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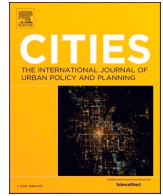
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# Self-responsibilization, the municipality, and the state: Peripheralization shaping local initiatives in shrinking small towns

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## ABSTRACT

The literature on shrinking cities often portrays local initiatives in two contrasting ways: either as marginal, powerless, and somewhat backwards-oriented actors, or as human capital, a resource for development, and even as the hope for a more democratic development. However, there is a risk that scholarship unintentionally contributes to local initiatives being included in neoliberal development agendas. During our field research in two small, shrinking, and peripheralized towns in Finland and Germany, we discovered that both perspectives are misleading. They distract from the actual conditions of the initiatives' work, the causes of their financial or demographic precarity, and the self-responsibilization that is common among such initiatives. Scarcity motivates a DI(F)Y approach, organizing services and amenities on limited resources to enhance the quality of life in the area. This limited availability may seem like a natural result of population decline. By comparing the German and Finnish cases, we can see how state policies towards peripheral areas affect the work of local initiatives. This demonstrates that precarity in shrinking places is a result of policies rather than demographic development trajectory.

## 1. Introduction

In the literature on shrinking cities and towns, the million-dollar question seems to be which governance options might lead to – at minimum – a stable future (Hollander, 2018; Neill & Schlappa, 2016; Pallagst et al., 2022). Shrinking cities and towns are characterized by the de-densification of spatialities – social relations, institutions, materialities, and practices in space (Low, 2017). This de-densification is commonly seen as a sign of failure and loss, as contrary to the “normal” growth trajectory (Haase et al., 2013), an experience of radical uncertainty with a rupture between the identified successful past, a misfortune present and a vague future (Dzenovska, 2020). Having lost people, capital, and infrastructure, they have become sites of contested future-making projects (Ringel, 2018), where the formulation of coherent long-term development strategies, especially using the “traditional” urban planning tool kit that operates within the framework of the

growth paradigm, is difficult, if possible at all (Hackworth, 2014; Pallagst, 2013). Inner city redevelopment and new economic activities, planning for shrinkage, rightsizing, building resilience, striving for sustainability, reducing blight and bringing back opportunities for local development – these are some of the approaches put forward by various scholars in different contexts (see e.g. Hackworth, 2014; Hospers, 2012, 2014; Németh & Hollander, 2016; Oda et al., 2018; Pallagst et al., 2017; Weaver & Knight, 2018).

Within the shrinking cities literature, not much attention is paid to civic initiatives, since most hope is placed on experts like urban planners, economic actors, and local or regional decision-makers (Pallagst et al., 2021). Where local initiatives and other forms of “civic engagement” come into focus, we see two main modes of dealing with them: They either appear as marginal, powerless, somewhat backwards-oriented actors, or they are depicted as human capital, a resource for development, and even as the hope for a more democratic development

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(Sandmann et al., 2024). Both perspectives are misleading, however, because they divert attention from the very conditions under which initiatives operate, from the causes of the financial or demographic precariousness they experience, and from the self-responsibility that is common to such initiatives. These issues are reflected more in the literature on peripheralization than on shrinking cities. The former focuses on the social production of peripheries, power relations and dependencies (Reis & Lukas, 2022; Fisher-Tahir & Naumann, 2013; Kühn, 2015). However, Kühn et al. (2017) rightly state that this literature tends to oversimplify power relations by assuming that peripheries are dependent and powerless (270).

Against this backdrop, the aim of this study is to empirically explore local initiatives in shrinking cities in order to demonstrate the diversity of their modes of operation, their internal logics and how these are shaped by the larger context in which they operate. We aim to critically examine the goals and practices of local initiatives and their links to the fate of the city, to local population development, to municipal resources (or lack thereof), and to state policies on the periphery. In doing so, we seek to disentangle the rationalities of local initiatives from the "normative" demands placed upon them. In theoretical terms, the contribution bridges the gap between the literature on shrinking cities and peripheralization, which are de facto concerned with similar places and issues.

Looking to respond to the array of urban experiences (Robinson, 2006), we bring together cases in different national contexts, by drawing on empirical data from two small, shrinking, and peripheralized towns, one of which is located in Finland and the other - in Germany. This allows us to showcase more of the dissimilarity, complexity, heterogeneity, and fluidity of local initiatives and enhance the variety of experiences represented in urban scholarly debate (ibid.). Furthermore, it lays the ground for addressing some of the million dollars in the question that opened this article, namely, what sort of support and conditions are needed for shrinking towns to develop decent living conditions for their residents.

The paper is organized as follows: In the first section, we review the literature on local initiatives in general, then we examine how local initiatives feature in the literature on shrinking cities. Next, we bring in literature on peripheralization to provide a more conceptual basis for understanding the context in which local initiatives in shrinking small towns operate. After describing the material and methods used, we introduce the case studies and related national policy contexts. The results section will show what logics explain the work of local initiatives and how this is embedded in the respective policy context. The conclusion highlights how peripheralization is shaping the mode of work of local initiatives and how this leads to distinct modes of operation, mainly a "Do-It-(For-)Yourself" mind-set, and how the resource scarcity limits the scope of action. Hereby we state, that initiatives do not meet the stereotype of passive, traditional, and backwards oriented groups, but they should not be mistaken as policy actors either.

## 2. Local initiatives in shrinking cities in a theoretical perspective

Recently, topics of local initiatives, "agents of change", various bottom-up practices, co-production and co-creation (on the use of and difference between the terms, see e.g., Voorberg et al., 2014) have started to proliferate within urban studies in general and urban shrinkage literature in particular. Civil society in its various forms is increasingly recognized as an actor in the local policymaking, usually as a contributor to positive development (whatever it may be) and as a potential partner for other stakeholders (Neill & Schlappa, 2016). In this paper, we will hereafter use *local initiatives* as a broad umbrella term to discuss the diverse constellation of "residents" (including small-scale entrepreneurs) who are not the "formal power-holders" but "make do in a [shrinking] city" (Kinder, 2016).

### 2.1. Local initiatives between empowerment and neoliberal policymaking rationalities

The rise in academic and policy interest in local initiatives seems to stem from two simultaneous, yet deeply conflicting, developments. On the one hand, after the "communicative turn" in urban planning, the discipline has experienced a trend towards democratization and inclusiveness (Healy, 1997). Since the 1960s, "residents" have been increasingly perceived as carriers of experiences important to the planning process (Eriksson et al., 2022; Huxley & Yiftachel, 2000; Jacobs, 1961), while their engagement with urban agenda-setting began to move away from "nonparticipation" and "tokenism" towards empowerment (Arnstein, 1969). On the other hand, interest in local initiatives is also a signifier of urban planning's neoliberalization, which sways planning away from inclusiveness and social justice (Hospers, 2014; Jessop, 1997; Peck, 2012). Neoliberalization and the associated retreat of the developmental state can be observed to varying degrees in different parts of the world and are referred to by different terms in scholarly literature – e.g., *withdrawal*, *retreat*, *retrenchment*, *dismantling*, or the "hollowing out" of the Keynesian welfare state (e.g. Barnett, 1999; Brenner et al., 2003; Pierson, 1995), weaning and collapse in relation to the developmental socialist state (e.g. Derluigan, 2005; Walder, 1995). The restructuring of both the Keynesian welfare state and the socialist developmental state undermined previous certainties of everyday life, forcing the implementation of and negotiation on what are oftentimes improvised scripts (Dubois, 2018; Muechlebach & Shoshan, 2012). In order "to make things work", incentivizing mechanisms were imposed by planners and policymakers to shape self-responsible, entrepreneurial, and prudent city dwellers (Stenning et al., 2010). Within this framework, the focus on local initiatives hints to them being an asset or form of capital (i.e. social or human) under conditions of urban austerity. This results in urban policies centered on co-productive urbanism and self-empowering planning practices that can be viewed critically as "soft neoliberalization strategies" and means of commodification (Heeg & Rosol, 2007: 496; see also Kinder, 2016).

### 2.2. The role of local initiatives in shrinking cities

The discussion of local initiatives in the literature on shrinking cities has seen a change of perspective since its start in the late 2000s. It began with "honourable mentions" for local initiatives that were viewed as being among the factors/actors that contribute to the shrinking city's development (e.g., Großmann et al., 2013; Hollander, 2018; Nelle et al., 2017). However, the overarching emphasis was still placed on the knowledge and skills of "experts" combined with the "respect for and acceptance of planning" by the "residents" (Pallagst et al., 2017: 18; see also Weaver, 2017). Yet, as the limited capacity of planners and policymakers to address the various tangible and intangible consequences of urban shrinkage became evident (e.g. Berglund, 2020; Syssner & Jonsson, 2020), local initiatives were put forward as a potential for urban development (e.g. Feldhoff, 2013; Hospers, 2012, 2014; Ročak, 2020; Schlappa, 2016). Thus, where they were once sidelined, they are now to some extent (over)responsibilized for the fate of the city against the normalization of the welfare state's retreat (Sandmann et al., 2024). Further, there is a strand of literature that in a way romanticizes local initiatives as "democratic role models, agents of change, actors of resistance", etc. (ibid; see also e.g. Hollander, 2018; Nelle et al., 2017; Gunko et al., 2021). This understanding builds to some extent on the idea that strong community bonds exist as an intangible heritage of the Fordist era in (post-industrial) shrinking cities and towns providing fertile ground for collaborative actions (Muechlebach & Shoshan, 2012). However, an uncritical romanticization of civic action that must deal with the destruction produced by forces beyond local control (Tsing, 2005) may be misused politically, shifting focus and responsibility away from the powerful and resourceful actors (Kinder, 2016; Martinez-Fernandez et al., 2012).

### 2.3. Bringing peripheralization into the debate on urban shrinkage

While the (now extensive) literature on shrinking cities has mostly highlighted the phenomenon, extent and patterns of spatial densification, loss of population and economic vitality, as well as planning responses, the research on peripheralization is much more focused on the underlying causal mechanisms and power relations that lead to uneven spatial development patterns (Fisher-Tahir & Naumann, 2013, Kühn, 2015; Lang et al., 2015). It overlaps to some extent, in terms of content and geography, with the hotspots of the shrinking cities literature. Peripheralization is concerned with the production of peripherality as a state of multiple social and economic disadvantages, dependencies and scarcities. Peripheries are conceptualised as socio-spatial configurations that emerge from unequal power relations (Kühn, 2015), as "economically dependent, politically marginal and discursively stigmatized places" (Pfoser, 2018: 393). By referring to the ways in which dependency and powerlessness are perceived, interpreted, and acted upon, the concept of peripheralization provides a comprehensive framework for studying "the material, institutional, and discursive (re) production of inequalities" (Nagy & Timár, 2017: 6).

We therefore see the literature on peripheralization as a theoretical enrichment to the more descriptive and practice-oriented literature on shrinking towns, cities, and regions. It highlights how, within the highly uneven spatial landscape of neoliberal capitalism, smaller and shrinking places are devalued by both the state and private capital, experience fiscal austerity, are increasingly responsabilized and simultaneously stigmatized (Bürk, 2013). This leads to the further outflow of people and resources and, thus, diminishing "change agency" (Grillitsch & Sotari, 2020). While local initiatives are hardly a research focus here, peripheralization literature helps to situate them in a wider context where any kind of urban change is the result of wider social developments interacting with local strategies and actions. The peripheralization literature highlights the ways in which local conditions, constraints and opportunities are part of a larger picture of socio-spatial inequalities and power relations, where decisions, resources and control are located in the centre, placing the periphery in a state of dependency (Fisher-Tahir & Naumann, 2013, Kühn, 2015) and thus contributing to shrinkage. However, both literatures can benefit from a more nuanced and embedded analysis of local initiatives and the conditions that shape their mode of operation.

### 3. Methods

Fieldwork was conducted between January 2021 and December 2022 at the case study locations in Finland (Puolanka) and Germany (Lauscha). The focal points were local initiatives, as well as associated perspectives and opinions about what contributes to a liveable and viable municipality. The research methods included interviews, participant and non-participant observation, a future search conference in Lauscha, and focus groups in Puolanka with various actors. Mutual visits were also organized for stakeholders in the partner case studies where we discussed the challenges and potentials for the towns' development with stakeholders in bilateral workshops.

Interviewees and workshop participants in Puolanka were between 16 and 85 years old, representing various backgrounds. Some had not left Puolanka for a longer time, while others had returned after spending many years elsewhere in Finland or abroad. All of our interlocutors were living in Puolanka either because of family ties or because they felt a special connection to the place. The data for the Finnish fieldsite was collected during seven fieldwork visits to Puolanka conducted by different members and affiliates of the project between June 2021 and August 2022 and ranging from two-day to ten-day visits. Interviewees in Lauscha represent an age range from 24 to 70 years. All interviewees were recommended to us as key figures of civil society in Lauscha. Most of our interviewees have either lived in Lauscha their entire life or grew up there and returned after some time away for education and work. The

data collection was brought to an abrupt end in autumn 2021 due to SARS-CoV II pandemic policies that restricted traveling and fieldwork. The analysis builds on the interview and observational material collected during two week-long fieldwork visits to Lauscha between July and August 2021 and several short stays thereafter. In September 2022, a future search conference was organized and moderated by the research team, including an extensive preparation phase with four meetings of the steering group and two wrap-up meetings in October 2022 and March 2023.

This article mainly draws on the interview material. The data gathered during the workshops serves as background information guiding its interpretation. Interviews were transcribed, spontaneous talks with locals and impressions from the visits were documented in collective research diaries. The data was analyzed using qualitative content analysis techniques (Mayring, 2014).

### 4. Introduction of the case studies

#### 4.1. The Finnish and German context

Finland and Germany each represent western or Nordic European welfare states with pronounced regional differences between the centres and peripheries. While there may be many similarities when compared to other regions of Europe or the world, there are also crucial differences when seen from within a European perspective. In Germany, uneven regional development with growing urban centres and declining peripheral rural regions has been the normalcy for half a century. While suburbanization had strengthened the rural hinterland of larger cities prior to the 1990s, deindustrialization, tertiarization, the centralization of infrastructure and state institutions, and the industrialization of agricultural production have all led to the large-scale migration of younger cohorts from rural areas to urban centres, commonly described as "reurbanization" (Brake & Herfert, 2012). While small towns in central locations may grow in population, small towns in peripheral locations suffer from outmigration and shrinkage, and the population structure sees pronounced aging due to prolonged life expectancy, an outflow of younger cohorts as well as the immigration of an older, care-dependent population (Steinführer & Grossmann, 2021).

Germany has a policy of "living conditions of equal value" (gleichwertige Lebensverhältnisse), which points out that different types of settlements and different locations cannot have "equal living conditions", i.e. they cannot have the same access to infrastructure, etc. Rather, different locations have different amenities and qualities. However, they should all have some assets, although not the same ones. This has been much debated as rural areas in distressed regions suffer from ongoing disinvestment in infrastructure and face declining budgets and populations (Weingarten & Steinführer, 2020). Local financial resources in Germany by and large stem from annual lump-sum support per inhabitant as well as from taxes paid by enterprises headquartered in the municipal area. In consequence, budgets shrink in tandem with population and economic activity. Some regional redistribution of financial resources exists with the aim of supporting municipalities with central functions, but these revenues likewise diminish with a decline in population and the related loss of central functions. Therefore, as in many shrinking cities worldwide, indebtedness, austerity and external budget controls have become a shared experience for shrinking small towns, especially in declining regions (Beznoska & Kauder, 2019). Our case study of Lauscha, situated in one of Germany's peripheral – and so-called structurally weak – regions in southeastern Thuringia, is among those to experience this.

In Finland, the official aim is to ensure fair representation and participation of all regions. Finland was relatively late in urbanisation compared to other European countries, with the process only beginning in the 1960s and 70s. Even after the urbanisation process began, Finnish policy prioritised the settlement of rural areas for defence purposes. Given Finland's extensive border with Russia, ensuring the settlement of



the entire landmass was considered essential for rapid mobilisation in response to potential aggression. In order for all municipalities to provide their residents with a similar level of services, the government subsidizes their budget through tax-based equalization. This means that the central government increases the transfers granted to these municipalities based on the imputed tax revenue of the municipality. Municipalities with greater tax revenues subsidize those with less (Liiten, 2021). In 2019, Puolanka was the third largest recipient of tax-based equalization (Korhonen, 2020). Nevertheless, given projections indicating that Finland will only have three expanding urban regions by 2040 (MDI, 2019 1–3), upcoming governments might consider revising the tax-based equalization system.

Looking at the local level of government, municipalities have different government resources and funding to respond to local challenges. Both municipalities have their own independent budget and administration linked to the county or district administration with shared tasks and responsibilities. Differences are that in Finland, i.e. the municipality is also responsible for schools and education staff, whereas in Germany the municipalities are only responsible for the maintenance of educational buildings. Healthcare is also provided by the municipality in Finland, whereas in Germany it is provided by other levels of government. However, German municipalities provide basic social benefits, while Finnish municipalities do not. In addition to government funding, both countries have equal access to EU funding, which in our case study Puolanka has used more efficiently than Lauscha.

#### 4.2. Lauscha and Puolanka

Both towns are peripherally located municipalities experiencing long-term population decline and aging (see Table 1). Puolanka is situated in the middle of Finland with an economic base in agriculture, and

**Table 1**  
Overview of statistical characteristics of Puolanka and Lauscha.

	Puolanka	Lauscha
Inhabitants as of 2022	2380 in 2022 <sup>a</sup>	3188 in 2022
Population development	7520 in 1960 (peak)	6500 in 1951 (peak)
Population loss from year of peak population	68,4 % (1960–2022)	49,0 % (1951–2022)
Area	2598.68 km <sup>2</sup> (water: 137.3 km <sup>2</sup> )	18.72 km <sup>2</sup>
Inh./km <sup>2</sup>	0.99/km <sup>2</sup>	168/km <sup>2</sup>
Share of population below 15 years	8.7 % (2021)	9.6 % (2022)
Share of population 65 years and older	41.3 % (2021)	34.4 % (2022)
Unemployment; percentage of unemployed residents within local workforce	16.5 % (2021)	4.5 % <sup>b</sup> (2021)
Municipal budget	24.055.368 EUR (total in 2022, for 2491 inhabitants, consisting of 15.235.787 EUR state funding and 8,819,581 EUR municipal tax income)	7.255.400 EUR (total in 2023, for 3181 inhabitants, consisting of 1,543,000 state allocations, 5,317,300 municipal tax and fees income)

<sup>a</sup> Municipal budgets in Germany and Finland are not directly comparable. While both cover for municipal personnel, expenses in Finland also cover educational personnel (in Germany only maintenance of educational buildings) and health care (for Lauscha provided on other government levels). However, German municipalities cover for basic social welfare payments, while Finnish municipalities do not.

<sup>b</sup> For the local district of Sonneberg, where Lauscha is situated, which is the smallest statistical unit available. Sources: <https://statistik.thueringen.de/date/nbank>, <https://www.lauscha.de/lauschaer-zeitung.html>, <https://puolanka.fi/wp-content/uploads/Puolangan-kunnan-talousarvio-2022.pdf>, [https://pxdata.stat.fi/PxWeb/pxweb/en/StatFin/StatFin\\_muutl/statfin\\_muutl\\_pxt\\_11ae.px/tableViewLayout1/](https://pxdata.stat.fi/PxWeb/pxweb/en/StatFin/StatFin_muutl/statfin_muutl_pxt_11ae.px/tableViewLayout1/).

it is rather poorly connected to the public transport system. Its population decreased by half between 1980 (5337 inhabitants) and 2022 (2383 inhabitants). Consequently, there are many vacant properties. The town, or rather one association in the town, sardonically brands itself in the media as the “most pessimistic town” in the world. It develops pessimism as a place brand by hosting a “pessimism festival” all year round, a pessimism musical in summer and operating an online shop featuring pessimism-related merchandise. Puolanka is also a popular place for summer residences, and its population doubles in summer and during holiday seasons (see also Adams et al., 2022). This brings the population up to 4000–5000 people according to mobile data (Schmidt-Thomé & Lilius, 2023).

Puolanka remained relatively unknown, both nationally and internationally, until its association with pessimism attracted media attention in recent years. Occasional visitors, mainly from Finland, tend to visit nearby Paljakka for activities such as hiking and skiing, rather than the town centre itself. Although Puolanka has vast natural resources and potential for tourism development, efforts to attract private investors to transform the region into a tourism hub have not yet resulted in significant tourist traffic, either in the natural surroundings of Paljakka or in the town of Puolanka itself. Despite a declining population, the municipality is committed to investing in sustainable tourism initiatives, improving existing infrastructure for local businesses and employing a dedicated tourism expert for strategic planning in the hope of increasing tourism numbers (see also Adams et al., 2022). The municipality views the abundance of second homes as a valuable asset, contributing to the sustenance of essential commercial services like the operation of two supermarkets in the town center (Schmidt-Thomé & Lilius, 2023).

Lauscha is a small town in a peripheral location in the mountainous region of the state of Thuringia. It is connected to public transport but difficult to reach. The town has lost about half its 1951 peak population of 6.500 inhabitants, with the steepest loss occurring over the course of the post-socialist transition. Lauscha is known for its glass crafts and industries, and it is where glass Christmas tree decorations were invented and from here developed into a global industry. However, the local glass craft in Lauscha has lost business to stronger players in China and elsewhere and to industrialized mass production of Christmas decorations globally. The town underwent decades of fiscal austerity, with difficulties maintaining social and technical infrastructure let alone investment in new projects. The town is thus struggling to sustain its population and identity. Yet one milestone was achieved through the work of local activists when glass Christmas decoration from Lauscha was added to the UNESCO Intangible Cultural Heritage list in 2021. Lauscha does draw tourists, but overnight stays declined from 13,305 in 2001 to 4188 in 2022.<sup>[3]</sup>

#### 5. Local initiatives in shrinking towns

Both towns have many volunteer groups and associations – which we refer to as initiatives – in which people cooperate to provide additional services, enhance community life, and initiate arts or music projects. The conditions for this work, however, vary greatly. The Finnish state provides rural municipalities with significantly more financial support for the maintenance of social services and public infrastructure than the German state. In the following, the results are structured by the core logics of the operation of local initiatives in both towns, each subsection is dedicated to one main finding.

##### 5.1. DI(F)Y – do it (for) yourself

A DIY spirit, prominently described by Kinder (2016) for Detroit, fills gaps in infrastructure, cultural offerings, and services when public bodies cannot or do not provide them. While the literature on shrinking cities sees such initiatives as constituting endogenous development potential, as in Schlappa (2016), we found that this DIY spirit is not to be mistaken for attempts to boost local development. These initiatives do it

for themselves rather than for the municipality. Their target group is their peers, and the goals are self-development, fun, and the creation of a space for activity rather than place branding, the attraction of newcomers or the general enhancement of the town's liveability.

In Lauscha, a representative of the music festival initiative Open Air – Bitte Sehr! made it clear that their aim is to improve their own quality of life rather than taking care of the town's fate. Open Air – Bitte Sehr! is a small annual festival in operation since 2013, and it was “born out of boredom”. It is organized by a group of 15 to 20 people, mostly friends around the same age, led by a young Lauscha resident. It labels itself “anti-fascist”, serves vegan food, and focuses on punk rock music.<sup>1</sup> The festival's ninth edition took place in summer 2023, hosting some one hundred guests over three days. The organizers want to remain independent from the municipality and external resources, thus they use a private location belonging to the family of one of the organizers, the entrance fees pay for the set-up, and manpower stems from local supporters. The festival organizers are on good terms with the more established and institutionalized cultural player in town, the Kulturkollektiv Goetheschule e.V., which helps them out with insurance and infrastructure in return for support at their own events; a connection built on trust that works well for both parties. Not everyone in town is in favour of the music and the festival. But, as our interviewees recollect, more and more locals have lost their apprehension over the years and even participate in the festival, families and older people included.

As long as the festival's founders are up for it, it will persist. However, the organizers emphasized that they have no interest in institutionalizing or professionalizing the event to the extent that it becomes a source of income or a “must do” or even profit oriented. What has kept them going thus far is a DIY attitude and a lack of alternatives:

*“The original thought – people come if they want to, and if no one shows up at least we will have had two cool days – is still there. And one knows the alternative: either you have to drive further away again for stuff like this or you hang around at the edge of the forest and sit around a fire [as they did in their youth]. In that case, you better organize a festival”.*

(One of the festival's founders)

Representatives of the Pessimist Association, which has attracted local and international attention for Puolanka, also state that their primary goal is not to promote local development. Since 2017, the Pessimist Association has organized an annual “Pessimism Festival”, which runs from 1 January to 31 December each year ([www.puolanganpessimistit.fi](http://www.puolanganpessimistit.fi), see also Adams et al., 2022). Through this event, the association has effectively transformed the city's negative reputation into a distinctive brand, positioning Puolanka as the epicentre of pessimism. The “pessimists” see it as their own endeavour, a means of engaging in artistic expression, enjoying themselves, achieving success, and bolstering income for their own ventures, all of which align with their objectives rather than making Puolanka more viable. Indeed, the pessimist initiative, mostly run by young adults, is the most prominent initiative in Puolanka, reaching audiences beyond the municipal borders of the Kainuu region and attracting media attention from all over Europe.<sup>2</sup> The Puolanka pessimists exemplify how branding combined with the knowledgeable use of social media can attract broad attention to the burning issue of shrinking towns (see also Schmidt-Thomé & Lilius, 2023). Presenting decay and loss in a creative, humorous and sarcastic way not only attracts attention, but also encourages young people to actively participate in the town's cultural life. In fact, some young people who had previously left the area often return during the summer months to participate in the pessimist association's musicals. The association's activities include a merchandise business (with products ranging from shirts and mugs to postcards), a coffeehouse open

during summer months, and the annual musical, which includes lay actors and professionals. The individual members invest time and energy with limited support from the local municipality, which has instead decided to focus on and invest in alternative projects. However, while originally based on voluntary engagement, the pessimist association has a very clear business orientation when compared to other local initiatives, as one of the leaders told us in an interview:

*“I want to pay the people who make the videos, and we have this business orientation where we aim to grow and employ people to do the creative work. We want to provide the possibility for people to exercise their creativity”.*

(Representative of the pessimist association)

While Open Air – Bitte Sehr! and the pessimist association express this DI(F)Y attitude very clearly, it has also been found among other initiatives. The Kulturkollektiv Goetheschule e.V. created an artists' hub with space for ateliers, exhibitions, and events. Steady media coverage has turned it into an initiative to make Lauscha stand out, but this was not its first intention. The Schaumtanzunion e.V. in Lauscha organizes an annual foam dance simply because its members want to enjoy such an event and there had not been the possibility to do so in the area. The LankaFest, a metal festival in Puolanka, began as an event aiming to provide a stage for young local bands before the municipality stepped in and professionalized it. In addition, an initiative aiming to preserve local handicraft heritage is run by elderly women and serves as a purposeful meeting point as well as selling handmade products in a small shop: *“It prevents me from rusting!”* (representative of Artisan House Puolanka). However, the DI(F)Y attitude is only partly a deliberate choice, having been found necessary in peripheralized contexts. A member of the Kulturkollektiv Goetheschule e.V. in Lauscha emphasized this: *“If we don't do it ourselves, no one will do it for us”*. DI(F)Y thus also expresses self-responsibilization and peripherality.

## 5.2. Money makes a difference: local austerity vs. national redistribution

In contrast to Open Air – Bitte Sehr! in Lauscha, Puolanka's local metal music festival LankaFest no longer depends on private initiatives and resources. Finland is the promised land for metal music, and the seeds for LankaFest, organized each summer since 2010, sprouted at the local youth centre. A youth worker at the centre heard several bands playing metal music and thought it would be a good idea to organize a festival where local young people could perform. The first LankaFest was organized at the school's sports hall, but it was so popular that a bigger space was needed. The festival's second edition was organized in a park in the town's centre, and the third edition was presented at the market square and included a stage. In the summer of 2022, the event, now with two stages, was held at the market square, and a separate alcohol serving area was introduced to allow minors under the age of 18 years to attend.

The festival was institutionalized and today receives generous support from the municipality. The youth worker who started the festival in 2019 was hired as an event manager for the municipality and now organizes the festival within his official working hours. The festival attracts approximately 500–600 attendees and is designed as a non-profit initiative. The generated revenue is directed towards essential amenities such as fencing, restroom facilities, and booking bands. Consequently, the municipality's decision to allocate resources enables generous support, making the event feasible. Over time, the organization of the festival has evolved into an administrative responsibility.

In Lauscha, on the contrary, civil society took over a formerly municipal task. Lauscha represents the typical shrinking, austerity-stricken, peripheralized municipality struggling with financial debt and external budget control. The town's budget is now back “in black numbers”, but municipal resources remain strictly limited overall and do not allow for much activity outside so-called necessary and basic municipal services, see the striking differences between the budgets of

<sup>1</sup> [https://www.facebook.com/openairbs/?locale=de\\_DE](https://www.facebook.com/openairbs/?locale=de_DE).

<sup>2</sup> <https://www.bbc.com/worklife/article/20191113-puolanka-finland-world-s-most-pessimistic-town>.

both towns in Table 1. Reconstruction of the local outdoor public swimming pool was the final large public investment made in the 1990s, which is – according to interviewees – the pitfall that brought the municipality into debt. However, the pool is a tremendous asset locally and regionally, situated in a hidden valley and attracting visitors from the region.

In 2015, when the costly management of the swimming pool was at stake, the municipal council nevertheless decided to keep it open. Due to external budget control, however, and despite the supporting vote of the municipal council, the municipality was ordered to close the pool in order to save money.

*“... at that time, there was still a budget protection concept [...]. And we were told that in order for this budget concept to be approved – they said, no, you can't have so many 'voluntary' services, it's just too much money. In principle, the closure was rejected by the city council before the authority came and said, watch out, then we'll ... decide that for you. So, we just had to agree”.*

(Member of the Swimming Pool Association and Municipal Council)

A local narrative says that if you want something to happen, you need to find like-minded people and form an association. So, people gathered, founded the Swimming Pool Association e.V., and took over full management of the pool, now based on voluntary work and membership fees. One full-time lifeguard position is still funded by the municipality, but all other work is performed on a voluntary basis. Local youth volunteers and retirees handle maintenance, run the bistro, manage entry and do the cleaning. With ca. 500 members, the association is by far the largest in town, owing in part to the fact that members have free admission for the season. The association's website explains its motivation with reference to the pool's importance to the local community:

*“The town of Lauscha ... declared that the pool's final closing would occur after the [2015] season. This marked the end. The end of a history of almost ninety years. The pool can tell stories. For many guests, it was the summer meeting place. Many people learned to swim in this pool. Parties were held. Competitions were organized. ... The swimming pool represented all of this. A place for the public welfare of the citizens of Lauscha. A meeting place for families and friends of the region. An enrichment for tourism. The Schwimmclubfördereverein Lauscha e.V. was founded on August 18, 2016”.*

(Swimming Pool Association<sup>3</sup>)

To illustrate the differences in room for municipal financial manoeuvring, we draw on examples of other recent municipal investments in Puolanka. The municipality decided to invest in the construction of a roof over the local ice rink in order to prolong the skating season by a few months. The costly project was initiated with the argument that it would increase the town's attractiveness, especially among the younger generation in the community. The ice rink can be used by all residents of Puolanka but primarily serves the ice hockey needs of local children and youth (hockey is an important national sport in Finland). The costs were primarily covered by LEADER funds of 100,000 EUR and 80,000 EUR of private money collected by the local sports club. The remaining 60,000 EUR was covered by the municipality, with volunteers supporting the construction work (Alasalmi, 2022). Though not all residents will make use of the ice rink, it adds to the town's overall liveability. It is noteworthy how a small municipality,

<sup>3</sup> <https://statistik.thueringen.de/datenbank/TabAnzeige.asp?table=GE000802&startpage=99&datcsv=&richtung=&sortiere=&vorspalte=0&SZDT=&anzahlH=-2&fontgr=12&mkro=&AnzeigeAuswahl=&XLS=&auswahlNr=&felder=0&felder=1&felder=2&felder=3&felder=4&felder=5&zeit=2022%7C%7C99&anzahlZellen=894>

facing a declining population, particularly among younger residents, demonstrated a willingness to allocate a substantial amount towards a singular project – but also had the capacity to do so.

In Puolanka, significant investments have also enabled the construction of a new kindergarten and a multi-purpose sports hall providing an extension to the local school. This shows the contrast in financial resources for the two case studies. When visiting Puolanka with local representatives from Lauscha, stakeholders compared their budgets. While around 25 million EUR was available for Puolanka annually, Lauscha only had about 5 million EUR at its disposal.<sup>4</sup> The disparity led to a silent moment in the conversation.

### 5.3. The importance of local resources to attract external resources

Both municipalities use resources such as LEADER funds to support local initiatives. The old secondary school in Lauscha (Goetheschule), a remarkable brick building that stands out amid the town's traditional slate-covered houses, was closed in 2002 and has been afflicted with decay ever since. Its revival through the Kulturkollektiv Goetheschule e.V. happened rather by chance. In 2014, the artist who heads the initiative was searching for his own affordable atelier space, and the mayor suggested moving into the building's first floor, with the promise of very affordable rent if he could find more people to join him. From the very beginning, interest in rehearsal spaces and ateliers spread among other local artists and musicians. By the end of the same year, the Kulturkollektiv Goetheschule e.V. association was founded in order to form a legally recognized institutional body eligible to receive public funding. In its first years, the association struggled for recognition and acceptance among the broader local population, and its members were dismissed as “strange leftist folks”. Acceptance grew once inhabitants realized that by renovating and reviving the former school building, the initiators were doing something “proper” with the building where many of them went to school and of which they have many memories.

*“As I said, we had some minor difficulty at the beginning [with locals], which I think is completely normal for an artists' house that wants to develop so freely that they seem a bit crazy, and that they are then also offended a bit. But then we have always had an impact on the city. For one thing, we've made an alternative offer of cultural activity that doesn't exist like that. Name me one small town in the country where, I don't know, a string quartet performs, poetry slams and readings happen, art exhibitions run and the whole thing is free. That is, for a donation”.*

(Representative of Kulturkollektiv Goetheschule e.V.)

Today, the Kulturkollektiv is an established local institution, hosting a wide variety of events and thereby functioning as a “doorway to and from Lauscha”, as a founding member of the Goetheschule association framed it. The Kulturkollektiv feels strongly connected to the town and has taken over responsibility for preserving Lauscha's historic glass-art identity. The “artist-in-residence program” is one of the greatest sources of pride for the association's main initiator. It was proposed by the Federal Cultural Foundation, which offered to support the initiative where possible. The residency program was devised in collaboration with the mayor, and it consists of scholarships for international artists and the renovation of a residential apartment in the school building to host artists from all around the world on a regular basis.

Despite its success, the incremental growth of the Kulturkollektiv came with personal costs for the initiator, and it is an extremely fragile and precarious organization, dependent on external funding and the self-exploitation of members and supporters. The initiator reports that he changed from being primarily an artist to being an organizer, occupied with writing funding proposals and organizing concerts and other events, work that remains largely unpaid. Most recently, he managed to

<sup>4</sup> Research diary, July 2022.



get temporary, part-time funding for his position, which, from his point of view, would require full, unconditional funding in order to support arts and culture in a remote location. The school building is still undergoing renovation and, according to one of our interviewees, is

*“still a huge construction site. This is because money is lacking in all areas. And no one will ever go there and say, let’s do it, we’ll take a few million in hand and then we’ll turn the school back into a – You just have to be grateful that there are committed young people [who do the work]”.*

(Local resident and glass artist)

The example of the Kulturkollektiv Goetheschule e.V. shows that the attraction of external funding requires local resources, and if financial resources are scarce, volunteers need to step in and locals must take financial risks. Attracting funding is more difficult for Lauscha, which in many instances cannot afford the local contribution that funding programs often require, usually to be provided by the municipality. However, tensions also occur in Puolanka with respect to resources. Despite drawing national and international attention to the town, the pessimist association receives limited financial support from the municipality.<sup>5</sup> The handicraft initiative, which routinely gathers 5–15 people to work on their handicraft projects, also reports receiving insufficient support from the municipality. In fact, the initiative, perceived by its participants as a haven of ‘care and therapy’, faced the imminent threat of closure by the local authority due to inadequate compliance with fire and safety regulations (see also Adams et al., 2022). In this case, the proactive individuals leading the initiative rallied support by collecting around 500 signatures on a petition, including signatures from people living abroad. This collective effort empowered them to reopen negotiations with the municipality, ultimately securing the continuation of the house’s operation (Kurtti, 2021).

#### 5.4. The precarious status of initiatives: aging, austerity, self-responsibilization

The house of handicrafts is among the many initiatives that keeps up traditions in each town with the intention of preserving the local heritage. Heritage holds a specific meaning for shrinking, peripheralized places. It is not only part of the local identity, it also often symbolizes a prosperous past. The maintenance of local traditions is also a practice through which peripheralized places create some normalcy that indicates that social life in the community is still intact, and traditions and heritage preservation are therefore an important concern for local initiatives (Kühn & Weck, 2013). In Lauscha and Puolanka, many struggle to keep up their level of activity, suffering due to the aging of their members and the fact that they cannot be replaced by a younger cohort. The women involved in the House of Handicrafts express a sense of uncertainty about the future, as many members are aging and becoming more frail. They are eager to share their knowledge and preserve traditions by passing them on to the younger generation, but face the challenge of a lack of successors. Another example from Puolanka is the local *Kotiseutumuseo* heritage museum, showcasing a historical house and serving as a reminder of times past. It primarily displays old household and farming items. Opening hours are few during the summer months, not only because it lacks knowledgeable staff and volunteers to run the museum but also due to the lack of tourists visiting it.

Similarly, many initiatives in Lauscha are struggling to sustain themselves. Some have already given up due to the aging of its members and the lack of a subsequent generation willing to take over (e.g. the hiking association).

Once a generational change is due, the associations rely on new people ready to commit to responsibilities and organizational tasks. And even though the last few years saw an increase in births, the number of

potential parents keeps shrinking, so population statistics are highly unlikely to return to previous levels. Keeping the local school open is one continuous struggle, but, as highlighted above, it’s a necessity in order to keep families and community bonds active, as the next quote shows:

*The swimming pool, the sports field, the sports club, ... the carnival club, the Gollo music association, which maintains the culture house ... I can only hope that everyone here will keep the ball rolling and continue to do their things as well as they have so far. Lauscha will not die out. There are so many young people, so many children. We can only hope that the school will remain, because I think that is the most important thing ... That keeps the parents here too.*

(Representative of the ski club)

Residents are often active in more than one initiative, so the aging affects multiple initiatives simultaneously.

With aging, crucial assets are at stake in Lauscha. The achievements of associations and local groups often stem from past successes. A member of the ski club summarizes: *“We still live from the old [and their successes and stories], to put it bluntly”.* Leisure facilities like the swimming pool and the ski jump arena are the responsibility of volunteers, and the volunteers are aging. Thus, while the municipality can afford to sustain leisure facilities in Puolanka, Lauscha’s facilities are at risk of shutting down. This does not come without tensions for the local society. We encountered a common narrative across different initiatives regarding intergenerational conflict: older members claim that the youth are unwilling to commit to something and support it, while younger members claim that the elderly are unwilling to pass on responsibilities and change procedures.

*“I would of course support the annual Kirmes (parish fair), but not seven days in a row. Why does it have to be seven days? The older people say, ‘it was always seven days. It has to be seven days’. I would do three days, but not seven”.*

(Young person from Lauscha studying in a different city)

Most importantly, the continuation of Lauscha’s traditional glass production is also at stake. Glass production provided the origin of the town. It physically shaped the settlement, and local narratives of identity and community have been built upon the tradition of glass art and its craftsmanship. But the number of family-owned glass businesses is diminishing, and many glass art shops along the main street have gone out of business. This is due to international competition in the production of glass decorations, which in turn leads to a lack of young successors willing to learn the craft. While this is first and foremost an economic issue, it is also related to local initiatives, such as the local history association that runs the glass museum displaying a small curated glass exhibition or the “glass round table”.

## 6. Discussion and conclusion

In chapter two, we reviewed the role attributed to local initiatives in shrinking cities’ within literature, finding that they are either sidelined or over-responsibilized and romanticized (Sandmann et al., 2024). Our research results provide quite a different picture. We highlight the fact that many local initiatives were formed out of their members’ own interests and create amenities they wish to use themselves in a DIY fashion. The DIY orientation (Kinder, 2016), often presented by interviewees as a strength of the local community, is also a signal for the severely limited capacities of the municipality. The DIY activities are mainly motivated by necessity and a lack of alternatives, especially in the German case. While DIY can of course also be found in growing small towns and in larger towns and cities, the need to do it (for) yourself (DIFY) seems significantly greater in shrinking, peripheralized towns with few local resources.

Local initiatives in shrinking towns are a relevant part of local development, they are innovative and creative. They contradict the

<sup>5</sup> Below 1000,- Euro annually; author’s own research diary, July 2022.



image – often found outside such locales – of passive, dependent, and powerless actors in shrinking and deprived places. However, our results suggest that local initiatives should not be mistaken for policy actors and overburdened as human or social capital for local development needs (self-)reflection (see e.g. Neill & Schlappa, 2016; Ročak, 2020). Based on our findings, we propose that local initiatives should be considered in light of the plurality of their motivations and forms of organization, just like in growing towns and cities. They can pursue self-interest and group interest in individual ways rather than being responsible for the fate of the municipality. There may be secondary effects on the town as a whole, as the pessimist association illustrates most notably, but these should not be mistaken for the initiatives' core interests.

Scholarship runs the risk of unintentionally contributing to local initiatives' inclusion into neoliberal development agendas (Hospers, 2014; Jessop, 1997; Peck, 2012). This is a crucial observation, because a circle of precarity may be further encouraged. The neoliberalization of urban planning comes with the withdrawal or "hollowing out" of the welfare state (e.g. Barnett, 1999; Brenner et al., 2003; Jessop, 1994; Pierson, 1995), where initiatives have stepped in for the state when public institutions and resources no longer provided services tied to quality of life, as the example of Lauscha's swimming pool has illustrated. Bluntly, rather than the praise associated with exemplifying human capital (e.g. Schlappa, 2016), what local initiatives in shrinking and peripheralized small towns need is resources and support, because initiatives too struggle with peripheralization and self-responsibilization, just as other local actors (Fyfe & Milligan, 2003).

This struggle runs the risk of being normalised and naturalised, i.e. appearing as the "natural" outcome of a decline in population, resources and power – rather than the structural effects of centralisation and global capitalism, as the struggle of Lauscha's glass artisans against the global glass decoration industry illustrates. Bringing the perspective of peripheralization literature into the debate on urban shrinkage would therefore encourage a more critical look at dependencies, power relations and the allocation of resources by the state. As scholars, we are well advised to disentangle our analysis from the quest to find solutions for such places and to disentangle scholarly debate from policy debate, as well as reflect upon implicit normative positions in order not to fall into the trap of soft neoliberalism (Heeg & Rosol, 2007; Kinder, 2016).

What has thus far been absent in the literature is the effect that shrinkage – or peripheralization more precisely – has on the work of local initiatives. We found that the initiatives are deeply embedded in the context of peripheralization, i.e. out-migration, aging populations, diminishing density, declining amenities and resources, and thus depend on external resources (Fisher-Tahir & Naumann, 2013; Kühn, 2015; Lang et al., 2015). Initiatives experience precarity in a variety of ways, such as ever-present resource scarcity, the decline of infrastructure, as well as the increasing scarcity of membership due to out-migration and the lack of successors for aging members. When jobs are not available locally, working populations often lack the time to volunteer due to the increased time spent traveling for work. Peripheralization comes with struggles to sustain traditions and maintain related practices in order to reassure the local community that social life and identity still function. We also demonstrated how this can lead to tension between generations, to self-responsibilization for active members, and to a tendency to overburden voluntary work and thus the volunteers. DI(F)Y seems to be an attitude adopted out of necessity rather than choice. Hence, such initiatives – no matter how brilliant they may be in content, and despite being essential actors in rural, peripheral towns – suffer from precarity that limits their scope of action.

The contrasts between the German and Finnish cases also allowed us to study the impact that state policy towards peripheralized locations has on the work of local initiatives. It has become evident that municipal investment and the capacity to both attract external funding and fulfil its requirements are essential for local initiatives to thrive. Both places have many volunteer groups and associations in which people cooperate for additional services, community life, and arts or music projects.

However, the conditions of their work vary greatly, with the Finish state providing significantly more financial support to rural municipalities for the maintenance of social services and public infrastructure than Germany does. The German case, however, maybe represents better the situation of ongoing austerity in other shrinking towns and cities in Europe and beyond. Municipal resources influence the way local initiatives can operate under the condition of population loss. In Puolanka, there are several cases where local initiatives became institutionalized in later stages and began receiving support from the municipality, whereas in Lauscha, we found local initiatives taking over formerly public services, such as the operation of the local swimming pool. In the context of scarcity, such as in Lauscha (the majority of cases), initiatives are both mobilized in the DI(F)Y fashion and made precarious.

Other differences between the two cases involve fundraising. Access to national and EU funding appears easier in the Finish case, where greater professional support is available due to a different method of distributing municipal and state funds. There are also big differences between the two countries in terms of public services (healthcare, housing, administration, and education), with cutbacks in Germany and much more generous services in Puolanka. Some volunteer activities developed in response to this deficit, with people cooperating to make their home more liveable and maintain their living standards. Interviewees frequently reported limits to how much they can do. Self-responsibilization implies that actors can experience individual failure when services or community life cannot be maintained even though, analytically, the loss stems from structural problems of peripheralization or issues out of their realm of power. Peripheralization impacts not only the "power to" of the municipalities (Kühn et al., 2017) but also that of local initiatives. Consequently, the line between initiatives and municipal governance becomes blurred.

On a more proactive note, we contend that local initiatives in shrinking towns and regions merit significant support, which should be provided unconditionally. Unconditional funding for shrinking cities was proposed by the international Shrinking Cities project in the early 2000s – which suggested experimenting with specific funding and with tax-exempt zones (Oswalt, 2006: 628–671) – and was later a policy recommendation of the European Shrink Smart research project, funded through the European Union (Haase et al., 2013). Initiatives need not be profitable or economically self-sufficient so long as they provide services that either stabilize the area or hinder additional decline. Over time, this strategy saves resources that would otherwise be required to address the ensuing consequences. We believe that support must come from supra-local sources since the limited financial and personnel resources of shrinking towns tend to give low priority to new and smaller initiatives. The contrast between the extensive welfare state support for peripheral locations in Finland and that of Germany can serve as an eye opener for the shrinking cities research community: it demonstrates how austerity and scarcity are not a given but instead represent a state's choice.

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## CRedit authorship contribution statement

**Katrin Großmann:** Writing – review & editing, Writing – original draft, Supervision, Project administration, Methodology, Investigation, Funding acquisition, Data curation, Conceptualization. **Ria-Maria Adams:** Writing – review & editing, Writing – original draft, Investigation, Data curation. **Alla Bolotova:** Investigation, Data curation. **Maria Gunko:** Writing – review & editing, Writing – original draft, Conceptualization. **Johanna Lilius:** Writing – original draft, Investigation, Data curation. **Sven Messerschmidt:** Writing – original draft, Investigation. **Leona Sandmann:** Writing – original draft, Investigation,

Conceptualization.

## Declaration of Generative AI and AI-assisted technologies in the writing process

During the preparation of this work the authors used DEEPL WRITE in order to improve language and readability. After using this tool, the authors reviewed and edited the content as needed and take full responsibility for the content of the publication.

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The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

## Data availability

The data that has been used is confidential.

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