OECD-EC High-Level Workshop Series: Place-Based Policies for the Future

Place-based policy objectives and the provision of public goods in depopulating areas: equality, adaptation, and economic sustainability

Josefina Syssner, Professor of Human Geography, Center for Local Government Studies, Linköping University

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This paper aims to contribute to practice and research by discussing the potential of place-based policies in public goods provision in areas facing long-term population decline. In the paper, it is argued that local governments in shrinking communities ought to develop explicit and transparent local adaptation policies, but that such policies must be embedded in state goals of territorial equality and cohesion. It is also argued that these policy objectives must be integrated with local policy goals of economic sustainability. Four ideal types of place-based interventions are presented - structural interventions, financial interventions, interventions that enable place-based innovation, and interventions that specifically address human capital needs. In the paper, it is concluded that these interventions need to be designed to be mutually reinforcing, even if they are implemented by different actors at different levels of government and pursuing different policy goals. The paper draws on an extensive reading of the international literature on long-term population decline and on field studies conducted in a Swedish, Nordic, and to some extent Northern European context.

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The series of six OECD-EC High-Level Workshops titled "Place-Based Policies for the Future" consider place-based policies from the following angles: (1) how place-based policies have evolved to date; (2) the articulation of place-based policies against other policymaking frameworks; (3) how place-based policies can address current and future societal problems; (4) policy design, measurement and evaluation; (5) governance and coordination; and, (6) what place-based policies are required for the future.

The outputs of the workshops are a series of papers and a summary report outlining future directions for place-based policies. This work will ultimately be relevant for policymakers at all levels of government who are interested in improving the design and implementation of place-based policies to contribute to equitable and sustainable economic futures.

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Josefina Syssner

Table of contents

FIGURES

TABLES

1. Introduction

All over the world we find places inhabited by fewer and fewer people. Continued and sometimes dramatic population decline has presented many regions with challenges related to economic, social, and environmental sustainability. For example, shrinking areas are often aging societies with high levels of dependency, lacking a highly skilled workforce, and characterized by high per capita costs of social services, weak public finances, low levels of education, and social exclusion (Syssner, 2015, 2018, 2020b, 2022). In recent years, the question of how to provide public goods efficiently in such areas and under such conditions has received increasing attention (Nordregio, 2020; Nordregio et al., 2022; OECD, 2021).

This paper aims to contribute to practice and research by discussing the potential of place-based policies in public goods provision in areas facing long-term population decline. The paper draws on an extensive reading of the international literature in which the implications of long-term population decline is discussed (for an overview, see Syssner, 2022). The main arguments however rely on field studies of population decline conducted in a Swedish, Nordic, and to some extent Northern European context. It is hoped that the arguments will be valuable and stimulate discussion among scholars and practitioners also outside the Nordic countries. The paper takes a normative stance in that it recommends local governments in shrinking areas to develop explicit and transparent local adaptation policies, but also encourages active state government focused on territorial equality and cohesion, as well as local political efforts to achieve local economic sustainability.

Place based perspectives

The idea that policy and planning should take place-specific actors, conditions and dynamics into account is today a well-established one (Barca, 2019; McCann, 2021; Tomaney, 2010). Place-based approaches have been used in economic geography, in economics, in studies of industrial policy (Bailey et al., 2023), local and regional policy design, in urban and regional planning (Randolph & Currid-Halkett, 2022), in studies of public sector governance (Krawchenko, 2021), and has brought a more general emphasis on the significance of spatial divergences in policy design (Bachtler, 2010; Navaretti & Markovic, 2021).

An important background to the contemporary interest in place-based policies was the more general place-based resistance to neoliberal globalization (Long, 2013), and the discontent that grew out of the dominance of the idea that policymaking should be ‘space-neutral’ and thus designed without any particular space or location in mind. Another important background is the critique of the tendency in regional development policy to take little account of the specificity of place and the inability of public actors at various levels to coordinate and integrate their policy incentives (Barca, 2019; Barca et al., 2012; Bentley & Pugalis, 2014; Nowakowska et al., 2021; Olfert et al., 2014).

The distinction made between space-neutral or space-blind and place-based approaches corresponds with another distinction made in the literature; the one between people-centred (and/or sector-centred) versus place-centred approaches (Barca et al., 2012, p. 135; Bentley & Pugalis, 2014, p. 283; McCann, 2021). In essence, the dividing line between these two approaches is about different perceptions of what is a suitable policy object - individuals, sectors or territories (Bentley & Pugalis, 2014, p. 285). This dichotomy is not new. Bachtler refers to a discussion from the 1960´s where the distinction between “place prosperity” and “people prosperity” was subject to debate and concludes that the question of whether government intervention should focus on improving places and property or on improving people has been “a perennial source of debate in regional, urban, and other policies”(Bachtler, 2010, p. 1; see also Bentley & Pugalis, 2014, p. 286).

Arguments for a people-based and spatially neutral policy approach end to derive from the belief that agglomerations of resources provide revenues in terms of growth and prosperity, and that the total economy will be better off if it is allowed to agglomerate without the interference of political institutions (Barca et al., 2012, p. 138; Olfert et al., 2014, p. 5).The assumption is that by encouraging mobility and by prompting people to settle where they can be most productive, the wealth available for re-distributive measures will increase (Barca et al., 2012, p. 140; McCann, 2021; Sudekum, 2021, p. 14). The core argument is that the mobility of human capital, workers and firms is key for regional development – and that policies that mess up with the choices made by these actors, run the risk of resulting in a culture of dependence (Olfert et al., 2014, p. 6) and in more general welfare losses (Kline & Moretti, 2014; Sudekum, 2021, p. 14). Spatially blind policies thus include business support policies, assistance given to firms, and attempts to improve general conditions for production without having any particular location in mind (Bentley & Pugalis, 2014, p. 288) (Bentley & Pugalis, 2014, p. 289). Detailed examples include general tax reductions, education, vocational training, match making, “innovation vouchers or education and training and skills policy” (Bentley & Pugalis, 2014, p. 288).

In summary, the advent of the place-based policy approach comes as a reaction to failed neoliberal ‘space-blind’ policies and its tendency to push best practices in a “one-size-fits-all”-manner (Barca, 2019, p. 87). The place-based policy approach also originates from the notion that context matters and that place specific conditions are of significance for the design and implementation of local and regional development strategies (Bachtler, 2010; Barca, 2019; Barca et al., 2012; Bentley & Pugalis, 2014).

Public goods

This paper extends the discussion of place-based and place-neutral policies from the realm of local and regional development to the realm of public goods provision. Texts that refer to public goods theory usually include a reference to Paul Samuelson and the proposition that joint, equal, and non-rivalrous consumption and non-excludability are the main characteristics of public goods (Cowen, 1985; Samuelson, 1954). However, Cowen points out that the concept of public goods is more ambiguous than is commonly believed, as both cornerstones of the concept – non-competitive consumption and no excludability – may very well be problematized (Cowen, 1985, p. 63). In academic discussions, examples of public goods typically range from national defence to police forces to clean air, drinking water or public knowledge. In this paper, which focuses on the provision of public goods in areas of long-term population decline, a much narrower understanding of the term is put into practise.

For the purposes of this paper, public goods are understood as services administered by governments (although sometimes provided by private actors), paid for collectively through taxes, and available to all members of society who have a particular need. In this sense, the term is used almost synonymously with terms such as social welfare, social services, or the more recent terms services of general interest or essential services. Thus, services of general interest (SIG) is a concept often used within the EU administration. SIG is said to include those services that are considered by public authorities to be of general interest and therefore subject to specific public service obligations. Examples given by the commission are public transport, postal services and health services (European Commission, 2011). Nordregio uses the concept of essential services and suggests that five categories of services can be identified as such, i.e. Climate Adaptation and Climate Impact Management, Emergency Services and Civil Defence, Education and Childcare, Health and Social Care, and Physical and Digital Infrastructure (Nordregio et al., 2022).

In the coming chapter, it will be demonstrated that long-term population decline has serious implications for the provision of public goods. It will be displayed that population decline has implications for social services, schools, care for the elderly, preschools, infrastructure, planning, water and sewage systems, etc. These are all goods and services that are managed by the state, region, or municipality (although sometimes provided by private actors), are paid for collectively through taxes or fees, and should be provided equally to all members of society who have a particular need. Importantly, however, service delivery in general has undergone several changes that are not unique to depopulated areas. Nordregio cites collaborative service arrangements, digitization, and changing localization of services as general trends in rural service delivery (Nordregio et al., 2022, p. 10). More generally, market-based arrangements in public service delivery have also become prevalent in many European countries (Nordgren, 2010). Further on in this paper, the foundations of place-based policy will be further elaborated on, and used to discuss policies that support the provision of public goods in areas of long-term population decline.

A policy perspective

This paper aims to contribute to practice and research by discussing the potential of place-based policies in public goods provision in areas facing long-term population decline. In the discussion that follows, policies are understood to consist of ideas (Lindberg, 2018). Policy ideas indeed include norms and values – these are central and "underlie all decisions," as (Kooiman & Jentoft, 2009, p. 218 ff) puts it. But policy ideas also include cognitive paradigms (Campbell, 2002), thoughts about what is true and what is not true, about what constitutes a problem (Bacchi, 2000), about the best course of action (John, 1999, p. 145), and about causalities and solutions (Peters, 2015, p. 112). In policy analysis, it is therefore crucial to understand how 'reality' and 'problems' are represented. Policy analysis must consider the analytical frameworks that support a particular understanding of a 'problem' (Bacchi, 2012), and the ability to influence conceptualizations of what constitutes a problem must be regarded an important power resource (Dery, 2000, p. 37; Mintrom & Norman, 2009, p. 652).

In the literature, policies are often described as action-oriented and to involve an effort to change society in some way (Easton, 1953, p. 130; Edelman, 1988, p. 16; Martin, 2001, p. 206; Peters, 2015, p. 1). Policies are also often understood as sequences of actions, or as networks of interrelated decisions made within a given period of time rather than as single interventions (Heclo, 1972, p. 85; Hill, 2005, p. 7; Jenkins, 1978, p. 15; Peters, 2015, p. 4). However, many definitions agree that both action and inaction can be part of a policy. According to this understanding, power is exercised even when no decisions are made, and the status quo is maintained. A policy may then consist of attempts to avoid addressing certain issues, to resist change, or to defend the current allocation of resources (Hill, 2005, p. 8). Accordingly, an analysis of policy and policy development might also examine why and how some issues are kept off the agenda and not considered policy problems at all (Peters, 2015, p. 71). Here, *not* recognising territorial inequalities or *not* responding to demographic decline is as much a policy as recognising and responding to these issues.

The Nordic welfare state

The main arguments of this paper rely on knowledge derived from extensive studies of places facing demographic decline in a Swedish and Nordic context. Sweden and its Nordic neighbours have two characteristics that are particularly relevant to a discussion of the provision of public goods in depopulating areas.

First, the Nordic countries are similar in the sense that they have ambitious welfare systems and a social contract between the state and the individual with respect to some important public services (Nordregio et al., 2022, p. 9). While the systems in the various Nordic countries have significant differences, collectively, as Greve points out, they have universalism in social policy as a cornerstone, and a common goal of improving society's ability to enrich and equalize the living conditions of individuals and families (Erikson, 1987; Greve, 2007, p. 43). In recent years, the Nordic model has been both questioned and in some respects weakened (Greve, 2007; Kvist & Greve, 2011). As Greve points out, the quest for a common European welfare model, together with economic globalisation, has led to a strong questioning of the features of equality, state funding and full employment, high taxes, high wages, and high levels of public intervention, all of which characterise Nordic welfare models (Greve, 2007; Kvist & Greve, 2011).

Many of the examples given below come from a specifically Swedish context. At this point it is important to point out once again that, despite the similarities, there are major differences between the Nordic social systems. This is especially true for the level at which responsibilities for the provision of public goods are located, for the organization of funding, and to what extent the various reforms of marketization and freedom of choice have affected society (Nordgren, 2010). In Sweden, every municipality is responsible for a range of welfare services. Municipalities are responsible for childcare, primary and secondary education, care for the elderly and disabled. Municipalities are also responsible for spatial planning and infrastructure. Roads, paths, water and other technical facilities all belong to the responsibility of the municipality. Local governments in Sweden enjoy strong constitutional status, a relatively high degree of autonomy and financial independence (Erlingsson & Ödalen, 2013). The autonomy of municipalities and their right to levy taxes are enshrined in the Swedish constitution and give local governments strong financial power (Sellers & Lidström, 2007). Swedish municipalities have extensive budgetary autonomy (Erlingsson & Wänström, 2021) and in many respects a great autonomy over their activities. Altogether, Swedish municipalities have a major responsibility for providing public goods and considerable freedom to choose how this could be done. But as will be demonstrated in chapter three below, there is wide variation in their ability to do so.

A second characteristic that distinguishes the Nordic countries is their geographical and demographic structure. Urban agglomerations in the south and on the coasts, combined with sparsely populated areas and long distances in other parts of the country, characterise the Nordic countries. The Nordic countries are also predominantly concerned with rural shrinkage while urban shrinkage is more pronounced in other parts of Europe. Both Norwegian and Swedish government reports and committees identify regional differences in demographics as a major challenge. Population decline, aging, and dispersed settlement- which lead to financial challenges, labour shortages, and problems with work, organizing services, and daily life-have been addressed in various contexts (NOU 2020:15, 2020; SOU 2015:101, 2015).

All in all, the combination of these two characteristics – an ambitious welfare mission and difficult demographic and geographic conditions – is quite unique. Nevertheless, it helps to make visible both the need for place-based interventions for public goods provision in areas of long-term population decline, but also the challenges with implementing such interventions.

Aim and scope

This paper aims to contribute to practice and research by discussing the potential of place-based interventions for public goods provision in areas of long-term population decline. The paper proposes that local governments in shrinking communities would develop explicit and transparent local adaptation policies, that such policies must be embedded in state goals of territorial equality and cohesion, and that they must be integrated with local policy goals of economic sustainability.

The paper also distinguishes between four ideal types of place-based interventions, i.e., structural interventions, financial interventions, interventions that enable place-based innovation, and interventions that specifically address human capital needs. Such a grouping or categorization of policies could facilitate the mutual reinforcement of policies designed and implemented by different actors at different levels of government.

Structure of the paper

In this introductory part of the paper, the basics of a place-based perspective were presented, together with a brief understanding of the concepts of public goods and policy respectively. The specificities of the Swedish and Nordic cases were also accounted for. Chapter 2 clarifies two key components of a place-based approach, namely (a) the view that interventions to address territorial inequalities are legitimate and (b) the recognition that places differ in terms of institutions, capital, resources, and potential and that actors at different levels need to take these local differences into account and make use of them. Chapter 3 lays out the implications of long-term population decline and argues that it is essential to consider these implications if we are to develop truly place-based policies for service delivery in such areas. Chapter 4 is the most important part of the paper. Here, previous research on place-based policy is related to the conditions, problems, and challenges in areas of long-term population decline. The main argument is that demographics are an essential part of the conditions of a place and must be considered when formulating policy goals. It then suggests that place-based policies in areas facing long-term population decline should aim to (a) address territorial inequities in service provision, (b) develop local adaptation policies, and (c) find ways to achieve place-based local economic sustainability. Chapter 5 concludes with a discussion of the needs of integrating policy objectives and interventions across sectors and levels of government.

2. Place based approaches

Place-based approaches have been used in a variety of disciplines, primarily to understand the importance of spatial divergences for local and regional development processes as well as for policy making. This paper aims to build on this tradition and discuss the potential of place-based perspectives in relation to the provision of public goods. For purpose of this paper, two components of a place-based approach are important to highlight. The *first* component is the view that interventions aiming at levelling out or balancing geographic inequalities between prosperous and less prosperous areas are legitimate. The *second* component is the recognition that places differ in terms of institutions, capital, resources and potentials and that stakeholders at various levels must take into account and benefit from these local variations together (Bentley & Pugalis, 2014; Rodríguez-Pose & Wilkie, 2017; Tomaney, 2010).

Interventions against inequalities

In the literature, differences in economic development and uneven distribution of economic activity have been explained in different ways. Inequalities and regional divergence have been explained with reference to variations in natural location advantages and factor endowments (Olfert et al., 2014, p. 8), agglomeration and distance (Barca et al., 2012, p. 136), by traits such as structural economic decline and demographic change (Randolph & Currid-Halkett, 2022, p. 246), by access to human capital and innovation (Barca et al., 2012, p. 136) and by the functionality of institutions (Barca et al., 2012, p. 136). In the literature, there also seems to be agreement that contemporary regional divergence within the Global North is driven by the transition from an economy based on manufacturing to an economy based on skills and knowledge (Randolph & Currid-Halkett, 2022, p. 245), and that highly productive skills-oriented firms tend to settle in large metropolitan areas (Sudekum, 2021, p. 8).

From a place-based perspective, policies that promote human mobility towards agglomerations are far from neutral to space. To the contrary, such policies have major spatial and territorial implications since they tend to foster urban agglomerations and resource depletion in peripheral areas (Barca et al., 2012, p. 140). Correspondingly, redistributive interventions or targeted interventions seeking to correcting inefficiencies or combating patterns of uneven spatial development are in a place-based perspective seen as completely valid (see also Barca et al., 2012; Bentley & Pugalis, 2014, p. 290; Olfert et al., 2014, p. 6).

The potential of place-based approaches in relation to the provision of public goods has received an increasing political and academic interest. For example, the concept of foundational economy proposes that services critical to human well-being-such as energy, water and sanitation, health care, education, etc. - should be placed at the centre of regional development and economic policy (Hansen, 2022). For decades, fiscal redistribution and equalisation systems have developed as institutions that seek to remedy territorial inequalities. Later in the text, these and other ideas and institutions meant to promote equality in the provision of public goods will be discussed. The argument is that a place-based policy for the provision of public goods must involve structural and financial interventions, as well as interventions that promote innovative solutions, as well as the need to attract human capital.

Place-based differences

A second key component in a place-based approach is the notion that places differ in terms of their resources and potentials. Some have referred to “the local context” (McCann, 2021), to all of the social, cultural and institutional aspects of a place (Barca et al., 2012, p. 139), others to divergency of activities and firms (Navaretti & Markovic, 2021, p. 7), to the significance of “social relations, cultural meanings, informal practices, and norms” (Randolph & Currid-Halkett, 2022, p. 248). In most cases, these divergences are raised in the context of a discussion about the development of the local economy.

It is also frequently argued that the recognition of differences must be followed by territorial and holistic approaches to local development, rather than sectoral ones. Participation and partnership and the integration and coordination of institutional actors at all levels of governance are frequently promoted as a driver for change (Atterton & Glass, 2021; Bachtler, 2010; Barca et al., 2012; McCann, 2021; Nowakowska et al., 2021). The capacity of building institutional partnerships vertically (multi-level) and horizontally (across sectors) (Nowakowska et al., 2021, p. 2) is seen as significant. Stakeholders, it is argued, must show a capacity to identify and make use of the local potential as well as to mitigate weaknesses and limitations (Nowakowska et al., 2021, p. 2; Rodríguez-Pose & Wilkie, 2017, p. 153). In this matter, locally embedded as well as external knowledge of various forms is attributed a great importance för the design of successful local development policies (Barca, 2019; Barca et al., 2012; Nowakowska et al., 2021).

In the literature, territorial divergence is usually considered as a means of understanding the evolution of the local economy. In what follows, this discussion of place-based approaches is extended to the area of public goods provision. It is argued that in addition to state goals of territorial equality in the provision of public goods, place-based policies for public service provision must include attempts by local governments to explicitly adapt public goods to changing demographics as well as policies that promote local economic sustainability over time.

3. Consequences of long-term population decline

This paper is part of a growing scientific interest in places that are experiencing long-term demographic decline. Areas inhabited by fewer and fewer people may be confined to parts of municipalities, to parts of cities, or to individual villages or neighbourhoods, but they may also extend across regions, counties, and districts, or encompass entire cities. In previous contexts, it has been argued that the consequences of shrinkage are context dependent and may vary over time and space. Shrinking geographies "exist on a spectrum between prosperity and decline" (Hartt, 2019, p. 1655), and conditions such as commuting distance, population density, or population composition matter for how population decline affects a given area over the long term. The extent to which population decline is a problem for a society depends on several key political, economic, and geographic conditions, as well as the interpretations of those in power.

Nevertheless, some of the consequences of depopulation appear to be general in nature, and international studies show that in most contexts, a widespread and long-term population decline is difficult to deal with. The key observation is that depopulation has implications for all aspects of the local community and for a wide range of municipal policies: finances, planning and development, social service provision, and work life and recruitment of service professionals. Shrinking areas – whether urban or rural – are often aging societies with high levels of dependency, a shortage of highly skilled workers, and characterized by high per capita costs for social services, weak public finances, low levels of education, and social exclusion (Syssner 2022, 2020, 2018).

In the place-based literature it is repeatedly stated that local authorities in remote and lagging areas often are "small and weak – both financially and in terms of capacity", "face far greater capacity constraints" (Rodríguez-Pose & Wilkie, 2017, p. 155), and tend to be "isolated – both geographically and otherwise – from centralized decision making processes" (Rodríguez-Pose & Wilkie, 2017, p. 156). This has recurrently been stressed also in research on shrinking municipalities in the Nordic countries (Syssner, 2022).

Given the above, it is crucial to discuss the potential of a place-based approach in areas of long-term population decline. Thus, a place-based perspective assumes that the unique conditions of each place must be recognized, and the strengths of each place must be utilized. But how would a place-based perspective work in practice in places characterized by a lack of resources, then? The following section discusses the consequences of long-term population decline in relation to various aspects of public goods provision.

Planning and infrastructure

The first studies of the consequences of depopulation were accomplished by planners and planning researchers working predominantly in urban contexts. These studies often recognised an oversized infrastructure as the most conspicuous effect of long-term population decline (Hollander, 2018; Johnson et al., 2014; Németh & Hollander, 2016; Sousa & Pinho, 2015). Thus, fixed assets such as roads, parking spaces, water supplies, and sewage gradually become oversized in shrinking areas (Hollander, 2018; Luescher & Shetty, 2013; Syssner, 2020b). Houses, dwellings, and business premises become difficult to sell, and the result is vacancies, less capital for maintenance and re-investment in physical infrastructure and in extreme cases abandonment and infrastructural degradation (Batunova & Gunko, 2018; Dubeaux & Cunningham Sabot, 2018; Faust et al., 2016; Hackworth, 2014; Sousa & Pinho, 2015). And this in a situation where demographic change also leads to lower revenues through lower income taxes and fees (Grundel & Magnusson, 2022; SOU 2015:101, 2015; Syssner, 2015). Consequences of depopulation for planning and long-term sustainable development and the at times vicious circles of decline have thus been meticulously accounted for.

Studies in Sweden show that fixed assets are often inferior in areas with long-term population decline (Grundel & Magnusson, 2022; Jonsson & Syssner, 2018; Syssner & Jonsson, 2020). The costs of operating and maintaining infrastructure are spread over fewer and fewer users. As a result, local governments find it difficult to allocate funds for re-investment in existing infrastructure, and maintenance investments are often suspended or postponed. In recent years, it has also become apparent that existing infrastructure needs to be adapted not only to a smaller population, but also to extreme weather events due to climate change. Storms that prevent the usability of roads and rail networks and interrupted power grids are examples that affect both rural and urban areas in shrinking as well as in growing areas (Nordregio et al., 2022; Storbjörk & Hjerpe, 2021, 2022).

Another point of concern for planning in depopulating areas is that private investors are usually conspicuous by their absence. In some areas, banks are reluctant to provide loans for the modernization or renovation of a private property or for the construction of a new house, since the cost of the investment may be higher than the market value of the renovated or newly built house. In addition, the interest of private, commercial entrepreneurs in investing in housing and recreational facilities is often limited. All in all, in such a context, the municipal organisation becomes a relatively lonely and isolated planning actor (Syssner & Olausson, 2015).

The situation of oversized infrastructures whose maintenance is neglected and the resulting lack of space for new investments, as well as the weak housing market and the lack of private investors, certainly have implications for how place-based policies for the provision of public goods could be designed. It is imperative that these conditions are considered in upcoming policy design discussions.

Welfare provision

Depopulation has manifest effects for physical planning but is of outmost significance also for the provision of welfare services. In countries where welfare state structures are weak, population decline tends to correspond with issues such as socio-spatial inequalities, poverty, and segregation – that is to be managed in a situation of ageing, job losses and economic constraints (Cortese et al., 2013, p. 2050; Pallagst, 2015). The situation is perhaps less severe in depopulating areas in the Nordic countries, but it is still strained. Local governments in these areas share the experience of decreasing labour-related tax revenues. They share the experience of rising per-capita expenditures for social services (Fjertorp, 2013), and of making extensive budget cuts. Local governments in depopulating areas in the Nordic countries share the experience of closing non-statutory services, centralising schools and care for the elderly. These decisions have a major impact on people's daily lives and are described by local government representatives as difficult and painful. Local government officials are reluctant to make these decisions, but their interpretation is that declining revenues and rising costs leave them no other choice (Syssner, 2020b).

The changing age composition in depopulated areas requires massive changes in economic priorities and redistribution of resources. The 30 Swedish municipalities that have experienced the greatest population decline over the past four decades have all lost between 23% and 42% of their population (SCB, 2023). However, if we examine the cohorts of school children over the same period, we find that the loss of school-age children over the same period is between 45% and 65%. These significant changes in student cohorts - combined with the increased quality requirements of the state and the difficulties in finding qualified teachers in remote and rural areas - have of course had a massive impact on school organisation in these communities and are cited as the main reason for the closure of many small schools in Sweden in recent decades (Syssner, 2020b).

Indeed, one of the foundations of the Nordic welfare model is that the quality of welfare services should be the same regardless of where they are provided and regardless of whether labour-related tax bases and revenues decline. Therefore, all Nordic countries have significant spatial redistribution of financial resources–through government revenues, fiscal redistribution, and equalisation schemes–to support the quality and accessibility of public welfare services in remote, depopulated, and ageing areas. However, the Nordic welfare model has undergone a fundamental shift (Kvist & Greve, 2011), and several studies have found extensive disinvestment in critical services in many rural, depopulated areas (Carson et al., 2022).

Employment and human resources

A much-discussed topic in public debate is the labour shortage and the difficulty employers have in recruiting qualified personnel (Nordregio et al., 2022, p. 34; Syssner, 2018). The areas under discussion here are no exception. As the proportion of people of working age declines, the supply of labour diminishes. In remote areas, long distances and peripheral location make it difficult to recruit people from other parts of the country. As a result, recruitment of personnel is described as extremely difficult, and informants are concerned not only about how to recruit teachers, social workers, and nurses, but also civil servants for local government administration (Syssner, 2018, 2020b). Hence, the question of how to integrate temporary residents, such as second-home owners or recent immigrants, into the workforce is a recurring one. A Swedish government report discusses the ratio between a municipality's total annual population and its temporary population. This measure shows that the Swedish municipalities with the most seasonal residents relative to the permanent resident population tend to be small and often depopulated northern and coastal municipalities (SOU 2020:8, 2020).

In the Nordic context, the municipal organisation is often the largest employer in the municipal area. It hires personnel with different skills, both highly qualified, experienced specialists and inexperienced youth and people with no work experience. When listing the 10 largest employers in Sweden's northernmost region, 7 of them are a municipal or regional authority. When listing the largest employers in the thirteen municipalities in Sweden's northernmost region, it turns out that the municipal organisation is the largest employer in every single municipality. In 11 of 13 communities, more than a quarter of the employed population has the municipality as an employer. In 8 out of 13 municipalities, more than 30% of the working population is employed by the municipality.

In summary, a place-based strategy for public goods provision must consider both that municipal organisations have difficulty recruiting qualified and trained personnel, and that a large proportion of households are wholly dependent on the municipality for their livelihoods.

Civil society

When the population decreases and the demographic structure changes, the whole local community changes. There are fewer neighbours, villages are less populated and school classes become smaller and less numerous. When the population declines, it rarely does so evenly across all age groups. The mobility flows from depopulating areas tend to be made up of young people. In addition, women, singles and more qualified individuals show a higher propensity to leave rural areas for the urban ones (Keuschnigg et al., 2019; Weck & Beißwenger, 2014).

The selective out-migration has short- and long-term consequences. The local community gradually turns into one shaped by people who with lower levels of education and those who are not in working age. In the literature, it has been argued that the selective out-migration implies a loss in terms of diversity and social capital (Keuschnigg et al., 2019; Martinez-Fernandez et al., 2012). A counter argument, however, would be that if social capital is understood as by Putnam, in terms of trust-based networks of civic engagement, then small towns and municipalities characterised by ‘a transparent overview of local actors’ may benefit from this (Leetmaa et al., 2015, p. 150; see also Hospers & Reverda, 2015).

The effects of depopulation on the local economy are well discussed in the literature (Döringer et al., 2020; Hartt, 2019). Local companies depending on local consumption are reported to face hard times when their customer base declines. The selection of commercial services in the form of shops, cafés and restaurants changes with the size and composition of the population. External investors and private entrepreneurs’ interest in investing in residential housing and leisure facilities is described as limited. The difficulties keeping up the image of a depopulating place as being attractive has been raised in many contexts. To talk about a place as a shrinking one has been understood as a self-fulfilling prophecy; the notion is strong that the image of a place will be negatively affected if it becomes associated with depopulation and stagnation (Haase et al., 2012). Housing corporations and real-estate developers are affected by the vicious circles of depopulation. The territorial stigma (Wacquant et al., 2014) associated with shrinkage affects the willingness to invest (Weck & Beißwenger, 2014).

The impact of long-term population decline on civil society and the economy must be considered when place-based policies for service delivery are to be developed. Simple budget cuts can indeed solve the budget situation, but they can also reinforce the vicious cycle of decline by limiting access to quality public goods and thus reducing the liveability of the place.

4. Place-based policy objectives

A key element of a place-based perspective is the view that interventions aiming at levelling out territorial inequalities are legitimate. Reducing inequalities and closing gaps between regions is therefore often cited as a key policy objective of place-based policy. In many ways, this is a goal that fits within policies designed at the state level. But the focus on state goals is somewhat paradoxical, since a cornerstone of place-based policy is that policies must consider the specific conditions of the place being developed. Policies, it is repeatedly said, must be tailored to the specific characteristics, conditions, and experiences of a place. It is also repeatedly stated that there is a need to move away from standardised policy packages and one-size-fits-all solutions (Atterton & Glass, 2021; Bailey et al., 2023; Olfert et al., 2014).

Despite the primary focus on state government goals, the literature also identifies policy goals that can be formulated and implemented by actors at the local government level. Examples of such objectives are the emancipation and empowerment of people in lagging areas (Barca, 2019, p. 88), to combat “feelings of loss and decline” in economically distressed areas (Randolph & Currid-Halkett, 2022, p. 249), to “improve quality of life and promote dignity and inclusion” (Randolph & Currid-Halkett, 2022, p. 249) and to “recognising and incorporating peoples’ everyday lived experiences “(Atterton & Glass, 2021, p. 4).

The following section builds on previous research on place-based policy and makes more explicit reference to the conditions, problems, and challenges faced in areas of long-term population decline. Three potential interrelated policy goals are presented. Thus, it suggests that place-based policies in areas facing long-term population decline should aim to (a) reduce inequities in access to public goods, (b) adapt the provision of public goods to new demographic and economic conditions, and (c) promote new models of local economic sustainability that can support the long-term viability of a place. The following section elaborates on these proposed policy objectives and discusses how they can be, and in some cases have already been, implemented in the Nordic context.[1] The model below provides an overview of the proposed objectives, summarises the potential actions associated with each objective, and identifies the possible stakeholders involved.

[1] Before the Swedish government introduces a proposal, a special investigator or committee is often set up to look into a particular issue. The results are summarised in a report published in the series *Statens Offentliga Utredningar*, SOU. Several such reports are referred to below. However, the background or context of the individual appointments or commissions will not be discussed.

Table 1. Aims, actors and interventions of a place-based policy for the provision of public goods in depopulating areas.

	Equality	Adaptation	Economic sustainability
Aim	To reduce inequalities in access to public goods, to avoid a persistent social exclusion of specific places.	To adapt the provision of public goods to new demographic and economic conditions.	To promote new models for local economic sustainability, that can support the liveability of the place over time.
Main actors	State actors, in multi-level cooperation with regions and municipalities.	Local governments, neighbouring municipalities, regional actors, business community and civil society.	Local governments, business community, civil society – within a functional geography.
Structural Interventions	Localisation Municipal mergers Municipal collaboration Close digital divide	Adapt physical infrastructure Inter-municipal cooperation Scale down public goods offerings	New economic targets The municipality as a development actor
Financial interventions	Fiscal equalization	Increased taxes and fees	Co-location of resources Internal investments
Interventions for place-based innovation	Support learning and innovation, asymmetry	Civil society cooperation, third-sector partnerships, innovation, digitization, mobile/iterant public services	Benefitting from and reinforcing environmental values.
Interventions targeting human capital	Remote study options Study loan cuts	Further education. Distance work opportunities.	Multi locality framework

Equality

In the place-based policy literature, territorial inequalities, regional divergence and uneven distribution of economic activity is a starting point for much of the discussion (Barca, 2019; Barca et al., 2012; Bentley & Pugalis, 2014; Olfert et al., 2014; Randolph & Currid-Halkett, 2022; Sudekum, 2021). In consequence, the overarching objective of place-based policy has been described as to target "lagging regions, identifying gaps and weaknesses and helping to close these" (Bailey et al., 2023, p. 2); "to benefit regions that are economically lagging" (Olfert et al., 2014, p. 7), "to foster more balanced and inclusive regional growth" (Bailey et al., 2023, p. 2),"a more balanced and cohesive regional growth"(Bailey et al., 2023, p. 2), "the inclusion of laggards, without stifling the dynamic potential of leaders"(Navaretti & Markovic, 2021, p. 1) or managing patterns of growing dispersion (Navaretti & Markovic, 2021).

This framing of policy objectives derive from the normative assumption that economic, social and recognition inequalities are unjust, and from the empirical observation that they produce fear, resentment, anger and populist voting behaviours in places facing long-term economic decline (Barca, 2019, p. 86). Parts of the literature also suggest that a place-based policy would enhance the capacity of laggards to "compete in the global economy" and bring a "closer connection between needs and policies, which may result in more inclusive growth"(Rodríguez-Pose & Wilkie, 2017, p. 154). Parts of the literature also point to that "the society as a whole would benefit in terms of welfare if economic activity was distributed more equally across space"(Sudekum, 2021, p. 15).

To sum up, territorial cohesion and closing gaps in local and regional development is a central concern in the place-based policy literature. Here, these thoughts are extended to the field of public goods provision in places facing long-term demographic decline. It is suggested that territorial cohesion and equality must provide a foundation for the other two proposed policy goals forwarded here, i.e., demographic adaptation and local economic sustainability. Thus, the objective of this subfield of policy is to reduce inequalities in access to public goods and to avoid persistent social exclusion of certain places. In the following, it will be outlined how this policy objective can be, and in some cases has already been, addressed in the Nordic context.[2] For simplicity and clarity, four ideal types of interventions are highlighted; (i) structural interventions, (ii) financial interventions, (iii) interventions that allows place-based asymmetries and local innovation, and (iv) interventions that specifically target the lack of human capital in areas facing long-term population decline. These are measures that could be implemented by state actors in multi-level cooperation with regions and municipalities.

Structural interventions

The state can contribute to reducing inequalities in access to public goods in a variety of ways, both through its own actions and through multilevel cooperation with regions and municipalities. Some of these interventions can be understood as structural in the sense that they define or affect the ability of local governments to cope with the impact of long-term population decline on the provision of public goods. These measures include making public goods available throughout the national territory and considering the dynamic effect of these goods when locating them (Cras, 2017; Nordregio et al., 2022). Examples here range from infrastructure investments in railroads and broadband to government investments in higher education and police departments. The state can also contribute to this policy goal by ensuring that the responsibilities, powers, and duties of local governments are consistent with their place-based conditions. Examples include regulations on municipal cooperation or initiatives for voluntary municipal mergers (Dir. 2023:46, 2023). In the following, these measures are briefly discussed with examples from Sweden and, to some extent, from other Nordic countries.

A primary role of the state in the context of this discussion is, of course, its own *provision of public goods*. In Sweden, services such as police forces, public employment services, the pension system, support for parental leave, sick leave, and study grants are examples of services financed and organized by the state. A much-discussed issue in Sweden is the *localization* of these services. In 2021, the county administrative authorities published a report showing that the state has no presence at all in 15 of Sweden's smaller municipalities (Länsstyrelsen, 2021). This means that while citizens enjoy the same pension and health insurance system, they never encounter a representative of the state in their own municipal territory. This is seen as particularly problematic when it comes to the police, public employment services, and other services where place-based knowledge and proximity is essential (Arbetsförmedlingen, 2021; SKR, 2022). In both research and public discourse, the absence of the state is said to lead not only to inequalities in service delivery, but also to a lack of trust in the state among local communities (Cras, 2017; Lundgren, 2020). Others cite arguments about the potential dynamic effects that a state agency may have on the local economy and labour market. In summary, the territorial localization of public authorities can be seen to reduce inequalities in access to public goods and to avoid exclusion of certain places.

Health care is financed and organised differently in the various Nordic countries (Erlingsson & Wänström, 2021). In Finland, municipalities have long been responsible for organising primary and specialist care, although smaller municipalities often had limited capacity to plan, deliver, and evaluate these services. This was found to lead to inequities and inefficiency, prompting a reform to centralise health care at the regional level, which took effect on January 1, 2023 (European Observatory, 2023). In Norway, health care has also been centralised, with the state owning and financing hospital care, while the regional level applies for and orders health care for its residents (The Commonwealth Fund, 2020). The organization, financing and localisation of health care is a much-debated issue in the Nordic countries. A dissertation from 2022

[2] Many of the measures accounted for here were mentioned in the Swedish Governments 2015 longitudinal survey. The longitudinal survey is a Swedish institution, intended to inform economic policy and stimulate debate on Swedish policy. A survey is produced approximately every four years by officials in the Ministry of Finance. One of the main questions in the 2015 longitudinal survey was how demographic trends in Sweden will affect economic and social development in the long term. The analysis concluded that falling birth rates have resulted in the number of elderly people growing faster than the working-age population, especially in the more peripheral municipalities and regions of the country, although the demographic issue will be a nationwide concern in the future. The report also discussed the implications of potential policy actions.

observes changes in the Swedish health system since the 1990s and focuses on protest movements, social movements and cooperatives in rural areas. The movements observed have all organised to protest against the marketisation and privatisation of health care, while working to establish citizen cooperatives and other alternative ways of providing health care (Enlund, 2022). The dissertation provides several interesting, albeit small scale examples of how local groups articulate and promote alternatives, visions and aspirations for a future health system, guided by values other than economic surplus, and how they seek to develop innovative approaches to health service provision (Enlund, 2022, p. 242)

To continue, the state can also govern by *regulating the responsibilities*, powers, duties, and scope of action for local governments in various policy areas. An example in this matter is that until recently several restrictions prevented Swedish municipalities from cooperating with each other in the provision of public goods. However, in 2018, the Local Government Act was amended to allow municipalities to perform each other's functions and delegate decision-making authority on related matters to an employee of another municipality (Prop. 2017/18:151, 2017). Simplifying the possibilities for municipal cooperation and external delegation has been described as an important step in enhancing the ability of municipalities to provide public goods in collaboration with each other.

Another structural intervention that is frequently discussed and partially also implemented in the Nordic countries is *municipal mergers*. Such reforms were implemented in Sweden in the 1950s and 1970s, and municipality mergers have continued to be advocated thereafter, often on the grounds that municipalities and public services need to be of a certain size to operate efficiently and that the state can help increase efficiency by making decisions about municipality mergers (Fi Dir 2017:13, 2017; SOU 2015:101, 2015). In March 2023, the Swedish government once again decided to appoint a special auditor to investigate the interest of voluntary mergers among Swedish municipalities. The government then stated that the municipal sector faces major demographic challenges and that municipal mergers may strengthen the ability of small municipalities to provide public goods of a certain quality (Dir. 2023:46, 2023).

In an ambitious international review, Erlingsson et al. present an overview of international research to determine whether municipal mergers are an effective structural intervention (Erlingsson & Flemgård, 2018). The review describes the structural reform carried out in 2007 in Denmark, where 238 municipalities were merged into 65; the gradual reform in Finland where the number of municipalities decreased from 460 in the early 1990s to 311 today; and the then upcoming municipal reform in Norway, where 422 municipalities were to be reduced to 356 by the end of 2020 (Erlingsson & Flemgård, 2018). Based on research from 22 countries, Erlingsson et al. conclude that there appears to be much confidence but little evidence in the potential of mergers to achieve cost savings. Erlingsson et al. also conclude that many problems in the Swedish municipal sector are due to geographic and demographic conditions, i.e., facts that mergers cannot change. In addition, Erlingsson emphasises the value of self-government and warns that proponents of mergers may underestimate the need to anchor the reform in the municipalities concerned and that establishing new municipal boundaries is a very delicate matter.

Financial interventions

Furthermore, the state can also help reduce inequalities in access to public goods through financial assistance and through various transfer systems. These can include general government grants to local governments to cover their basic costs or specific grants for specific purposes (SKR, 2023). The most important examples in the Nordic context are probably the financial equalisation systems of the individual countries. In Sweden, the system compensates municipalities with a weak tax base through the so-called income equalisation, and municipalities with an unfavourable and costly population structure through the cost equalisation. The income equalisation implies that state money is distributed to municipalities with a low tax capacity. In the cost equalisation, tax revenues from municipalities with many residents of working age are transferred to municipalities with large proportions of people who are not in working age (Syssner, 2020b). The Swedish equalization system has been revised several times since its introduction in 1996, and continues to be of fundamental significance for municipalities with a small, ageing and shrinking population (SOU 2015:101, 2015). In some respects, the system can be viewed as a place-based incentive, as it seeks to equalise demographic differences and the financial impact those differences bring. On the other hand, it is a state system that is designed and then implemented without being tailored to any specific place.

Interventions for local innovation

The literature on place-based politics consistently argues that different municipalities have very different capacities to meet rather similar challenges (Krawchenko, 2021, p. 9; Rodríguez-Pose & Wilkie, 2017, p. 156). This observation is also the starting point for several initiatives in Sweden, attempting to increase the capacity for innovation in the municipal sector. One example is the government's decision to grant special funds to 39 rural municipalities for measures to improve the business climate (Näringsdepartementet, 2018). The support mainly benefits smaller municipalities that have limited resources to implement strategic development measures. Another closely related measure is the provision of grants to 30 socioeconomically disadvantaged municipalities for the preparation of measures to strengthen the socio-economic development in the community, and for the development of an overall plan to strengthen its socio-economic situation (SFS 2018:152, 2018). Fundamental to both interventions is a goal set by the state, but a wide latitude for the municipalities concerned to develop their own methods and measures to fulfil the goal, based on local conditions. This can be seen as a way to strengthen place-based innovation in the municipal sector.

The recognition of different conditions in the municipal sector has fostered a discussion on the possible potential of a so-called *asymmetric distribution of tasks* within the Swedish municipal sector. In public debate, it has often been questioned whether all municipalities should really be subject to the same requirements, or whether municipalities with different conditions could meet different – asymmetric – requirements (Erlingsson et al., 2015; Statskontoret, 2006). Asymmetry in the distribution of tasks would imply that the state imposes different tasks or quality requirements on different municipalities, in the provision of public goods. It could also imply that the regional organization takes on tasks that are normally performed by the municipal organization. Both options were discussed by the 2017 parliamentary committee that was instituted to explore how the capacity in the municipal sector could be strengthened (Fi Dir 2017:13, 2017).

Of course, asymmetry challenges the idea of universalism, and an uneven shift of scales brings with it some serious political and policy challenges. Scales in policy are far from neutral to policy and interests, but “bounds interests” as (Krawchenko, 2021, p. 9) puts it, and may also impact on priorities. In the end, the 2017 parliamentary committee did not propose asymmetry as a solution to the unequal capacity of the municipal sector. A few years later, the Swedish government however appointed a special investigator with the task of promoting experimental activities in municipalities and regions. The initiative gave a number of municipalities the opportunity to try out different, place-based solutions to a variety of social problems without having to follow all the laws and regulations that normally apply to municipalities in Sweden (Fi Dir. 2021:110, 2021). The decision was made by the government based on a broad consensus that new ways of working and experimental activities would make better use of the knowledge, commitment, and creativity within the municipal sector. Rules and regulations, it was argued, are often both justified and proportionate. Likewise, they can play out differently in different contexts and thus limit the innovative capacity in the municipal sector (Fi Dir. 2021:110, 2021). The results of the efforts are not yet clear, but asymmetry in the provision and provision of public services may be an issue worthy of discussion in contexts where there are large differences for example, between densely populated and growing and sparsely populated and shrinking areas (*SOU 2022:59*, 2022).

Interventions for human resources

Access to qualified personnel is one of the foundations for social and economic development, is a requirement for the provision of public goods. In areas facing long-term population decline, both private and public sectors however have difficulties finding personnel with the right training. Youngsters who leave for university studies rarely return (Bjerke & Mellander, 2017), and external recruitment is known to be very hard. Against this backdrop, several stakeholders have suggested exploring the possibility of decreasing student debts for those highly educated professionals who settle and work in communities with particularly severe problems.

In 2015, a parliamentary committee was set up by the Swedish government to make proposals for the design of a coherent policy for the long-term sustainable development of Sweden's rural areas. The Committee examined the Norwegian model, under which since the 1990s it has been possible for highly qualified people who settle in certain parts of the country to have their student loans waived - provided they live and work there. The measure is part of a broader regional policy support in Norway, originally aimed at tackling the high unemployment and low education levels of the population in some designated peripheral Norwegian areas. The Committee considers that the Norwegian intervention has upgraded the areas concerned and also contributes to their development in other ways (SOU 2020:8, 2020). Following the Committee's suggestion, several parties and members of the Swedish Parliament have proposed waiving student loan debts for those who move to or work in a remote and sparsely populated community. However, no decision has been made yet, as parties reportedly disagree on how large the deduction should be, or which areas should be included.

Adaptation

A broad literature on shrinking cities and regions from several continents has shown that while demographic decline is a fundamental condition for many places, the issue tends to be widely neglected in local policy and planning (Bontje, 2004; Martinez-Fernandez et al., 2012; Schatz, 2017; Sousa & Pinho, 2015; Syssner, 2020b; Wiechmann & Pallagst, 2012). Instead, unrealistic hopes for growth tend to hinder the development of policies, strategies, and plans to address population decline (T. Lang, 2012; Wiechmann & Pallagst, 2012; Hospers, 2013; Howlett & Mukherjee, 2017; Pallagst et al., 2017; Syssner, 2020a).

Against this background, many scholars have called for a change in the way demographic change is addressed in policy and planning. A now widely used concept is that of smart shrinkage. The concept has developed in planning studies and refers to planning approaches in which the goal is "planning for less - fewer people, fewer buildings, fewer land uses" (Hartt, 2019, p. 1653; Popper & Popper, 2002, p. 23). A broader understanding of smart shrinkage encompasses issues beyond the planning realm and refers to attempts to "reduce municipal expenditures to a lower level concomitant with the city's new smaller population" (Hollander, 2011, p. 132). Rightsizing is another widely used concept, defined as urban policies that attempt to adapt the built environment to a smaller population (Béal et al., 2019, p. 193), and to reduce the oversupply of houses and other infrastructure to make it "reflect a smaller population" (Hartt, 2019, p. 1653), see also (Batunova & Gunko, 2018, p. 1581). Specifically, rightsizing includes policies such as building demolition, land bank development, zoning ordinances, and long-range comprehensive plans (Béal et al., 2019).

Adaptation policy has in several publications been offered as an alternative to smart shrinkage ad rightsizing (Syssner, 2014, 2018, 2020b). There, the aim of local adaptation policy is described as to adapt organisations and services to new demographic and economic conditions, to achieve a balanced public economy and consistent quality in the provision of public goods.[3] The concept can be divided into three parts (Syssner 2020). *Local* means that the focus is on local levels of government. This does not absolve regional or state governments of their responsibility, but it signals that at this point, the local level of government is at the centre of attention. *Adaptation* means that someone is actively adapting to something - in our case, it is local governments who adapt public goods to demographic change. Finally, *policy* means that it is not a value-neutral strategy, but a sensitive matter with ideological and political implications.[4]

Extensive empirical studies show that Swedish local governments do not formulate explicit local adaptation policies, even though long-term population decline is a planning condition for almost every second municipality in the country (Syssner, 2014, 2018, 2020a, 2022). They do take measures to adapt parts of their services to the new demographic situation, but these measures are rather ad hoc and fragmentary. Despite their fragmentary nature, these measures can be understood as de facto instruments of adaptation policy. The presentation of these measures below is not normative, the policy measures mentioned are not intended as recommendations. Rather, it is a descriptive model that could be further analysed as some of several examples of real existing local adaptation instruments. As in the previous chapter, four ideal types of interventions are highlighted; (i) structural interventions, (ii) financial interventions, (iii) interventions for local innovation, and (iv) interventions that specifically target the lack of human capital.

Structural interventions

The goal of adapting the provision of public goods to new demographic and economic conditions within a community is primarily the responsibility of local governments – to some extent in collaboration with neighbouring municipalities, regional stakeholders, and civil society. Some of the interventions observed in municipalities in the Nordic countries can be understood as structural in the sense that they seek to make structural changes to adapt the municipal organisation and its services to the current demographic conditions. Examples include centralization of service units, adaptation of physical infrastructure, but also new ways of working, such as intensified patterns of inter-municipal cooperation. In the following, some of these measures will be briefly presented.

Centralising services

The cost of social services - such as education, health, social care, and health services - accounts for about three-quarters of an average municipal budget in Sweden. In remote, rural, and sparsely populated municipalities, the question of where to locate these services is a subject of constant debate. Dramatically declining cohorts of pupils, difficulties in recruiting competent teachers, increasing demands for specialisation in elder care, and the need for cost efficiency form the basis for decisions by local governments to *close, merge, or centralise service units*. Schools and nursing homes for the elderly are the most common examples in this context.

Although reducing access to services is a highly controversial decision that most politicians are reluctant to make, it happens in almost all shrinking areas where public goods is to be provided. Most likely, these decisions will continue to be made, but perhaps local governments could be better at making them in a

[3] This distinction is similar to the distinction between mitigation- and adaptation policy proposed by (Copus et al., 2020). Mitigation policy, it is argued, seeks to reverse the trend of depopulation, while adaptation policy accepts demographic decline and focuses on the well-being of residents (Copus et al., 2020, p. 3).

[4] Interestingly, local adaptation policies as defined here are cited as valid policy actions in the aforementioned longitudinal study (SOU 2015:101, 2015). The longitudinal study thus bolsters Syssner's 2014 argument that communities need active, deliberate, and open adaptation policies. Adaptation policies would increase transparency about realistic municipal development opportunities without being synonymous with instrumental budget cuts, it is argued.

timely manner, evaluating other options, and assessing the dynamic impact of the presence or absence of a particular service. In some parts of the country, plans have been developed for how the service structure should develop geographically. One example is the Gotland region, which has created a plan to serve as a basis for future decisions on the localization of public goods to meet current and anticipated economic challenges and demographic trends (Region Gotland, 2018).

Adaptation of physical infrastructure

Studies conducted in various countries have shown that problems related to infrastructure and housing are a major concern for shrinking communities. Swedish municipalities are no exception; on the contrary, many of them were engaged in large-scale demolition of underutilised public buildings in the late 1990s. Today, the oversized housing stock is no longer cited as the most pressing problem, although in some cases municipalities still have loans that were once granted for the construction of buildings that have long since been demolished.

What is more often cited as a problem are oversized and underutilised water and sewer systems. Such systems are more difficult to adapt to demographic change than buildings, and overcapacity is not only a problem in economic terms, but also poses serious technical problems and can endanger the health of residents. In this context, Swedish studies have found that shrinking municipalities do not adequately plan or maintain their fixed assets, despite clear goals and guidelines that each generation should pay its fair share of the cost of these operations (Grundel & Magnusson, 2022; Jonsson & Syssner, 2016, 2018; Syssner & Jonsson, 2020). Several studies have sought to understand why this is so and what solutions might exist. Most likely, managing water and wastewater systems is a problem that the smallest and most depopulated municipalities will need extensive outside support to solve.

Inter-municipal cooperation

Intermunicipal collaboration is perhaps the most frequently cited example of how local governments are attempting to address the consequences of shrinkage (Syssner 2014, 2020). In the 2015 Longitudinal Study, collaboration among municipalities in areas such as education, emergency services, and social services is cited as an important means of sharing funding and pooling resources (SOU 2015:101, 2015). In other contexts, collaboration is referred to as a means of maintaining or improving quality or meeting the need for expertise and quality in social services (Syssner, 2015). Intermunicipal collaboration spans areas such as administrative issues, legal expertise, payroll, management of IT systems, broadband investments, etc. Studies from other contexts show that intermunicipal collaboration is a widely used strategy for sharing financial costs among municipalities (Cunningham Sabot & Roth, n.d., p. 111).

Importantly, intermunicipal cooperation is used to a lesser extent when it comes to welfare services that citizens expect to be provided in their geographic vicinity. Citizens expect schools and childcare facilities to be located close to home, and much of Sweden's care for the elderly actually takes place in the homes of the elderly. Thus, only a minority of the elderly live in nursing homes, and those who do live there have a high demand for medical care. Still, there are many examples of municipalities coming together with the ambition to solve joint problems cost-effectively.

Financial interventions

Local self-government is a principle enshrined in the Swedish Constitution. This principle allows municipalities to make independent decisions - albeit within the framework of Swedish legislation - and to levy taxes on residents to carry out its duties. Municipal tax levels thus vary and tend to be higher in sparsely populated, shrinking municipalities than in larger and densely populated ones (SOU 2015:101, 2015, p. 42). The list of the ten Swedish municipalities with the highest municipal tax rates fluctuates over the years but is generally dominated by sparsely populated and shrinking municipalities. Yet, an overview demonstrates that 270 of Sweden's 290 municipalities had higher taxes in 2019 than 10 years earlier (Sveriges Television, 2019), proving that higher taxes are not just a matter for shrinking municipalities. Rather, the cost of providing social services that meet standards set by the central government has increased across the municipal sector.

One observation is that tax increases, perhaps surprisingly, are fairly uncontroversial. Tax increases are certainly not seen as positive, and proposals for tax increases have led to stormy debates in many local councils. It has also been argued that recruiting professionals – such as teachers, nurses and social workers – will be even more difficult if these people have to pay a higher percentage of their salary in taxes each year. However, citizens rarely raise their voices in protest. It could be, as (Peters, 2015, p. 156) suggests, that citizens are willing to accept decisions such as higher taxes as long as the decision treats all citizens equally and is implemented fairly. Thus, higher taxes do affect all citizens equally, which is not the case when the local government decides to close a school or centralise a particular service, which would be the alternative decision in some cases.

Interventions for local innovation

The need for innovation in the municipal sector is repeatedly pointed out. And indeed, for strained municipalities with shrinking and ageing population bases, it will be necessary to provide goods differently than today. Nevertheless, the most common adaptation measures found in Swedish empirical studies include budget cuts, savings, and closures. This is perhaps not very surprising. Local governments in depopulated areas rarely invest in adaptation policy innovations. Besides, policy development is usually gradual, occurs in small steps, and within an existing and established policy framework (Peters 2015b: 74). This means that we cannot expect the policy measures aiming at adapting the municipal organisation to new demographic conditions to be very innovative or original.

Nevertheless, there are some interesting initiatives that deserve some attention. The first initiative is the Centre for Rural Medicine (Glesbygdsmedicinskt centrum), an R&D unit in the Vaesterbotten region of southern Lapland, Sweden. The centre strives to develop methods that enable accessible and cost-effective care in sparsely populated areas. This is done by developing methods that use remote medical care and methods for digital consultations with patients in sparsely populated areas with a high proportion of elderly people. Another such initiative – in the same region – aims to highlight the benefits of distance learning. Mediacentre Vaesterbotten is a regional institution created by the County Council to promote digitalization in schools. Its mission is to develop methods for using digital technologies so that even small and sparsely populated municipalities can offer high-quality schools and educational facilities. Distance education is a method that allows all students, regardless of where they live, to have access to an equivalent education of the same quality and scope (Syssner, 2020b). As a third brief example to be mentioned is the many mobile services available in a Nordic context. Mobile citizens' offices, book busses, mobile health teams are interesting examples here.

To continue, civil society engagement and informality is often seen as important in the planning and delivery of welfare services in rural areas (McFarlane & Waibel, 2012; Normann & Vasström, 2012; Mukhija & Loukaitou-Sideris, 2015; Enlund, 2022). Previous studies have shown that informal planning actors plan all types of facilities. Examples include schools, libraries, sports facilities, etc. - which are usually the responsibility of local governments (Meijer, 2020; Meijer & Syssner, 2017; Syssner & Meijer, 2017). When civil society is mentioned as a solution, arguments of cost-effectiveness are usually cited, but civic engagement is also highly valued and assumed to have positive dynamic effects in society. Third sector service providers have also been described as having a place-based knowledge that is advantageous when striving to reach vulnerable groups (SOU 2019:56, 2019). However, it often seems that if civil society does not intervene, the service will not be provided at all. The question thus remains whether this should be seen as an innovation or as a retrograde step aiming at saving essential services from being dismantled.

Interventions for human capital

The lack of human capital in areas of long-term population decline is repeatedly referred to - both in the literature and in public debate. The "outflow of capital and human resources," according to (Martinez-Fernandez et al., 2012, p. 213), results in places that depopulate having low levels of entrepreneurship and innovation. Informants in Swedish municipalities repeatedly emphasise that the supply of labour decreases when the proportion of working-age people decreases, and that the availability of qualified personnel in the welfare sector is a major problem. Informants worry about how to recruit not only teachers, social workers, and nurses, but also local government officials (Syssner, 2018).

A common statement in the interviews is that in a situation where it is difficult to recruit externally, as is the case in depopulated areas, society must make the most of the human resources available. One opportunity could be to see the older generation - which thus represents a growing part of society - more as a resource for the labour market. This is related to the international discussion about older people as a group with purchasing power and capital in society, about entrepreneurship among older people, and about the emergence of a new "silver economy" (European Commission, 2009). More common however is that further education and additional training of existing personnel is considered important. One measure that supports this idea is Akademi Norr, which is a cross-border collaboration between twelve municipalities from the counties of Norrbotten, Vaesterbotten, Jaemtland, and Vaesternorrland - with the goal of initiating, coordinating, and implementing higher education. As part of this collaboration, each participating municipality has a learning centre that is connected to Akademi Norr and serves as a hub for all collaboration. Akademi Norr describes its vision as creating a network for collaboration in higher education in the region that is of the highest quality and has the power to inspire higher education in the region. Currently, there are training opportunities in various areas of public service, such as nurses, teachers, social workers, and preschool teachers. To provide the training opportunities, there is collaboration with both Swedish universities and private education providers (Tent et al., 2023).

Local economic sustainability

Since the early 1990s, European regional development policy has been based on the assumption that places compete with each other - for skilled workers, settlements, investments, and goods (M. Lang & Marsden, 2018, p. 496; Schragger, 2010, p. 314; Syssner, 2006). For long, growth has been both an explicit and implicit policy target in local and regional development policy. Even in the place-based policy literature, [inclusive] growth and competitiveness are sometimes cited as self-evident policy goals (Rodríguez-Pose & Wilkie, 2017, p. 154). In this discourse, the capacity of innovation and entrepreneurship, the ability to attract large businesses (M. Lang & Marsden, 2018, p. 498), visitors for the tourism industry and "the "right kind" of people" (Schragger, 2010, p. 328) for the labour market are described as essential to the development of a place (Haughton & Allmendinger, 2008; Keating, 2001; Schragger, 2010; Syssner, 2006). Many regional development measures have therefore aimed at promoting and improving these capabilities of the regions.

The focus on endogenous growth and competitiveness permeates policy and practice in areas facing long-term population decline too. In the literature on shrinkage and depopulation, growth is repeatedly referred to as the norm and even the paradigm in local policy and planning (Cunningham Sabot & Roth, n.d.; Hospers, 2013; Pallagst, 2015; Pallagst et al., 2017; Schatz, 2017). In a Swedish context, this can be observed in municipal policy or planning discourse (Syssner & Siebert, 2020) as well as in formalized, codified planning documents (Syssner, 2014, 2018; Syssner & Olausson, 2015, 2016). This is perhaps a bit of a paradox. Indeed, growth in the form of an influx of financial and human capital would solve some problems for these places. But that representatives of places that have not grown or performed better than other places for decades so persistently emphasise the value of growth and competitiveness is perhaps somewhat peculiar. The growth norm, as well as the potential benefits of growth and the gradualness of population decline, have been cited as reasons why local government officials cling to the growth ideal and why it is so difficult to talk openly about shrinkage (Hollander, 2018; Syssner, 2020c; Syssner & Siebert, 2020).

In recent years the paradigm of growth and competitiveness has however been widely challenged in policy as well as in research. Ideas on resilience, degrowth (Asara et al., 2013; Cattaneo et al., 2012; Fauré et al., 2016; Kallis, 2011; Sekulova et al., 2013; Svenfelt et al., 2019); development within global resource limits (Balaguer Rasillo, 2021; Buhr et al., 2018; Dearing et al., 2014; Raworth, 2017); simpler way perspectives (Trainer, 2020); re-localization of food production and consumption patterns (Rees, 2019; Stein & Santini, 2022); ecovillages, downshifting and off-grid living (Vannini & Taggart, 2013) form alternatives to the growth paradigm. In recent years, place-based literature has also focused on holistic economic approaches and on values such as well-being and inclusion rather than productivity and GDP growth (Barca et al., 2012, p. 147; Navaretti & Markovic, 2021, p. 3; Randolph & Currid-Halkett, 2022, p. 249; Sudekum, 2021, p. 15).

Criticism of the paradigm of growth and competitiveness is found also in the political mainstream. Efforts to support place-based policies, as well as policy goals other than pure growth, can be found at both the state and European Union levels. The European Commission's 2008 Green Paper on Territorial Cohesion acknowledged that territorial inequalities remain a challenge and sought to stimulate debate on how to address them more effectively. These arguments have been advanced by the Commission and the Council of Ministers many times thereafter, not the last in the Territorial Agenda 2020, and the recent Territorial Agenda 2030. In the latter, the importance and effectiveness of solutions that emerge at the local level are emphasized, and so is the need for policy interventions tailored to the specific needs and conditions of each territory. It highlights the importance of a place-based, circular, and carbon-neutral economy, and stress that a diversified local economy with local products and markets, increased self-sufficiency, and strong communities would create a resilient and less vulnerable society (EU Council of Ministers, 2020, p. 21).

Given the disconnect between depopulating areas and development models based on growth and competitiveness, and the current academic and policy interest in alternatives to such models, it is appropriate to call for more place-based local economic development policies in areas facing long-term population decline. Thus, the age of shrinkage needs a new vocabulary to describe both the processes of shrinkage and its effects, as Cunningham-Sabot et al. (2015: 14) have framed it. In addition, standard economic development tools need to be complemented by tools aimed at 'improving the quality of life for those left behind" (Hollander, 2018, p. 4) rather than aiming at growth and competitiveness in the more narrow sense.

Against this backdrop, this section of the paper outlines the foundations of a policy for local economic sustainability in areas of long-term population decline.[5] This is because the provision of public goods cannot be ensured through government support alone, and the adaptation policies described above cannot themselves ensure a resilient local community. Rather, the provision of public goods – even when supported by central government and adapted by local government-depends heavily on a vibrant community in which people can not only earn a living but also pay taxes and contribute to the public goods delivery system with their skills.

It would go beyond the scope of this paper to explain such a policy in detail, but a few examples will be given for illustrating purposes. The recurring argument is that policies for equality and adaptation must be

[5] The Sustainable Development Goals must indeed be understood as integrated and indivisible (United Nations, 2015), just like the three dimensions of sustainability. Here, however, it is useful to identify ideal-typical aspects (Swedberg, 2018) of sustainability and to attend to economic sustainability in particular.

integrated with policies that can support the liveability of the place over time. As in the previous sections, four ideal types of interventions are highlighted; (i) structural interventions, (ii) financial interventions, (iii) interventions that allows place-based innovation, and (iv) interventions that specifically target the need for human capital. However, while the goal of reducing inequalities in access to public goods is pursued by state actors in multi-level collaboration with regions and municipalities, and the goal of adapting the provision of public goods is primarily managed by local government actors within the administrative boundaries of the municipality, interventions to promote new models of local economic sustainability must be implemented in broad public-private - civil partnerships within a functional geography (McCann, 2021, p. 07).

Structural interventions

Numerous scholars have concluded that policymakers and planners in shrinking communities tend to pursue growth-oriented policies and that such policies tend to be unhelpful in addressing the effects of population decline. They are, as Laura Schatz so aptly puts it, going for growth, but managing decline (Schatz, 2017). This means that rethinking and changing policy goals would mean fundamental structural change for these places. If plans and policies were focused on demographic adaptation and economic sustainability rather than growth and a reversal of demographic trends, this would have implications for all areas of local policy. In parallel, the perception of the role of the municipality would need to be changed to better understand its important role as planner, employer and customer in the local economy.

The role that the municipality plays in planning, investing, and implementing construction projects is very evident in small, depopulating communities where markets are weak. In a previous section, it was emphasised that in shrinking municipalities in Sweden, private investors are usually conspicuous by their absence. Commercial entrepreneurs' interest in investing in housing is often limited. Banks are also sometimes reluctant to lend for the modernization of private property or for the construction of new buildings, as production costs may exceed market value. For this reason, the municipality becomes a relatively lonely and isolated planning actor (Syssner & Olausson, 2015, 2016).

Moreover, it should be noted that the municipality's role as an employer is generally greater in areas with locational disadvantages-such as long distances and a shrinking population base. In many cases, the municipal organisation is the largest employer in its area, employing more than 30% of the working population in the municipality. In the smallest municipalities in Sweden – often shrinking, sparsely populated ones – it is not uncommon for the municipal organisation to hire 5-10 times as much staff as the largest private company in the municipality (Ekonomifakta, 2023). In addition, the municipal organisation hires both highly qualified, experienced specialists and individuals with no professional experience.

To continue, municipalities are major consumers of goods and services each year. Consumption ranges from providing lunches in schools and day care centres to maintaining public facilities, running schools, or caring for the elderly. This makes public procurement - the process by which public authorities buy work, goods or services from businesses - potentially very important for the local market. Public procurement is governed by the Public Procurement Act, which is based on EU directives that set the rules for all activities financed with public funds (SFS 2016:1145, 2016). In a recent paper, Ek Oesterberg and Zapata observed how 'social procurement' is used to promote employment opportunities for vulnerable groups in a community (Ek Österberg & Zapata, 2023). Based on a qualitative case study, they show how local actors' interpretations enabled new procurement practises, which in turn became a practise of providing skills to private companies. Against this background, it is suggested that 'social procurement' might be a new arena for the inclusion of vulnerable groups in the labour market. It would thus not be far-fetched to suggest also that local authorities in peripheral areas, operating in weak local markets, should be given better opportunities to support the local economy through their purchases.

In summary, policies for local economic sustainability need to recognise that in peripheral, depopulating areas, municipal organisations typically have a major role as planning actors, investors, employers, and customers. In a situation of resource scarcity, there is a need to discuss how best to use these public resources to promote the long-term viability of the community.

Financial interventions

The place-based perspective takes out from the assumption that it is the place as a whole - not solitary individuals – that is to be developed. Examples of place-based policy instrument are the improvement of business properties and accommodation (Bentley & Pugalis, 2014, p. 286), large investments in regional infrastructure, university campuses/spinouts (Bailey et al., 2023; Olfert et al., 2014, p. 7). Examples also include place-specific investments aiming to create local growth-poles or regional centres urban centres (Olfert et al., 2014, p. 7), "freeports and special economic zones" (Bailey et al., 2023) and similar attempts to attract and support the establishment of firms and investors. Measures could be directed either at existing strengths, to improve the capacity of capitalising from them, or at known weaknesses (Olfert et al., 2014, p. 7). Measures could also "aim at helping regions diversifying and changing their bundle of economic activities, or rather at boosting the efficiency of existing ones"(Navaretti & Markovic, 2021, p. 10). Olfert et al suggests that in essence, place-based policy is a type of intervention "where the assets and/or increased capacity that are the objects of policy cannot leave the region"(Olfert et al., 2014, p. 8). These kind of measures, it is argued, "refer to geographically immobile public expenditures or investments in particular places or regions that are lagging relative to the national reference point, for the purpose of improving their economic outcome" (Olfert et al., 2014, p. 8)

Interventions for local innovation

As outlined above, a broad *and heterodox* social movement has proposed a variety of alternative ways of organising the local economy. These debates often propose the decentralisation and diversification of economic activity and the promotion of small businesses - especially for the basic provision of food, energy, banking services and health care. The need to adapt economic activity to the limits and diversity of ecosystems is also emphasised. A more comprehensive overview of these movements and discourses is far beyond the scope of this report. However, movements such as the Transition Network, The Wellbeing Economy Alliance (WEAll) and Local Futures can be mentioned as examples of non-profit organisations or movements with an international reach that – according to their statutes – aim to strengthen communities and local economies worldwide, build economies of happiness or catalyse a transition to a people-centred economy. Local innovation is key to all these movements, but it is important to recognise that the goals and purposes that their innovations are intended to serve are very different from those found in more traditional local development policies.

Interventions for human resources

The literature on shrinking cities and regions repeatedly refers to the lack of human capital in areas with long-term population decline. A higher proportion of elderly people, a lower proportion of working-age people, and lower levels of education are often cited as the main causes of this problem. The narrative that citizens are not up to the demands of today's labour market needs to be critically discussed, especially since there is also indications of feelings of loss, failure, and alienation among the population. Thus, the literature on place-based policy development often emphasises the values of empowerment and emancipation, as well as the importance of addressing "broader feelings of loss and decline" (Randolph & Currid-Halkett, 2022, p. 249) in economically distressed areas. The measures proposed to achieve such a goal are often quite vague. Proposals range from recognising and incorporating people's everyday experiences to improving quality of life, dignity, and inclusion, not just increasing economic growth (Atterton & Glass, 2021, p. 4; Randolph & Currid-Halkett, 2022, p. 249).

At this point it is important to emphasise that places facing long-term population decline are by no means static. In the Swedish context, such places are generally more populated by newly arrived immigrants than other municipalities. Even more, many of these places also face dramatic, temporary population increases during the tourist season. In this context, it is important to discuss who is considered a member of the community and who is not. For example, the tourism industry – which is highly seasonal and temporary - is often described as important to the peripheral areas in economic terms. Turnover, export value and year-round employment are terms that play an important role in the discussion. Rarely, however, is the perspective broadened to recognise the full potential of temporary settlers. Temporary visitors such as second homeowners, digital nomads, part-time residents, etc. not only have purchasing power, but can also contribute with knowledge, engagement and important networks that would benefit the community if better utilised.

At the same time, the reception of newly arrived migrants could also be planned differently so that the new residents contribute to local development on a larger scale. These places could be designed as the first port of contact for newly arriving immigrants. They could form transit clusters, just as other places become clusters for higher education or for certain industries. The idea is that these places, like university campuses, can become clusters for the reception, introduction, training and validation of human resources, and that the small, sparsely populated community has advantages in organising this process.

5. Concluding remarks

The aim of this paper has been to contribute to practise and research by discussing the potential of place-based interventions to provide public goods in areas of long-term population decline. As population decline is often – though not always – accompanied by conditions such as ageing, high dependency ratios, high per capita costs of social services, weak public finances, low levels of education and social exclusion, the topic is urgent and highly relevant.

So far, it has been argued that local governments in shrinking communities ought to develop explicit and transparent local adaptation policies, but that such policies must be embedded in state goals of territorial equality and cohesion. It has also been suggested that these policy objectives must be integrated with local policy goals of economic sustainability. Four ideal types of place-based interventions have been recurrently presented here - i.e., structural interventions, financial interventions, interventions that enable place-based innovation, and interventions that specifically address human capital needs. In the following, it will be suggested first that the three policy objectives lined out need to be designed to be mutually reinforcing, even if they are implemented by different actors at different levels of government and pursuing different policy goals. Second, it will be recommended that four types of place-based interventions described here also need to be mutually reinforcing, as well as coordinated vertically. Two models will be presented with the intention to visualise how the very policy objectives and policy interventions relate to each other.

Three interlinked policy objectives

In this paper, it was argued that local governments in shrinking communities need to develop explicit and transparent local adaptation policies, but that such policies must be embedded in state goals of territorial equality and cohesion and integrated with local policy goals of economic sustainability. Thus, none of the three policy goals presented here is in itself sufficient if the overarching goal is to ensure the supply of public goods in areas of long-term population decline. Government efforts to reduce inequalities in access to public goods are needed to avoid the persistent social exclusion of such areas. Similarly, local governments must adapt their services and public goods to new demographic and financial conditions. However, the provision of public goods cannot be ensured through government support alone, and adaptation measures cannot themselves ensure a resilient local community. The provision of public goods – even when supported by central government and adapted by local governments – depends heavily on a vibrant community in which people can not only earn a living but also pay taxes and contribute to the public goods delivery system with their skills.

Figure 1 below illustrates that adaptation measures must be embedded both in actions aiming at local economic sustainability and in efforts by an active state to reduce inequalities. The model below helps distinguish between three distinct but ideally interrelated layers of policy goals. For example, local government officials may make demands of the state government on one occasion, seek to improve the long-term economic viability of the locality on another occasion, and seek to adapt municipal services and organisation to new demographic conditions on a third occasion. Here, the model can contribute to a common language and understanding of what is being discussed. Public debates and political conversations can then become more logical, coherent and constructive.

The model is a potential for clarity and consistency in public debates, but it also opens up for other discussions. For example, the size of the layers will most probably differ in time and space. In a welfare state, as in the Nordic countries, the outer layer may be quite extensive. In a context where there is no welfare state, this outer layer is thinner. In a context where the need for local adjustment is not openly discussed, the inner circle is very small, while the middle layer - which in a sense focuses on the local economy - can be the thickest.

Four interlinked policy interventions

Above, four ideal types of place-based interventions were presented. Structural interventions, financial interventions, interventions that enable place-based innovation, and interventions that specifically address human capital needs. The interventions discussed here ideally need to be both vertically coordinated and designed to be mutually reinforcing.

For example, a costly financial intervention by the state may be less successful if it is not followed by structural measures that enable local governments to make the best use of financial support. Likewise, if the state government intervenes financially by offering low-interest loans to local businesses or reducing student debt, the potential of these initiatives would most likely increase if accompanied by structural measures. Such measures could include improving infrastructure, increasing networking capacity and arranging government-funded services. If a business incubator is established to facilitate place-based innovation, human capital needs could be met in parallel by investing and improving access to quality education facilities. By coordinating these measures, the state could foster a system of innovation and learning that revitalises the rural community.

Public goods in depopulating areas - objectives and interventions

What would a place-based policy for the provision of public goods in depopulating areas look like? Here it has been suggested that the policy objectives involved should ideally be conceptually and intellectually distinct. Here, state goals of territorial equity are conceptually distinct from the goal of developing explicit and transparent local adaptation strategies, and from local policy goals of economic sustainability. Nevertheless, these policy goals also need to be framed in such a way that they reinforce each other in practise.

Similarly, the different types of place-based interventions aimed at the above policy goals need to be conceptually and intellectually distinct. Nonetheless, structural interventions, financial interventions, interventions that enable place-based innovation and interventions that specifically address human capital needs must be designed to be mutually supportive, especially when implemented by different actors at different levels of government.

The examples presented are from the Swedish and Nordic contexts. Nevertheless, it is hoped that the arguments and illustrative examples will stimulate discussion among scholars and practitioners outside the Nordic countries as well.

Figure 1. Policy objectives

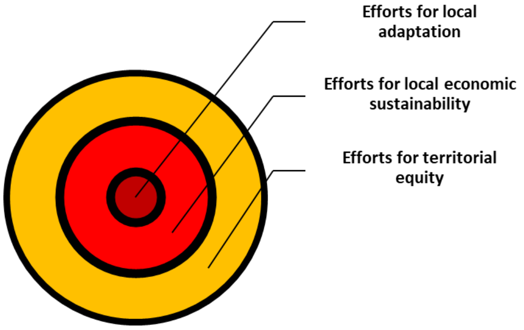
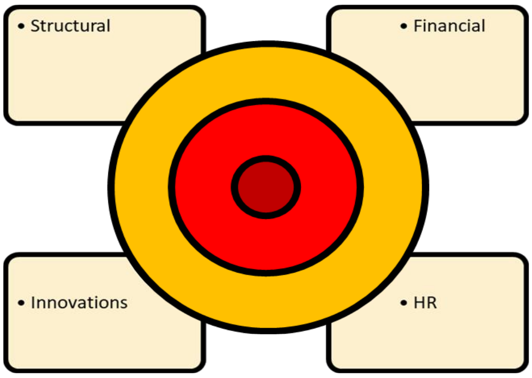


Figure 2. Policy interventions



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