larger between growing centre and shrinking periphery, land market values are 22 times larger in Riga agglomeration than in the rest of the Latvia. There are no direct indicators to describe differences between the centre and the shrinking periphery in relation to the access to jobs; – although there is data that indicates that unemployment is seven times larger in areas outside Riga agglomeration (based on estimates from data obtained from CSP, VZD, NVA). Access to housing in cities and thus opportunities to move from shrinking periphery small towns and rural areas to the economic growth areas are limited by actual small wages in the periphery and ‘cost gaps’ in everyday expenses for livelihoods. This is one of the reasons why persons from the shrinking periphery employed in Riga (or working abroad) live in on temporary status, still maintaining their farmhouses, family homes and apartments in shrinking periphery as first homes. These land properties and housing serve them as ‘social security’ and at the same time creates incorrect statistics on resident population numbers both in the shrinking periphery and in the growing areas.

Selected seven shrinking municipalities in the north east Latvia are established after the municipal reform of 2009 by joining up 56 former urban and rural local municipalities from three former districts (in Latvian – *rajons*) – Alūksne, Balvi and Gulbene. We preferred to study these municipalities due to their marginal location in the shrinking periphery. The case area is rural without larger regional urban centres. The study area is situated approximately 200 kilometres from the capital/the central part of Latvia; four of selected municipalities are the frontier of the state border, – three of them are on the EU–Russia border, two on Estonia–Latvia border. All selected area is with low economic activity and higher unemployment rate than the national average. The case is represented by typical rural area with three former district centres/towns – Alūksne with 8 thousand inhabitants as data from official statistics record, Balvi with 7 thousand and Gulbene with 8 thousand inhabitants and two small towns – Ape with one thousand inhabitants and Viļaka with less than one and a half thousand inhabitants (CSP, data). Local municipalities’ rural sub-divisions (in Latvian *pagasti*) have population in range from 200 to 1900 inhabitants, in their central villages some 50 to 1000 residents live (Grupa 93 SIA..., 2015), that in the most case is not adequate number to sustain existing technical infrastructure and public services.

The case area has an explicit demographic shrinking pattern, – in the last twenty years’ population number has decreased for one third, while at the same time in whole Latvia the current numbers of resident population are less than one fourth than the numbers before twenty years ago (CSP data). The demographic shrinking is the highest in the borderline municipal sub-divisions (*pagasts*), while rural areas are shrinking more than towns. The shrinkage can be characterised as changes in human settlement spatial structure. Although the morphological structure of human settlements – villages, towns, cities – are remaining as spatial unit and occupied/vacant built environment, they are deteriorating in quality.

Technological and structural changes in economy determine the need for fewer employees. Due to administrative reforms and centralization tendencies, former district centres are losing public governance functions. At the same time industrial activities are substituted with private services (mainly retail). As the result of depopulation, public services are closed –there are fewer schools, doctorates, post offices, public transport, and private services are diminishing – shops,

pharmacies and cash points are becoming inaccessible for many rural inhabitants. The proportion of public sector employees against total employment is growing. Public sector employs from one third in larger municipalities up to two thirds of all employed in the all other municipalities (authors estimate based on interviews). There almost no new economic sector entrance in the case area. The scale of economic activities is constantly decreasing, and thus any one termination of existing economic and social units, like closure of school or enterprise or low quality of road can become crucial for livelihood of particular place (village or small town). Any vacant place of job can obtain high importance for local development and to keep young people. For instance, in Baltinavas *novads* there no vacancies (data from municipality), e.g. young people can only get jobs only by substituting the existing employees. The different speed of shrinking in the municipalities indicates (Jaunlaicenes *pagasts* versus Kupravas *pagasts*) (IR data) that there is a need for complex approach to assess the role of leadership, governance structures and culture, values of nature and culture heritage, social and human capital for particular places/localities. The explanation of current situation might be the lack of knowledge and tools on how to approach shrinking processes, defined limits of state regulation and the centralization of priorities and finances of regional aid.

Until now the national government policy response to shrinking process are concentration and centralization of public services. Offices of state institutions and organizations are moved from rural centres and smaller towns to regional centres or Riga city. Widely are introduced e-services that however do not substitute all types of services and do not cover all inhabitants. Spatial concentration is becoming apparent in the public service provision centres – hierarchical places (cities, towns and large villages) in which it is plan by national government to provide aid for establishing certain volume of services – ‘basket of services’ (in Latvian – *pakalpojumu grozs*) (RPP, 2013). At the same time uncoordinated use of spatial planning tools and weak science–practice linkages and an inadequate dialog between localities and their municipal staff with national government responsible ministerial political and civil servant staff and responsible regional development agencies, create a gap between planned human settlements future in relation to infrastructure and services and current realities in shrinking localities. Proposed new local services are centrally planned for more population than there are real resident population. There are no national or regional policies how population numbers might be increased in the close future.

At the same time administrative–territorial reform is not yet accomplished. There are national level proposals to further increase the size of local governments, with an idea to create them around 9 national level and 21 regional level centres (cities and towns) (VARAM, 2013; Kūle, 2014). There are national policies plan to increase spatial concentration of industrial and innovation activities, by creating additional new free economic zones. There are currently undergoing education and health sectors reforms at national level. The national school reform is based on indicators of financial benefits with the main trend towards the increase of the number of pupils in classes. As result, it is planned to close small schools and to re–organize medium schools and gymnasiums. Local municipalities will have four times multiplication of losses due to school closure – the loss of teachers working places, less taxes in the municipal budgets, more financial transfers will go to school in other municipalities and more finances for school busses, – to transfer pupils to schools in other municipalities (interviews in municipalities). As result human capital will be depleted in these localities, as teachers’ jobs will be replaced by bus driver jobs. Ongoing rural depopulation questioning what solutions to be found for recently improved technical infrastructure and public services traditionally provided in these rural settlements.

Shrinking practice versus policy

We analysed spatial development policy and physical planning documents of selected municipalities and we found that their future visions are based on assumptions that resident population numbers will stabilize or even will increase in the near future. The national level long-term spatial and economic development documents, e.g. the National Development Plan, the national regional development policy documents – all are directed towards the growth, and not even mentioning factual shrinking patterns (Cross-Sectoral Coordination..., 2012). The hierarchical and framework principles of the national level spatial planning system support the process that the growth approach multiplies into lower level spatial documents, e.g. regional spatial plans and development programs, local municipalities land use plans, development programs, strategies and projects. There is no official mechanism that requires the examination of future visions against actual resident numbers and utilization of public services and real demographic prognosis at various scales.

In our case study area the demographic prognosis that is based on official statistical data suggest that resident population will decrease by one fifth up to one third during the period from 2011 to 2030 (Grupa 93 SIA..., 2015). Considering that prognosis is based on official statistical information, it is expected that real depopulation can reach one third up to one half of existing residents in the next twenty years. There opposite picture in the municipalities of Riga agglomeration. Demographic projections suggest that the current trends will continue and thus it high population increase is expected. We have doubts on such forecasts. In the last five years' data indicates that in ten out of fifteen local suburban municipalities population numbers are stable and even start slowly decrease (CSP data). Riga city municipality is implementing targeted policy to attract more population that is declaring their permanent residence in the capital by public transport subsidies and tax allowances on housing. Such Riga's local urban policy coincides with global suburbanization trends that witnessing the decrease of suburban population, as it is proved by the research in the USA (Audirac, 2014).

The interviews in the case study area revealed the general negative attitude towards spatial planning at local areas. The background for such mind-set is limited financial and human resources and weak support to local initiatives from the national government and its institutions. In this local level spatial planning which is not adjoined with additional financing, public or private investments are not considered as appropriate activity. Current development priorities in shrinking periphery are based on physical infrastructure and cover sectors that are defined by the national level – jobs, roads and services. Although these are aspects, that under the shrinkage development pattern need to be re-assessed. Local politicians during interviews emphasised that there are limited options to influence the development situation in their municipalities, and as an excuse of this self-assessment they mentioned a national legislative framework defining functions, responsibilities and rights of local self-governments. There are almost no initiatives or local actions target towards active local individuals of groups facilitating their involvement into spatial development of shrinking localities. The local government politicians and staff are sceptical concerning national policies towards the long-term ongoing territorial-administrative reform, the current re-organization of school network, existing policy tools to create new working places, to improve local road infrastructure, social aid policy and instruments. From the point of view of the locals the national policies targets are hardly tackling their real needs, particularly in the shrinkage conditions. They do not believe current capabilities of the central government to find solutions to development challenges in their communities, as so often their local needs are ignored by national and European priorities and regional aid instruments (interviews with municipalities).

We can conclude that existing rural settlements are “guttering out” in functional, quantitative and qualitative dimensions. Unfortunately, more active population groups that traditionally were community leaders and local development agents are moving out from shrinking periphery, although to assess the extent and impacts of this trend additional qualitative research is needed. The further research is likewise needed to identify and assess cases who and why is returning to live and work in these shrinking rural/ small towns’ communities, and if these situations can be applicable to other places and can be thus multiplied as new policy initiatives.

Our research is summarizing the need to harmonize policies with realities in shrinking areas. As realistic policies, their goals and instruments are relying on data and information used during policy-making and policy assessment phases, we highlight the need solve in correction and incompleteness with data at local spatial units. We also identified the shortage of long-term, comparative and qualitative research at national and regional levels that would provide a better understanding of shrinking causes and outcomes of different speed developments.

Demographic projections at local areas and regions have to take account real resident population and shrinking context at national scale, it is not feasible that suburban municipalities at Riga urban fringe will experience long-term growth pattern. As the result of differences in shrinking/growth patterns two types of rural areas can be identified in Latvia – (1) growing countryside that are connected with larger urban areas and integrated in global production-consumption cycles and (2) shrinking countryside that has poor physical and financial accessibility. As localities such typologies can be found elsewhere in Latvia, however due to the growth concentration at the capital and other larger cities, the growing countryside is most often found at city-regions, while geographical remoteness define that shrinking countryside is more often located in peripheral and frontier areas.

National policies should be designed in such way that both types of rural areas – growing and shrinking – will be targeted with different but adequate spatial policies. Current uncertainties towards understanding of shrinking development patterns are further manifested in inefficient policy measures. Attitude change is needed towards shrinking, – from seeing the shrinkage as a failure of development, as deprivation and wrong direction of pathway, towards positive framing, that provides a new opportunity to create spaces and places differently, possibility to new spatial and economic development innovations and policy transfers, opportunities to implement place-based and community-based actions, opportunities to strengthen science-policy linkages and activate local entrepreneurship, smart place image-making and marketing targeted to return and new inhabitants and companies.

There is also need for additional theoretical research on better understanding of shrinking pathways and their geographical implications at various scales. To compose and write this article the field study and brief literature research have been conducted without any financial support from national or regional authorities. It reflects general attitude towards social and spatial national science in general. Political and administrative authorities rely from international and foreign short-term expertise. The authors argue that while such policy was reasonable through transformation period the change towards nationally-placed researchers with local place based knowledge is needed. Therefore a dialog between the research community and national level regional development authorities is needed in order to assist how challenge discrepancies between policy documents focusing on the growth paradigm and the realities in the Latvian shrinking periphery. One of the option might be separate the development concept from the demographic and economic growth pattern, and to focus more on jobs, housing, the quality of life, living standards of existing

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population, maintaining and improving existing services and technical infrastructure, caring for countryside, planning re-wilding or moving from remote and inadequate housing to better quality and well-served housing, if other options to attract jobs or provide services are not available. National level politicians and bureaucrats pretend that shrinking does not exist; there is a social process of 'trivializing shrinkage' (Hospers, 2014). However, there are attempts of individual sectors implement policies that indicates that they use instruments targeted towards accommodating the outcomes of shrinking process. This strategy is a top-down approach that leads to the closure of offices and public services and as a result people are moving-out from that territory (Hollander & Nemeth, 2011).

Without national level encouragement local municipalities in shrinking periphery are passive towards changing existing development pathway, declaring that they alone can only hamper, but stop such development path. Future government reforms have to leave some state level functions at regional level, such public services and face-to-face contacts with people working for national government are crucial for social capital strengthening and survival of medium and small towns. There is also need for individual approach to assess future needs of rural villages while planning appropriate technical infrastructure, connections with regional centres or re-organizing infrastructure and finding new uses of built structures of closed public and private services. There is need to provide access to scattered farmsteads based on typology of their activities, for instance agriculture versus eco-tourism, or second-home usage. The article reflects that it is decisive to change priorities from focusing on formal governing and hard investments to flexible and innovative co-operation with humans living or willing to return or move to shrinking localities.

On the basis of paper topicality, the next investigations should be focused on several research questions. It needs to be answer what is a real number of resident population and jobs in localities concern. What are demographic projects if the real number of resident population is used? Whatever 'local census' can be used to collect a correct information on shrinking municipalities? What settlement model(s) can be proposed for shrinking rural areas? What services are needed and how they are being provided (locations, mobile or e-services versus face-to-face contacts)? To facilitate a pro-active policy against shrinking trends and their drivers there is a need to list appropriate policy instruments and measures, based on mutual trust between local communities and national authorities, and by better dialog between researchers and policy-makers.

Conclusions

— That article concludes that all Latvia complies with demographic shrinking pattern. The concept of population shrinkage is particularly represented in the Latvian countryside. There is a need for comparative research on shrinkage processes at national and local scales in Latvian and international contexts, and to assess which solutions to can be transfer to apply in Latvian shrinking localities. Latvian academicians, planning practitioners and policy-makers until now have been silent in relation to the shrinking phenomenon and its manifestation in Latvian context, that rise questions if real situation in remote shrinking periphery is recognized in the knowledge-making circles mainly concentered in the growth areas. Latvia's capacity is small to participate in international scientific networking focusing on the shrinking concept studies at the European or global levels without a nationally supported scientific institution specialized in regional and spatial research. To facilitate a revival of research community capable to conduct place-based spatial, economic and social studies, both European and national policies need to be redesign in order to include and finance knowledge component with scientific qualities, that would be capable to provide holistic reflexivity and an assessment of existing spatial policies and sectoral policies with spatial impacts. Such further research activities need to widen their

focus by evaluating not only demographic patterns at localities but also economic, social, and financial dimensions of shrinking. Shrinking paradigm shifts a request for data that has to become place and human-oriented multi-dimensional information. More focus on qualitative investigations, action research and the involvement of local communities is needed; and the experience-based policy evaluation can provide adequate feedback to hopefully stop incorrect policies in relation to shrinking areas (Leetmaa et al., 2015; Foulkes & Newbold, 2008). As shrinking areas need innovative measures and approaches there is an increasing role for high quality leadership and the dialog and cooperation between science and government institutions at national, regional and local levels and thus providing adequate place adjusted solutions. Place knowledge and ability to use it at local context is becoming more significant than quantitative data or their interpretation. A pro-active policy challenging future development shrinking pathways is needed to substitute currently dominating regional strategies merely reacting on shrinking outcomes and impacts.

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