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The Variety of Rural Change in Sweden - a socioeconomic analysis based on microregions

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The Variety of Rural Change in Sweden

- a socio-economic analysis based on microregions

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Abstract:

This paper concentrates on the social and economic change that has taken place in the past few decades in three rural districts in the county of Dalarna, Sweden. It discusses why the districts have developed along different lines and their future prospects with reference to the structural programmes that are implemented in the districts.

The study is based on statistics of demographic and socio-economic conditions in 330 micro-regions in Dalarna. The detailed statistics have made it possible to delimit the districts in a way that statistics on the municipal and provincial level did not permit. It has also enabled us to perceive local variations in various rural districts.

Three sub-regions within the county are analysed in detail: 1) Bergslagen, which is a declining mining and steel-works area and also an Objective 2 region. 2) The Siljan district, which is a rural region with traditions of tourism and small firms. The area is part of the Objective 5b area and also has a LEADER II programme. 3) Sälen is a ski-resort in the mountains and located within the Swedish Objective 6 area and also a part of Interreg II.

The analysis reveals the socio-economic variety of rural space in Sweden. Although the three areas are located near to each other and within the same county, there are important differences between them in terms of incomes, employment structure, education level, etc. The varying EU-programmes based on the empowerment of local resources may further reinforce these differences. Thus, in Sweden, where regional policies traditionally have been aiming at equality, the change from top-down to bottom-up policies is a major change.

Introduction

There is no accepted common definition of what a rural district is. A sort of minimum definition is that in a rural district the population density is low and the distances to large towns are great (Hoggart *et al.* 1995). A common social and economic change for many rural districts in Western Europe is the decreasing importance of agriculture. Instead, rural districts have gained relatively greater importance as residential and recreational environments. Concurrent with the internationalisation and increased mobility, what was once a markedly local society with few links to the surrounding world has come to be part of the global society. Two examples are how employment in certain rural districts have been affected by the Asian economic crisis in the second half of the 1990s and how MTV is spreading trends in music and fashion from USA and affecting village life in Western Europe.

There are, of course, considerable differences between various rural districts in Western Europe (Hoggart *et al.* 1995). These differences show in, amongst other things, the landscape, settlement patterns, business structures, demographic development and economic dependence on the surrounding world.

There are many examples of successful rural regions in Europe and in the past few decades these rural regions have often had a better development compared to regions with large-scale industrial production. Just as there are examples of metropolitan, industrial and rural regions that have shown positive developments in the last few decades, there are also examples of all types of regions that are beset with problems (Nilsson 1998).

Several attempts have been made to classify rural districts into categories within which conditions are similar. Clout (1993) divides rural areas into six groups. Three of these are designated dynamic districts with good economic conditions and a high standard of living. Their economies are based on (1) commercial agriculture, (2) functions related to their proximity to towns or (3) tourism and recreational activities. The other three are districts that have fallen behind and they are distinguished by (4) poor services, (5) they are in a peripheral situation and transport costs are consequently high or (6) they suffer from depopulation.

The Development of Swedish Rural Districts

In Sweden the social and economic progress varies broadly between various rural districts. Some flourish, while others suffer from what might almost be called a “free fall” (Nilsson 1998, Wiberg 1998). Several regions and rural districts have run up against problems in the past decade and almost every rural municipality have had a population decline during the 1990s. In recent years a negative population trend has been observed also in large towns, often industrial municipalities (Johansson and Pettersson 1997).

On the provincial level there are only a few examples in Sweden of rural regions in which development is clearly positive, but on a more detailed geographical level we can find rural areas whose development is considerably better than the average provincial figures indicate (Pettersson *et al.* 1996, Pettersson and Westholm 1998). In general, the rural areas with increasing population lie in a widespread zone round metropolitan regions or near large towns, especially those with universities (Johansson and Pettersson 1997).

In the more sparsely populated northern Sweden there are also rural districts near towns, tourist resorts and other attractive residential environments, for instance along the coast, by

large lakes and in areas with pleasant countryside, where the population has been increasing in the past few decades (Pettersson 1998).

It is assumed that some of the reasons why certain groups show an increased interest in living in the country are connected with greater individual mobility, a loosening of the bond between home and workplace and a change in values; an increasing number of households attach greater importance to quality of life aspects (Persson and Westholm 1996).

A decrease in population and the increased individual mobility of households with cars has resulted in a reduction in the level of service in rural districts. This in its turn has further reduced the service available to people without cars (Clout 1996, Furuseth 1998, The National Rural Development Agency and The Swedish Consumer Agency 1997). The budget deficits in many municipalities and county councils have forced them to make cuts that have often hit rural districts hard. Also cuts in the state budget, deregulation and privatisation have often hit rural areas harder than cities and regional centres (SOU 1997:13).

In contrast to the predominantly negative development that has affected many inhabitants in rural areas can be set the engagement in the local community that is often found in the countryside. Local action groups run local development projects, take over local services, find new solutions to old problems, etc. Furthermore, EU's structural funds have provided increased economic resources. Various community initiatives such as LEADER II (the development of rural districts) and Interreg II (regional co-operation across national frontiers) have also resulted in considerable resources being made available for the development of the rural societies. Membership in EU has also meant the introduction of new methods of working on local development projects, and today the emphasis is placed on the development of networks and partnership between local development groups, private businessmen and the public sector.

Aim and Method

Socio-economic change in rural areas is a process characterised by spatial unevenness. During the last decade there has been an increasing differentiation, also between areas located next to each other and appearing to have the same prerequisites. Explanations could sometimes be found in factors such as geographical location, historic events, economic activities, cultural differences etc. In Sweden, like in many parts of rural Europe, EU's structural funds is now influencing the development in different ways; aiming at facilitating local activity to further develop traditions, skills and natural resources into a broader rural economy.

In the present paper we concentrate on the development in three rural districts in Dalarna in Sweden during the past few decades. The three rural districts are Bergslagen, Siljan and Sälen (Figure 1). The paper contains a discussion as to why different districts have developed in different ways and what their prospects are for the coming century, with particular reference to the structural programmes under way in the districts.

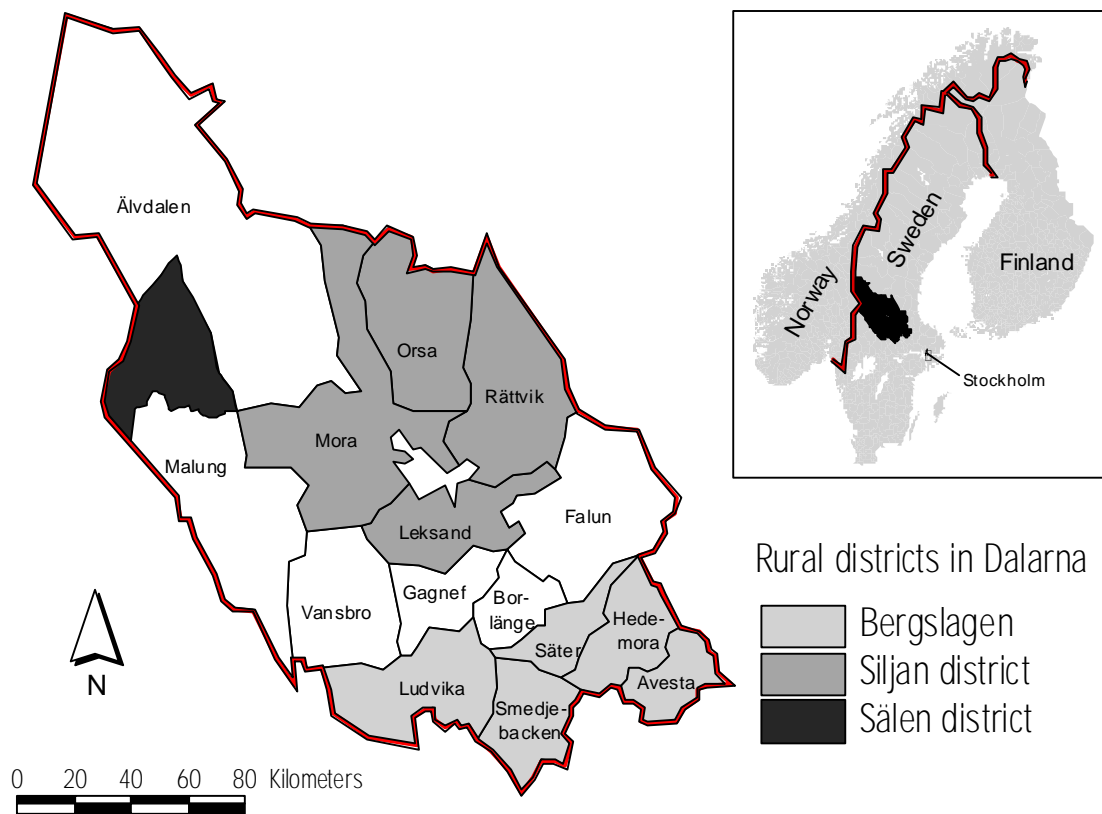


Figure 1: Three rural districts in Dalarna, Sweden.

It may be worth pointing out that the objective programmes have not been in force for sufficiently long time for us to be able to evaluate their long-term effects. The paper therefore concentrates on the explicit intentions of the various objective programmes and what consequences they may have for the three rural districts.

The study is largely based on statistics of demographic and socio-economic conditions in 330 microregions in Dalarna. The detailed statistics have made it possible to delimit the districts and to search for patterns in a way that statistics on the municipal and provincial level do not permit. It has also enabled us to perceive local variations within the rural districts.

Swedish Regional Policy and the Introduction of Structural Funds

With Sweden's entry into the EU in 1995, Swedish regional policy changed in several respects. The new regional policy is to a high degree linked to EU's structural funds, and means are distributed for various innovative development projects. In order to benefit from these means, regions must be able to act strategically and invest in their strong sides rather than their weak ones. One of the most important changes was adapting to the EU system of structural funds and objective programmes. In this paper, we concentrate on three objective programmes covering limited geographical districts in Dalarna: Objectives 2, 5b and 6 (Figure 2). Furthermore, two community initiatives, LEADER II and Interreg II, are implemented in the area.

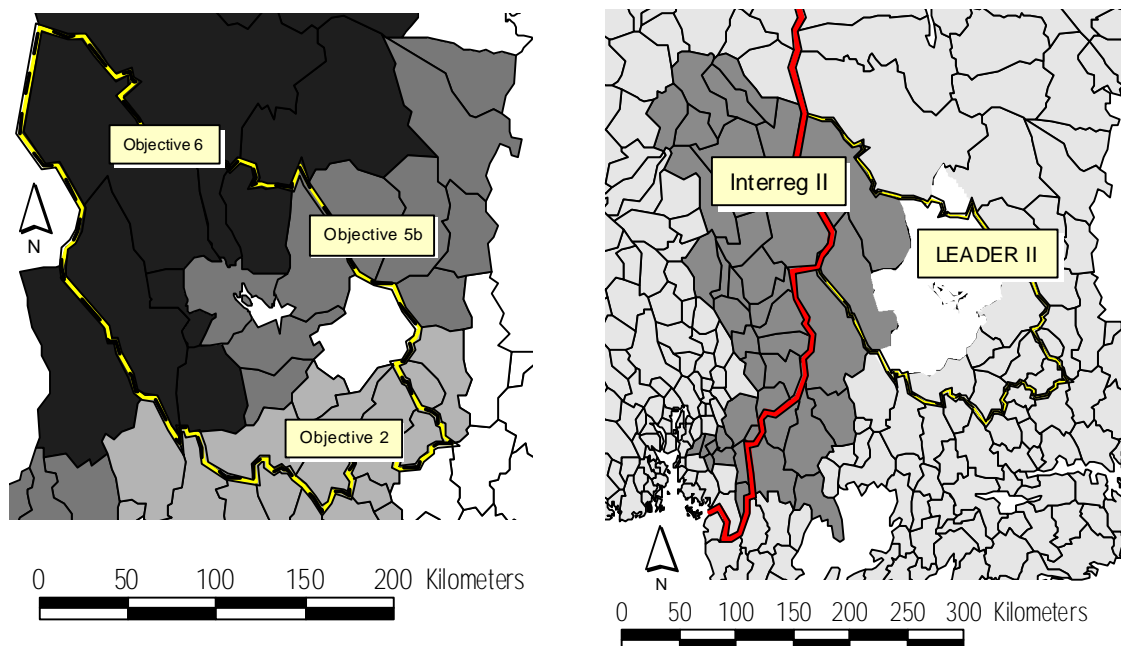


Figure 2: Objectives and community initiatives in Dalarna.

Rural Districts in Dalarna

Earlier studies show that Dalarna consists of several social and economic sub-regions, each with considerable differences as far as, for instance, the development of the population and living conditions are concerned (Pettersson and Westholm 1998, Pettersson 1998). In this study we have chosen to concentrate on three rural districts. The boundaries of these districts only partly coincide with the administrative ones and are based on our experience of previous analyses. The three districts differ in respect of settlement pattern, demography and economic activity. For some key figures, see Table 2 in Appendix. The three districts are also objectives of various support programmes financed by EU.

Bergslagen – A Mosaic of Vulnerable Industrial Communities and Flourishing Villages

One part of Dalarna is part of the Bergslagen region. Historically, the traditional means of livelihood in the region are mining and iron-working. In this paper, Bergslagen (in Dalarna) includes only the municipalities of Avesta, Hedemora, Ludvika, Smedjebacken and Säter, a region with approximately 94,000 inhabitants (Figure 3).¹ Apart from rural areas, the region also has a few smaller towns with a mainly industrial character.

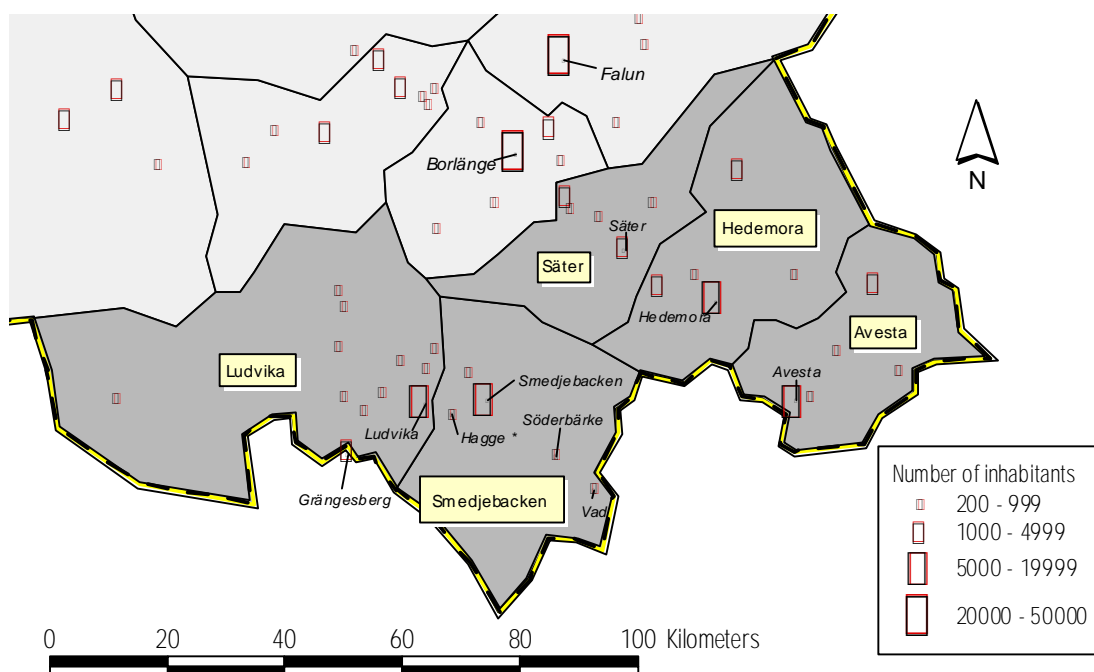


Figure 3: Map of built-up areas in that part of Bergslagen which is in Dalarna.

Bergslagen has been an important industrial belt in Sweden for a long time, but it was not until the 1970s that the region's adjustment problems became apparent. This part of Dalarna has been subject to an industrial restructuring with closures and rationalisations followed by high unemployment figures and a drop in the population of the region. Since 1975, the number of people employed in industry has decreased more sharply in Bergslagen than it has in the Siljan district (Axelsson *et al.* 1994). The industrial decline in the region thus resembles that in many other large-scale industrial regions in Europe and the USA (Nilsson 1998). Still, a relatively large part of the population is employed in the manufacturing industry. Compared to the remainder of the province and the country as a whole, Bergslagen has few people working in private services. Two of the region's assets are its relative nearness to the Stockholm region and the loyalty of its labour force.

¹ The municipality of Borlänge is usually reckoned as part of Bergslagen, but as we wanted the districts we chose to have a rural character, we decided not to include Borlänge (the town itself has more than 40,000 inhabitants).

Among the problems facing Bergslagen is the lack of an entrepreneur tradition and a low standard of education.² The region has, for example, a remarkably small percentage of people with a university degree.³ Many young people have moved out from the region because of the lack of jobs and to seek further education somewhere else. Furthermore, industrial communities are often regarded as unattractive places to live in, which makes it difficult to attract the entrepreneurs and well-educated young people the region needs to rejuvenate its business life. The quality of life migration does not favour these areas.

It should be pointed out, however, that development has been uneven within Bergslagen. Whereas some places have been quickly declining, others have succeeded to generate new activities. A few examples follow:

One of the industrial communities that has been hardest hit is Grängesberg in the municipality of Ludvika. In 1988 the mine in Grängesberg was closed down and 800 jobs disappeared in a place with only 4,500 inhabitants. Sweden as a whole, not least in Bergslagen, was slipping into a deep and lengthy depression, and the closure of the mine at that time was particularly unfortunate for the inhabitants. Now, many years later, the number of unemployed and early pensioners is still considerably above the national average. The willingness to study, change jobs or begin to commute to nearby communities has been low among miners who lost their jobs. Other measures to create new opportunities in Grängesberg have not met with much success either, and some have been complete failures.

Smedjebacken is one of the places that still has a few traditional industries which dominate local business life. The companies, Fundia and Morgårdshammar, are the two largest employers in the production industry, which thus makes it a typical industrial community. The area is thus still vulnerable to any continued restructuring in the traditional manufacturing industry.

Ludvika is one of the places that has survived its readjustment process rather well. As the town is completely dominated by one company (ABB) Ludvika can be described as an industrial community too, but, instead of remaining a traditional one based on some heavy industry, ABB has developed an industry that depends on research and knowledge in the field of high-tension. But also in Ludvika there are threatening features. One of them is the difficulty ABB is experiencing in recruiting highly-qualified personnel to the town. A few years ago there were also signals indicating that the hospital might be closed down. If this had happened more than 500 employees, most of whom were women, would have lost their jobs in a place where there are few alternative careers open to women. Yet the number of employed in the hospital is steadily going down.

Even though the general picture of the Bergslagen municipalities in Dalarna is one of a region with adjustment problems and depopulation, there are villages and rural districts where development is far more positive than it is in many of the industrial communities in the region. In the municipality of Smedjebacken, for example, there are smaller places such as Hagge,

² This regional culture is associated in some contexts with what is called “bruksandan”; an identity ascribed to the region from outside and which aims at capturing the features of this industrialist tradition (i.e. lack of entrepreneurship, dependence, resistance to education, well developed collective functions, etc.), but “bruksandan” as a concept has several dimensions (both positive and negative) and is, in any case, a debatable term. For a discussion on the subject, see Bergdahl *et al.* 1997 and Ekman 1995.

³ The number of young people who go on to university studies is remarkably low in Bergslagen (Fakta om Dalarnas län 1995). This confirms the impression that the status of education in industrial communities is low.

Söderbärke and Vad where living conditions and population development are better than in Smedjebacken itself. The spatial differentiation of socio-economic welfare has been pronounced during the last decades.

The Bergslagen part of Dalarna is thus a good example of the fact that there are clear differences between parts of a municipality, villages and residential areas in the rural districts studied. In a previous study (Pettersson and Westholm 1998), it was possible to distinguish, apart from various types of residential areas in towns, the following types of rural districts: flourishing districts with many children, commuter districts round large built-up areas, socio-economically weak rural districts with a low degree of employment and traditional sparsely populated districts with many elderly inhabitants.

Objective 2 Bergslagen

The aim of Objective 2 is to give support to regions that have been subject to industrial recession and suffer from considerable unemployment. Priority is given to the needs of small and medium-sized enterprises (especially in the service sector), measures to raise competence, efforts to improve the infrastructure and to develop natural and cultural environments so as to further tourism (NUTEK and The National Rural Development Agency 1995).

In Dalarna, the municipalities of Avesta, Borlänge, Hedemora, Ludvika, Smedjebacken and Säter are included. Objective 2 Bergslagen aims amongst other things at stimulating entrepreneurship and free enterprises – a form of support that the region has not traditionally engaged in. Education, projects to introduce new techniques and tourism are important elements in the work of development. 65 projects had been started by 31 December 1997 (Table 1). They are expected to give 1,600 jobs in the region (678 projekt 1998).

Table 1: Financing and the number of new jobs expected in the objective areas in Dalarna. Projects approved of up to 31 December 1997.

Programme	Projects approved	Total financing MSEK	Number of jobs expected		
			permanent	maintained	temporary
Objective 2	65	417	1607	-	32
Objective 5b	55	317	1057	25	522
Objective 6	67	181	924	95	-
Total	187	915	3588	120	554

Source: 678 projekt. EU i Dalarna 1995-1997.

The Siljan District – Cultural History and Renewal in Idyllic Rural Districts

The region round Lake Siljan consists mainly of undulating forest districts and small villages surrounded by agricultural land. As is the case in Bergslagen, this is an cultural region with somewhat unclear boundaries. In this study, we have chosen to include the municipalities of Leksand, Mora, Orsa and Rättvik. The total population in these municipalities is 55,000. The largest town is Mora with a little more than 11,000 inhabitants. The south-eastern parts of the region are within a reasonable commuting distance from the towns of Falun and Borlänge, and the inhabitants of this region have therefore access to a relatively diversified labour market. It is a long way from other parts of the Siljan district to large towns.

Historically, agriculture and forestry, but also craftsmanship, have been important means of livelihood in the Siljan district. The industries that grew up in the region have always been on a small scale. The rural districts round Lake Siljan, which were regarded as backward and underdeveloped during the industrial era, have had a far more positive development in the last few decades than, for instance, Bergslagen.

During the 1980s and the beginning of the 1990s there was a substantial migration of people into the Siljan area and the population increased. The people moving in have come mainly from municipalities in other parts of Dalarna and from Stockholm. Some of them have settled in the rural districts while others have been attracted to towns. This migration cannot be explained merely by factors such as expansion within some particular trade, enterprise or university, or by the fact that many people commute to Falun or Borlänge. The image of the area seem to have been a major driving force. Many of these migrants have brought their firms with them to the Siljan district or started a firm of their own after arriving (Kåks and Westholm 1994).

Relatively few families with children live in the area and the average age is high. The largest migration streams of old age pensioners go from Stockholm to Leksand, Rättvik and Mora (Lundmark 1995). These migration streams are unexpectedly large in view of the distance between Stockholm and the Siljan district as well as the relatively small populations in the three municipalities in Dalarna. The traditions of long-distance migration and/or seasonal based travelling has roots in medieval times.

The level of formal education is normal for the county but substantially lower than the national average. The employment structure is also on the provincial average, although there are more self-employed businessmen here than in other parts of the province. The strong tradition of entrepreneurship has its roots in the widespread practice of craftsmanship that has long existed in the area.

This area can be regarded as a rural idyll (see, for example, Ilbery 1998) with an attractive landscape and a rich cultural history. Many Swedes think of it as the ideal picture of the Swedish countryside during the 19th century. Several of the country's best-known artists have depicted the environment, which is considered typical of Dalarna and which still survives in the region round Lake Siljan. Cultural tourism plays an important part in the area and many place-names have a positive ring about them (Kåks and Westholm 1994).

Another of the region's distinctive features is the dispersion of land ownership. Many who have emigrated from the region still own land there, and this is thought to be an important factor influencing the return migration that has taken place in the past few decades (Kåks and Westholm 1994).

Previous analyses have shown that the inhabitants of the Siljan district, not least in the municipality of Leksand, have a good and very even standard of living (Pettersson and Westholm 1996).

The migration to and the renewal of this rural district is perhaps a result of a combination of economic performance, image, landscape, small-scale living and self-employment.

Objective 5b and LEADER II Dalarna

The purpose of Objective 5b is to facilitate development and structural adjustment in rural districts. Priority is given to the development of small and medium-sized enterprises, agriculture and forestry, natural and cultural environments to stimulate tourism and projects dealing with the infrastructure and local development (NUTEK and The National Rural Development Agency 1995).

In Dalarna, it was mainly small enterprises, culture and tourism that were selected for support. The 5b area in Dalarna consists of Gagnef, Leksand, Rättvik, and the greater part of Mora. Up to 31 December 1997 it had been decided to initiate 55 projects, which were expected to give more than 1,000 permanent and 500 temporary jobs (678 projekt 1998). A large percentage of these new jobs ought logically to be in the Siljan district.

The aim of the community initiative LEADER II is to develop rural regions in EU. There are twelve LEADER II-programmes in Sweden. The municipalities of Gagnef, Leksand, Mora, Orsa, Rättvik, Vansbro and parts of Malung and Älvdalen belong to LEADER II Dalarna.

The Sälen District - Skiing for Tourists as Development Factor

The third sub-region in the county of Dalarna to be analysed is the skiing resort Sälen. The district consists of three electoral wards in the northern part of the municipality of Malung. Sälen, with 2,000 inhabitants, is admittedly on the outskirts of the province and far from the nearest town, but its great advantage is that, unlike other skiing resorts in Sweden, it is comparatively near the Mälaren Valley and Stockholm. The investments in winter sport has resulted in a locally flourishing economy. The large tourist hotels, etc. in the Sälen mountains have provided a number of jobs and the level of employment is seven per cent higher than in the rest of Dalarna. Almost two-thirds of all those employed work in the private service sector.

Some of these jobs, however, are seasonal and there is probably considerable mobility among the working force, involving seasonal moves in and out of the district.⁴ The standard of education is very low and the percentage of self-employed people is high compared to other parts of the province.

In this district we find many young, unmarried people, mainly young men living on their own. On the other hand, the percentage of families with children is lower than the average for the province and other rural districts. Thanks to the moving in of young people, the number of inhabitants increased by ten per cent between 1985 and 1995.

The large number of tourists allow for the district to offer a considerably larger selection of services than the size of the resident population would justify. It is also to be expected that some of the tourists who frequently go to Sälen or have holiday cottages there will eventually make it their permanent home.

There is, however, a price to be paid for exploiting the mountains. The landscape is changed and the sensitive natural environment is subjected to harder wear and tear. The pistes, ski-lifts, hotels, bungalow areas, snow-scooter and hiking routes undeniably have a negative effect on

⁴ The number of seasonal employees in 1989 was estimated at 1,200-1,300 persons and the number of people employed for the whole year at 400-500. The number of beds for tourists increased from 20,500 in 1978 to 47,000 in 1989. It was estimated that this number would increase to 60,000 in 1995 (Rosendahl 1990).

the natural environment. Conflicting interests between exploitation and preservation are obvious and may prevent further expansion of tourism. Even at today's speed it is questionable whether long-term sustainability can be preserved

Another problem is that although Sälen attracts many young people, the majority of them do not stay there for any length of time. Seasonal variations, the state of the market and fluctuations in the exchange rate are obvious disadvantages and as a result the stream of tourists varies from season to season (Axelsson *et al.* 1994).

Objective 6 and Interreg II Inner Scandinavia

The aim of Objective 6 is to support development and structural adjustment in the region. Priority is given to the development of working and business life, to looking after and developing human resources, local development, the careful use of natural resources and Lapp development (NUTEK and The National Rural Development Agency 1995).

Dalarna's Objective 6 region concentrates on developing existing enterprises and raising competence in the area. Local development is also considered important. Many of the projects being undertaken are concerned with the tourist industry. Traditional means of livelihood such as farming and forestry as well as the use of other natural resources is also regarded as important. One aim of the objective is to see that the value of processed wood products rises by ten per cent (678 projekt 1998).

In Dalarna, the municipalities of Malung, Orsa, Vansbro, Älvdalen and parts of Mora are included in the Objective 6 area. The Sälen district is thus a relatively small corner in Dalarna's part in the Objective 6 area. Only a minor part of the total resources can therefore be expected to reach the area. Up to 31 December 1997 67 projects had been granted funds, and it was hoped that the result would be at least 900 new jobs in the Objective 6 area (678 projekt 1998).

The aim of the community initiative Interreg II is to create and develop border regions by strengthening co-operation across national boundaries. In Dalarna, the municipalities of Malung and Älvdalen are involved. They, together with a number of other adjacent municipalities in Värmland and Norway, are part of Interreg II-Inner Scandinavia. For Sälen the most important development project is that known by the collective name of Scanland (which in actual fact consists of a large number of sub-projects). The main object of Scanland is to develop summer tourism in the region. It is hoped that, by providing a greater number of activities in summer time, more round-the-year jobs will be created (678 projekt 1998).

Concluding remarks

There are both similarities and differences between the three rural districts studied. In the past few decades, development in the Sälen and Siljan areas has been more positive than it was in Bergslagen which, in many respects, is still suffering from the restructuring problems of the 1970s. These two districts have had a population increase, but obviously whilst Sälen is attractive to young people, the Siljan area is of greater interest to those approaching retirement age. Bergslagen, on the other hand, is losing people, mainly the young, who leave the region to seek work or education elsewhere.

Self-employment is more common in Sälen and the Siljan area than it is in Bergslagen, but the differences are small. Whereas a small-scale business life is characteristic of the Siljan district, both Sälen and Bergslagen are marked by large-scale enterprises and a lack of variation - Sälen

has its large tourist installations and many places in Bergslagen are still dominated by large-scale manufacturing industries. The standard of education is comparatively low in all three districts, but in Sälen and Bergslagen it is remarkably low.

Bergslagen is considerably less homogeneous than either Sälen or the Siljan district. Bergslagen has examples of declining industrial communities as well as places where traditional basic industries have been transformed into high tech enterprises. Furthermore, there are genuine rural districts which have undergone a socio-economic re-generation. Perhaps they hold more promise for the future than the industrial communities do, for these rural districts do not have the same stigma: the general negative attitude of the inhabitants to education and enterprise, run-down and unattractive industrial environments. Maybe the pleasing rural countryside in Bergslagen can attract immigrants, entrepreneurs and businessmen who can inject new life into the region. In the long run this might also benefit the purely industrial communities.

Bergslagen is the rural region where the need to reverse the development of the past few years is greatest. The inhabitants and enterprises in the Siljan district have shown that they can get along quite well regardless of the state of the market and despite deficiencies in the standard of education. Even though the Sälen district is sensitive to the state of the market and exchange rates, it has nevertheless established itself as the most expansive and successful winter resort in the Swedish mountains. Its relative nearness to the market in the Stockholm region must reasonably be taken to mean that it can keep its position for many years to come. One threat to continued expansion can, however, be conflicts with environmental interests.

There can be no doubt that the membership in the EU has resulted in larger economic resources have now becoming available to develop all three of the rural districts studied. Objective 2 Bergslagen is the programme in Dalarna that has up to 1998 been granted the largest sum of money, but in relation to the population, the other two districts, with Objectives 5b and 6-programmes, have so far received a larger sum per inhabitant.

Some of the projects aim at turning the economic restructuring process in a positive direction, while the object of others is to speed up a district's already positive development. The projects in all three districts are intended to raise the standard of education and competence in the district, but also to stimulate enterprises. Various forms of tourism are also a common denominator both in the tourist regions of Sälen and Siljan and in Bergslagen.

Expansion in Sälen would probably continue even without extra resources from EU, though possibly at a slower rate. The Interreg II project Scanland, however, is important for the development of summer tourism in the region and, if it is successful, it will create a number of new jobs in the district. It should also increase the chances of getting seasonal workers, who now only spend short periods in Sälen, to take up more permanent residence in the region. It would also help the economy of some of the enterprises that are active in Sälen.

Bergslagen seems to have the greatest need of resources from EU. However, EU funding may not be enough to transform the whole of this stagnating industrial region into the dynamic area of small enterprises aimed at. The picture of Bergslagen as a region in crisis, the negative attitude to enterprise, the low standard of education and continued rationalisation in the manufacturing industries are factors that are not auspicious for a favourable labour and population development in the region. Here, the genuine rural districts in Bergslagen may offer a more attractive living and working environment than the industrial communities do. Even if strong measures are taken to cure the deficiencies in Bergslagen, it must still be realised that turning the tide will take longer than the five years that Objective 2 has been under way.

It is more difficult to foresee the concrete effects of the programmes in the Siljan district. Objective 5b concentrates on several of the properties that, to some extent, the region already has. A relatively diversified and small-scale business life, a positive outlook on enterprise and a fairly well-developed tourist industry already exist. Admittedly the standard of education is low, but it is up to the average for the province and therefore higher than in the other two rural districts studied. Raising the competence of existing enterprises so that they can meet stiffening competition and cope with the change-over to new products and new methods of production should be an important factor in maintaining and advancing the position of the district.

However, structural funds are only a small part of the long row of factors that influence development in these three rural districts. It would not be too bold to assume that the state of the market, the competitive ability and strategies of the entrepreneurs, developments in the public sector and the preferences of households are of much greater importance to the development of the districts than the structural funds. The cuts made by municipalities and county councils during the past few years are not the least important factors affecting employment in the rural districts we have studied. One example can be taken from Ludvika where, a few years ago, there were proposals to shut down the hospital. If this had happened, more than 500 people would have lost their jobs, which can be compared to the approximately 1,600 new jobs which it is expected that projects started by 31 December 1997 will create in the whole of Dalarna Objective 2 area. On the other hand, EU funding is important since it forms a large part of the means available to deliberately influence the future development of the region. It is probably much more difficult to influence other factors at the local level. However, the result may well be increasing differences as the different areas fail or succeed in making use of the policies.

Statistically, there is no clear-cut positive relationship between the level of formal education and traditions of entrepreneurship in a region like Dalarna (Pettersson and Westholm 1998). Entrepreneurship is low in districts where many people with a high standard of education live and vice versa. The landscape of education seems to be separated from the landscape of entrepreneurship. Further analysis and discussion are required as regards this question.

The number of objective programmes will decrease from the year 2000. For Sweden's part, this means that Objective 6 will be merged into the new Objective 1, while Objectives 2 and 5b will be included in the new Objective 2 (InfoRegio 1999, Ministry of Industry, Employment and Communications 1999). It is, however, not yet clear exactly what this will look like in practice and what regions in Dalarna it will apply to.

Finally, the uneven growth in general in Sweden during 1997-1999 with a new urbanisation trend favouring metropolitan areas is an emerging threat to all three rural districts.

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Appendix

Table 2: Key figures for three rural districts in Dalarna.

	Sälen district	Siljan district	Bergslagen	Dalarna	Sweden
Number of microregions	3	40	103	335	-
Number of inhabitants 1995	2000	55000	93000	290000	8837000
Population change 1985-95	10,4%	6,8%	-1,1%	2,1%	5,7%
Average age of population	40,4	41,2	40,7	40,1	39,1
<u>Households</u>					
16-24 years of age	8%	6%	6%	6%	7%
25-44 years of age	35%	30%	31%	32%	34%
45-64 years of age	26%	28%	30%	30%	30%
65-79 years of age	23%	26%	24%	24%	21%
80 years of age or more	9%	9%	8%	8%	8%
Average disposable income, KSEK	86	84	86	87	92
<u>Educational level</u>					
Compulsory school or less	36%	28%	31%	28%	26%
Secondary school education	50%	53%	52%	52%	48%
Post secondary education	13%	18%	16%	19%	25%
<u>Employment</u>					
Agriculture and forestry	3%	3%	3%	3%	2%
Manufacturing	7%	18%	23%	20%	19%
Construction	7%	9%	8%	8%	7%
Private services	62%	31%	28%	30%	36%
Public services	21%	39%	37%	38%	36%
Share of employed persons	93,2%	94,7%	95,5%	95,7%	95,1%
Share of self-employed persons	6,8%	5,3%	4,5%	4,3%	4,9%
Relative share of employed population	79%	72%	70%	71%	72%
Share of early pensioners	4,3%	7,1%	9,9%	8,3%	6,9%