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Applying a capitals approach to understand rural development traps: A case study from post-socialist Romania

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ABSTRACT

Rural development models to date have failed to adequately explain why development stagnates in certain regions, and have often focused on single policy areas. This paper proposes a more holistic approach by combining the concept of traps with the sustainable livelihoods approach, applied to a case study in Central Romania. Based on semi-structured interviews with rural inhabitants from 66 villages in 2012, we analyze the barriers creating and maintaining a lock-in situation characterized by an apparently stable low-welfare equilibrium state. By clustering development barriers into livelihood capitals we find that barriers to rural development are multiple and interacting, and are strongly mediated by the institutional context. We show that while financial, social, human, and built capitals are inadequately developed, the region's rich natural and cultural capitals stand the best chances to foster rural development. Yet, these capitals are likely to deteriorate, too, if all other capitals remain under-developed. Given this interconnectedness of development barriers we argue that one-sided interventions cannot help 'unlock' the trap-like situation of Central Romania. Instead, multiple barriers will need to be tackled simultaneously. The development of social, human and financial capitals should be of priority concern because of their potentially positive spill-over effects across all other capitals.

Introduction

In an increasingly globalized world, rural areas are confronted with enormous development challenges. Rural areas, by definition, comprise relatively small and geographically dispersed settlements and (social) infrastructure (Sarris et al., 1999; Iorio and Corsale, 2010). Therefore, rural inhabitants often possess relatively low levels of formal skills, educational attainment, and financial resources compared to urban dwellers (Ashley and Maxwell, 2001). Agriculture, and in particular smallholder farming, often provides the backbone of rural livelihoods (International Fund for Agricultural Development, 2013), but the future viability of this sector is threatened by a rising integration of rural areas into the global economy, and thus an increasing exposure of primary product markets to liberalized trade regimes (Rizov, 2006). As a result, rural residents often need to diversify their incomes, specialize, or shift away from traditional farming activities – a set of changes that is closely linked with the notion of rural development (Knickel and Renting, 2000). Several models of rural development have been proposed, but they do not always adequately explain why development stagnates in certain regions. In this paper we provide a possible explanation for such stagnation. Specifically, we seek to demonstrate that rural development research could benefit by combining the concept of traps with the sustainable livelihoods approach.

Although a comprehensive and agreed upon definition of the term 'rural development' is missing (Van der Ploeg et al., 2000), it can generally be considered "a sustained and sustainable process of economic, social, cultural and environmental change designed to enhance the long-term well-being of the whole [rural] community" (Moseley, 1996, p. 20). Several competing conceptual models and policy strategies have been put forward. The *agrarian* or *farm-centric model* centers on the belief that agriculture is the essence of rural development, with derived policies often focusing on the improvement of agricultural productivity (Hubbard and Gorton, 2011). Recognizing that agriculture has multiple roles beyond the supply of food and fiber, such as the contribution

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to rural viability or the provision of public goods, the agrarian development model has been amended to capture the multifunctionality of agriculture (Potter and Burney, 2002; Ward et al., 2005). In contrast to the agrarian model, the *exogenous model* sees urban centers as the main drivers of rural development. Policies based on this model therefore seek to attract external capital into rural areas, which in turn offer low land and labor costs (Hubbard and Gorton, 2011). Finally, the *endogenous model* suggests that rural development strategies should focus on harnessing local resources specific to an area, such as natural resources or cultural values (Ward et al., 2005). This view has been criticized, however, because it disregards questions of power and agency, as well as the effects of the wider economy on local markets (Gorton, 1999). For this reason, the model has been extended to a *neo-endogenous* approach, which recognizes the interdependence of local resources and external factors. The neo-endogenous approach underlines the importance of building local institutional capacity, and of focusing on the needs of local people (Rizov, 2006).

While the farm-centric, exogenous or (neo-)endogenous rural development models provide different policy foci for managing rural development, common to all of them is a lack of ability to explain why development appears to stagnate in some rural areas, despite external financial inputs or local endeavors to build capacity. One example of such a region is Central Romania which, more so than most other parts of Central and Eastern Europe (CEE), is characterized by high rates of rural poverty, outmigration and low infrastructural development (Ghisa et al., 2011) – despite Romania having received considerable amounts of agricultural and structural funds since its accession to the European Union (EU) in 2007 (Gorton et al., 2009; Mikulcak et al., 2013). Contrary to the social aspects of rural development of this region, it boasts high biodiversity attributable largely to its traditional cultural landscapes (Fischer et al., 2012) that are vulnerable to both farmland abandonment and agricultural intensification (Müller et al., 2009, 2013). The area thus appears 'trapped' between the requirements to adjust its rural economy to liberalized trading conditions and competition in the wider EU common market (Beckmann and Dissing, 2007), the conservation of its cultural and natural heritage, and the need to secure an improved living standard for rural inhabitants (Rizov, 2006).

The notion of 'trapped' social-ecological systems promises to be useful in the context of rural development because it emphasizes the role of institutions as well as dynamics across spatial, organizational, and temporal scales in creating undesirable states that are difficult to overcome (Allison and Hobbs, 2004; Carpenter and Brock, 2008; Maru et al., 2012). The traps concept builds on the theory of complex systems (Barrett et al., 2011) and considers social systems and the natural environment as tightly coupled and mutually interdependent (Allison and Hobbs, 2004; Enfors and Gordon, 2008; Maru et al., 2012). The traps concept has been used to describe different forms of lock-in states. So-called *rigidity traps* refer to the inflexibility of a system because of highly connected and rigid institutions (Holling, 2001). *Social–ecological traps* are the result of self-reinforcing or self-correcting feedbacks (Sterman, 2000) causing a persistent decline in both human well-being and ecosystem services (Cinner, 2011; Dasgupta, 2011). The most commonly used notion, however, is that of *poverty traps*, which are defined as self-reinforcing mechanisms beyond people's control that cause poverty to persist (Barrett et al., 2011; Chappell et al., 2013). Mechanisms keeping a system trapped in an undesirable low-welfare equilibrium state (Carpenter and Brock, 2008; Enfors and Gordon, 2008) can be 'fractal' (Barrett and Swallow, 2006), that is, occurring and reinforcing one another across multiple social or spatial scales (Cash et al., 2006; Vervoort et al., 2012).

Because traps are systemic in nature, piecemeal change or large initial financial investment, as advocated by some economic theorists (Sachs, 2005; Collier, 2008) may not suffice to unlock a trap. Rather, multiple interacting factors or barriers may need to be considered and tackled (Maru et al., 2012). To this end, the sustainable livelihoods framework could be useful (see Scoones, 1998) for identifying multiple barriers that form traps.

Based on the capability and entitlement approaches (Schumacher, 1973; Sen, 1981), the livelihoods framework analyzes at the household or community level how different combinations of livelihood assets correspond to alternative livelihood strategies (Ellis, 1998; Scoones, 1998). Access to assets is determined by individual capabilities, the institutional context, and social relations (Chambers and Conway, 1992; Allison and Ellis, 2001). Central to the livelihoods framework is the so-called 'capital pentagon' (Scoones, 2009; Chen et al., 2013), referring to five main asset categories. These are built capital (e.g. infrastructure, machinery); natural capital (e.g. land, trees, ecosystem services); human capital (e.g. education, health); financial capital (e.g. incomes, savings, credit); and social capital (i.e. bonding and bridging ties within and between people, communities, or organizations; Coleman, 1990; Putnam, 1993). The notion of 'cultural capital' is sometimes used in addition; referring to specific values, world views, and (ecological) knowledge transmitted within a community (Berkes et al., 2000; Dyer and Poggie, 2000; Cochrane, 2006), but also to local cultural resources such as traditional food, folklore, and historical sites (Ray, 1998).

The traps and livelihoods approach share many commonalities: like the notion of poverty traps, the livelihoods approach has a normative emphasis on poverty alleviation and marginality (Allison and Ellis, 2001). Common to both concepts is the applied goal to improve development policy and practice (Barrett and Swallow, 2006; Scoones, 2009). We also note some differences. While trap conceptualizations tend to take a systems approach, the livelihoods approach centers on the capacity building of individuals and rural households. Traps literature largely relies on econometric measures and panel data (e.g. Barrett and Swallow, 2006), whereas livelihoods data are mainly field-based and often gathered by means of participatory rural appraisal (PRA) methods (Scoones, 2009). While traps are the consequence of factors and processes beyond an individual's control, and thus considered persistent and difficult to change, the livelihoods approach highlights the role of individual capabilities to influence livelihood trajectories.

In this paper, we argue that combining the traps and livelihood approaches may have a series of useful advantages. With the notion of capital assets, the livelihoods approach can serve to differentiate between different types of rural development barriers, while a systems approach is useful to highlight interdependencies between various barriers, thereby potentially creating a trapped system state. Merging the livelihoods and traps approaches thus may provide new insights in understanding the lack of rural development that some areas experience.

The aim of this paper is to understand the barriers to rural development of a specific social-ecological system, namely Central Romania, and to suggest capital assets that could be leveraged to move this system into a more desirable state. To this end, we combined the traps and livelihoods concepts by first clustering potential development barriers, as identified by rural inhabitants, into different kinds of capitals. We then hypothesized that reinforcing feedbacks among various capital stocks, mediated by the institutional context, resulted in a trapped system state. Although we focus on Central Romania, we believe our general approach could be usefully applied to many rural areas worldwide.