

Hovorka, Gerhard

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## Policies for the environment and rural development in the mountain area of Austria

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38<sup>th</sup> Congress of the European Regional Science Association  
"Europe quo vadis? – Regional Questions at the Turn of the Century"  
28 August – 1 September 1998 in Vienna

## **Policies for the Environment and Rural Development in the Mountain Area of Austria**

**by Gerhard Hovorka**

Federal Institute for Less-Favoured and Mountainous Areas  
Moellwaldplatz 5, A-1040 Vienna, Austria  
Tel: +43 1 504 88 69 0; Fax: +43 1 504 88 69 39  
e-mail: gerhard.hovorka@babf.bmlf.gv.at

### **Abstract**

The cultural landscape in Austria is characterised by the high proportion (70%) of mountain areas. Mountain agriculture bears the key role in safeguarding the sensitive eco-system in the mountain areas and thereby maintaining the general living and working space as well as the cultural landscape.

This contribution describes and evaluates two approaches corresponding to the demands of an integrated policy for rural areas and the mountain area in particular, which were already started by the Austrian federal government in the 70s: the Austrian mountain-farm aid, with the focus on the spatially-oriented sectoral programme "Mountain Farmers Special Programme" and an integrated regional policy approach aimed at strengthening endogenous regional development. The modification of the Austrian system and the adoption of the EU system after accession to the EU in 1995 are also briefly described and compared to the situation before membership.

The most important results are summarised and conclusions for important generalisable criteria for a successful mountain-area policy are drawn. The Austrian experience shows that successful policies to safeguard environmental amenities and the cultural landscape while promoting regional development in the mountain areas call for the incorporation of spatially oriented sectoral policies in integrated regional development strategies.

## 1. Introduction

Study of the contribution of rural amenities to rural development has been given a high priority in the OECD (Group of the Council on Rural Development ) in the last years. The OECD's Rural and Regional Development Programme has made contributions to the international debate on the conceptualisation of rural amenities in economic terms, the appropriate institutional settings for amenity provision and protection, and the economic instruments for amenity management (OECD 1994 and 1996). In a next step within this programme case studies were prepared by member countries and reviewed and analysed by international experts. The Austrian contribution focuses on the cultural landscape and policies for the environment and rural development in the mountain area of Austria, which contain a host of different rural amenities (OECD 1998).

Cultural landscapes are important elements of social identity and contribute to political cohesion. They are, however, not only public interest goods and services that directly affect the social well-being of individuals but also represent important rural development assets. Cultural landscapes are part of a region's capital stock and for the development of an area, their quality is as important as the local road network, communication or education facilities (OECD 1998, p. 102f.). They develop and change over time as a result of the interplay of socio-economic, cultural and natural factors and can thus only be understood as a process. The cultural landscape in the mountain area of Austria can thus in no way be conceived of as a static entity, but rather as an expression of ecological, cultural and socio-economic development and change in living and working space (OECD 1998, p. 6f). Since changes are often irreversible, any change and interference demand careful consideration.

In Austria, three primary functions of the mountain area should be distinguished:

- The mountain area is the living and working space for the local population.
- The mountain area (in particular the Alps) is the supplementary space for the population of Austria living outside the mountain area, and for that of a large part of Europe (recreation, transport, provisions).
- The sensitive alpine eco-system should be maintained in a state that is disturbed as little as possible and the natural resources should be sustainably managed.

Mountain farming plays a key role in safeguarding this eco-system, and with it the entire living and working space. In the mountain area, the living and economic areas as a whole are especially dependent on its preservation. The dependencies here extend from defence against natural hazards (avalanches, mud slides, rock slides, floods, erosion), to tourist resources.

The Austrian mountain area, however, has long been more than just an agricultural region. Rather it is a fully integrated living and working space, whose geographical specifics do not lead to separation in a structural economic sense. They express themselves much more in the limited space available for settlement and industry, the handicaps on agriculture and forestry, in an expensive infrastructure and a particularly sensitive landscape. However, the various component areas display great differences in structure and development, sometimes within a very limited area. In this connection, the federal structure is not accidental. It allows a relatively large degree of independence for the regional (provincial) and local (communal) area authorities, which represent an essential determining factor in the formation of regional policy in Austria and in the mountain area in particular. Policies to safeguard environmental and cultural achievements, as well as rural development, can thus only be effective in the long term by the embedding of spatially oriented sectoral policies in integrated regional development strategies (Dax/Wiesinger 1998, Buckwell 1997).

This presentation concentrates on two approaches corresponding to the demands of an integrated policy for rural areas and the mountain area in particular, which were started in Austria already in the 70ies. These are:

- the Austrian mountain-farm aid, with the focus on the spatially-oriented sectoral programme "Mountain Farmers Special Programme" as one of the most important means for preserving and promoting rural amenities in Austria
- an integrated regional policy approach aimed at strengthening endogenous regional development.

## **2. Developments and main problems in the mountain area of Austria**

The Austrian mountain area forms part of two of Europe's mountain massifs, the Alps (89% of the Austrian mountain area) and the Bohemian massif. The latest area classification, carried out in the course of accession to the EU according to Art. 3, par. 3 of EU Reg. 75/268, is the clearest spatial backdrop in this context. According to this classification the mountain area

comprises 70% of Austrian territory. With a population of 2.8 million (1991), it is home to 36% of the Austrian population. The share of agriculture in total employment in the mountain area is 9.2% (but in the western alpine provinces only about 5%), that means about 50% above the Austrian average (Dax 1998, p. 8f.). In the mountain area the number employed in agriculture and forestry is falling, industry and manufacturing still account for a large share of total employment, and the shift of jobs towards the tertiary economy is quite marked. Tourism is an essential element of the service sector in the mountain area, in particular in the western part of the alpine area.

Population growth and economic development in the last 20 years have led on the one hand to an increase in the importance of the alpine area and, on the other, to a sharpening of disparities, also within the alpine area (Schindegger/Zanetti/Deußner/Doubek 1997, p.13f.):

- The alpine area displays the sharpest rate of population growth, the greatest demand for accommodation and the greatest economic dynamism.
- Mountain areas in western Austria with good conditions for winter tourism have a remarkable level of economic development, but have also reached resource-threatening utilisation densities.
- In contrast, alpine regions without such conditions show less economic dynamism. This applies in particular to structurally weak old industrial regions (many of which are situated within or on the margins of the alpine area in Austria), which have formed a focus of regional policy since the 80s at the latest.
- Areas threatened by population exodus, on the regional periphery or in the alpine highlands, stand in sharp contrast to the spatial concentration problem of the major urban centres.
- The strain on the ecology resulting from the spatial concentration of numerous claims on space (e.g. through-traffic, tourist demand, population growth and settlement-area demand) is increasing dramatically in the alpine valleys.

### **3. The significance of mountain farms for the cultural landscape**

In Austria, 36% of all agricultural and forestry holdings (excluding those owned by legal entities) are categorised as mountain-farmer holdings.<sup>1</sup> They manage 44% of the agricultural area and over 50% of the woodland. The major significance of animal husbandry is expressed in the high proportion of managed grassland. Mountain farms are of great importance for forest

protection and the management of alpine pasture areas which are extremely sensitive eco-systems.

The unfavourable natural situation of mountain farming enterprises is expressed primarily in the steep gradients of the farmed areas, the shorter growing season, the relatively high precipitation, the extreme weather conditions and an absence of alternative production possibilities. The often poor transport conditions and an inadequate and expensive infrastructure may also be added to this. Austrian agricultural holdings are overwhelmingly family owned and operated by family labour input. Historical development and the natural farming difficulties mean that mountain farming in Austria is characterised by a small-farming structure: the average size of mountain farms is only 12.8 ha utilised agricultural area and 9.5 ha woodland. Mountain farm holdings with cows have an average stock of 7.7 units and only 2.7% of farms keep more than 20 cows. Only 37% of mountain farms are still operated on a full-time basis (Hovorka 1998, p. 26f).

The income situation of mountain farms is characterised by the fact that their average income from agriculture and forestry is only 80% of that of non-mountain farms (for farms with extreme farming difficulties, 60%), and, further, that the proportion of public funding in this income is already very high. This proportion in 1994 averaged 32% of the income from agriculture and forestry (after accession to EU in 1995 the proportion of public funding increased to 66%); for farms in zone of difficulty four, however, it was 60% (1995: 83%). Non-agricultural income in 1994 was already on average 27% of total income. These figures clearly demonstrate that the problems in the mountain areas cannot be solved by agricultural market and structural policy measures alone.

#### **4. Mountain Farmers Special Programme**

As it became clear that separate economic development of favoured and less-favoured areas could no longer be counteracted by agricultural pricing policy, the government introduced its own special mountain-farmer programme in the early 70s with a strong regional emphasis, in which there was already a role for production-neutral direct payments to mountain farms, which were subsequently successively extended. The objective of Austrian mountain farming policy is to guarantee the sustainable existence of the mountain farms which is necessary to the maintenance of the population and farming suited to regional requirements as well as the

maintenance of the cultural and recreational landscape taking into account the widespread amenities of cultural landscapes in mountain areas.

#### **4.1 Classification of mountain farms**

An important basis for targeted support of mountain farmers is the classification of site-specific farming difficulties. Austria already has a long experience in assessing the degrees of difficulty faced by the mountain farmers. In Austria each mountain farm is classified according to four categories of difficulty (described as zones of difficulty).

The main criteria for the classification of a mountain farm in one of the four zones (categories) of difficulty are the climatic conditions and the "internal transport situation", i.e. the proportion of difficult areas in the self-farmed agricultural area of the holding that have a gradient of at least 25% (no longer workable with a normal tractor) or of at least 50% for the farms with highest difficulties (zone 4). The additional criteria, "external transport situation" (no access to the farm for trucks) and "low agricultural hectarage", can produce an increase by one zone of difficulty at the maximum<sup>2</sup>.

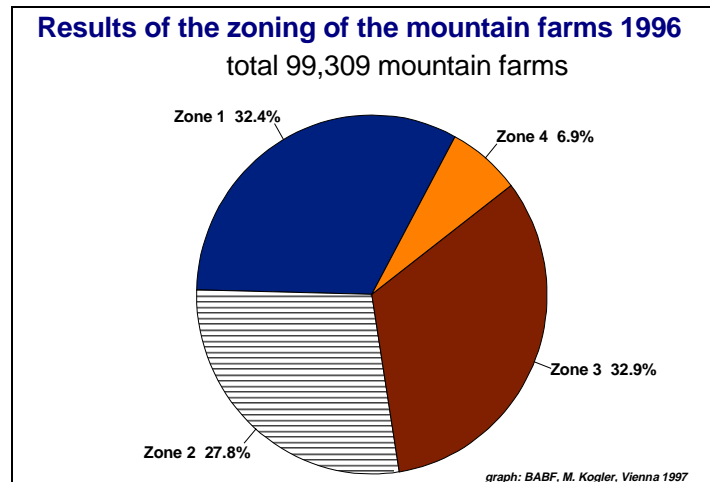
The mountain farm holdings in Austria are classified into one of four zones (categories) of difficulty:

- Zone 1: minor difficulty (less than 40% of difficult area)
- Zone 2: medium difficulty (between 40% and 80% of difficult area)
- Zone 3: major difficulty (80% or more of difficult area)
- Zone 4: extreme difficulty (40% or more of extreme difficult area)

As of April 1996, the current zoning lists of the Ministry for Agriculture and Forestry (department II B6) show a total number of 99,309 mountain farms. After Austria's accession to the EU, the mountain area was re-defined in accordance with EU criteria. But the division of mountain farms within the mountain area into four zones of difficulty, as an individual farm differentiation according to the difficulty of conditions, has remained in place. Additionally a fifth category of farm (base category) in the mountain area was established for the farms that had not previously been categorised as mountain farms. Presently this classification of mountain farms is under revision and a more differentiated system is being prepared. With the use of modern techniques of aerial photogrammetry a graduated, flexible system will be in place

within some years to serve as a basis for the attribution of mountain farmers support but also for other specific measures to enhance the preservation of cultural landscapes in mountain areas.

### Illustration 1: Distribution of mountain farms according to zone of difficulty



Source: Ministry for Agriculture and Forestry, Dept II B6.

## 4.2 Payments and achievements of the Mountain Farmers Special Programme

Between 1972 and 1990, the total aid payments of the three Mountain Farmers Special Programmes were ATS 15.6 billion (ECU 1.15 billion)<sup>3</sup>. The direct payments to the mountain farmers showed the greatest change, rising from 20% under the first Mountain Farmers Special Programme, to 64.6% in 1990. This rise is due, primarily, to the particular dynamic of the federal mountain farmers' allowance, the payments for which increased from ATS 33 million (ECU 2.4 million) in 1972 to ATS 729 million (ECU 54 million) in 1990.

The individual subsidy measures within the framework of the three Mountain Farmers Special Programmes can be summarised under the following main areas (Hovorka 1998, p. 67):

- Direct income supplements (in particular mountain farmers' allowance) for the improvement of the income situation of mountain farms. The objective was to provide compensation for the natural farming difficulties in the mountain areas. Budget amount, 1972 to 1990: ATS 7.2 billion (ECU 533.7 million).



- Infrastructure improvement in the mountain areas – in particular the extension and strengthening of the road, telephone and electricity networks. Budget amount, 1972-1990: ATS 4.7 billion (ECU 350 million).
- Regional agricultural aid. This was overwhelmingly concerned with subsidy measures for the improvement of residential and farm buildings and for modernisation and rationalisation of farms. Budget amount from 1972 to 1990: ATS 2.4 billion (ECU 175.2 million).
- Improvement of the forest structure and the protective forests through high altitude afforestation, protective forest renewal afforestation of marginal agricultural land. Budget amount from 1972 to 1990: ATS 976 million (ECU 72.3 million).
- Miscellaneous measures such as agricultural terrain improvement, development of torrent run-off areas and other measures. Budget amount from 1972 to 1990: ATS 311 million (ECU 23 million).

**Table 1: Expenditure within the framework of the Mountain Farmers Special Programme (1972-1990)**

Type of aid	1st Mountain Farmers Special Programme (1972-1978)		2nd Mountain Farmers Special Programme (1979-1983)		3rd Mountain Farmers Special Programme (1984-1990)		TOTALS (1972-1990)	
	in ATS m.	in %	in ATS m.	in %	in ATS m.	in %	in ATS m.	in %
Direct income supplement and other allowances	524.0	19.9	1,753.7	42.4	4,926.9	55.9	7,204.6	46.2
Road development	999.2	37.9	1,376.0	33.3	2,165.6	24.6	4,540.8	29.1
Electrification and telephone connection aid	67.0	2.5	73.1	1.8	43.2	0.5	183.3	1.2
Regional agricultural aid	740.9	28.1	641.2	15.5	982.6	11.2	2,364.7	15.2
Forestry measures	102.9	3.9	124.5	3.0	180.7	2.1	408.2	2.6
High-altitude afforestation protective forest renewal	57.1	2.2	63.0	1.5	164.4	1.9	284.4	1.8
Forest access improvement	79.9	3.0	75.9	1.8	128.0	1.5	283.9	1.8
Agricultural terrain improvement and other measures	65.9	2.5	28.8	0.7	216.1	2.4	310.7	2.0
Totals	2,637.0	100.0	4,136.1	100.0	8,807.5	100.0	15,580.6	100.0

Source: OECD 1998, p. 38

The importance placed on aid to mountain farmers in this period is proved both by the growing share of the Mountain Farmers Special Programme in the agricultural aid of the Green Plan (1972: 26.9%; 1990: 52.7%), and also by the development of payments of the Mountain

Farmers Special Programme (from ATS 260 million (ECU 19.3 million) in 1972, to ATS 1,520.5 million (ECU 112.6 million) in 1990; this means a nominal 5.8-fold increase, which represents a 2.8-fold increase in real terms). The federal mountain farmers' allowance was of particular importance. It developed in this period (though also in subsequent years) into the most important aid measure for low-income mountain farms facing extremely unfavourable natural conditions.

The mountain farmers' allowance was funded exclusively by the federal government, whereas the costs of other support measures (e.g. transport development, agricultural investment support) were born jointly by federal government, provinces and the local authorities. Specific additional programmes of the provinces (mountain farming premiums, alpine pasture premiums) supported the aim of a differentiated agricultural policy.

The agricultural and forestry aid system was reformed in 1989/90. In the interest of efficiency and the most effective use of funds, the attempt was made to conform to agricultural-economic, ecological, regional, social and farm specific requirements (cf. BMLF 1992, p. 136). The aim of working towards correspondence with EU aid instruments was already stated in the memorandum of understanding. The system of direct payments was further developed, in particular in the direction of compensation for functions relating to ecology and the cultural landscape. The measures of the Mountain Farmers Special Programme were continued within the scope of the Green Plan, without, however, explicitly emphasising the special regional focus on the mountain area.

### **4.3 Excursus: The mountain farmers' allowance (Bergbauernzuschuß)**

The federal government's mountain farmers' allowance was introduced in 1972 on the basis of the first Mountain Farmers Special Programme as a new form of direct aid to mountain farms, funded exclusively from the federal budget<sup>4</sup>. Since then, the total amount of aid has been significantly increased and its circle of recipients has been extended. In 1972, 16,513 farms received the allowance, in 1979 (incorporating zone of difficulty 2) it was already 57,008, and in 1990 (incorporating zone 1) it was 79,232 farms. The recipient base was further extended in 1991 through the introduction of the non-income-related acreage allowance. In 1993, 86,078 farms received mountain farmers' allowance. The average payment per farm increased nominal six-fold, from ATS 2,000 (ECU 148.1) in 1972 to ATS 12,294 (ECU

910.7) in 1993 (2.4 fold at constant prices). For farms with the highest level of difficulty (zone 4), the average payment per farm even rose nominal thirteen-fold to ATS 25,758 (ECU 1,908), (fivefold at constant prices). The total payment rose from ATS 33 million (ECU 2.4 million) in 1972 to ATS 1,058 million (ECU 78.4 million) in 1993. The mountain farmers' allowance was raised to a total sum of ATS 1,168 million (ECU 86.5 million) in 1994 and, after accession to the EU in 1995, was replaced by the EU compensatory allowance system (inclusive of maintenance regulation by national grant) with the simultaneous increase in the size of the subsidy (Hovorka 1996, p. 131f.).

The mountain farmers' allowance has consisted, since 1991, of the basic premium and the acreage allowance. The basic premium of the mountain farmers' allowance was an overall service remuneration taking special account of the income situation of the couple managing the farm and of the difficulty of the conditions (4 zones). The income situation was accounted for in the basis of assessment on five levels. The basis of assessment consisted of the agricultural and forestry unit value of the farm plus any non-agricultural income of the farmer and his/her spouse or life partner (from employed or self-employed work) and was shown as a fictitious unit value.

**Table 2: The mountain farmers' allowance basic premium per farm, 1993**

Basis of assessment (fictitious unit value)	Zone of difficulty 4		Zone of difficulty 3		Zone of difficulty 2		Zone of difficulty 1	
	ATS	ECU	ATS	ECU	ATS	ECU	ATS	ECU
in ATS								
up to 70,000	27,100	2,007	21,100	1,563	12,100	896	8,000	593
70,001 to 130,000	20,800	1,541	15,800	1,170	7,600	563	6,000	444
130,001 to 230,000	15,600	1,156	12,600	933	5,300	393	4,000	296
230,001 to 330,000	13,600	1,007	10,600	785	4,500	333	3,000	222
330,001 to 400,000	5,300	393	3,800	281	2,300	170	2,000	148

Source: Hovorka 1996, p. 134

The acreage allowance was integrated into the system of the mountain farmers' allowance in 1991, and was intended as a special and graduated farming compensation taking special account of the difficulty of conditions. In 1994 it was paid from the third hectare of agricultural area up to the twelfth.

**Table 3: The mountain farm acreage allowance**

	Zone of difficulty 4		Zone of difficulty 3		Zone of difficulty 2		Zone of difficulty 1	
	ATS	ECU	ATS	ECU	ATS	ECU	ATS	ECU
per ha. countable agricultural area	2,000	148	1,100	81	650	48	450	33

Source: Hovorka 1996, p. 135

The aim of the mountain farmers' allowance was to support the maintenance of the settlement and sustainable and prudent farming even under the unfavourable location conditions with particularly severe working difficulties in the mountain area. A further objective was formulated as improving the income of mountain farms facing particularly high-cost difficulties and low income, and to give due recognition to their public interest functions. A range of conditions had to be fulfilled in order to have an entitlement to mountain farmers' allowance. The Mountain Farmers' Allowance corresponded to the required standards to a high degree, as public funds were:

- regionally concentrated in the mountain area
- differentiated within the mountain area according to categories of difficulty
- concentrated, by taking account of income levels, on farms with the greatest need
- awarded on an equal basis to full-time and part-time farms
- linked to ecological conditions guaranteeing sustainable cultivation
- awarded on the condition of all year-round farming and residence, in order to maintain population density
- organised on a production-neutral basis, i.e. awarded to farms independently of their level of production (no incentive to intensification).

#### **4.4 Evaluation of the Mountain Farmers Special Programme**

The special feature of the new mountain farm policy was the regional policy approach in agricultural policy, involving the concentration of a whole package of proven and new measures for the consolidation of mountain and border-area farms whose survival was under threat, taking account of agricultural and non-agricultural income as the criterion for aid entitlement. One special innovation was the introduction of mountain farmers' allowance with the objective of a partial compensation for the more difficult conditions of production and the natural disadvantages of the location. The significance of this direct payment lay in the fact that it played the greatest role in the package of measures offered, both in the conceptual area (self-

discovery and self-assertion processes of the mountain farming population) and in the important material function it fulfilled (cf. Bacher 1987, p. 143).

With the aid of the budget funds of the three Mountain Farmers Special Programmes from 1972 to 1990, the following results could be produced:

- In the course of transport development in rural areas, with the participation of the federal government, approximately 700 km of roads were built annually (13,152 in total), and an average of 1,300 mountain farms per year (21,305 mountain farms in total) were provided with an access road passable by truck.
- The establishment of 7,612 forest access roads was supported.
- Forestry measures (afforestation, stock development, amelioration) were aided in 135,448 ha. of farming forests.
- Supports for individual farm measures in the framework of regional agricultural aid benefited 73,220 farms in the mountain area in the first programme, 43,364 in the second programme, and 58,335 in the third programme.
- The afforestation area in the framework of high-altitude afforestation and protective forest renewal came to 6,349 ha.
- Mountain farmers' allowances of ATS 5,6 billion was awarded in the form of direct payments.

The concentration of agricultural policy aid on the mountain areas succeeded in part in compensating for the income and cultivation disadvantages of mountain farms in comparison with the farms in the better-favoured areas. It also made a contribution, allowing for the extremely sensitive ecological interdependencies, to maintaining settlement and conserving and shaping the cultural landscape in areas with particularly great work-related farming difficulties, which were also threatened by population exodus. The supports for the agricultural and forestry enterprises by the Mountain Farmers Special Programme have had a positive effect in many ways on the economy in the mountain area: positive income effects through the direct payments to the mountain farms, stabilising effects on the local employment market, support for economic diversification of rural households, enabling continued farming on a part-time basis, providing services for tourism.

The special aid to mountain farms was already legally established in the 1960 Austrian Agriculture Act. The annual "Green Report" to the Austrian legislature (National Assembly) is to be carried out in participation with a committee. The committee includes one representative of each political party in the National Assembly and of the four major economic interest groups (the Presidential Conference of the Austrian Chamber of Agriculture, the Austrian Chamber of Commerce, the Federal Chamber of Workers, and the Austrian Trade Union Federation). This "Green Report" and the discussion of the report in the National Assembly is also an important way of evaluation of the aid measures.

There is also a high level of acceptance and support among the Austrian population for providing public funds to agricultural and forestry enterprises – mountain farms in particular – in order enable them to fulfil the socially desirable functions of farming (e.g. protection against natural hazards, preservation of species diversity etc.). This is confirmed by opinion polls and studies.

## **5. Regional policy approaches to strengthening endogenous development**

Besides the development of a programme specifically addressing the needs of mountain farmers it was conceived very early in Austria that those measures have to be linked to and find its complement in integrated concepts on the regional development of those peripheral areas. Thus, in the late 70ies, in reaction to new theoretical approaches on the one side, and to criticism of the traditional regional policy and its instruments on the other, the regional policy paradigm in Austria underwent a change that can best be described as no longer seeing the "weak regions" as the objects of government regional policy "from above", but increasingly as bringing them into action "from below" as "self-driven" subjects. This new orientation experienced its formulation in the concept of "independent regional development".

The concept of independent regional development and the corresponding regional policy approaches of the federal government and the provinces had an essential influence on the further conceptual development of Austrian regional policy. The promotion of ecologically and socially acceptable development, and of a market-niche strategy – in particular in tourism and agriculture – through financial subsidies and regional advisory facilities, led to the realisation of numerous innovative pilot projects in the mountain areas. This projects had a considerably

wide effect through the "emulation effect" and so also contributed to a stabilisation of regional real net output outside areas with a high level of economic dynamism.

For agriculture, it was about organic farming projects, enhancing the value of agricultural products and the development of direct marketing. An important regional political development effect of these successful projects was to strengthen the readiness to co-operate in the regions, both within as well as between the relevant economic sectors. The "rediscovery" of the regions and the successful development projects promoted by the concept of independent regional development (ERE) led to the creation of a new self-confidence in many mountain areas, and also contributed to extending the heavily economically oriented development dialogue to the more comprehensive concept of the quality of life.

Despite these successes in the development of the mountain areas, it should be recognised that these policy approaches for economically backward parts of the mountain areas have not been sufficient to compensate for the disadvantages of their geographical location. In the best case – when a certain regional dynamic arises from individual projects as a result of the multiplier effect and successor projects – the regional policy has succeeded in exploiting new development potential and halting the downward spiral. As a whole, however, the concept and the promotion of independent regional development has contributed, in many mountain areas at least, to a stabilisation of economic and population development. A general difficulty lies in the fragmentation of responsibility. In Austria, spatial planning, regional policy and environmental protection are cross-sectional issues possessing comparatively limited powers of self-assertion in achieving their objectives. They are dependent on the co-operation of territorial authorities at all levels and the participation of the primarily sector-oriented ministries.

## **6. The Austrian policies for mountain areas in the framework of EU policies**

After Austria's accession to the EU, the mountain area was re-defined in accordance with EU criteria. Among the local authorities (communities) or parts of local authority areas which were included in the mountain area corresponding to the directory of less-favoured agricultural areas within the terms of Directive 75/268/EEC for Austria after EU membership, there are also holdings which, owing to their lesser difficulty of farming, are not classified as mountain farm holdings in Austrian terms. Therefore 49% of all agricultural and forestry holdings are situated in the mountain areas (Dax 1998, p. 12). The total number of all farms in

the mountain area according to EU definitions is thus larger than the total number of mountain-farm holdings in Austria established according to the Regulation of the Minister for Agriculture and Forestry. On the other hand, there are also mountain farms in Austria that do not come within the mountain area as defined according to EU Directive 75/268/EEC. The division of mountain farms within the mountain area into four zones of difficulty, as an individual farm differentiation according to the difficulty of conditions, has remained in place since accession to the EU. Additionally, on joining the EU, a fifth category of farm (base category) in the mountain area was established for the farms that had not previously been categorised as mountain farms.

After accession to the EU, the EU direct payment system (EU compensatory allowances) for agriculture in the mountain area and specified less-favoured areas had to be adopted by Austria. This compensatory allowance replaced what had previously been the most important direct payment to the mountain farms and farms in less-favoured areas: the federal mountain farmers' allowance, the direct payments from the provinces (farming premiums and further direct payments for mountain farms) and the joint federally and provincially funded direct payments to "other less-favoured areas". The budgetary funds for this form of aid were boosted by more than ATS 1 billion (ECU 74 million) on accession to the EU.

It was precisely the small farms facing a high degree of difficulty that would have been the losers from the adoption of the system of EU compensatory allowances with the number of livestock units (LU) or hectares as a basis, as opposed to the previous direct payment system in Austria, the mountain farmers' allowance in particular (Hovorka (G.), 1996, p. 190f.)). Because of this, the possibility of compensation in the form of a national grant was created in the treaty of accession, at least for a transition period of ten years, for those farms that would receive reduced compensatory allowances or none at all after the adoption of the EU system (in 1995 80% of the mountain farms of category 4 and more than 50% of category 3 got this national grant).

Also of great importance for the mountain area after accession to the EU are the Austrian agri-environmental scheme (ÖPUL), for which an integral, horizontal approach was chosen (7.3 billion ATS in total in 1995, ECU 543 million). The mountain farmers got about 45% of this money. An important element of this scheme is the support of organic farming. In 1996 87%



of supported organic farms were mountain farms (Schneeberger/Eder/Posch 1997, p.4). Also of great importance are the Objective 5a and 5b schemes and EU community initiatives (INTERREG II, LEADER II). Due to the decrease of market prices and the increase of direct payments the proportion of public funding in the income from agriculture and forestry of mountain farmers raised after accession to EU on average from 32% to 66% (for non-mountain farms from 32% to 70%).

In June 1996, the Austrian federal government brought a memorandum on agriculture and forestry in the European mountain areas (Austrian Memorandum on Mountain and Hill Farming) into discussion. In this memorandum it was stated that – as the current discussions on the reform of the common agricultural policy demonstrate – the current agricultural and structural policies cannot provide a satisfactory solution to the problems of the mountain and upland regions. Austria is therefore proposing the further development of the present system in order to overcome the mounting problems in an appropriate manner (BMLF 1996, p. 1f.). Austria's new European demands – the opening up of a new political level of activity on European spatial planning – were addressed in 1995 with the "Austrian position paper on spatial development policy in Europe" (ÖROK 1996, p. 19f.).

## **7. Generalisable criteria for a successful mountain-area policy**

The Austrian experience shows that the most important points for a successful mountain area policy are as follows (OECD 1998, p. 60f.):

- Clearly formulated objectives in the policy for the mountain area are called for at parliamentary level (laws, programmes), at the administrative level (guidelines, etc.) as is a packaging of measures with an integrated approach.
- Integrated regional policy approaches for strengthening endogenous regional development support the realisation of innovative, ecological and socially acceptable projects in the mountain areas, and help to extend development potential.
- Owing to its above-average costs, the provision, safeguarding and operation of the social and economic infrastructure in the mountain area requires particular support from the public authorities.
- In order to apply aid measures as closely in conformity with objectives as possible, the definition of mountain areas and less-favoured areas need to be founded not only on the administrative units, but also allowing for naturally based smaller units. Enterprise-spe-

cific graduation of the agricultural and forestry enterprises, based on permanent natural cultivation disadvantages calculated according to objective criteria, is of particular importance.

- The level of direct payments to compensate for natural disadvantages should be graduated according to the corresponding different levels of difficulty of farming, and be dependent on the income situation of the farms.
- The basic subsidy payment per farm, graduated according to difficulty and social conditions, is primarily for the benefit of the smaller farms. The basic payment corresponds to the small-farming structure in the mountain areas and is of great importance to the maintenance of farming and its socially desirable side-effects in providing amenities.
- A production-neutral design and planning of direct payments and the establishment of ecologically determined conditions of farming guarantees a high level of social acceptance.
- Owing to their equal contribution to the maintenance of settlement and the conservation and shaping of the cultural landscape, full- and part-time farms should receive equal treatment both in regard to direct payments and investment and infrastructural subsidies.
- In the long-term, an ecological orientation as the fundamental principle of agriculture and forestry is necessary everywhere. The sustainable forms of agriculture in the less-favoured areas - above all in the mountain areas - face an additional threat from competition by ecologically questionable forms of intensive agriculture.
- An orientation towards sustainable economic systems in the mountain areas should not, however, restrict itself to agriculture and forestry, but must in the longer term include all economic and policy areas.

Of great importance in safeguarding environmental amenities and the cultural landscape and promoting rural development in the mountain areas is not only an adequate agricultural policy, but also the contribution of other policy areas and its co-ordination in the context of regional policy. The agreement of the various policy areas at supra-national level is also of increasing importance for the mountain area, as on the one hand the existing problems are being intensified by Europe-wide developments (e.g. traffic problems) and, on the other, the room for manoeuvre in design and planning at regional and national level is becoming more restricted.

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## Notes

<sup>1</sup> In addition to the almost 100,000 mountain farms, there are approximately 42,000 other farms within the mountain area, which, owing the lesser degree of difficulty they face, are not classified in any of the four zones of difficulty of the mountain farms but in the base category.

<sup>2</sup> As the term "zone of difficulty" is not a definition according to spatial criteria, but an individual farm classification of the mountain farms according to characteristics of difficulty, since Austria's accession to the EU – in order to avoid misunderstandings – the terminology "category of difficulty" instead of "zone of difficulty" has been employed to describe the same circumstances.

<sup>3</sup> Exchange rate: 1 ECU = 13.5 ATS

<sup>4</sup> As early as the financial year 1970/71, all mountain farms received a one-off payment of ATS 300 (ECU 22.2). This direct payment, not yet graduated according to difficulty criteria and income, can be regarded as the precursor of mountain farmers' allowance.