**Paper to be presented at the 39th ERSA Congress
August 1999, Dublin, Ireland**

TERRITORIAL IDENTITY AS A COMPETITIVE FACTOR IN REGIONAL ECONOMIC DEVELOPMENT

THEME: *Regional identities and governance: one Europe or several?*

Mr. Garri Raagmaa (M.Sc.), Institute of Geography, University of Tartu.
Vanemuise 46, 51014 Tartu, ESTONIA
Fax. +37 2737 5825; Tel. +37 2737 5817; GSM: +37 256 495438; Home: +37 2748 4288
Website: http://www.geo.ut.ee; E-mail: garri@ut.ee

> *"It is just a matter of time when this perspective, with its heavy emphasis on pioneers, innovators, entrepreneurs, will also influence regional studies. These studies have generally been strongly structure oriented, with demographic and macro-economic processes at the centre of theoretical concern and competence...*
> *Erik Rudeng, 1989*

1. Introduction

In recent years, regional differences in economic development have been often interpreted in cultural terms. Following this line, this paper tries to link some recent regional economic theories with the discussion on cultural geography.

The genesis of development "success stories" in present-day Europe is based on the use of local resources as well as on the successful testing of general theories, in spite of important historical, geographical, political and cultural differences. The various social systems are regressing in this present time of "crisis" due to similar circumstances in the current restructuring of the world economy (Stöhr 1990). The situation is much more complex, however, in former socialist countries. Development cases of European and especially Nordic welfare societies, where a long history of wide public sector and non-governmental (civic) activities already exists, are not useful to post-socialist countries.

One of the most interesting aspects of Estonian culture is our prior experience with local democracy: the self-government system, the national elite, and different social movements and societies were founded in the middle of the 19th century. This national awakening period was followed by the formation of the nation state in 1918. The national high culture and all of the structures of the modern nation state were mainly developed between 1918 and 1940.

However, local government and the democratic decision-making system were destroyed during World War II with incorporation into the Soviet system. This restructuring ruined civil structures that were more than hundred years old, repressed public leaders from local to

national levels, and carried out many administrative-territorial reforms in "good Machiavellian style. Self-governments were replaced with village soviets, whose only role was population registration. All local economic power, including the provision of public services, was given to the collective or state farms in the countryside and to the state-owned firms in towns. Many borders, symbols and institutions important to the local/regional consciousness of people were removed.

These old borders, symbols and institutions were "saved" in people's memories, and it is amazing how quickly most of the structures of 1940s were re-established during the so-called "Singing Revolution" at the end of the 1980s. During this time, local authorities and the national parliament were freely elected, many old societies were reestablished, and many kinds of cultural and popular activities were resumed. There was even a small baby-boom!

But from 1992 to 1994 a general transitional economic crisis occurred which deeply affected people's daily lives. Most of the activities, which had been recently restored, stagnated. When 44% of the Estonian population has great difficulties adapting to a market economy (UNDP, 1998) and are faced with poverty, revitalization of their activities is difficult. Especially at the local level in peripheral rural areas, where the share of passive, older, low-qualified, agricultural ex-workers of the former collective farms is the greatest.

As a consequence of major fluctuations in the society, the success in economic development at the municipal level has no linear correlation with local democracy development. There is no clear correlation with economic developments or economic indicators (investments, revenues) of the past either: new developments may occur where ever.

Therefore, we brought about societal changes under theoretical analysis giving special attention to institutional development. This paper focuses on two key fields in institutionalisation: regional/local identity and leaders.

H 1 The main hypothesis argues that strong regional consciousness (identity) of people favours networking, institution-building and innovative development, but only under the conditions of trust, openness and the ongoing learning/unlearning process enabling re-institutionalisation of the particular territory and avoidance of the path-dependencies. Taking Anssi Paasis' (1984) framework of region formation as a basis, we try to point out economic effects of the territorial identity.

H 2 Leaders can be considered one of the factors in "region building". Therefore, the second focus of the paper concentrates on the role of public leaders in institution-building and the local development process. The theoretical discussion refers in its beginning to Lev Gumilev's theory of etno-genesis and tries to plant this approach into the present day framework. So called passionars (also called as activists, social/political entrepreneurs, etc.), very charismatic and powerful people with their own clear vision and will to achieve certain goals, have great capability to attract and mobilise people, to create new or to remove old institutions, to strengthen changing local/regional identities and, finally, to secure economic growth in a locality. According to the second hypothesis, the role of leaders rises enormously during the periods of instability, but remains always relevant in economic peripheries.

The empirical part of this paper consist of two studies carried out in Jõgeva County, Estonia. First, comparative survey in three municipalities concentrates on people's public activity

with particular stress on their identity. Second, a fully qualitative interview-based study looks at the municipal leaders activities and attitudes and analyses their role in local development.

2. Changing society: economy, geography and factors of development

An entirely new type of economy and, consequently, new geographies are emerging. According to several thinkers, a new type of information society (Masuda, 1980; Toffler 1980) changes very much the cornerstones of the former industrial society (Harvey, 1989; Giddens 1990; Beck, 1992, Amin, 1994; Amin and Thrift, 1995; Castells 1996/7/8)

Some industrial branches are hopelessly loosing their employment in developed countries, because of the ongoing globalisation of economic activities (Dicken, 1998) and mechanisation of production (Rifkin, 1995). Following the geography of the new, high-technological production units, so-called Kondratief fifth cycle branches, Peter Hall (1988) has reached an empirical truth: "Tomorrow's industries are not born in the industrial regions of yesterday". This statement is undoubtedly correct when speaking about manufacturing, but this high-tech vision is not considering increasing mobility, people's changing lifestyles and the still widening service sector in its diversity.

As people have more free time, all kind of holiday-making and tourism industries as well as culture, arts and entertainment are booming (Cooke, 1997), creating new spatial behaviour and opportunities for economically declining areas having the natural, cultural or social resources. This fact has found its input already in the EU regional policy documents:

> "Tourism is one of the leading growth industries in Europe and world-wide, in terms of both output and employment creation. Tourism thus represents an important economic asset for a large number of regions, rural communities and cities… Culture is closely linked to tourism as the cultural heritage of a region not only contributes to the development of a local or regional identity but also attracts tourists (EU Commission, 1999).

However, not the purely economic point is seen here. Culture is seen as resource for tourism industries, but:

> "Culture is also an increasingly important part of the private economy in its own right, with considerable potential for growth and job creation" (EU Commission, 1999).

R.Putnam's (1993) study on Italian civic traditions pointed out dominant position of the cultural past and gathered social capital in institution-building and regional economic development. According to this thinking, Leborgne and Lipietz (1992) argue that the formation of a local economy involves not just the development of a productive apparatus on the basis of atomised decisions of firms and workers, but also a "politics of place".

We should stress here the local dimension that has been long overshadowed by concern with the macro economy (especially in public policy and economic studies of the CEE Countries). This rediscovery of the diversity of economic forms which dominate the economy in many countries and constitute an alternative to mass production systems started in the 1980's (see e.g. Becattini, 1978, Scott, 1984, Piore and Sabel, 1984; Lundvall, 1985, .Sabel and Zeitlin, 1995). M.Porter (1990) and his "diamond" brought up new dimensions next to the national macro (market and demand created) factors: not only the complex of factor conditions dependent of particular place resources, but also purely social relations, rivalry and co-operation between the entrepreneurs.

On the locality level we can see the components of the entrepreneurial environment as production factors. The circumstances determining the optimal co-ordination mechanism are the specificity and mobility of the production factors. The certainty of production of the locality depends very much on the partners. The optimal mechanism of co-ordination on the micro-economic level depends on the frequency with which the transactions recur and on the degree and type of uncertainty (Williamson 1989, Richter and Furubotn 1996). In addition, we must also take into account the relationships between different links in the production process within the locality.

Local culture itself plays a crucial role in indigenous development. The concept of indigenous or bottom-up development has served as a prime force for economic growth for the last 10-15 years in the regional development literature (e.g. Sweeney, 1990). Local culture is a wider framework for a socio-spatial process, where some territorial unit emerges as a part of the spatial structure and becomes established and clearly identified in different spheres of social action (Paasi, 1986), including economic development and social and territorial consciousness.

An example given by Cloke *et al* (1998) from rural Wales is where the combination of Welsh cultural identity held by local rural residents and the "cultural competence" of (English) newcomers brought the local economy upwards and caused a significant increase in the population during the 1980s. However, many young people continue to leave the countryside, which means that the migration is selective, the number of conflicts in ethnic base has increased, and very traditional Welshness is diminishing. But in economic terms, with a 5.6% (37,000) increase in population from 1981 to 1991, the area and its cultural and social environment is attractive to newcomers.

Besides, the Welsh development strategy highlights on the first position *Cymru* identity which enables identification not only in UK, but in wider European and world context:
> "Wales now, in 2010, is a clearly identifiable country-region within the UK and within Europe. While it retains a strong sense of cultural and linguistic tradition, it is for ever looking forward towards the future, with a new confidence and dynamism" (Vision, Wales 2010, 1993)

3. Networking and local institutional set up as a key to indigenous development

In order to generate indigenous self-sustained development, local economies should be capable of providing adequate links around the existing production to achieve higher value-added activities. The formation of linkages in the services and manufacturing and connection to the local demand strengthens the local economy by enriching the structure of production. An appropriate linkage formation may increase the potential of the economy to generate indigenous development (Peltonen, 1984).

The certainty of production depends very much on the partners, and here we may apply the paradigm of Institutional Economics (also known as New Institutional Economics). By transaction cost analysis, the optimal mechanism of co-ordination on the micro-economic level depends on the frequency with which the transactions recur, on the degree and type of uncertainty, and on the condition of asset specificity. In the case of specific production or specific technology the subject needs a co-ordination mechanism which guarantees control over the market (Williamson 1989, Richter and Furubotn 1996).

On the locality level we can see the components of the entrepreneurial environment as production factors. The circumstances determining the optimal co-ordination mechanism are the specificity and mobility of the production factors. In addition, we must also take into account the relationships between different links in the production process within the locality. A favourable local economic environment may occur when two basic conditions are met: firstly, the certainty of market channels or a flexible, painless change in production, and secondly, links and co-operation between partners that exclude opportunistic behaviour or allows an opportunity to choose and find quickly new partners (Raagmaa and Ernits, 1999).

This means that for a community to develop and to utilise its indigenous potential, an internally, well-functioning institutional framework is needed first. Taylor (1982) defines a community as a small stable group of individuals holding common beliefs and values with direct and multi-sided relations, as opposed to being mediated by the state or some other bureaucratic institution.

However, we would prefer to use here the locality concept as a basis for our discussions. Locality is the space within which the larger part of most citizens' daily working and consuming lives is lived. Locality is making effective individual and collective interventions within and beyond. It provides a base from which subjects can exercise their capacity for pro-activity. There are several nice examples how local mobilisation by a few or many individuals and groups take full advantage of what may be called pro-active capacity. Consequently, locality is the base for cultural, economic and social life (Cooke, 1989).

Additionally, Piore and Sabel (1984) define an industrial district, the classical example of which is given by Emilia-Romagma. The patterns of social relations are specific to particular places and, therefore, to the history of each district. Social relations, specific to each village, clan or family, and the specific, local cultural foundations underpin the economic organisation of each district. They act as a system for economic informational exchange which in turn promotes the circulation of products throughout the entire district (Piore and Sabel, 1984). Within this social, cultural and economic territory, we may speak about "studied trust" (Sabel, 1992), which benefits a locality due to the lower level of transaction costs and increased flexibility of local industries (Piore and Sabel 1984).

Industrial districts emerge on the basis of local processes within a defined local historical context. Economic foundations have a powerful structuring effect on the formation of districts. The foundations themselves are inseparable from the social forces -- especially in the labour market -- in the rise and regulation of the districts. The classical model of a district (Tuscany) developed in the presence of an extended family in turn accompanied the historical form of agricultural sharecropping (mezzandria). The dense family networks form the conditions for a small-scale entrepreneurial class and promote solidarity (Courault and Romani, 1992).

4. Territorial institutionalisation - forming of regional/local identity

Regional/local identity is a phenomenon where people identify themselves with the social system of a certain region (Häuszer and Frey 1987), with its people, culture, traditions, landscape, etc. Regional identity is expressed in different ways. It may be simply a regional inferiority complex or regional pride. More intense regional identity is expressed in a certain sense of belonging. Regional identity may also lie in deliberate emphasis on local cultural or

regional peculiarity or even express itself in political and cultural actions (Meier-Dallach 1980).

Institutionalised territorial solidarity (common territory, values, symbols and institutions) maintains the image of the region and serves as the criteria for identity-building among the inhabitants. It is essential to safeguard the social consciousness. A locality carries its established identity and image in the minds of both local inhabitants and outsiders (Paasi, 1984, 1986). The elements of local identification contribute to the reputation of a locality. This may be instrumental both in exogenous and indigenous development, because the localities, having a reputation of high cultural standards, are assumed to attract more people, potential entrepreneurs, investors and labour (Spilling, 1991). In addition, local communities, which generate their own economic prosperity, have been noted for a distinct local and technical competence (Sweeney, 1990).
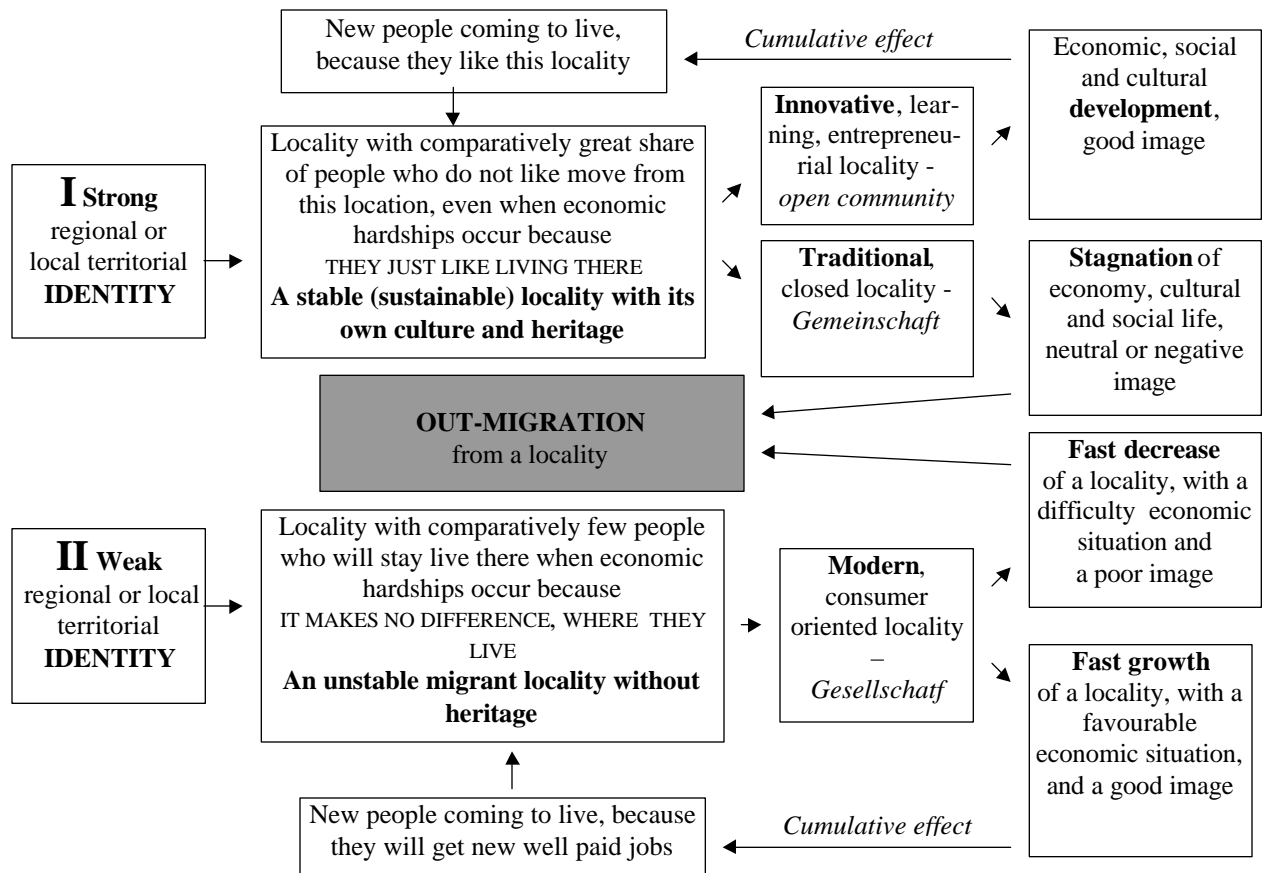

Figure 1. The hypothetical effect of regional identity on population migratory behaviour.

Regional identity becomes essential during periods of economic uncertainty and hardship when people face great challenges: to work harder for less income with the hope for a better future, to co-operate with other inhabitants, or simply to leave. According to this hypothesis, regional identity gives stability to any region (see figure 1). Together with the local industrial culture, the perception of local identification counts as a local institutional resource (Paasi 1984).

Gisevius (1993) sees the formation of regional identity on a local level. He states that "identity may become an administrative strategy, which helps to mobilise local powers for regional development". Strong regional identity is a considerable emigration barrier and helps focus local people on the development possibilities of their region
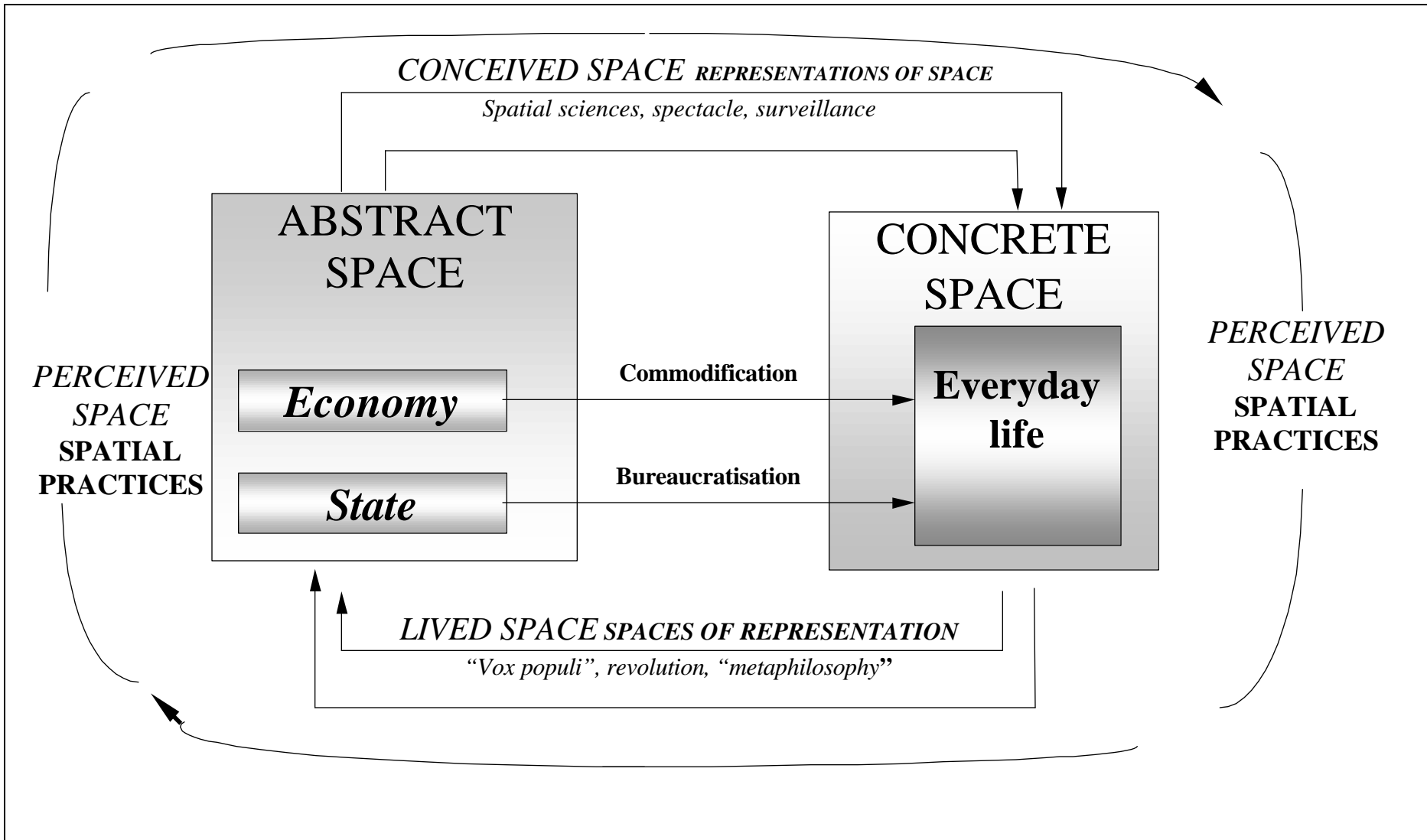
CONCEIVED SPACE REPRESENTATIONS OF SPACE
Spatial sciences, spectacle, surveillance

ABSTRACT SPACE

CONCRETE SPACE

PERCEIVED SPACE SPATIAL PRACTICES

Economy

State

Everyday life

Commodification

Bureaucratisation

PERCEIVED SPACE SPATIAL PRACTICES

LIVED SPACE SPACES OF REPRESENTATION
"Vox populi", revolution, "metaphilosophy"

FIGURE 2. The colonisation and reproduction of the concrete space (After Lefebvre (1991/1974), Gregory (1993) and Soja (1996)

Memory regions,
documented regions

Unlearning, forgetting
reformation

Re-established
institutions

Re-used
symbols

Re-established
regions

Regionalisation

**DISAPPEA-
RANCE
OF THE
REGION**

Learning (public) process

**I
Territorial
shape**
*(Perceived
space)*

**II
Symbolic
shape**
*(Conceived
space)*

**III
Institutional
shape**
(Lived space)

**IV
Forming of
regional
conscious-
ness**

**Creative
(leaders) process**

**RENEWAL
OF THE
REGION**

Re-institutionalisation

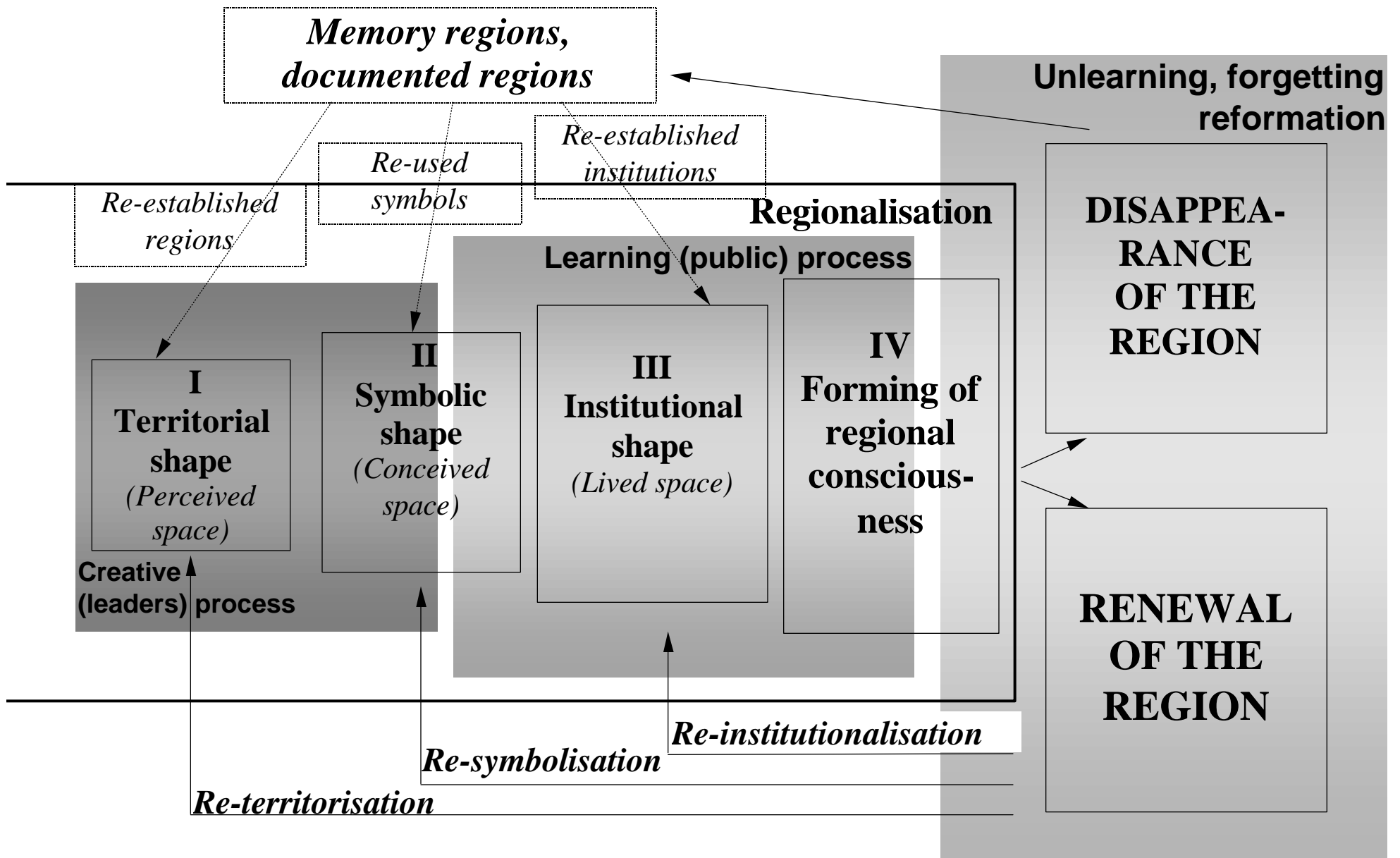*Re-symbolisation*

Re-territorisation

FIGURE 3. The process of regionalisation: disapperance and and renewal of regions (After Paasi (1986), Soja (1996), Mask & Malmberg (1996), Riikonen (1995).

"(Social) space is not a thing among other things, nor a product among other products: rather, it subsumes things produced, and encompasses their interrelationships in their coexistence and simultaneity - their (relative) order and/or (relative) disorder. Social space contains a great diversity of objects, both natural and social, including the networks and pathways which facilitate the exchange of material things and information. Such "objects" are thus not only things, but also relations." (Lefebvre 1991)

The trialectics of the spatiality: material (perceived), idealist (conceived) and lived space (Soja, 1996) characterises well the complexity of human life, and space/territory as its integrated part (see figure 2). This Sojas (Lefebvres) concept stresses the importance of the social space, what we may equate with local, peoples' everyday communication space - community.

In spite of new ITC-s, the importance of personal contacts increases. Therefore, regional consciousness, personal networks and trust serves as a basis for regional/local economies. The idea of a locality or a region may seem as strong a motivating factor as a nation, a religion, an ethnos or a minority. Far stronger than countable wealth: money, economic capital. No money will flow into the region with weak institutions, lacking trust between local actors and general instability.

Like to Esman's (1994) ethnic mobilisation and homogenisation, we may speak about economic or social mobilisation through regional identity. Quite often, regionalist political movements have economic goals. Or the opposite: regional differences can be considered as additional reason for regionalism. Local social entrepreneurs, who are running some important community projects, and individual entrepreneurs, who are running their own businesses, are gaining increased attention as generators of indigenous development (Sweeney, 1985).

Together with the local industrial culture, the perception of local identification counts as a local institutional resource (Paasi 1984). Institutions are regarded by Paasi (1986) as one of the stages of regional evolution. His model identifies four stages: the constitution of the territorial shape, the symbolic shape, the institutional shape, and finally, the emerging socio-spatial consciousness of the inhabitants and the establishment of the region/locality in the regional system (see figure 3).

During the territorial shape, the region/locality achieves its boundaries and becomes identified as a territorial unit in the spatial structure. Illustrative of this is the evolution of a medieval town: it is first established in the castle, gradually expanding around the castle, and, finally, being surrounded by a wall (Kosonen, 1996).

Stage two, the conceptual (symbolic) shape, is fashioned on a territorial basis. The local system of symbols consists of a mosaic of qualities featuring the name of the locality, the local language (dialect), the landmarks and the infrastructure. Symbols of a locality or a region might be symbols by their nature like flag and coat of arm, they might be material like buildings or monuments, humans like politicians, writes, thinkers, media persons, but also traditional actions and celebrations and even certain elements of lifestyle. It is fortified with local myths and legends of distinct achievements, the symbol-like features, which reproduce the local identification as a cohesive force. Symbols are in local people's mind, they are important part of the local culture and are conceived mainly by their leaders, media and institutions.

The emergence of institutions comprises the formal organisations and the established local and non-local practices: neighbourhoods, clubs, networks, schools, firms, NGO-s, self governments, which employ the name and other territorial symbols of the region. The institutional sphere maintains the image of the region and the criteria for the identity among inhabitants. This is essential to safeguard the social consciousness. A locality gains an established identity and image in the mind of both local inhabitants and outsiders (Paasi 1984, 1986).

The production and reproduction of the locality idea depends on the formal institutional atmosphere, but the formal rules gain effectiveness only through their local implementation (North, 1993). Network formation serves as a vehicle to reinforce the potential to carry out the variety of tasks perceived as entrepreneurial activities. By building up local networks the economic actors endeavour to enhance the local factors that are important for running local business (Martinez and Nueno, 1988).

Social networks are made of a mosaic of links between an enterprise and society. The social network forms the avenue for the attachment of an enterprise to a locality. An entrepreneur with a close attachment to locality through strong personal ties may become a prime component in the shaping of the local industrial culture. Entrepreneurs contributing economic development have been referred to as community entrepreneurs or social entrepreneurs, who consider the development of the community as a primary personal goal (Johanisson and Nilsson 1989).

In the course of time the links between the entrepreneur and the locality may grow closer and diversify. Attachment may result in the formation of local socio-spatial consciousness of the entrepreneur and in turn provide impetus to contribute to the local social and cultural network. While community entrepreneurs serve as the primary force in the local entrepreneurial culture, the cultural entrepreneurs primarily pursue a stronger local identification (Spilling 1991).

In the course of the institutionalisation process, a region will be continually reproduced in individual and institutional practices. The institutions of a society will eventually be the most important factors as regards the reproduction of the region and regional consciousness. Regions and localities come and go with the development of society based on the traditions and history (Paasi, 1986), they do not last forever. There are two principal ways for region's development (see figure 3).

- **Continous renewal of the region.** Ongoing changes of physical territory (material, perceived) like borders, landscapes, buildings and milieu. This perceived space is changed by the nature but in human societies and especially in urban environment most changes are human born. Like physical space are changing also values of people and social networks – institutions. After some period, let's say 50 years (two generations), the region might be well changed.
- **Disappearance of the region**. If the territory changes, people with entirely different values move in, resulting in significant changes in the regions/localities' institutional framework or symbols. A new kind of region emerges, and the old one disappears. The former region will be saved in people's memories and documents. It may even be re-established after some period. However, it will never be the same region as before.

5. Chaos theory and indigenous development in regional studies discussion – forgotten inventions

Hereafter, the very basic source should be mentioned: namely Ilya Prigogine's (with Stengers, 1984) approach to the chaos theory, which says that if whatever system is approaching a very uncertain situation or chaos, it then may fall to a entirely different track. Therefore, every small factor may have decisive influence. This consequently means that a particular system might be very well directed to the new line by outside intervention or internally creating a new clear strategy. In the situation of total confusion, every stronger initiative finds followers and the system stabilises until the approaching next bifurcation point. However, probability for both exists: positive and negative developments, and the general level of knowledge becomes most influential.

Unfortunately, despite the quite high acceptance of this approach, there has not been any serious attempts to apply it to regional science. Johnston *et al* (1994) only notes that empirical and also theoretical studies are producing a growing number of examples of the chaotic relationships, making forecasting and prediction of the future increasingly difficult, if not impossible. Despite this fact, most studies continue to follow traditional methodological patterns being less applicable in turbulent globalising economic and social environments.

The chaos theory is very much applicable to the situation of Estonia's institutional rebirth: destruction of the old administrative and economic systems, removing traditional administration and establishing an entirely new administrative (e.g. local self-governmental) system, which also causes simultaneously re-institutionalisation of informal networks. This situation was and is in some circumstances still very turbulent, like Shumpeter's (1934) creative destruction or Stöhr's (1990) crisis situation – a good ground for innovative development.

Within the institutional mess, several important questions, like how to raise interest, how to involve, how to motivate, who is able, who can be trusted, etc. arises and demands immediate answers. This means that near absolutely clear and focused goal-setting, the human factor should be considered and mutual personal relations be applied. Organisational culture and relations between people, within and between organisations, have the real decisive role. If there are no people to be trusted and to work with, no other combination can help in achieving results. However, the critical number of people in teams, needed for the achievement of qualitative change and establishing the new institutional core, might be quite small.

Therefore, we may highlight, particularly in the case of fast (institutional) restructuring and general economic and social turbulence, how the success and direction of the development depends mainly of two very much statistically uncovered groups of factors:

- First, the general cultural background creating a milieu for certain decisions to be taken (complex of people's common or shared values). It is not possible to introduce innovations into a society promptly. The (local) culture and peoples' consciousness must be considered very much in designing policy, otherwise it will just not work or, even worse, it will damage the existing development.
- Secondly, the existence of active formal and informal leaders (we may also call them elite or agents of change) able and willing to take responsibility, to make decisions and, what is most important, to mobilise people to follow new developments and work for new institutions.

Applying this approach, I have substantial support from the critical statement of Erik Rudeng (1989):

> "It is just a matter of time when this perspective, with its heavy emphasis on pioneers, innovators, entrepreneurs, will also influence regional studies. These studies have generally been strongly structure oriented, with demographic and macro-economic processes at the centre of theoretical concern and competence.…It is hardly a secret that the resulting perspectives will also entail a fresh look at the role of "elities", which - as a research topic - have lead a somewhat discreet life on the Nordic stage during the last decades, screened behind the dominating ideology of the welfare state."

It seems that despite this ten-year-old criticism Nordic and Western regional studies literature still concentrates only on the institutional paradigm, with new emphasises on the regional and local cultural studies. When Cooke (1989) tried to come out with a locality and proactive local state concept asserting that

> "localities are not simply places or even communities: they are the sum of social energy and agency resulting from the clustering of diverse individuals, groups and social interests in space",

he quickly received a counter-attack. Duncan and Savage (1989) blamed Cooke for a return to spatial fetishism and argued that while social processes vary spatially, unique "locality effects" (and what to say about personalities here!) are extremely unusual. Researchers should therefore simply talk more about "case study areas", "towns", "labour market areas", etc. It seems that Smith (1987) shows up the character of the last approach. According to him there exists danger to run empiricism, because stress on the unique character of localities makes it difficulty to draw out theoretical conclusions.

Here we can conclude that "locality" as a concept stays between two schools: one trying to generalise local cultures under the wider theoretical framework (which has without any doubt real scientific element inside) and the second looking for specific driving forces or synergetic combinations for the certain locality. It should be quite clear that pushing these synergies to one general model is quite problematic if not at all impossible. On the other hand, we should recognise that synergies are important players in a real development process.

However, after the emergence of the New Institutional Economics (Williamson 1989), Learning Economy (Lundvall 1992) and still widening discussions about transactions costs, trust, tacit and intangible knowledge and issues concerning their impact on regional economic development (Maskell and Malmberg 1996, Cooke 1996, 1997, 1998), more researchers have concentrated on the ways things are done (questions "who?" and "how?" (Lundvall and Johnson 1994)). Discussions about intangible substance obtained entirely new quality after many decades of ignorance. These studies have very much concentrated on the organisational level, describing in most cases business behaviour and, to a lesser extent, public-private interaction.

The literature about concrete public administration role in network creation and establishing an integrated planning process has grown recent years too. The new focus is public or popular participation in planning and in development. However, the planners are often

discussing techniques on how to shut up emerging interest groups (see Toth Nagy 1995, Gisevius 1993). In contrast to old-fashioned planners, Healy (1997, see also Healey et all 1997) has introduced the concept of collaborative planning: applying current ongoing changes in the Western society and thereby modifying traditional or neo-traditional approaches. Still, her writings have had quite the descriptive character, avoiding the question "who?".

6. Leaders in institution and "locality" building

Difficulties will emerge in fast changing economic conditions when regions, like enterprises, should flexibly reform their institutional set up. This can be extremely difficult and time- consuming in situations with well-developed and rigid institutional frameworks. Failures in reforms may result in the bankruptcy of enterprises, as well as economic and cultural decline and, lastly, the possible disappearance of the region as such. Here we can also argue, that in several situations, the currently commonly-utilised institutional paradigm is not good enough to work out necessary policies.

Fast changes and danger walking down a declining path are especially characteristic of the regions in peripheral areas and post-socialist countries with extremely turbulent transition processes. Therefore, especially in peripheral regions and many countries of economic transition, the institutional paradigm cannot be applied as it can with economically wealthier and stable regions. The condition of instability in society can be well explained with the chaos theory (Prigogine and Stengers 1984), where in the situation of general instability, any small factor may have determinative importance.

In such turbulence, special attention should be paid to the certain persons, whose roles can be considered as determinative ones. Gumilev (1990) divided moving forces of the society into two categories:

- passionars, a special type of elite, who are very capable of working for the achievement of certain objectives and attracting people into activities using their charisma and
- subpassionars, people with weak (local) moral or who lack existing social networks and can be easily mobilised into the revolutionary actions.

Passionars, very charismatic and powerful people with their own clear vision and will to achieve goals, have great capability to attract and mobilise other people, usually the subpassionars, people without their own visions but also without their own interests—usually the lower class who have to lose only shackles. The revolutionary changes managed by passionars may occur when a situation of general instability exists, or when the existing institutional set up seems to be on the foreground of new development conditions clearly limited, or, finally, when a critical mass of people joining movements to build up new structures exceeds necessary levels Gumilev (1990). This model has been quite clear throughout history on the national level when different ideas had fight and formed the cornerstone of the theory of etno-genesis in Gumilev's theory.

This model might be to some extent useful also for regions and localities. The locality or local state concept provided by Cooke (1989) links generally well with the passionarity idea. By his view, locality has direct links with citizens "actively involved in their own
Cooke asserts that "localities are not simply places or even communities:

they are the sum of social energy and agency resulting from the clustering of diverse individuals, groups and social interests in space". Cox and Mair (1991), who retain the concept of locality and argue that localities may have an impact on wider processes, support this.

Cooke, like Paasi and others, avoids a wider discussion about leaders' roles as actually crucial to creating institutions and synergies. The lower level we have to deal with on the spatial scale, the relatively bigger role individuals have in development. The success of a particular locality in economic and social terms depends very much on the level of activity of the people, its entrepreneurial culture in general. However, ways one or another locality is able to manage with real people in real situations often follows no single rule or theory. The real solutions are very often not generalised indeed.

We can classify psychology of some people also in this category. There always exists people (so called non-economic men) whose activity does not follow general behaviour. Because of this, basic methods in sociology and economics or classical scientific approach operating with regularities called by Sayer (1992) also as extensive research, will become quite useless, as far as these methods are operational in fixing and explaining different starting conditions and their causal ties with final economic results. They are not able to find real causalities behind economic success or failure in situations where conditions are more or less similar or where huge number of different players should be considered.

One of such possibilities impossible to catch would be our attempt to follow activities of passionate persons (community entrepreneurs) whose activities (self-fulfilment) concentrates on the development of the region or on some other idea having clear consequences for the region's development and whose personal welfare (when compared with income and other benefits people of the same activity in some other regions--in the city for instance) remains not so important.

Bassand and Hainard (1985) divide people into four groups according to the strength of their regional identity:
- Apathetic and passive consumers. They are passive in both social as well as in cultural life; their perspectives on the future are uncertain or totally lacking. Unemployed, retired, unskilled workers mainly represent this type with no profession potential emigrants. Income-oriented skilled labourers belong to this group, too. A greater consumption need differentiates them from the first group.
- Modernists. They try to break old traditions and modernise local life. They do not identify themselves as local. Often they have great influence in political, economical and cultural life. Mainly males, younger or middle-aged, belong to this group.
- Traditionalists. They have formed a very strong spatial identity. Their regional ideas are based on traditions. The older generation, as a rule, who has a point of view on many things that are hard to change, make up this group.
- Regionalists. They have a constantly changing and moving spatial identity. Their regionalism is based on historic, natural and cultural peculiarities of the region. At the same time they agree to juxtapose the old with the new. They are interested in living in the region but not at any price.

As far as public participation is concerned, those groups with different levels of identity have different interests in regional development. Apathetic and passive consumers do not take interest in questions concerning local development. Potential emigrants are more

hopeful in terms of becoming involved in the development but usually lack ambition and the willingness to take up something social.

Traditionalists are usually older people who have a key role in regional development. There are positive as well as negative aspects to this. Positive is associated with collecting and storing experience. Negative appears when traditions are held onto at any price. For instance, participating on framing of local development strategy and getting people involved in it is quite an innovative activity. Therefore the role of traditionalists in local development may be hindered as it may happen that they do not want to go along with new ideas (ibid.)

Modernists are very ambitious but do not identify themselves with their place of living. Therefore only those modernists, who don't want to leave the region at any price, play an important role in the local development. Relatively younger educated people belong here. They are modernists to the grade that they are willing to choose new instead of old, and traditionalists to the grade that they take just those traditions upon which development can be based (ibid.)

It is easier to assemble people to discuss local development possibilities and agree upon something in the region where regional identity is strongly developed. Expressing regional identity depends on people carrying regional specificity. The presence of younger more educated and more innovative people and people appreciating the development of their region – regionalists – is vital.

We may argue that the most active and capable persons will not stay in a particular region without missing regional consciousness or at least idea. His/her main goal is to create new relations or institutions, which may help to manage the region under new conditions. Here can be noted a wide ring of activities from home research to attracting foreign investments to creating new economic branches.

The crucial role in every sub-segment of the society will be played by the more active and entrepreneurial persons whom Gumilev (1990) calls passionars, who just push through their and their group ideas in the wider scale: in the media and consequently political process.

The leaders will distribute their ideas and, even more importantly, their behaviour to their students and followers. This model is similar to Oxford or Cambridge University's tutor system and allows in the best way the transfer of intangible information. However, the system functions only through capable students/followers.

Therefore, the crucial factors in institutionalisation of some region are the activity of passionars, the extension intensity of networks, trust towards the passionars, and openness.

7. Exceptional factors in post-Soviet and sparsely populated areas

We should definitely be quite cautious in comparing Third Italy type handicraft networks with Soviet collective farms. Estonian and probably most Eastern European rural post-war developments are more similar to contemporary France, where a massive central-planned restructuring has taken place since the 1950s. This specific centrally guided "non-creative destruction" had major effects in most old industrial zones and led to the disappearance of the old forms of organisation within the local industrial systems. Thus, contrary to what is

observed in the Italian case, local integration did not always guarantee openness and adaptability for the industrial systems. For the French post-war planners, these systems constituted just so many obstacles to be removed (Ganne 1992). In former socialist countries, local networks and former economic structure were destroyed for ideological and political reasons.

The point to be stressed here, however, is the difference between the openness or closeness of the community (see figure 1). A closed, closely interrelated "*Gemeinschaft*" type of community is without noticeable communication (Habermas, 1984). In contrast, an open, highly communicative, so-called cultural community with multiple cultural "layers" (Healey, 1997) is capable of internal networking, interaction and external exchange with permanent innovation and sustainable development, yet averts the problems of the "*Gesellschaft*"-type individualistic, bureaucratic and socially pure community.

Characteristics which local initiators considered successful were mainly indigenously triggered and mobilisation-oriented local entrepreneurial resources, economic diversification, introduction of new products, skill upgrading and introduction of new organisational forms of economic, cultural and training activities. Less successful local development schemes on the other hand seem to be characterised by a heavy reliance on external (state) agencies, concentration of efforts on intensifying - rather than diversifying - existing local activities and the lack of local entrepreneurial capacity (Stöhr, 1990).

Stöhr (ibid.) draws out guidelines for starting the local development process. Local preconditions for innovations are:
• Crisis conditions (such as those resulting from changes in the international division of labour) represent a strong potential trigger for innovation and entrepreneurship in the sense of Shumpeterian creative destruction;
• Societal incentives and rewards must be offered (1) for individual initiative and entrepreneurship and (2) for their orientation toward broader benefits to local society;
• The institutional transfer of information, innovation and entrepreneurial initiative from outside and within the local community are further key prerequisites;
• Synergetic local interaction networks for the exchange of information, commodities and services as bearers of innovation and co-operation have proved to be worthy of promotion as important vehicles for transfers;
• The promotion of local entrepreneurial co-operation as a framework for individual initiative and the orientation of its benefits;
• Broad democratic decision-making process is usually an important prerequisite for the broad local distribution of benefits. They can also lead, however, to inefficient resource allocation and rigid local structures;
• Formation of rigid local hierarchies which limit incentives for innovation and the broad diffusion of their benefits should be avoided.

Indeed, innovativeness itself can be singled out as the crucial factor to promote indigenous growth and competitiveness of the locality. Innovative activities accounts for up to 90% of GDP growth (Freeman, 1994). We may consider both innovation within an industrial branch and, when we deal with staple areas, restructuring of the whole economic structure - total innovation. Porter (1990) described spatial clustering and innovative development of industries, the importance of local collaboration and rivalry, but also public action, e.g. structural planning, various enterprises support services provided by regional authorities, etc.

This concept has been greatly expanded and relevant literature speaks about the learning economy (Lundvall, 1992) and regional innovation systems (Cooke, 1998) stressing on knowledge intensity of production and restructuring of historically characteristic production through innovation, specialisation and collaborative marketing. However, this approach is suitable within Central-European (Italian, German) contexts and also for Danish rural areas (see Maskell, 1998) but may not help us avoid job loss in already sparsely populated areas where every subsequent technological leap reduces employment (Oksa, 1989).

Empirical evidence demonstrates without notable exceptions how extensive Nordic sparsely populated areas with a dominance of primary branches have not been able to preserve employment despite intensive public policies (Monnesland, 1989; Kultalahti, 1990). The OECD Jobs Survey (1994) points out that the net employment growth in the future could not be anticipated from neither the existing SME sector, nor the large manufacturing or service firms.
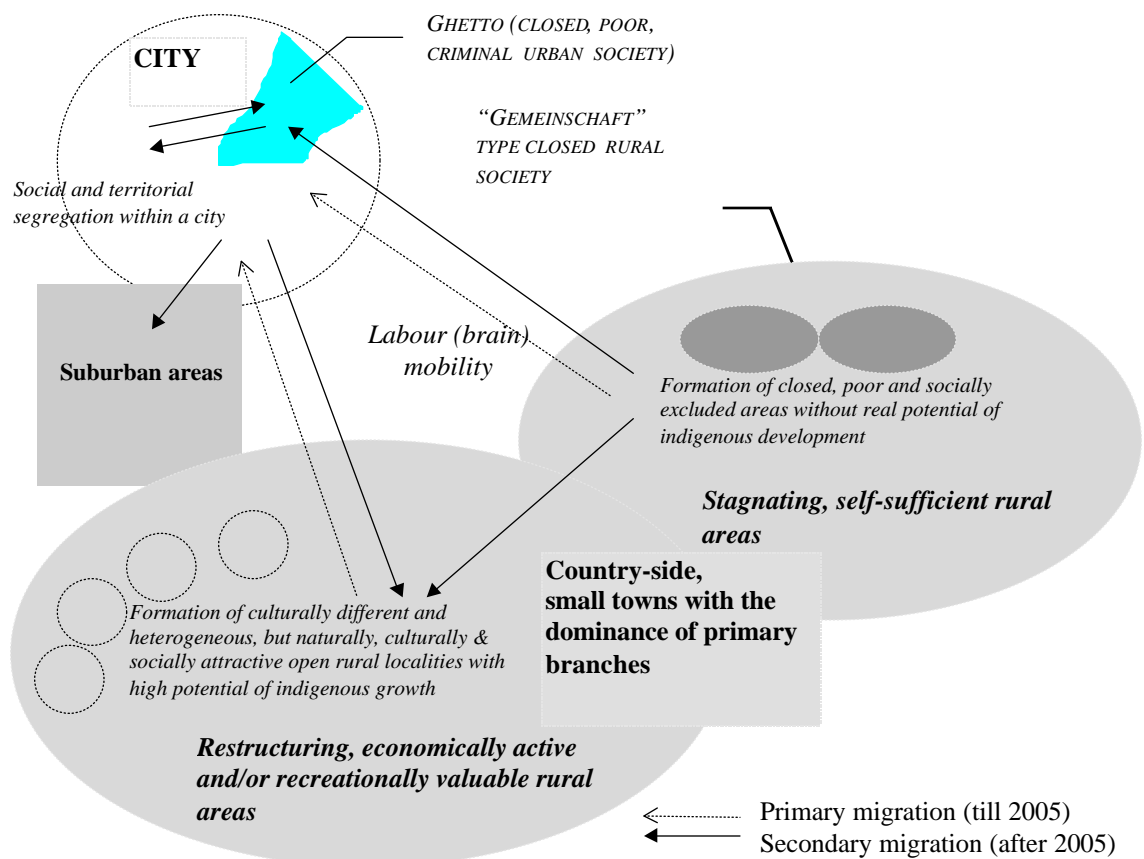

Figure 4. Principal spatial transformation model for CEEC rural areas.

Future job growth in post-industrial countries depends on product innovation on small (spin off) high-tech firms associated with universities, science parks and trans-national corporations (Cooke, 1997), which are clearly urban forms of business. Even more, Swedenborg (1993) warns about large expected reduction in domestic R&D investments in the Nordic Countries due to "traditional industrial structures". Consequently, stressing development and innovation within only the existing economy branches will not guarantee regional/local economic base and employment in particular.

In this situation relatively more attention should be paid to the new growing economic activities which may be challenging for sparsely populated (rural) areas as well. One of such

fields seems to be culture, arts and entertainment, which have become a new industry with enormous growth potential (Cooke, 1997). Cultural industries in combination with tourism, environmental activities, all other kinds of recreation and producer services (training in particular) form a wide complex of activities highly applicable for rural and semi-rural areas with natural beauty and rich cultural heritage.

Common car ownership has substantially increased the mobility of the local work force. On one hand, it reduces the turnover of the local service units even more, but on the other hand, labour market areas may widen significantly and allow local people to participate in the urban labour market.

Many urbanites, in turn, may have an interest to spend their weekends and holidays in a rural, naturally clean and more secure environment. In the West, and particularly in Estonia, it is popular to own two homes, one in the city and the other in the countryside. This means that the person has a job in town, which provides the principle income. In the rural location, they have a summer cottage, where they can rest, but also take up land cultivation as a hobby or to supplement their urban job.

A country environment is very suitable for certain kinds of mental work: fresh air, silence, physical work or sport as a change. Country households with farming and gardening can provide significant income to the family budget and enable children to be raised with love for work and nature. Modern communication (telephones, the world-wide-web) enables people to work in the country without requiring extended periods in the city.

Older, less active inhabitants have been noticed returning to the country (Vartiainen, 1990). This process is also characteristic to the peripheral regions of Estonia; older people are unable to compete in the labour market and leave their expensive city apartments (Sjöberg and Tammaru, 1998) for country homes or garden cottages, so-called "*dachas*" of the Russian inhabitants.

When living opportunities are similar, the prevalent attitude is determinative. When the patterns that proceed from the (yuppie) city-culture dominate in society, people willingly settle in urban centres without nostalgia for the country. Dominating environmental (sustainable) values favour residing in the natural rural environment in spite of its shortcomings (distance from the centres and information) (Hautamäki 1992).

Distance workers, able to function thanks to the web, may live for long periods or even most of the time in the countryside. However, in all these cases, but especially when speaking about highly qualified people - the intelligentsia - the quality of infrastructures and social environment, particularly social and cultural institutions (public services, schools, NGOs, etc.) achieves decisive importance influencing migratory behaviour. Consequently, high mobility and distance work opportunities set quite different basic conditions for rural areas and demands very heavy restructuring, not only economic base and infrastructures, but first of all openness and social quality.

Following examples of given empirical study distinguish well regionalist (culturally and economically active), traditionalist (culturally and economically inactive) and modern (culturally less active, economic activities in the past, now recession). Similar, but much extreme problems of migrant societies born after the World War Two are described by

Szlachta (1995) from North-West of Poland (former Prussia/ Germany) and Kosonen (1996) from Vyborg (Viipuri) area in Russia (former South-East Finland.

8. Public participation in development depending of local identity in Põltsamaa, Jõgeva and Pala municipalities

For testing the role of territorial identity in development, we carried out mass survey. The following analyse points out some findings of this empirical contribution.

8.1. Principles of the survey

On the design of the mass survey of the population, three municipalities were chosen. The most important factor in choosing the municipalities was the different political and social activity levels within these municipalities. While Põltsamaa has an active political life, many non-governmental organisations formed for social (clubs) and cultural reasons (amateur activities). Pala has no one active public organisation, and the municipality of Jõgeva was between the two above-mentioned municipalities in its social and cultural activity.

Another idea was to take sample areas of different regional locations by their role in the economic and settlement system: town, suburban municipality and peripheral municipality.

Table 1. Main differences of the test municipalities.

	Põltsamaa	Jõgeva	Pala
Political and cultural activity	High	Medium	Low
Region	Western	Central	Eastern
Centrality	Centre (town)	Suburban	Peripheral

We discovered during the qualitative studies that the human factor was very important in the development of municipalities. What was also significant was that all test municipalities have similar (in our case young and active) municipal managers (leaders). So we can concentrate mainly on the differences caused by geographical location and peoples activity in the municipalities.

8.2. The sample

150 respondents were interviewed in Põltsamaa, 248 in Jõgeva[1] and 106 in Pala during April and May, 1996. The sample was designed on the basis of the Jõgeva County Population Register. The random sample includes the registered population of electoral age, that means over 18 years old. However, we excluded people over 75 years of age. The main criteria in the sample design was age and gender structure.

Questionnaires were designed so both interviewing and survey completion were required of respondents. In densely populated areas it was easier to distribute questionnaires and later to collect them. In sparsely -populated rural areas it made more sense to carry out interviews on the place.

Table 2. The distribution of respondents by age brackets.

	Põltsamaa	Jõgeva	Pala
18-30	25%	27%	22%
31-40	23%	20%	18%
41-50	16%	18%	16%
51-60	16%	17%	23%
61-75	19%	18%	22%

---

[1] As the Jõgeva Municipality asked for additional sample for having better picture by smaller units (5) within the municipality, the number of surveyed was increased by 100.

The replacement of the respondents who were not accessible was made with persons from the same gender and age bracket in the nearest location. As up to 25-30% of the people are not living where they are registered (moreover, there were a few people who did not like to answer and who were not able to answer, e.g. drunkards), this kind of flexibility was reasonable. As a result, the sample succeeded in being similar to the registered population structure and can be considered representative in all cases.

8.3. Particularities of the test areas

Põltsamaa, Jõgeva and Pala municipalities are administratively parts of Jõgeva County which is located in Central Estonia. Jõgeva town (7200 inh.) functions as a county centre. The real centre of the county has historically been, and still is, Tartu. Until 1949, the territory of current Jõgeva County belonged to Tartu and Viljandi Counties (Põltsamaa area). This traditional administrative system developed over several hundreds of years. In 1949 three administrative rajoons, Mustvee, Jõgeva and Põltsamaa, were established. This newly created system did not exist for long. A bigger part of the Mustvee rajoon was joined to the Jõgeva rajoon in 1959. Jõgeva rajoon obtained its current borders from joining with the Põltsamaa rajoon in 1962.

Table 3 . Educational level of respondents.

	Põltsamaa	Jõgeva	Pala
Higher	12%	14%	8%
Professional	36%	33%	34%
Secondary (11-12 years)	22%	22%	11%
Vocational	7%	6%	13%
Basic (7-10 years)	17%	17%	21%
Elementary (less than 7 years)	7%	9%	13%

Not included in e-mail file!

Figure 5. Location of the case study areas in Estonia.

Jõgeva county, with a population of about 42,000, is an average rural county in Estonia. It has a very rural population; only 33% of the population live in towns. Actually, townspeople are also very tightly connected within an agro-industrial cluster. During the last few years, the population has significantly decreased, due to very low birth rates, and out-migration of younger generations.

The economy of Jõgeva county depends mainly on agro-industrial enterprises. Before the agricultural reform which began in 1991, over 50% of population was working in agriculture: collective and state-owned farms. During the agricultural reform, most of the big units were divided into smaller enterprises and production was reduced significantly. The number of primary jobs has decreased by up to 27% in 1998.

Põltsamaa (5100 inh.) is the center of the Western Region (14,300 inh.) of the Jõgeva county placed around the town. Põltsamaa has had a rich cultural past as the Capital of the Livonian Kingdom in the 16th century. The local population is entrepreneurial; remarkable social and political activity exist. The economic situation of this locality is notably better than in the county in average. The people of the Põltsamaa region have practically no need to visit the county center (Jõgeva). Thanks to the good road and bus connections, the same distance, markedly wider service options and work opportunities, the main movement is taking place in Tartu's direction.

The Jõgeva rural municipality (5700 inh.) surrounds the county center Jõgeva (7200 inh.), which serves as a natural center for a locality with about 17000 inh. and is located in the middle of the county. Both town and municipality structures were mainly built up after World War II and have a relatively young population. At the same time, there exists a lack of traditions and local culture (there is not even a church in the new center). This has resulted in a bad image of the town among the population. On the other hand, on the edges of the Central Region, there are culturally important places like Palamuse, which is well known among the entire Estonian population as the setting of the very famous novels of the Estonian national writer Oskar Luts. Laiuse, Kuremaa and Vaimastvere can be considered important places with cultural heritages, too. Many people of the central area are commuting every day to Tartu for work and services.

The Pala municipality (1400 inh.) belongs to the eastern sub-region (ca 11,000 inh.) of Jõgeva county. This area can be divided into two parts: municipalities (near Lake Peipsi) with partly Russian-speaking population and specific culture due to many people of oldbelivers origin and so called forest municipalities where is living mainly Estonian speaking population and which typical representative is Pala. The common feature of this locality is general economic peripherality and fact, that there exist much better transport connections to Tartu and people of this region usually pay services from Tartu instead of the county center.

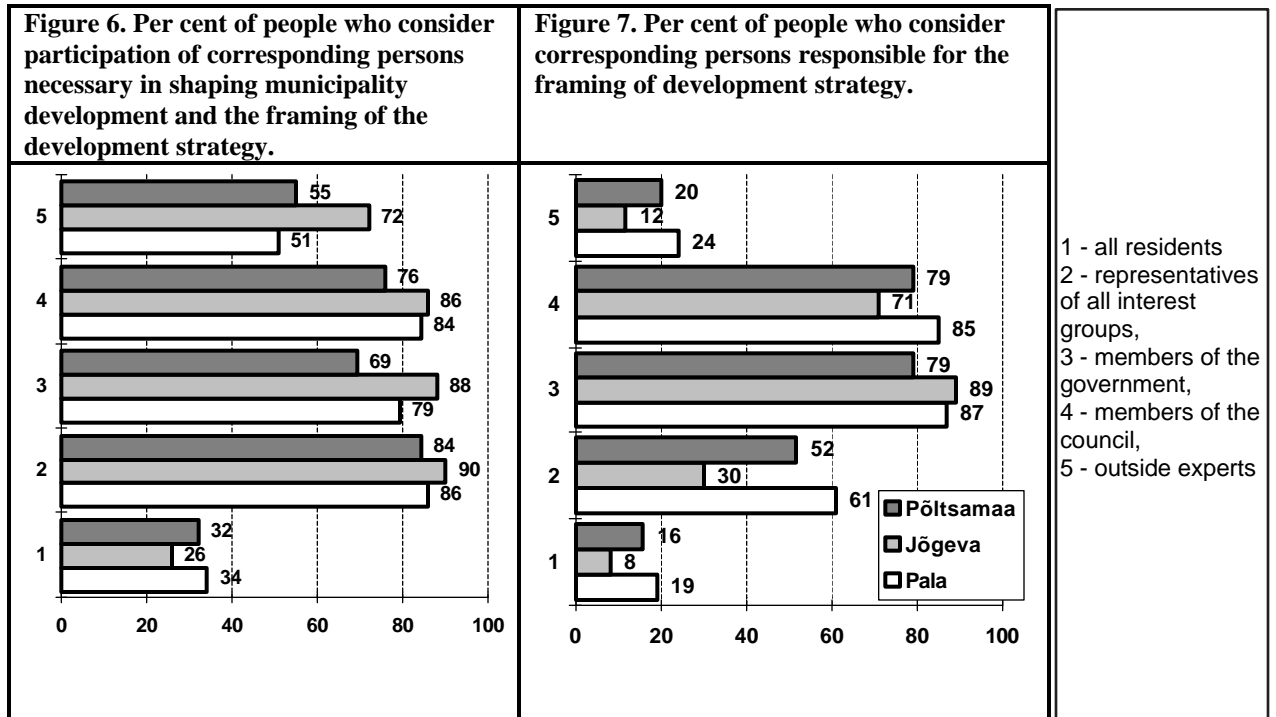## 8.4. Willingness of residents to participate in development process

8.4.1. Participation in the framing of the local development strategy

In all units of local self-government analysed, more than 80% of residents consider the framing of development strategy necessary (89% of respondents in the town of Põltsamaa, 82% in Jõgeva rural municipality and 86% of Pala rural municipality).

We tried to elucidate peoples view on who should participate in shaping of town or municipality development and the framing of development strategy and who should be responsible for framing the strategy (figures 6 and 7).

The role of municipal council and officials of municipality government in the shaping of local development and the framing of the development strategy is considered very important. Residents of Jõgeva consider the role of their authorities most important among the units of local self- government and residents of Põltsamaa consider it less significant. Residents of Pala consider the role of the municipal government more important than the role of municipality councils. Residents of Jõgeva consider the role of the members of government as important as the role of the members of municipal council. The problem here is that most people do not distinguish council and government: for these people, there is only one institution municipal government with its leader, who should be responsible for all matters.

Representation of interest groups is next important to local authorities in the shaping of local development. The respondents supported the participation of the whole population of the municipality relatively seldom. Residents of Põltsamaa and Pala support the participation of the whole population the most. 1/3 of Põltsamaa and Pala respondents supported the participation of all residents in shaping local development. Slightly less - ¼ of the respondents - in Jõgeva thought the same. About 40% of the respondents in all the units of the local government could not say if participation of the whole population of a municipality is necessary or not. They were more certain about the necessity of the participation of the interest groups.

Figure 6. Per cent of people who consider participation of corresponding persons necessary in shaping municipality development and the framing of the development strategy.	Figure 7. Per cent of people who consider corresponding persons responsible for the framing of development strategy.	

1 - all residents
2 - representatives of all interest groups,
3 - members of the government,
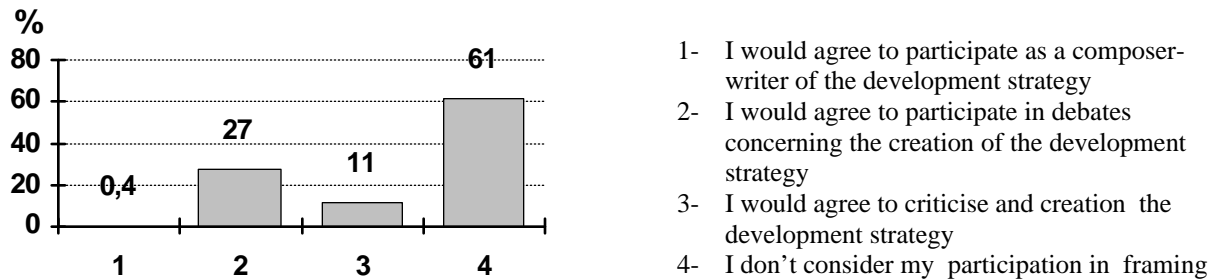4 - members of the council,
5 - outside experts

Though the role of the officials of the local self government, members of municipal council and representatives of interest groups in the framing of the development strategy was considered more or less equal the responsibility falls on the municipality government or council mainly. Most clearly it is seen in Jõgeva where the main responsibility falls on the officials of the municipality government, responsibility of the members of the municipality council is also important. Though 90% of the residents of Jõgeva considered participation of different interest groups in the shaping of the future development of the municipality, only 30% of them agreed with the statement that the representatives of the interest groups should also bear the responsibility for it.

The role of experts from outside the municipality (county, university) is also considered important. Most important is it for the residents of Jõgeva 72%, but the residents of Pala and Põltsamaa also emphasises the necessity of involving a specialist (51% and 55% correspondingly).

Though according to the residents of Põltsamaa and Pala municipality the main responsibility for the shaping of the local development is born by officials of the municipality government and the members of the municipal council, people there regard the responsibility of the representatives of the interest groups important. The residents of Pala

Figure 8. Residents' readiness to participate in framing the development strategy of a municipality.

1- I would agree to participate as a composer-writer of the development strategy
2- I would agree to participate in debates concerning the creation of the development strategy
3- I would agree to criticise and creation the development strategy
4- I don't consider my participation in framing

At the same time people seldom consider their participation in the framing of the development strategy important. They were asked what is the role they see themselves in the process of shaping local development. The respondent could choose between 4 possibilities how could they participate in the creation of the development strategy (figure 8). The results were about the same in all units of local self government: about 60% of the respondents regarded their own participation in the creation of the development strategy not necessary and 40% considered their participation possible either through criticism of the development strategy or participation in open disputes. Only a few were ready to participate in the creation of the development strategy as composers-writers.
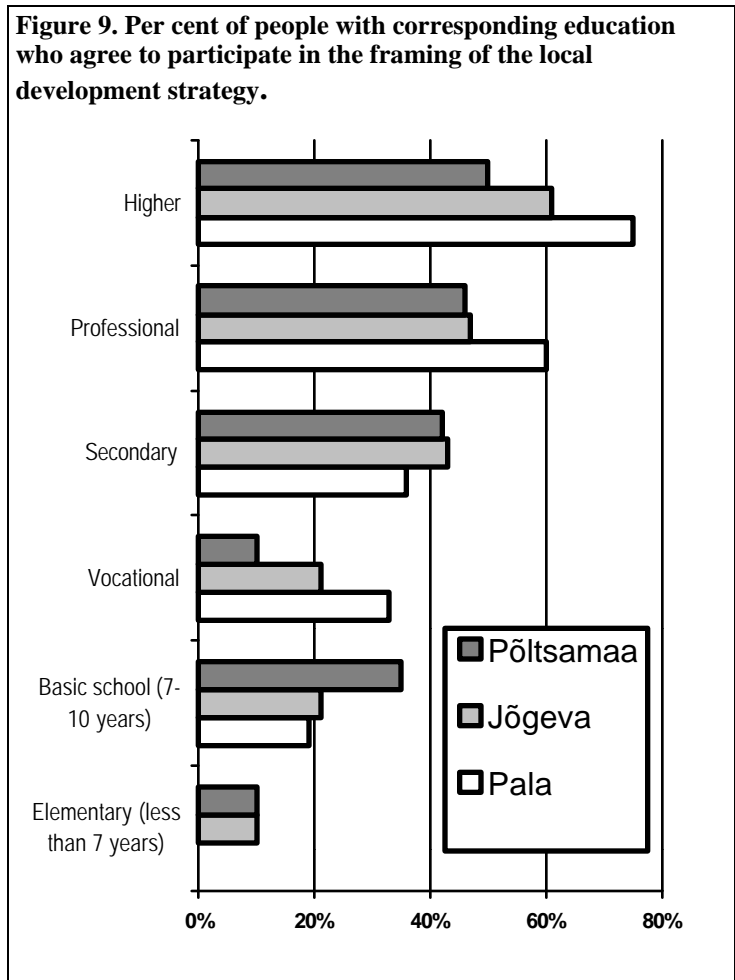
So in spite of people claiming to be interested in the future development of their municipality there are less of those who also see their role in it and would be ready to help in development. Framing of the development strategy falls within the cognisance of local authorities. People do not realise that it is necessary to reach mutually acceptable solutions and therefore their participation is possible and necessary.

8.5. *Factors influencing people's participation in local development*

Factors influencing people's participation activity in local life are educational level, age, general activity (measured by participation in organisations), level knowledge (information), socio-economic situation (wealth) and regional identity.

8.5.1. *Educational level and people's activity*

Residents' readiness to participate in the framing of the local development strategy strongly depends on their education (figure 9). If 40% of all the residents were ready to participate, then among people with higher, secondary and professional school education the rate of those willing to participate was relatively higher and people on lower educational level agreed to participate less often. As said before, the relatively abstract idea of creating the development strategy is better understood by educated people. They understand the need and meaning of planning better. 93% of all the respondents with higher education considered framing of the development strategy necessary, the same way 87% of professional school and 92% of people with secondary education. As an exception more than 80% of people with middle school education also found considering possible directions of development necessary. Less - 70% - of people with vocational school and elementary education emphasised the necessity of the development strategy.

Figure 9. Per cent of people with corresponding education who agree to participate in the framing of the local development strategy.

The analysis showed that more educated people more often demonstrate their readiness to put in a word for the future development possibilities. They also consider more often the framing of the development strategy important.

8.5.2. *The influence of age and gender on people's activity*

The research showed also the clear influence of the age level to the willingness to participate in the consideration of the future development of the region (figure 10). Activity in participation is lower among older people. The age group of the most active people between the ages 30 ... 50 in Pala. The young under the age of 30 are also relatively active, but older residents (starting from the 50s) are considerably less often agree to participate in the

creation of the development strategy. People's activity diminishes with age also in Põltsamaa, but people between 51 and 60 are relatively more active here.

The rate of males ready to participate in the framing of local development strategy was higher (figure 11). 47% of male citizens in Põltsamaa and 32% of females agreed to participate. The corresponding features in Jõgeva municipality were 45% and 33%. There were no gender differences between people's activity in Pala municipality.

Figure 11. Per cent of male and female participants
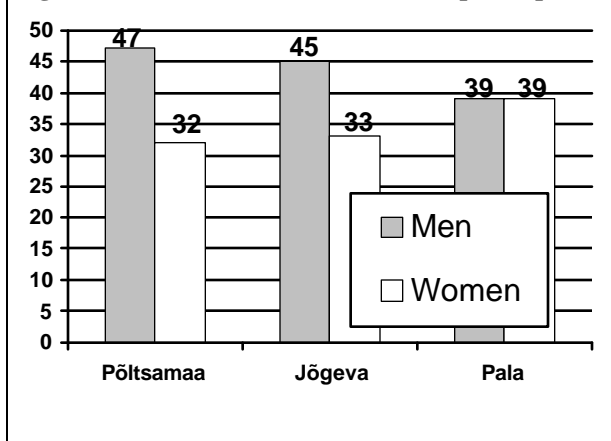
8.5.3. *Public knowledge and its influence on participation activity*

As a rule, public knowledge concerning local authorities is very poor. The residents of Pala municipality consider themselves the less informed about the acts of council and government. About 60% of them replied that they are insufficiently informed about municipality councils and government's work. The feature in Jõgeva municipality was 40% and in Põltsamaa 45% unsatisfactorily informed (figure 12). Knowledge concerning municipality legislative or executive power did not differ.

People were also asked if they receive enough information about local events and problems. Again there were more people insufficiently than sufficiently informed in all administrative units analysed.

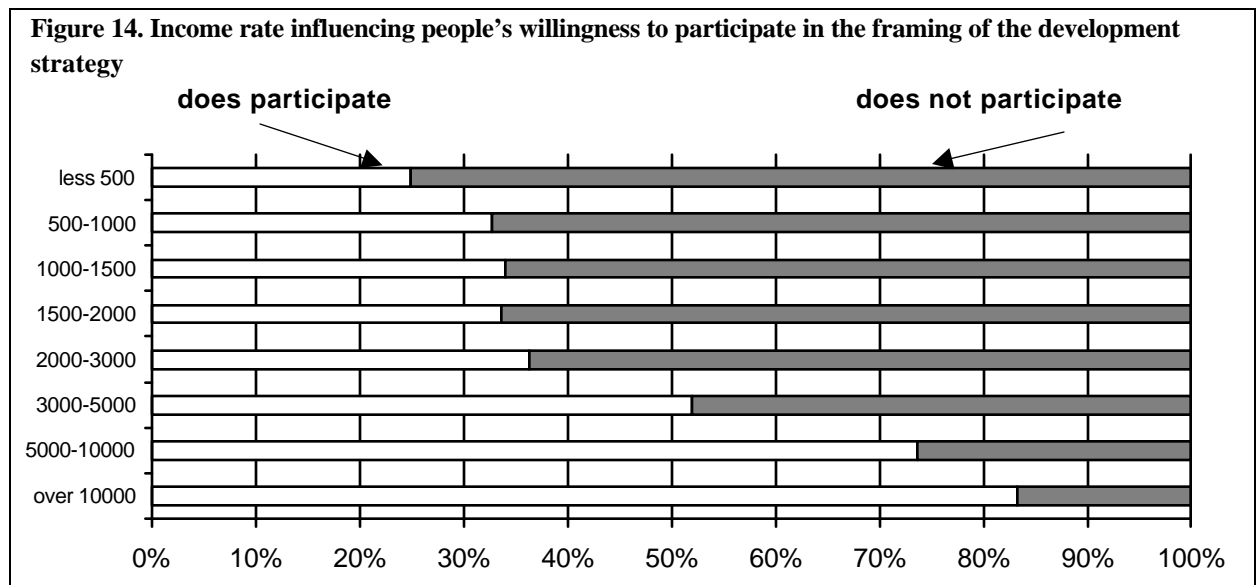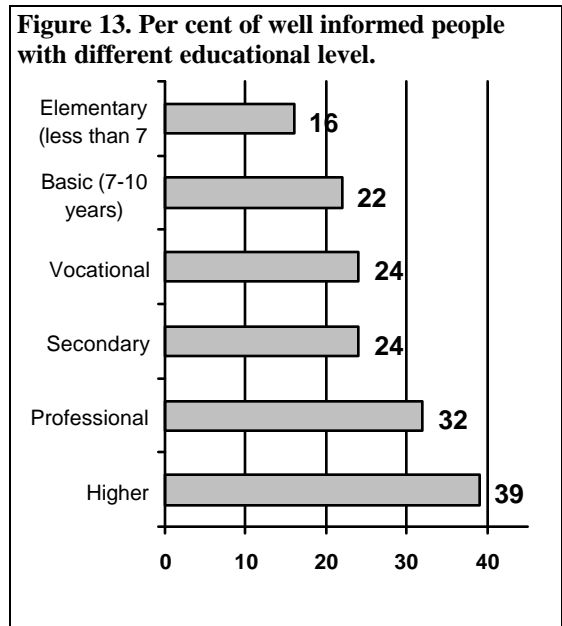**Figure 12. Sufficient information about local events and problems**
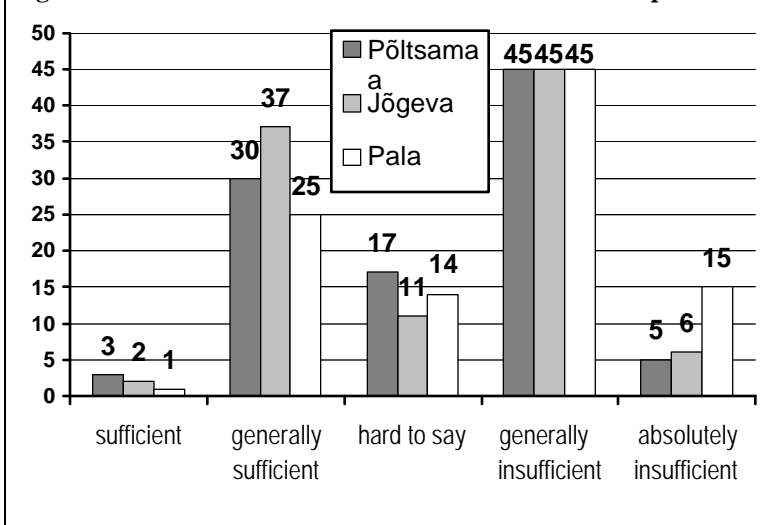
For half of the residents of Jõgeva and Põltsamaa information about local events and problems is insufficient (replies generally insufficient and completely insufficient). 60% of the respondents in Pala municipality are of the same opinion. Less respondents - 33% of Põltsamaa, 39% of Jõgeva and only 26% of Pala residents consider information about local events, reaching them, sufficient.

Public knowledge is the precondition for effective public participation. No reliable relation between public knowledge and participation activity appeared. Though respondents who considered their knowledge about local authorities "very good", more than 2/3 of them were ready to participate in framing of the local development strategy. Though to appeared that people with higher education who wished to participate more often are also better informed about the actions of local government. (figure 13) E.g. 39% of all respondents with higher education, but only 16% of respondents with elementary education. The relationship between the knowledge concerning the municipality government actions and educational level is analogous.

8.5.4. Social-economical situation and its influence on activity: income and employment

As seen above a person's social-economical situation influences the person's readiness to participate in local life. If a person has to always think about satisfying his basic needs only, there is no time left for participation, they become apathetic and passive towards social problems.

The families' total income in the period prior to the survey was relatively small and differed much. Residents in Põltsamaa and suburbs in Jõgeva were better off. Income was the lowest in Pala municipality. Most of the residents of Põltsamaa claim to belong to the middle-income groups (3-6 groups), dividing themselves more or less equally between the groups. There are more well-off families (8%) - with a monthly income exceeding the 5000EEK line, in Põltsamaa than in any other local self-government units. Residents of Jõgeva municipality also group themselves more tightly into the middle-income groups, but there are less well-off families than in Põltsamaa.

Figure 13. Per cent of well informed people with different educational level.

Educational level	Per cent
Elementary (less than 7	16
Basic (7-10 years)	22
Vocational	24
Secondary	24
Professional	32
Higher	39

Figure 14. Income rate influencing people's willingness to participate in the framing of the development strategy

does participate   does not participate

Income	
less 500	
500-1000	
1000-1500	
1500-2000	
2000-3000	
3000-5000	
5000-10000	
over 10000	

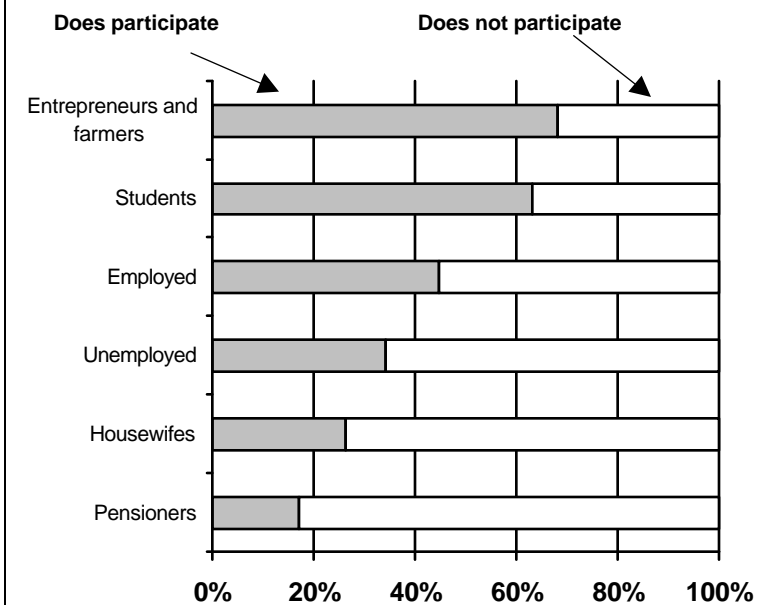0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%

The division of incomes is more uneven in Pala municipality. There are more (30%) low-income families. Residents' participation activity depends on people's economic wealth. Lower-income people demonstrate less readiness to participate in the creation of local development strategy (figure 14). When the average rate of participants was 40%, then only 25% of people with the income below 500EEK would participate in the open debates concerning the creation of developments strategy or would agree to criticise and amend it. Willingness to participate in the creation of local development is growing parallel with the income. 75% of people whose income exceeds the 5000EEK line would participate.

Unemployment has a direct influence on a person's economic situation. In case of becoming unemployed a person loses the consuming power at the same level as the fellow citizen, communication with colleges etc. In a situation like that a person can not be expected to be interested in societal questions. The primary concern of an unemployed person is to find a new job to satisfy the basic needs.

Finding new employment was considered impossible or unlikely by 40% of respondents in Põltsamaa, 34% in Jõgeva and 58% in Pala (impossible 14%, 5% and 19% correspondingly). Negative attitude towards the possibilities of finding new employment are directly related to the problem of long-term unemployment.

The influence of unemployment and occupation on participation activity became evident (figure 15). Local contractors, farmers and students appeared to be the most active group. The

Figure 15. Residents' occupation related to participation activity.

Does participate   Does not participate

employed group was of fair participation activity and residents calling themselves unemployed showed their willingness to participate in the framing of the local development strategy less often (only 34% willing to participate). They did not, though, belong to the most passive group. The latter was the retired residents (83% not participating) and residents working at home (74% not participating). Though long-term unemployed were less active as a rule in social aspects, no correlation between long-term unemployment and participation activity was evident in Jõgeva municipality. Residents unemployed for more than a year were on the average less often ready to participate, but they did not differ from other unemployed.

It may be concluded that the influence of socio-economic situation on residents' willingness to participate in the framing of the local development strategy became evident. The participation of lower-income and marginal people in social problems is limited. The residents' poor socio-economic situation is a considerable obstacle in the development of civic structures.

8.5.5. Residents' belonging to social organisations and its influence on participation activity

Residents' participation in the work of social organisations and parties was described above as a possibility to influence the shaping of the region development. The level of belonging to organisations was different in three cases. The rate of residents belonging or having belonged to a social organisation (an association or a club) during the period of the survey was 53% in Põltsamaa, 59% in Jõgeva and the lowest in Pala municipality 42%.

Figure 16. The level of belonging to an organisation related to participation activity

1 - belong or have belonged to a social organisation
2 - have never belonged to social organisations
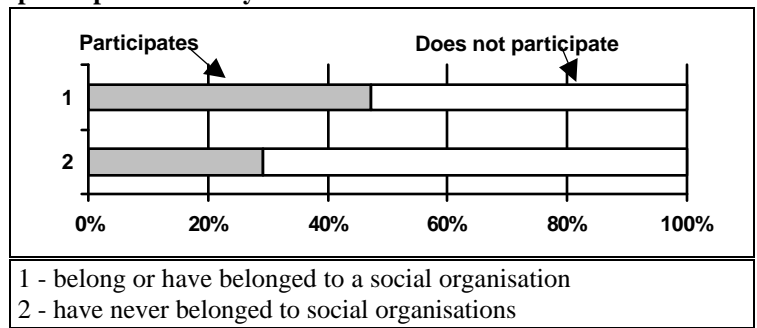
).
The sense of "own town" is the strongest among the residents of the small town Põltsamaa. Pala residents identify themselves quite often with their municipality, but their nearest abode - village - is still considered more important.

TABLE 4. Resident-groups people identified themselves with (the average place given to that group when "1" was the first priority).

	Põltsamaa	Jõgeva	Pala
Residents of their own settlement (village, borough, town quarter)	1,8	1,4	1,5
Residents of their collective farm or company's area	2,3	1,8	3,0
Residents of their municipality	2,1	3,0	2,5
Residents of their parish (kihelkond)*	4,2	4,8	3,9
Residents of their county	4,3	4,2	4,6
Residents of Estonia	4,6	5,1	4,8

* *Kihelkond* (parish) is historical unit surrounding the church in Estonian countryside. The territory of the *kihelkond* is usually bigger than current municipalities. It had strong identity among the population some 200 years ago, but its importance has been reduced continuously.

The group of residents of own village or borough was important for Jõgeva and Pala municipalities. When comparing the amount of people mentioning the residents of their settlement or town district on the first place, it became evident that the respondents in Pala and Jõgeva identify themselves more often with their village or borough. 77% of Pala and 68% of Jõgeva and only 49% of Põltsamaa residents considered that group most important.

Unlike others, residents of Jõgeva also considered the farming or company's district group important. About a quarter of the residents of Jõgeva identified themselves with the residents of the farming or company's district. This is certainly outcome of the collective farm era, when considerably more investments (new jobs and housing was created) was made in the central region and many new people from other locations of the county and Estonia moved to this area. The other residents' groups – parish and county people and Estonians - were less often identified with.

8.6.1. What relates people with the municipality?

Strongly developed regional identity may become a considerable emigration barrier. People can be attached to their settlement by their job and income, existing abode and accustomed lifestyle, but also their identification with a certain region i.e. strong regional identity. In the units compared people were asked why do they live in this municipality (table 5)

People attached to their settlement by their abode, home for family and children, formed the majority of the respondents. ¾ of the respondents in Pala and Jõgeva considered it the main reason, the rate of that reason was lower among the residents of Põltsamaa (little more than a half of the respondents). 1/10 of the residents of Jõgeva and Põltsamaa were attached to the region through employment. There were less residents employed in Pala (36% only), therefore employment was less often the reason for remaining in the area.

TABLE 5. Reasons why people live in the given community (by 1-st priority)

	I just like it here	Home for family and children	Employ-ment	Friends, ac-quaintances, relatives	Nice landscape and clean nature
Põltsamaa	22%	53%	10%	3%	5%
Jõgeva	6%	76%	9%	1%	3%
Pala	11%	73%	3%	4%	3%

"I just like it here" was on the second place for Põltsamaa and Pala residents. More than 1/5 (22%) of the small town residents and 1/10 (11%) of Pala residents considered it the main reason, why they live in the area. Only 6% of Jõgeva municipality respondents thought the same. The reason "I just like it here" shows strong regional identity, which keeps the residents to in their settlement in addition to home and employment. 1/5 of Põltsamaa and 1/10 of Pala residents considers the reason "I just like it here" most important, more important than home and employment.

Regional identity is most strongly developed in Põltsamaa, where many people identify themselves as the residents of the town, consider themselves patriots and live in the region mainly because they simply like it there. Regional identity is also strongly developed in Pala municipality. Jõgeva residents identify themselves not so much with the municipality residents and live in the area mainly because of existing home and employment.
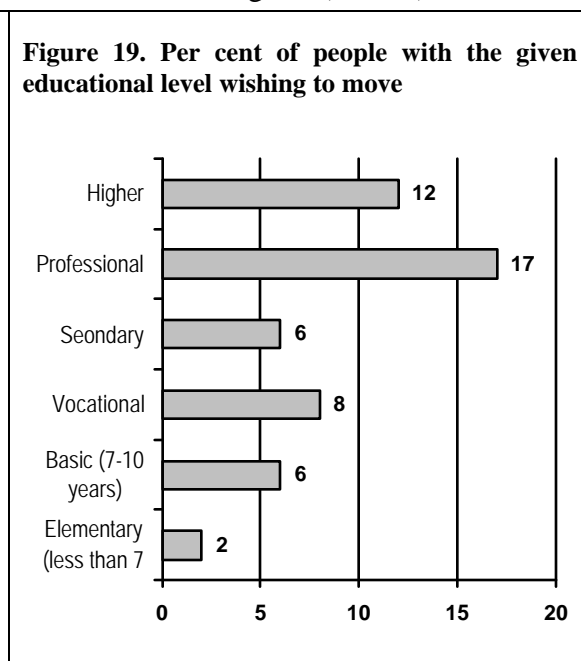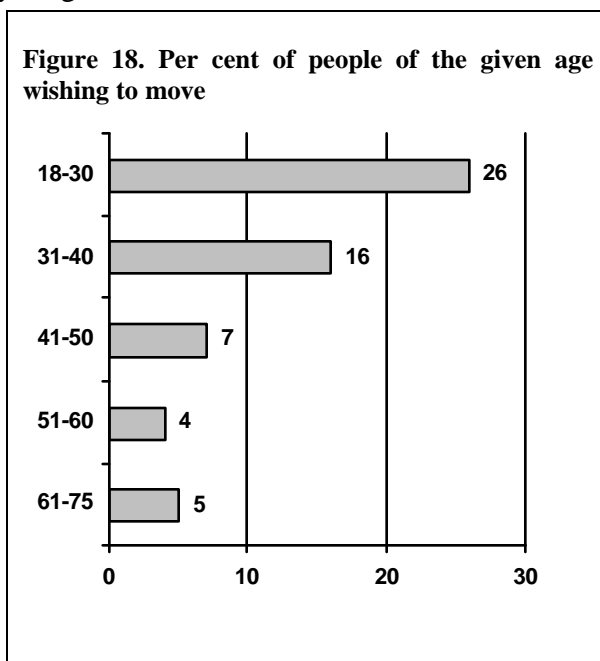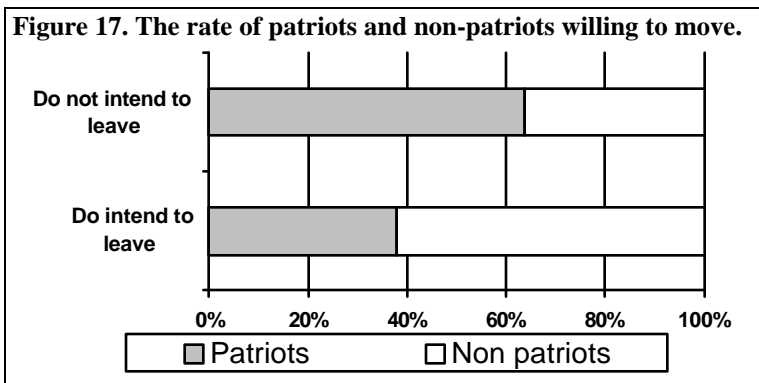
8.6.2. Regional/local identity influencing participation activity and migration

The high regional identity has a direct relationship with their willingness to move (figure 17). When of all the respondents' 12% wished to move, then among patriots' 10% and non-patriots' 24% wished to move. (It appeared most clearly in Pala municipality where non of the patriots wished to move but 30% of non-patriots did.)

13% of Jõgeva and Pala residents and 10% of Põltsamaa residents emphasized their readiness to move. Most often (55%) Pala residents replied that they definitely do not intend to move. Though regional identity is more strongly developed among the residents of Põltsamaa, the rate of potential emigrants is not considerably lower. The relationship

between patriotism and wish to move is the lowest in Põltsamaa. 10% of the patriots and 15% of non-patriots wished to emigrate there.

The wish to leave from particular area to a great extent depended upon people's age and education (figures 18 and 19). People with higher educational level (college, professional school, secondary education) are more willing to leave the region. The respondents with college education though possessed a medium emigration activity (12%). 32% of the residents currently studying - younger and more educated in the future - however, wished to emigrate (table 6).

Figure 17. The rate of patriots and non-patriots willing to move.

Figure 18. Per cent of people of the given age wishing to move

Figure 19. Per cent of people with the given educational level wishing to move

Põltsamaa and Jõgeva municipality had a similar educational and age structure. There were less young people in Pala municipality, also the educational level was lower than in the local-government units compared. Therefore the desire of younger and more educated people to leave is most acute. Emigration of young and more educated people were obvious also in Põltsamaa, but less than in the municipalities compared. I.e. only 1 of the 18 respondents with university degree intended to move.

Table 6. Willingness to emigrate among younger and more educated people

	Põltsamaa	Jõgeva	Pala
% of 16-30years old people intending to move	24%	32%	37%
% of people with college, professional school or secondary school education intending to move	17%	22%	20%

8.6.3. Manifestation of regional identity

The most hopeful of the types of identity is the group of regionalists - younger and more educated people who do not want to leave. They are relatively innovative as well. People were given two pairs of statements, which they could either agree or disagree with. One of the statements was characteristic to an innovative, the other traditionalist type. It appeared that Jõgeva residents were less reactionary, more often than Pala or Põltsamaa residents agreeing traditional statements. 64% of respondents in Jõgeva municipality, 78% in Pala municipality agreed with innovative statements in case of two statements on average.

The rate of innovative thinking depended closely on education and age. Lower rate of innovative people would have been logical in Pala municipality where there are less younger and more educated people. It could be concluded from the two pairs of statements that the residents of Pala municipality are as reactionary as the residents of Põltsamaa and to a great extent more than the residents of Jõgeva.

It appears that the group of older and less educated people, who do not belong among the innovative as a rule, do so in Pala municipality e.g. half of the residents with elementary education supported innovative statements (the average of all the municipalities 36%). The rate of innovative people among more than 50years old was 70%. The higher rate of older people in Pala municipality and leaving of younger and more educated, and due to the relation of the rate of innovative thinking to education and age, also reactionary people may turn into an obstacle to the local development.

The role of older people in the intensity of regional identity is based on preserving heritage. According to the intensity of identity older and active people like that are called traditionalists. Traditionalism may become a purpose of its own, be against all kind of changes and become an obstacle to the local development. As the older generation in Pala municipality are relatively innovative according to the two pairs of statements observed, such negative traditionalism is not evident there. Pala municipality is threatened by the willingness of the few young and educated people present there to emigrate and so the further diminishing of the rate of regionalists - the most important people as far as the area's development is concerned.

Figure 20. Per cent of people willing to participate in the framing of the local development strategy
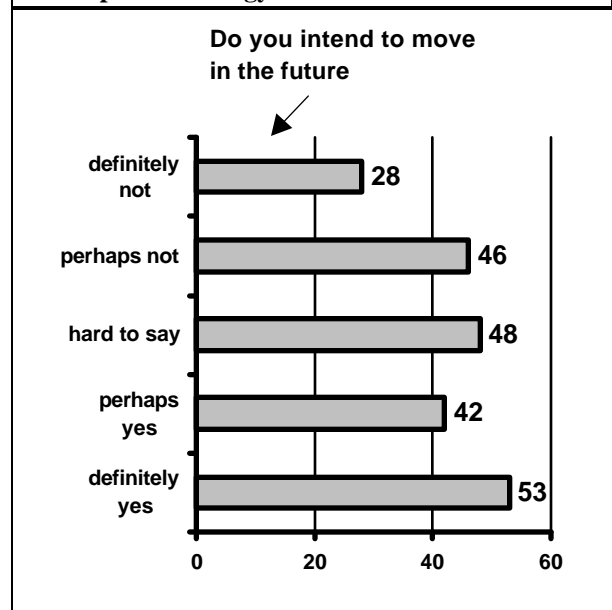
In Põltsamaa, where people's educational level is higher and where are more young people the residents are also more open to new ideas. Structural emigration is not as acute problem as in other self-government units analysed. In that sense Põltsamaa is a favourable region for the influence of the regionalists to the shaping of the development.

Immobility of the residents of Põltsamaa and Pala municipality has influenced the shaping of identity there. The rate of people born there and having spent their whole life there is 62% among the respondents in Pala municipality and 41% in Põltsamaa. The feature in Jõgeva municipality is slightly lower than in Põltsamaa. The difference is that most of the residents of Põltsamaa born somewhere else (in more than 60% of the cases) have come here more than 20 years ago.

Considering the strong regional identity of the residents of Põltsamaa it has most probably been sufficient time to adapt to local society. 14% of Jõgeva residents have arrived here in the last 10 years (8% of Põltsamaa and 6% of Pala residents). As we saw earlier regional identity in Jõgeva is the weakest. Structural emigration - relatively high rate of young educated and innovative people intend to leave - does not help in shaping the identity. Also residents in Jõgeva municipality are more often traditionalist. The formation of a favourable regional identity activating people is not very likely here.

8.6.4. The need to regionalise potential emigrants

The willingness of younger and more educated people to emigrate is felt with different intensity in all self-governmental units analysed. Younger and more educated people are more ambitious as a rule and therefore more often agree to participate in the reasoning of the possibilities of local development. Figure 20 demonstrates the relation of emigrants to participation activity.

It appears, that people, who definitely want to leave their place of living are the most potential participants, who will definitely stay in the region form the most passive group of people. Therefore the local self-government should not work with the remaining people only, thinking that there is no reason to get the emigrants involved. The future development could be based on the potential emigrants. The only possibility is to offer them conditions, the lack of which causes them to leave: a good neighbourhood, a salary enabling them to manage, possibilities for continuous supplementary training and communicating with people of similar stand etc. In other words, to regionalise them.

Continuation of the current tendency leads to the diminishing of any human potential vital to local development. When Jõgeva and Põltsamaa municipality have something to offer due to their favourable location to compensate for the attractive cities, then it is becoming more difficult for Pala municipality with its location in the periphery.

It appeared that the residents of Jõgeva municipality took less interest in the future development of their region and considered the framing of the development strategy a task of self-government officials. This results from the relatively larger area and scattered settlement of the municipality. Local authorities are strangers for local people and does not fulfil its role of being close to the residents. Jõgeva residents do not identify themselves with their municipality. The municipality is divided into separate smaller areas - people identify themselves primarily.

9. Municipal leaders in development process

To become familiar with the municipal leaders' attitudes towards the development process we interviewed municipal directors and mayors by standard free-form questionnaires during

the Summer 1996. We can say with confidence that the level of understanding of the development process and the leaders' roles within the process differ greatly, as well as the capabilities of the heads of administrations to accomplish goals and promote development. Consequently, the activities of the municipal leaders, in several cases, very much determines the development processes within municipalities.

A description of 13 examples of municipal leaders present in Jõgeva County follows. It was possible to distinguish four types of leaders.

9.1. Young workman

This type of municipal leader is 30-40 years old and has general experience or has specialised with an enterprise. He has higher education in some technical or agricultural speciality. He is not a very capable manager or leader, however, and has a "soft" leadership style. He doesn't like paperwork and is not very familiar with computers.

He has no planned personal economic gains, but he has close contacts with friends involved with politics. It was convenient for him to take this post, and friends or coalition partners pushed him to take it. His decisions will be made carefully, and he first discusses all issues or problems with the municipal administration or other people involved. It is, however, quite difficult to distinguish him from other members of the municipal government. Like every "normal" young man, he participates in amateur cultural activities and sports. He does not always have good personal relations with journalists and foreign delegations, however.

He spends a lot of time with his own family and does not often dedicate much of his personal time towards overtime. He is quite happy with his job and enjoys the various advantages and perks that his position provides, such as driving a nice car. He trains his own staff thoroughly and believes that his concepts are the best. He is actually very interested in new ideas and innovation but prefers utilising his own ideas. He is slow to put new ideas to work. If the majority of the municipal government decides to introduce a new municipal development strategy or other new concept, however, he prefers not to play the role of the leader but is a good team player.

9.2. Entrepreneurial leader

This type of municipal leader is also about 30-40 years old and has a higher education. In addition to his leadership role in the municipality, he is also an entrepreneur and interacts with friends in local businesses. This may result in him using some municipal structures in his own interest, but he acts rather responsibly and involves himself with more people than the "*young workman*".

He is a very active and capable manager, and everything is well organised within the municipal administration. He makes decisions quickly and usually without any major problems. On the other hand, some people may feel incompetent when they are around such a leader. He spends less time for meetings with his own administration but has a much wider network within or outside the community. Participation in sports, business clubs, amateur activities, business life, and frequent overtime work makes his schedule extremely busy, so that family members are perhaps not satisfied with his availability around home.

An entrepreneurial leader is extremely innovative. He is very keen on computers and modern technologies; a nice car is certainly not a top priority. He trains the municipal staff fully and is eager to learn new concepts. He is a good generator of ideas and an efficient promoter of new projects. Sometimes he initiates more projects than his administration is able to handle, which often leads to frequent overtime for his staff. Since so much activity is occurring, however, the municipality often pays less attention to the more complex development issues.

If he is asked the reason for applying for this position, he will answer something like "I'd like to help my municipality" or "This is a peripheral region and nobody else would take this responsibility". He is slightly egoistic, likes interviews with journalists, and is able to communicate very effectively with everyone.

9.3. Traditional leader

This type of municipal head has a glorious past of leadership either with a collective farm, an enterprise or elsewhere. He is 40-50 years old, has a relatively good education and good, but quite authoritarian, management skills. He likes attending meetings and meeting foreign delegations despite lacking foreign language skills. He likes some journalist but avoids others.

He may have a share in private businesses and is not very clear how municipal administration and these very personal interests are connected. He practices a quite closed and authoritarian leadership style. He does not stand as a more capable or wiser person than the rest of the staff.

He works as little as possible. But since he likes meetings, he takes an active part in training sessions and can cause trouble for lecturers because of his need for speaking. He sometimes has very strong opinions or attitudes, and he never gives up without a strong fight. He is the best man to bring state money to his community because of soviet-time skills.

His own interests are certainly more important to him than his community interests. He has been elected to this position because he is successful in local politics (former collective farm chairmen are well known throughout communities) and also because there is no better place for this kind of person. On the other hand, he may eliminate competitive businesses or people who are not very kind to him. He is representing usually one of the business groups and is not interested in co-operation with new or local competitors. In addition, second or third business communities will never fully trust him.

He is innovative if this seems to be interesting or useful for him. He will never get familiar with computers – this is the secretary's business. Also, complex development strategy is actually too complicated or expensive and certainly not his first priority, despite full supports from the government agency. He distances himself from the local citizens and experiences complications with public involvement in small groups. On the other hand, he is a good speaker and is able to manipulate people in large meetings.

9.4. Peaceful pre-pensioner

This type of municipal leader is over 50 years old and takes this position because of no alternative candidates. This kind of head of administration is working without exception in

most peripheral municipalities. He may have a higher technical or agricultural education, but his abilities or wish to obtain new knowledge is quite limited. He has some leading experience within former collective farm structures and practices a "soft" leadership style.

Socially, he is relatively passive and does not like meetings, journalists, or foreign delegations. One reason for his reserved behaviour is a lack of professional experience both in management and municipal development issues. As the population of the municipality is often even more passive, there is also no pressure from the bottom. He never works overtime. He declares that this job is a mixture of dirty work and missionary work, but he actually takes this position as a wage labourer. At the same time, he is very much concerned about keeping his own farm or some other domestic activities or hobbies.

He is definitely not an action man. He is satisfying tasks that are delegated to the municipality from the state and completing what is necessary from the local level (heating, pipes, construction, repair works, etc.). In addition, he is not very capable of obtaining additional money from the state budget. Setting up of a complex development program for the municipality is clearly too sophisticated a task. Because of low entrepreneurial potential within the community, and a low level of understanding in possible development methods, very few innovations are taking root despite officially-declared support for them. There is simply a lack of people who can or like to create something new within this municipality.

9.5. *Municipal leaders activity – key to local institutionalisation and development*

The position of municipal head is a relatively new one in Estonia, as self-governments were re-established in 1989. Today, we can see a rotation of professional mayors in medium-size towns. Only large cities like Tallinn, Tartu and Pärnu have political governments. In small towns and rural municipalities, everything is based on persons or certain locally-created interest groups.

At first, leaders took these positions because "somebody" had to take this responsibility. In the period from 1989-1993, it was common for the former village soviet chairperson to assume these positions. 1993-1996 was a period when former bosses or vice-bosses of collective/state farms entered into this labour market. 1996 was the first time when it was possible to see a rotation of experienced professional mayors. However, most municipal leaders are still elected by the local citizens.

Despite fast progress in this field, there are still very few professionally-trained and capable heads of municipal administrations. The situation is especially bad in the more peripheral areas and smaller municipalities, where the critical number of active people is too small to start with the complicated development process.

Leaders in rural municipalities have mainly technical or agricultural (higher) education and relatively wide experience in production sector. This is perhaps one of the most important problems concerning popular involvement in development. As municipal leaders have experience as enterprise managers, they pay too little attention to relations with the public and continue to work within relatively closed community-corporation. That's why the current development model has a lot of corporate character. People can see a certain kind of status quo from soviet times.

During the last years, extensive training courses from several institutions have been provided. However, the quality of training is still relatively low, and there is a lack of good lecturers and trainers. But this field is developing very fast at all Estonian universities and will hopefully improve during the next years.

General expressed attitudes of the heads of administrations on different development methods are without any exception very positive. Everyone of them has participated in courses, is reading newspapers and discusses issues in the municipal councils. But when we try to go deeper into the subject, then we can see great differences between municipalities: some municipal leaders have thought about these issues very deeply and have already started with several programs. Some of them are discussing possible ways but cannot give any examples from their own municipalities. Some of them stress only the importance of this or other innovations, but are not able to discuss the matter.

It has been quite typical that municipal development plans have been made by outside specialists (companies, university people), and the municipalities' own contributions have been almost zero. This kind of "development planning" was extensive when municipalities applied for self-government status, and one precondition was a social-economic development plan. During the beginning of 1990, when significant economic hardships emerged, of course, nobody had time to think far ahead.

Today, since the economy has stabilised, there should be more reason for development planning. Also, planning activity should increase because of the Planning and Construction Law, which requires that all municipalities make a new strategy and general plan for their territory, where both economic-development and land use should be formalised.

Planning by outsiders has emerged again. Some companies just draw on the maps land use restrictions set by higher (county, national) levels without any serious involvement of local people, interest groups or even municipal specialists. There are humorous stories in Estonia where even the municipality head did not remember that the general plan of his municipality was ready for a half year and a couple of copies were on the shelf (!) in his office. Also in the municipalities of Jõgeva County, some clerks interviewed shared the opinion that development plans should be made mainly by outside specialists.

A very important factor for promoting local development and also people's involvement is active teamwork of municipal administrations. To have only a good, well-trained mayor or head of the municipality is clearly insufficient for success; much more important is his ability to involve as many good people as possible and to motivate people in their job. Anyway, the subjective factor seems to be extremely important and increases clearly from centre to periphery. For instance, the activities of the head of the Pala municipality administration Mr. Raivo Vadi caused significant changes in the local labour market and the cultural activity of people despite extremely peripheral location and low human potential within the community.

9.6. Municipal councils and key persons

The most important aspect in the promotion of municipal development should be the municipal council--local parliament. In some bigger cities it is so without any doubt. In smaller municipalities the situation differs a lot. It is quite typical that mayors in smaller municipalities press their own wishes and thinking patterns and manipulate the councils.

This happens because local political segregation is still very weak in many municipalities. This is caused by the long soviet period when democracy was missing at every level and local collective farm chairmen or enterprise directors headed local life. They were also responsible for social questions, education and all other fields of local life. This kind of dependency on one individual or a small group of persons created a paternalistic pattern of behaviour. Local people were extremely passive, they thought that their voices were too unimportant to change anything, and they were not organised by interest groups or parties. People voted in local elections mainly for single well-known people, not for programs of parties or electoral lists.

Obviously, because of the voting for individuals, rural municipalities are relatively well represented by settlements in the councils and different parts of one community. That's why there were surprisingly few dissatisfied people by sub-regions. Representation by social groups is much worse: people were quite often dissatisfied that one or another group had too much power and some fields of life were less financed.

Paternalistic behaviour and voting is caused not only by the economic system of the past. This is very much also a cultural or religious phenomenon when we look at voting in the Russian Orthodox old-believers municipalities of Mustvee and Raja. These both have surprisingly high participation rates on the one hand, but very low (number of lists and candidates) political activity on the other. People are voting in old-believers municipalities like religious leaders recommend.

Nowadays we can also follow the replacement of paternalistic relations with corporate behaviour. Different interest groups (teachers, doctors, agricultural workers, lumbermen, new businessmen, etc.) are organising election groups for fighting more efficiently for their own interests in municipal councils and to get more money to their own field of activity from municipal budgets. However, these groups are usually organised by one more active person who is usually head of an enterprise or institution.

These two types of political behaviour are both represented in the municipalities of the Jõgeva County. Party representatives are missing in small municipalities. There was only one party list in the 1993 elections (Fatherland in Põltsamaa) and some more party lists in 1996 elections (Reform party in Jõgeva town). Local people are still voting for individual persons (paternalistic behaviour) or for representatives of their own field of activity (corporate behaviour).

In both cases, but especially within the paternalistic model, we have many representatives just visiting municipal councils, who do not understand their role within the councils very well (for instance, a 64 year old woman with four years of education), who are absent often, who only take care of the problems concerning their own interests and who actually keep away people who can and would like to do something for the municipalities. The level of knowledge in law and development questions among the members of municipal councils is very low on average and differs a lot by persons.

Very different also are attitudes towards the development process and different development methods. In general, of course, most members of councils agree to support local enterprise development and youngsters, but when it is time to vote, completely different priorities, often connected with their personal interests, arise, and strategic questions are forgotten. This is actually one reason why heads of municipalities are able to roll over the council (to

manipulate) in some important questions. Naturally, this kind of behaving is not good for developing good co-operative relations.

The collective farm practice continues, where kolkhos leader has unlimited power on the local level. The role of personality in local development is even more important than in the soviet time, when the economy was developed by centrally-designed plans, which in several circumstances were obligatory for everybody. Now, as many rules are created on the local level about the concentration of the power, this may be very dangerous especially in the point of view of localities' economic development.

As a conclusion, we can say that municipal councils represent both social structure and locality structure of municipalities relatively well, but are in most cases politically not representative. By the words of municipal executives, municipal councils are rather passive towards work and towards creating development because of the lack of political representation. The activity of municipal councils correlates well with people's political activity. However, the existing political activity is not following general ideological divisions and in most cases local electoral unions do not represent Estonian political parties. Local electoral lists have been formed mostly in a corporate way. And people are voting for single well-known persons not so much parties or electoral lists.

10. Conclusion

During the last century, the Estonian administration has made it through several transitions and has been re-institutionalised many times. Although Estonian local democracy celebrates its tenth anniversary of re-establishment in 1999, it faces new reforms in internal structures and administrative borders. At the same time, the economy continues to restructure and to cope with global changes. In such a turbulent situation, traditional macro- or institutional approaches have exceeded their limits. Especially when speaking of development planning in peripheral areas. The key question is how to guarantee continuous innovation in combination with institutional stability.

Despite increasing internationalisation of markets, the production and development process remains locally/regionally-based because of emerging cultural economies and restructuring (downsizing, decentralising) of the production process. In this paper, we analysed the essence of territorial identity and its possible effects in regional economic development.

Empirical evidence proves the theoretical assumption that a strong regional consciousness (identity) of people favours networking, institution-building and innovative development. Territorial identity, shared values and trust given the condition of openness and the ongoing learning/unlearning process enables the painless re-institutionalisation of the particular territory, avoidance of the path-dependencies and chaotic breaks in the development process. Identity creates greater work, motivates learning and gives stability in demographic development.

However, quite clear correlation exist between economic development and the cultural and political activities of the inhabitants. Pure democracy is a bad democracy. Despite the fact that economic wealth (income, employment opportunities) plays a significant role in local development, cultural heritage, strong identity and solidarity between residents and their territory is also important. Põltsamaa, which had quite insignificant growth during the

Soviet time, a relatively old population and quite a high rate of immigrants, now has the strongest identity (they just like to live there!) and, simultaneously, the most active political and most dynamic economic life.

People's activities and willingness to participate correlate very much with education, economic welfare, employment status, age, political/social activity, and local identity. Typically, the most active person is a 30-40 year-old, highly educated, entrepreneurial, economically and socially active person with a strong local/regional consciousness. The overlying problem is that certain communities often lack this type of person.

On the base empirical material from Jõgeva County, we can say that the reason for local development success is simply an active and entrepreneurial municipal leader who starts the development process within a municipality. This proves the second hypothesis that so called passionars, activists, social/political entrepreneurs, etc., have to play a crucial role to attract and mobilise people, to create new or to remove old institutions, to strengthen changing local/regional identities and, finally, to secure economic growth in a locality.

Most municipality leaders and mayors in the county, who have participated in several training courses while holding their offices and who are taking an active part in the work of the municipal council of the county, are theoretically relatively well-prepared and actually have, without any exceptions, positive attitudes towards active promotion of development. Only some of them are able and willing, however, to actually work hard in developing their own municipality and in creating a well-functioning team in the framework of democratic leadership.

Municipal councils, which are actually responsible for development of the municipalities by law, are representing both the social structure and locality structure of municipalities relatively well, but are in most cases politically not representative. Consequently, they are not always acting on behalf of the development of the municipality, but rather often for their own personal or corporate interests (enterprise/organisation/limited interest groups).

Local leaders and individual active persons play important roles in organising local life especially in rural/peripheral localities. We can find very similar municipalities, in terms of geographical location and local economic (demographic) and cultural characteristics, where significant differences in the development of new enterprises and the creation of new jobs has occurred over recent years. And quite often, the only reason for this is qualitatively different leadership.

References

Amin, A. (1994) Post-fordism. A Reader. Blackwell. Oxford.

Amin, A.; Thrift, N. (1995) Institutional Issues for the European Regions: from Market and Plans to Powers of Association. Paper presented at the Fourth General Conference of the European Science Foundation's RURE Programme, Rome.

Bassand, M.; Hainard, F. (1985) Regionale socio-kulturelle Dynamik. Haupt, Bern.

Becattini, G. (1990) The Marshallian Industrial Districts as a Socio-economic Notion. in F.Pyke et.al. (ed): Industrial Districts and Inter-Firm Co-operation in Italy. Geneva.

Beck, U. (1992) Risk Society: Towards a New Modernity. Sage, London.

Castells, M. (1996) The Rise of Network Society. The Informational Age: Economy, Society and Culture. Volume I, Blackwell, Oxford.

Castells, M. (1997) The Power of Identity. The Informational Age: Economy, Society and Culture. Volume II, Blackwell, Oxford.

Cloke, P.; Goodwin, M.; Milbourne, P. (1998) Cultural Change and conflict in rural Wales: competing constructs of identity. Environment and Planning A V 30 pp. 463-480.

Cooke, P. (1989) Locality, Economic Restructuring and World Development, In: P.Cooke (ed.) Localities. The changing face of urban Britain. Unwin Human, London, pp. 1-44.

Cooke, P. (1996) Reinventing the Region: firms, clusters and networks in economic development, In: P. Daniels and W.Lewer (eds.) The Global Economy in Transition. Longmann, Harlow.

Cooke, P. (1997) Fast-Growth Industries in Urban Economies: West European and Baltic Cities Compared, manuscript, Centre for Advanced Studies, Cardiff.

Cooke, P. (1998) Introduction, In: H.-J Braczyk, P. Cooke, M. Heidenreich (eds.) Regional Innovation Systems. UCL Press 1998.

Courault, B.A.; Romani, C. (1992) A re-examination of the Italian model of flexible production form a comparative point of view, In: Pathways to industrialization and regional development (Scott, A.J.; Storper, M. eds.) Routlegde, London, pp. 205-215.

Cox, K.; Mair, A. (1991) From localised social structures to localities of agents. Environmental Planning, A 23, pp. 197-213.

Dicken, P. (1998) Global Shift. PCP, London.

Duncan, S.; Savage, M. (1989) Space, scale, and locality. Antipode, 21, pp. 179-206.

Esman, M. (1994) Ethnic Politics. Corell University Press.

EU Commission (1999) The structural funds and their co-ordination with the cohesion fund. Draft guidance for programmes in the period 2000-06 tabled by Mrs Wulf-Mathies in agreement with Mr Flynn, Mr Fischer and Ms Bonino. Working paper of the Commission

Freeman, C. (1994) Innovation and growth, in M.Dodgson and R.Rothwell, eds. The Handbook of Industrial Innovation. Edward Elgar, Cheltenhamn.

Gisevius, W. (1993) Kohaliku omavalitsuse poliitika Saksamaa Liitvabariigis. ESDP Kirjastus.

Gregory, D. (1993) Geographical Imaginations, Blackwell, Oxford.

Gumilev, L. (1990) Etnogenez i biosfera zemli. Gidrometizdat, Leningrad.

Hall, P. (1988) The geography of the fifth Kodratieff. In: Restructuring Britain. Uneven Re-development: Cities and Regions in Transition, pp. 6-47. D. Massey and J. Allen. London.

Harvey, D. (1990) The Condition of Postmodernity. Blackwell Publishers Ltd. Cambridge MA & Oxford UK.

Hautamäki, L.; Karppi, I, Klemola, A. (1992) Alueellisen suunnittelun perustet. Tampere.

Häuszer, K.; Frey, H.P. (1987) Identität. Enke, Stuttgart.

Healey, P. (1997) Collaborative Planning. Shaping places in Fragmented Societies. McMillan Press Ltd. London.

Healey, P.; Khakee, A.; Motte, A.; Needham, B. (eds.) (1997) Making Strategic Spatial Plans. Innovation in Europe. UCL Press, London and Bristol.

Johnston, R.J.; Gregory, D.; Smith, D.M. (1994), The Dictionary of Human Geography.

Johanisson, B.; Nilsson, A. (1989) Community Entrepreneurs: Networking for Local Development. Entrepreneurship and Regional Development 1, pp.3-19.

Kosonen, R. (1996) Boundary, institutions, and indigenous development. Helsinkiin Kuppakorkeakoulun julkaisuja. No. B-161.

Kultalahti, O. (1990)Yhteiskunta ja alue , Finnpublishers OY, Jyväskylä.

Leborgne, D.; Lipietz, A. (1992) Conceptual fallacies and open question on postfordism. In: Pathways to industrialization and regional development (Scott, A.J.; Storper, M. eds.) Routlegde, London, pp. 332-348.

Lefebvre, H. (1991) Production of space, Blackwell, Oxford.

Lundvall, B.A. (ed.) (1992) National Systems of Innovation. Towards a Theory of Innovation and Interactive Learning. Pinter Publishers, London.

Lundvall, B.A. (1985) Product innovation and user-producer interaction. Industrial Development Research Series 31, AUC, Aalborg.

Lundvall, B.A. and Johnson, B (1994) The Learning Economy, Journal of Industrial Studies, 1(2):23-42

Martinez, N. Nueño, P. (1988) Catalan Regional Business Culture, Entrepreneurship, and Management Behaviour: An Explanatory Study. In: Regional Cultures, Managerial Behaviour and Entrepreneurship. An International Perspective, J.W.Weiss. (ed.) Quorum Books: New York, Westport Connecticut: London, pp.61-77.

Maskell, P. (1998) Learning the village economy of Denmark: the role of institutions and policy in sustaining competitiveness. In: H.-J Braczyk, P. Cooke, M. Heidenreich (eds.) Regional Innovation Systems. UCL Press.

Maskell, P.; Malmberg, A. (1996) Proximity, institutions and learning – towards an explanation of industry agglomeration and regional specialisation. Paper presented at the NordREFO seminar on "Regional Specialisation and Local Environment – Learning and Competitiveness", Rungsted.

Maskell, P.; Eskelien, H.; Hannibalsson, I.; Malmberg, A.; Vatne, E., (eds.) (1997) Competitiveness, localised learning and regional development – specialisation and prosperity in small open economies. Routledge, London.

Masuda, J. (1980) The information society as post-industrial society. Institute for information society, Tokyo.

Meier-Dallach, H. P. (1980) Räumliche Identität - Regionalistische Bewegung. Information zur Raumentwicklung, 5.

Monnesland, J. (1989) Trends in Regional Development - Main Causes of Unbalance during the 60s, 70s and 80's. In: The Long Term Future of Regional Policy – A Nordic View. OECD and NordREFO.

North, D. (1993). Institutions and Credible Commitment. Journal of Institutional and Theoretical Economics 149, pp.11-23.

OECD (1989) Experiences in the implementation of regional development policies in areas with very severe problems. Preliminary analysis by the secretariat. Paris.

Oksa, J. (1989) Forest Periphery Villages under Changing Technology and State Policies. West of East , in Commemoration of the 20th Anniversary of the University of Joensuu. Joensuu.

Paasi, A. (1984) Alueellinen identiteetti ja siihen vaikuttavat tekijät - esimerkkinä alueellinen kirjallisuus. Terra 96, pp.113-121.

Paasi, A. (1986) The Institutionalization of Regions: a Theoretical Framework for the Understanding of the Emergence of Regions and the Constitutions of Regional Identity. Fennia 164, pp.105-146.

Paasi, A. (1996) Territories, Boundaries and Consciousness. The Changing Geographies of the Finnish Russian Border. John Wiley & Sons.

Peltonen, A. (1984) "Tapuliteoria" ja Suomen kaupunkijärjestelmän kasvu. In: Reuna-alueiden kehitys. Teoreettisia, metodisia ja empiirisiä näkökulmia. Reports of the Research Institute of Northern Finland, University of Oulu, Oulu.

Piore, M.; Sabel, C. (1984) The Second Industrial Divide. Basic Books, New York.

Prigogine, I.; Stengers, I. (1984) Order Out of Chaos – Mans New Dialogue With Nature. Bantam Books, London.

Putnam, R.D.; Leonardi, R.; Nanetti, R.Y. (1993) Making democracy work. Civic traditions in modern Italy. Princeton University Press. Princeton, New Yersey.

Raagmaa, G.; Ernits R. (1999) Hopeless competition or total restructuring? The futures of post-soviet staple localities. Manuscript. Forthcoming publication.

Richter, R.; Furubotn, E.: Neue Institutsionenökonomik, Tübingen: J.C.B. Mohr (Paul Siebeck), 1996.

Rifkin, J. (1995) The end of work: the decline of the global labour force and the dawn of the post market era. Putnam Book, New York.

Riikonen, H. (1995) Sukupolvet ja alueellinen muutos. Terra 107:2.

Rudeng, E. (1989) Culture in Regional Development – The Strange Revival of Elite Theories in the Nordic World. In: The Long Term Future of Regional Policy – A Nordic View. OECD, NordREFO, Borga.

Sabel, C. (1992) Studied trust: building new forms of co-operatin in volative economy, in Industrial districts and local economic regeneration. F.Pyke & W.Segenberger, eds., International Institute for Labour Studies. Geneva.

Sabel, C.F.; Zeitlin, J. (1985) Historical alternatives to mass production: politics, markets and technology in nineteenth century industrialization, Past and Present 108, 133-76.

Sayer, A. (1992) Method in Social Science. A Realist Approach. Second Edition. Routledge, London and New York.

Savage, M.; Barlow, J.; Duncan, S.; Saunders, P. (1987) Locality research: the Sussex programme on economic restructuring. Social Change and the Locality. Quaterly Journal of Social Affairs, 4, pp. 27-51.

Scott, A,J. (1984) Territorial reproduction and transformation in a local labour market: the animated film workers in Los Angeles. Environment and Planning, D 2, pp. 277-307.

Shumpeter, J.A. (1934) The Theory of Economic Development. Cambridge, Mass. Harvard University Press.

Sjöberg, Ö.; Tammaru, T. (1998) Explaining migration processes in Estonia during transition period. Unpublished manuscript. Tartu, University of Tartu, Institute of Geography.

Szlachta, J. (1995) Regional Development in Poland Under the Transition. Friedrich Ebert Stiftung, Warsaw.

Smith, N. (1987) Dangers of the empirical turn: some comments on the CURS initiative. Antipode 19, pp. 59-66.

Soja, E. (1996) Thirdspace: Journeys to Los Angeles and Other Real-and-Imagined Places. Blackwell Publishers, Oxford and Malden.

Spilling, O.R. (1991) Entrepreneurship in a Cultural Perspective. Entrepreneurship and Regional Development 3, pp.33-48.

Stöhr, W. (1990) Synthesis. In: W. Stöhr (ed.), Global Challenge and Local Response. New York.

Sweeney, G.P. (1990) Indigenous Development Strategies in Peripheral Regions: The Example of Ireland. In: H.J.Ewers and J.Allesch (eds.) Innovation and Regional Development: Strategies, Instruments, and Policy Co-ordination. Walter de Gruyter: Berlin, pp. 265-285.

Toffler, A. (1980) The Third Wave. New York.

Toth Nagy, M. (1995) The challenges facing European society with the approach of the year 2000. Public participation in regional/spatial planning in different European countries. European Regional Planning, No. 58, Council of Europe Publishing.

UNDP (1998) Estonian Human Development Report 1998. UNDP, Tallinn.

Wales 2010. Creating our future. The Institute of Welsh Affairs.

Williamson, O. E. (1989) Transaction Cost Economics. Handbook of Industrial Organisation, Vol.1, Elsevier Science Publishers B.V., 1989, pp. 135-182.

Vartiainen, P. (1990) Kaupungin maaseutu. Yhteikuntasuunnittelu 1:1990.