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Chapter 6

Joint Facilities and the Creation of Social Capital in the Swedish Countryside

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6.1 Introduction

Club theory identifies four general types of commodities; Market commodities, Public goods, Commons, and Club goods. Of these, commons often have been associated with countryside development. The classical common pool resource is e.g. sheep farming on a joint ground near a village. In the Swedish countryside, a related type of clubs, or local public goods, in the form of spatially delimited privately managed joint facilities or property units are frequent. This type of joint facilities has been established for a long time in Sweden and the number is still growing.

A joint facility is a bylaw (The Planning and Building Act and The Act on Joint Facilities) regulated longstanding service\(^1\). Often, but far from always, joint facilities may be found in unplanned areas of the countryside. It may be a road, a water supply, a harbour, a broadband service, or a similar utility\(^2\).

Joint facilities are self-managed by specific associations. Members of an association are those owners of properties that, when the joint facility was created, were considered to obtain a positive net benefit (the benefit exceeds the cost for the member) from the

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\(^1\)The law actually makes a distinction between joint facilities and joint property units. The first category are roads and other types of physical man made properties, the latter are often common land areas registered in the National Land Survey of Sweden. The law also makes a distinction between two types of associations for decision making in relation to facilities and units. Those distinctions are not important for the reasoning and our conclusions in this paper. We will here thus generally use the word joint facility both for joint facilities and joint property units and association for the two types of associations if not otherwise is indicated.

\(^2\)One should here differentiate between the services given by a regulated club of property owners that organises and manage a broadband net and the services given by “digital” commons, formal and informal clubs created for sharing of information, music, movies etc. among the users of the net.

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service. While the land owners as individuals thus are important in the formative stage, membership in the association thereafter follows the property as such.

The spatial limits of the association, i.e. the outer border given by the properties included in the facility, as defined by the National land survey, is decided by the government cadastral officer after her evaluation of the net benefits each property owner may obtain from the facility. When the facility has been created, it is handed over to the property owners/members of the association. Members then build and/or maintain the utility. Fees are set by the association itself and the fee may or may not be divided between a fixed charge for each member and a variable duty based on utilisation, i.e. a form of toll. Financial support may be obtained from public sources if the facility also is accessible for non-members, such as open non-gated roads.

In Sweden about 80 000 joint facilities are registered. Roads are the most common facility. Since 2003, the number of joint facilities has increased with about one facility per thousand inhabitants. Some associations take care of more than one facility. Thus the number of associations is less than the number of facilities, but still around 36 000.

In this paper we suggest that joint facilities are an important but often neglected part in the process of creating local social capital in the Swedish countryside. Generally, countryside households are property owners and thus also engaged in some management association for joint facilities. To some extent, the associations hence have a similar function as a very small municipality although with only one or a narrow set of tasks. The possibility to negotiate in case of conflicting interest is more limited, a fact that is often a source of “irritation” in the associations. Instead the social control of utilisation, the possibility for close interaction, and the simplicity in information sharing give the small unit an advantage compared with a municipality. In this respect, the associations has more resemblances to ordinary private self-managed clubs or cooperatives, even if membership is not personal but linked with entry and exit from a specific set of the property market.

Below we will discuss the role of joint facilities in the countryside. We observe that management of such facilities is a part of a learning process related to institutional culture, conflict resolution, and common management for creation of built assets. The associations create and maintain tangible assets but this process is thus also a part of the creation of a less tangible but equally important asset in the form of social capital. The associations for management of joint facilities may thus be part of a policy for wealth creation and diversity in the provision of local public and club goods in the countryside.

From a more scientific point of view we also observe that when social capital in estimations of local growth is instrumentalised by membership in choirs, sport associations, local folklore societies etc., it may be the case that membership in joint facilities, often an omitted variable, play an equally important role for local growth through their role as arenas for collective action, learning, and conflict resolution.

The outline of the paper is as follows. In chapter two we try to include joint facilities into the framework of club theory. Chapter three comprises a more empirical discussion of the characteristics of joint facilities in Sweden. Thereafter, we make the connection between joint facilities and social capital in chapter four, while chapter five suggest a new modified form of joint facilities, as a part of a policy for countryside development. Finally, the paper is concluded in chapter six.
6.2 Joint Facilities, Spatial Clubs, and Local Public Goods

6.2.1 Joint Facilities

The joint facility is an, at least for Sweden, frequent institution for provision of a common utility among a set of users where the distribution of benefits are spatially constrained and relatively easy to identify. As mentioned, the utility may be a road, a broadband network, a playground, a harbour, etc. The most common service is the building and maintenance of a road and roads, which constitute about 60 per cent of all joint facilities. A joint facility may be managed by a loosely organised private society formed by the owners of the properties engaged in the facility. Decisions then always have to be taken through consensus or without dispute. Alternatively, a joint facility may be managed by a private association created by the governmental cadastral officer. The latter alternative gives possibilities for voting and decision making based on simple majority. After the society or the association is established, the facility is self-managed by its members, given the bylaw stated rules for decision making and economic revision.

Joint facilities thus have characteristics common to the producer of a very local public good but is also a sort of club where membership is linked with ownership of a property that belongs to the set of properties included in the facility. Once ownership of a property included in the association is effective, the owner may not leave the club without selling the property. Hence, and contrary to many ordinary clubs, the terms for exit or entry in relation to the club are relatively rigid and completely dependent on the working of the market for properties in the area. In this respect the facility more resembles a municipality, which delivers a local public good.

The range of the joint facility is defined through the list of included properties. The reason for this explicit identification of borders during the creation of the facility is due to efficiency in management and a will to minimise the risk that users will tax non users. The reason for non-excludability of a property, once the facility is created is instead based on the risk for free-riding in relation to the facility. The argument is similar as for local public goods provided by a municipality. Contrary to an ordinary society, the joint facility also has a stronger legal status. Legislation furthermore restricts and defines actions that may be taken by the board of the facility.

However, even if joint facilities often are located in rural areas, they may be found also in suburbs and other dense areas of municipalities. Within planned areas, a municipality may initiate or restrict the use of joint facilities as an instrument for production of club goods. Below, we will return to the location pattern of joint facilities.

Why does not the municipality provide all local public goods and services within its territory, instead of turning to private production of some services? In principle it could, if this is the ambition of a political majority. One reason not to, is when in relation to the

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3 Other examples include water and sewage pipelines, green areas, parking areas, water catchments, satellite dishes, walls and roofs in buildings and small farms.

4 Lundén (2008)

5 This often is the case for common land ownership, so called joint property units. More rarely also the tenants of a property are part of the society.

6 Decisions may still be made through simple majority, but when a deeper dispute occur the second stricter form of management is enforced.
overall location pattern of properties, parts of the municipality may experience a more or less local demand for a service or a facility. While maintenance through the municipality in this case does not benefit from returns to scale, the costs instead increase due to lack of positive network externalities. In this case, the joint facility gives the municipality a possibility to pass the cost of an investment over directly to the primary users of the facility, for example a new road in a comparably secluded area. On the other hand, it also gives citizens outside planned areas a possibility to realise joint projects even if the majority of the municipality is not willing to be engaged in the project through their taxes. The benefits from the investment is then often also realised exclusively in the property values among the members of the joint facility.

### 6.2.2 Are Joint Facilities Club Goods or Local Public Goods?

Club theory as a concept was introduced 1965 by Buchanan. The theory stated that the distribution of some goods could benefit from being produced jointly through the realisation of economies of scale. Club goods are thus goods that may be placed in the spectrum in between strictly private goods (like a sandwich) and strictly public goods (like fresh air) where members may easily be included or excluded. According to Buchanan it is then possible both to optimise the number of club members and the level of goods produced. The optimum number of members depends on the marginal reduction of the fee from including a new member, since existing members may then split the production cost on a larger set. However, the utility gained from the facility for existing members could also decrease because of increased wear and tear when a new member utilises the facility. The club may then fix the membership fee at a level where marginal cost equals marginal utility as to optimise the size of the facility. The optimum level of production depends on the same forces as the optimum number of members but in the opposite direction.

In a more formal setting, the optimal number of members and club goods produced by a club is given by the members’ utility functions which can be illustrated as follows:

$$U^i = U^i(y^i, X, s)$$  \hspace{1cm} (6.1)

Where $U^i$ is the utility, $y^i$ is the consumption of other goods by the $i^{th}$ member, $X$ is her consumption of the club-good and $s$ is the membership size of the club. Each member in (1) are assumed to consume all club goods available, which implies that $x^i = X$. There is thus, as for pure public goods and local public goods, generally no rivalry in the use of the club good, but often localised returns to scale in production that give the good a sort of natural monopoly within its geographical area. The difference between a strictly public good and a club good is that the club may exclude non-users.

Membership in a classical “Buchanan” club is voluntary. The number of members is as was discussed above regulated by the fee (Average cost per member is a decreasing function of the number of members while the marginal utility per member is a decreasing function of the number of users). The membership fee should be set at the level where

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7The fourth type, commons, is goods that are scarce and thus there is a kind of rivalry but there is no mechanism for exclusion of users, an example of a common pool resource may be fish.
the size of the club implies that the marginal additional member increases cost of the good for the existing members in accordance with the fee. The resource function for each member to be maximised is then:

$$F^i(y^i, X, s) = 0$$  \hspace{1cm} (6.2)

The partial derivatives for the two goods are \( \frac{\delta F^i}{\delta y^i} > 0 \) and, an increase in either good leads to an increase in the individuals' costs. The club costs in Equation 6.2 are thought to be divided equally between the members leading to a partial derivative of \( \frac{\delta C^i}{\delta s} < 0 \) since an increase in the member size implies that costs are spread over more individuals and will decrease for initial members. The individuals' income constraint with respect to Equation 6.2 may then be specified as:

$$I = y + \frac{C(X, s)}{s}$$  \hspace{1cm} (6.3)

Where \( I \) in Equation 6.3 is the income of a member and \( C(X, s) \) the total cost for the production of the club good, which is divided by \( s \) in order to obtain the cost per member. To maximise the utility of each member, two different conditions need to be fulfilled. The first one specifies the number of club goods that should be produced:

$$sMRS_{XY}(X, s) = MRT_{XY}(X, s)$$  \hspace{1cm} (6.4)

On the left side of Equation 6.4, the marginal rate of substitution (MRS) between the private and club goods is multiplied by the number of members. This corresponds to the individuals' willingness to pay for the club good, expressed in private goods. MRS should equal the marginal rate of transformation (MRT) between the private and club good at the right hand side, which determines the marginal cost to produce the club goods. The second condition regulates the size of the club:

$$sMRS_{sY} = \frac{\delta C(X, s)}{\delta s} - \frac{C(X, s)}{s}$$  \hspace{1cm} (6.5)

On the left hand of Equation 6.5 is the MRS between club size and private goods, which represents how much more (or less) utility members gain from adding an additional member to the club. The right side illustrates how the individual cost is influenced by a change in the number of members. An extra member may on one hand increase the costs because of the need to produce more goods, on the other hand it may decrease the total cost for each member since the costs are divided over a larger number of individuals.\(^8\)

If we compare this ideal club with a joint facility, some observations may be made. First of all, for some facilities there is a strong dependence in the relation with a private good, in the sense that the private good, e.g. a house, would not be consumed if not a very

specific joint facility, "the road to the house", is produced. In order to emphasise that some private goods are strictly dependent on an institutional solution to the production of a specific local public good, we may then write the utility function in the following way:

\[ U^i = U^i(y^i, X, y^i(X), s) \]  

Secondly, in the case of a joint facility, the number of members is determined during the process when the facility is initiated. The fee is thereafter decided by the club, given the fixed number of members and their ambitions with the facility. However, it may often also be possible to construct a fee that would work as a toll which then could regulate the amount of service utilised by individual members. The absence of such a mechanism in facilities may be explained by the handling cost for the toll.

In the case of a pure local public good, excludability of members of the group, e.g. a municipality, should be impossible and not necessary due to the non-competitive character of a public good, given the fact that a person is living in the municipality. In this case joint facilities would be regarded as clubs for privately produced local public goods.

To complete the picture, if excludability of users is impossible and rivalry at some stage may develop, the joint facility could be regarded as a common pool resource in the sense that rivalry causes over-utilisation, queuing, or congestion. Contrary to the case of a pure common, the association for management of the facility in this case gives an arena for negotiation over the use of the facility, introduction of rules for use or initiatives for capacity improvement.

6.2.3 The Tragedy of the Commons

Joint facilities are, as all common property, both a way to provide utilities and a source of dispute between neighbours. Owners of common property may benefit from the investment and take care of it, but since the property does not belong to an individual person, the risk facing an individual willing to invest in a common is relatively high. The classical "tragedy of the commons" as formulated by Hardin in 1963 illustrates the problem that may arise when property is commonly owned. As previously mentioned, Hardin illustrated the problem by using sheep farmers as an example. Each farmer benefit from adding more sheep to his or her herd and letting the sheep graze on the common property. The loss from overgrazing the pasture is equally spread between all the sheep farmers. Hence, as utility maximising individuals, the farmers keep adding sheep to their herd until the pasture collapses. Since the pasture was commonly owned no single person had responsibility for the sustainability of the pasture. The solution according to Hardin was to divide the pasture between the sheep farmers so that each had responsibility for his or her own share, which then would not be overgrazed, i.e. to transform the common pool resource to private goods.

Today, the tragedy of the commons is often related to fishing-rights and air pollution. Those are examples of common resources that affect many, but where incitements for individual responsibility may be weak. This line of thought can then be transmitted to the Swedish history where over time some common facilities or areas have been privatised.
in order to establish stricter property rights and more efficient markets, while at the same time the number of joint facilities as been increasing. The explanation to the, not so often discussed, success of the joint facilities where property owners gain utility from cooperation and may avoid a loss of returns to scale, which may characterise the pure private solution, may be found in the eight design principles Ostrom (1990) identified as prerequisites for stable solutions to common pool arrangements:

- Clearly defined boundaries
- Congruence between appropriation and provision rules and local conditions
- Collective-choice arrangements allowing for the participation of most of the appropriators in the decision making process
- Effective monitoring by monitors who are part of or accountable to the appropriators
- Graduated sanctions for appropriators who do not respect community rules
- Conflict resolution mechanisms which are cheap and easy of access
- Minimal recognition of rights to organize (e.g. by the government)
- In case of a large common: An organization in multiple layers of nested enterprises, with small local commons at the base

Considering the suggestions by Ostrom and comparing with the structure and management legislation surrounding joint facilities in Sweden we may observe that the Swedish legislation in much, at least theoretically, is in line with those design principles. The legislation thus represents a solution to the problem raised by Hardin where the drawback of a private solution may be avoided. The adequacy of the legislation may explain the increasing number of joint facilities and the fact that they seldom seem to erode into over-utilised commons. An additional explanation is that modern joint facilities generally are human made physical structures, e.g. forms of real estate, and thus are relatively easy to manage compared with ecosystems.

### 6.2.4 The Initiation of a Joint Facility - Solving the Prisoners’ Dilemma

Even if the number of joint facilities in Sweden is large, we cannot be sure the number of facilities is optimal in the sense that they maximise the utility of the inhabitants in the Swedish countryside. The utilisation of joint facilities is circumscribed by various political ambitions. Hence, even though individuals may gain from cooperating through a joint facility, not all do. One reason may be political ambitions, welfare distribution or economies of scale considerations, implying that the municipality should be the sole provider of a specific type of utility. A second reason may be that due to transaction costs, individuals may not form the club necessary to initiate the facility.

Webster and Wai-Chung Lai (2003) offer in terms of “the prisoners’ dilemma” an explanation to why transaction costs may lead to a less than optimal number of joint
facilities, even if a larger number would be possible politically. The essential problem is the imperfect information that exists at the market for formation of clubs, which lead to transaction costs for actors investigating the interest and collecting other information needed for creating the potential club. When e.g. a property owner wishes to build a road together with her neighbours, there is a risk that the neighbours will reject the idea, either because their ability to pay is too low or because they hide their real willingness to pay. Each neighbour would gain most if they could act as free-riders (or “easy-riders”) and let other pay for the new road. In such cases there is an optimal outcome, according to the theory of prisoners’ dilemma, when all neighbours contribute to the investment in the new road. A more likely outcome however, is that the road will not be built and the neighbour initiating the process has to take all costs entailed with the information gathering.

One approach in order to reduce the risk connected with such transaction costs is a formalisation of the formation of clubs. The initial transaction cost would then be reduced and later shared by the members. Municipalities and the National Land Survey are such institutions that may be operative in the gathering of information and estimating benefits and costs for various property owners. In practice this is also often the case.

6.3 Joint Facilities in Sweden

In 2008, roughly 80000 joint facilities were active in Sweden. Northern Sweden, sparsely populated with large unplanned areas, has the largest number of joint facilities per capita with roads as the main service. The total number of facilities instead is highest in urban areas with relative large number of inhabitants. However, some interesting patterns may be identified from a closer analysis of data. As seen in Figure 6.1 below, counties such as Värmeland and Västra Götaland in the south west of Sweden has a larger number of joint facilities per capita compared with other counties.

![Figure 6.1: Number of joint facilities per thousand inhabitants vs. inhabitants per square kilometre for Swedish counties 2008.](image)

Source: National land survey

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9National Land Survey (2008)
Figure 6.2 illustrates that some joint facilities have over 150 members while generally there are around 10 members in a joint facility. On the other hand, even if an association normally only manage one facility, there are examples of facilities that manages more than ten different facilities, as shown in Figure 6.3 below.

Even if differences between counties exist, joint facilities may be found in all types of municipalities. Especially some small, sparsely populated and commuting oriented mun-
municipalities (in the following called "countryside municipalities") are using joint facilities as an instrument in their policy.

Moreover, joint facilities may be found both within and outside planned areas. If we only consider the countryside municipalities given in Figure 6.5, generally more facilities may be found outside the planned areas of each municipality.

However, the figure also indicates that there is a difference in the number of associations per capita, although municipalities that have joint units generally both have those inside as well as outside planned areas. If there is a tendency, it would be that some municipalities are substantially more frequent users of joint units outside planned areas. The reason for this may be found in the political or geographical attributes of municipalities.

For facilities outside planned territory in countryside municipalities, the municipalities with the largest number of facilities per capita are given in Table 6.1 below.

The table illustrates how municipalities within the middle-west county Dalarna are overrepresented among municipalities with this type of joint facilities. The table also contains municipalities with considerable areas of archipelago as well as municipalities with waste land resources that are sparsely populated. The Dalarna cases may be explained by the specific history the county has had with respect to land reforms, where

![Graph](image)

Figure 6.4: Number of joint facilities per thousand inhabitants in different types of municipalities in Sweden 2008.

Source: National land survey
common land were not privatised.

The countryside municipality Norrtälje with its large number of inhabitants in the archipelago not far from Stockholm has over 5000 joint facilities. However, as Table 1 shows, this dense municipality does not have more joint facilities per inhabitant compared with less dense municipalities.

6.3.1 Localisation of Joint Facilities and Joint Property Units

In order to obtain a deeper understanding of the joint facilities phenomena we have examined the spatial relationships further. The data is divided into joint facilities and joint property unites (JF and JPU) and if the facility is formed inside or outside planned areas. The map in Figure 6.6 conveys that there is a higher occurrence of JF and JPU closer to the coast and in the Midwest of Sweden.

In Figure 6.7 the number of facilities per inhabitant in municipalities is given. It gives the same indication for the Midwest of Sweden with a higher utilisation of JF and JPU, in addition the map shows that the northern more sparsely populated part of Sweden seems to have a higher occurrence of JF and JPU per inhabitant compared with municipalities located in the south of Sweden.

As we mentioned earlier, municipalities may use both JF and JPU as tools when they are initiating a plan for the municipality. Figure 6.8 shows the localisation of joint

![Diagram](Figure 6.5: Joint facilities in sparsely populated municipalities divided between locations in planned and unplanned areas 2005.

Source: National land survey)
Table 6.1: Swedish municipalities with the largest number of joint facilities/properties outside planned areas the year 2005.

<table>
<thead>
<tr>
<th>Municipality</th>
<th>Joint facilities per 1000 inhabitants</th>
<th>Inhabitants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gagnef</td>
<td>236</td>
<td>10131</td>
</tr>
<tr>
<td>Orsa</td>
<td>186</td>
<td>7020</td>
</tr>
<tr>
<td>Malung-Sälen</td>
<td>164</td>
<td>10513</td>
</tr>
<tr>
<td>Rättvik</td>
<td>163</td>
<td>10886</td>
</tr>
<tr>
<td>Vansbro</td>
<td>152</td>
<td>7061</td>
</tr>
<tr>
<td>Alvdalen</td>
<td>139</td>
<td>7445</td>
</tr>
<tr>
<td>Norrtälje</td>
<td>95</td>
<td>54596</td>
</tr>
<tr>
<td>Leksand</td>
<td>87</td>
<td>15440</td>
</tr>
<tr>
<td>Tanum</td>
<td>75</td>
<td>12252</td>
</tr>
<tr>
<td>Säter</td>
<td>70</td>
<td>10989</td>
</tr>
<tr>
<td>Pajala</td>
<td>69</td>
<td>6798</td>
</tr>
<tr>
<td>Kinda</td>
<td>67</td>
<td>9946</td>
</tr>
<tr>
<td>Mora</td>
<td>65</td>
<td>20212</td>
</tr>
<tr>
<td>Bjurholm</td>
<td>64</td>
<td>2553</td>
</tr>
<tr>
<td>Ydre</td>
<td>63</td>
<td>3866</td>
</tr>
<tr>
<td>Arjeplog</td>
<td>61</td>
<td>3159</td>
</tr>
<tr>
<td>Överorneå</td>
<td>59</td>
<td>5229</td>
</tr>
<tr>
<td>Orust</td>
<td>55</td>
<td>15188</td>
</tr>
<tr>
<td>Kalix</td>
<td>54</td>
<td>17483</td>
</tr>
<tr>
<td>Ånge</td>
<td>53</td>
<td>10692</td>
</tr>
</tbody>
</table>

Source: National land survey

facilities only. One may observe that municipalities located in the Northwest at a higher degree use this institute when planning the municipality.

As seen in Figure 6.9, with joint property units within and outside of planned areas it is apparent that although the localisation pattern are similar, there is a distinct difference in the magnitude. As was the case with joint facilities more facilities have been formed outside of planned areas, however the ratio between facilities formed within and outside of planned areas is the same for both joint facilities and joint property units.

### 6.4 Joint Facilities as Institutionalised Local Social Capital

Social capital as a concept is said to have been introduced in 1916 by Hanifan, where he emphasised the importance of social interaction between citizens for the prosperity of society. Putnam (1993) relates social capital with nonmaterial matters such as trust, norms, and different kinds of social networks. To exemplify, Putnam used a study of Italy where during the 1970’s regional governments were introduced. The structure of those governments was close to identical for all regions. However, over time a variation
6.4 Joint Facilities as Institutionalised Local Social Capital

in the efficiency of the regional governments developed. One of the key parameters that seemed to explain whether a regional government would fail or succeed was the degree at which the region had a history of civic engagement and solidarity. Prerequisites that in this case were identified as indicators of social capital included; Involvement in the local paper, Level of voting participation, Number of choral and literary groups as well as number of Lions and football clubs.

Rothstein (2001, 2003) also argues that there is a positive relationship between a country’s social capital and its democratic performance. Rothstein however, stress the importance of institutionalised social capital in order to establish stability and clear rules. We consider this to be an interesting hypothesis in relation to the existence and impact of joint facilities on regional performance. North (1990) further emphasise the importance of institutions. According to North, institutions establish stability and a structure to organises interaction between citizens in, e.g., a region. Institutions reduce uncertainty by legislation in order to facilitate relations between citizens through, as we have returned to many times above, reduction of transaction costs when there is scarce information

![Joint facilities + joint property units, total](image)

Figure 6.6: Number of joint facilities and joint property units in Swedish municipalities the year 2005.

Source: National land survey
regarding reactions, ambitions, and opinions among other citizens\textsuperscript{10}. Utilisation of the full capacity of social capital in a region is possible when cooperation becomes favoured. North (1997) add to this when he argues that institutions are important for countries in their ambitions to achieve economic growth. Here we may also return to the conditions discussed above by Ostrom (1990) in order to reduce the risk for over-utilisation of common pool resources. This set of conditions may as we observed above be seen as a way to reduce transaction costs for common decision making more generally.

As we could illustrate above, the number of joint facilities in Sweden and associations for their management is quite large. Joint facilities also have a long tradition in Sweden. We may thus add to the discussion by Borges (2006) where the engagement in associations for joint facilities is compared with engagement in other societies in Sweden. Here, we notice that the number of local folklore societies are approximately 1900 with 450000 members all together. Societies for allotments organise around 25000 members in 260 societies while roughly 600000 persons are engaged in choirs. The number of sport societies are some 21000, which is less than the number of associations for joint facilities.

Figure 6.7: Joint facilities and joint property units per 1000 inhabitant among Swedish municipalities the year 2005.
Source: National land survey

\textsuperscript{10}Platteeu (2000)
However, sport societies organize around 2.5 million members, including 500000 officials.

Comparing this with the engagement in joint facilities and assuming that four properties on the average are involved in each of the 36000 property management associations and two persons in each household are engaged, this would make 288000 engaged "members". Hence, the associations for management of joint facilities are not a force in comparison with sport societies but never the less an important part of collective learning in Sweden.

Given this it is clear that we may assume that especially the associations for management of joint facilities play and has played an important role as institutions for creation of social capital. Borges (2006) also presents a study of case studies on the function of associations. This study is not directly focused on the learning aspect of the associations, but he concludes that "The system of joint facilities is benefiting from the general attitudes ("...confidence towards other people...") in the Swedish population. Eventually, we could also reverse the implication, by stating that an operational legal system creates good human behavior."

Figure 6.8: Joint facilities per 1000 capita within and outside of planned areas the year 2005.

Source: National land survey
A scientific point of view is that when social capital in estimations of local growth is instrumentalised by memberships in choirs, sport associations, local folklore societies etc., often omitted variables like associations for joint facilities may, given their frequent occurrence, play an equally important role for local growth through their role in the ongoing process of renewing social capital.

6.5 Joint Facilities as Part of a Management Policy for Rural Areas and Small Towns

Due to the Swedish legislation, joint facilities are only possible to consider for longstanding utilities such as roads, buildings etc. As we have indicated previously, a discussion regarding the possibility to permit joint facilities also for other, short and medium term purposes touches upon a field that for long time has been in the core of political debates. Since joint facilities may be seen as privately produced local public goods, there is a tension in the encounter between joint facilities as a concept and the Swedish planning

![Map of Sweden showing joint property units per 1000 capita within and outside of planned areas as of 2005.](image)

Figure 6.9: Joint property units per 1000 capita within and outside of planned areas the year 2005.

Source: National land survey
and building act. The latter states a strong position for the municipality in planning, ownership, and management of public goods especially in densely populated areas.

This reflects the fact that the Swedish welfare state was based on the political ambition that municipalities and the state shall produce all welfare related services in order to secure accessibility for each inhabitant and returns to scale in production. Even if actors from the private and civil sectors hence could be producers, this has not been politically possible, due to the suspicion that those eventually would exclude less profitable and "problematic" users.

However, during the modern history of Sweden there has on the other hand existed a positive attitude in favour of cooperative ownership. Cooperatives are also clubs of private character producing private goods. The cooperative is owned by its members and profits are transferred back to members. In this respect cooperatives and joint facilities resemble each others. The difference is that joint facilities are based on ownership of properties while cooperatives are based on direct personal membership and historically has been a way of empowering people without private wealth. This difference reflects the differences in attitudes to cooperatives and joint facilities among politicians.

The strong power given to the municipality in planning and in production of welfare services has in some aspects been advantageous for Sweden and in many, especially larger and growing municipalities the municipality has been an important actor as a partner to the private and civil sectors for the promotion of wealth. In smaller and declining countryside municipalities, over time the municipality instead often has received a very dominant position. A consequence of this dominance is that other forms of entrepreneurship and management experience have become a relatively scarce. To some extent this may, and has been, balanced by joint facilities in unplanned areas. However, we suggest that a modified type of joint facilities may be developed in order to enrich the institutional variation in the countryside.

Inspiration in this direction may, interesting enough, be found from international experience in some urban areas. An instrument that has been developed in many cities over the world, in response to the free-rider problems and richness of externalities that may occur in downtown areas, is Town Centre Management (TCM). A reason behind the introduction of TCM may be found in the fact that downtown areas in some important aspects are inferior and lack competitiveness to external shopping centres and centres of larger cities. While external shopping centres often only have a single owner, who may dictate rules and force business owners to pay fees for security, maintenance, and marketing of the centre, downtown centres often have a variety of property owners, who do not have any natural forums where they can cooperate to gain the same benefits as those operating in external centres. TCM is thus formed by business and property owners in downtown areas in order to balance this lack of organisations for joint action.

The local government often support the TCM through financial means since the downtown also may be important as a public space. To secure a democratic flow through the TCM, local politicians are often given positions in the TCM-board. In Sweden TCM exist in about hundred cities\(^{11}\). However, since TCM are voluntary clubs they cannot always cope with the free-rider problem in their area.

\(^{11}\)Thornberg, P. & Hansen, M. (2007)
In response to this, Business Improvement Districts (BID) has been introduced in many countries, where all property owners in an area bylaw are forced to be members (given that a majority voluntary has voted in favour of the BID). Hence, the BID is a sort of joint facility but with an a priori decided life time of e.g. five years. BIDs are currently not possible in Sweden due to the Planning and Building Act as well as other legislations that constrain joint facilities to only engage in longstanding utilities.

We suggest introduction of joint facilities with a shorter time horizon in Sweden. Such joint facilities would give a possibility for countryside municipalities, property owners, and business owners to internalise externalities and mobilise diversified local assets for joint development.

6.6 Conclusions

We have in this paper stressed the fact that there is an increasing need for countryside and sparsely populated areas to develop new institutions for collaboration in order to promote growth and attractiveness. The legislation for joint facilities offers one such institution in the intersection between private goods, public goods, commons, and club goods. In all parts of Sweden municipalities have understood the benefits from allowing private clubs take the responsibility for longstanding local public goods like roads. By extending this possibility also to activities where common interest may prevail during short and medium term, countryside municipalities may enrich their set of instruments for mobilisation of local resources in order to promote growth and wealth.

References


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