

BRAIN DRAIN IN RURAL AREAS



Contribution of the SSPA Network to the European Commission

June 2022



SSPA Network: Southern Sparsely Populated Areas

It puts together **five provinces** (NUTS3 level) with a population density below 12.5 inhab./km², and therefore considered sparsely populated. These areas are: Cuenca, Soria and Teruel (Spain), Lika-Senj (Croatia) and Evrytania (Greece).

The fundamental objective of the network is to promote **policies and specific measures that contribute to face the main structural challenges in demographic, economic and social matters** that they affect the less populated rural regions of Europe. To do it, SSPA collaborates with the public administrations and the main socioeconomic actors in the territory.

It is registered in the EU Transparency Register: No. 478256433575-07. Furthermore, at the European level, SSPA is part of **RUMRA & Smart Villages**, the European Parliament Intergroup on sparsely populated, mountainous and remote rural areas.

The network considers that the EU should articulate measures that seek to achieve true cohesion, integration, inclusion and sustainability for these territories, taking into account the social and political aspects. With that goal in mind, **a series of measures are proposed to successfully address the demographic challenge for rural areas**, particularly sparsely populated areas and territories with severe and permanent demographic disabilities.

1. Demographic and economic situation in Southern Sparsely Populated Areas: a. Demographic facts

Between 1950 and 1991, Soria, Cuenca and Teruel lost around 40% of their population. In absolute terms, the three provinces lost almost 300,000 inhabitants in just 40 years, so it can be said that an entire generation disappeared from their respective demographic structures for the benefit of the provinces that hoarded these "development poles", reaching percentages of growth of between 50 and 100%, even exceeding 150% in the case of Madrid. In the country as a whole, from the 1980s the rural exodus began to lose intensity, not because the city reduced its power of attraction, on the contrary, but because of the biological exhaustion of the rural environment, and the fact is that, at that time, the vast majority of those peasants in a position to emigrate had already done so.

Therefore, a defining feature of the rural exodus, in addition to its magnitude, lies in the fact that it was a selective phenomenon that did not affect all population groups equally, with young people and women being the first and most eager to migrate to the cities. Up to 60% of young people from Soria, 48% from Teruel and 40% from Cuenca attend university studies outside their provinces of birth. This emigration usually has a low degree of return once the formative stage is over, which constitutes a very important decrease in the human capital of these three provinces.

Looking to the future, everything suggests that this trend of loss of human capital will continue, even more so after the new economic crisis caused by COVID-19. In fact, the population projections recently published by the National Institute of Statistics and which, for the first time, include among their variables the impact of the crisis derived from the health pandemic, only confirm the strong contraction that the population is facing. Spanish rural population in the coming decades. As shown in the attached table, from the

moment it presents to 2033 the provinces of the SSPA Network will lose more than 30,000 inhabitants, which represents just over 7% of their current population, with maximums recorded in Teruel, where the loss could reach 9%. Both Soria and Teruel remain at population density thresholds close to 8 inhabitants/km².

b. Economic facts

Even though what we pointed out in previous lines is very important, demographic characteristics are not enough to fully understand the socioeconomic situation faced by NUTS3 territories in southern Europe, such as Soria, Cuenca and Teruel. Therefore, below, we will try to offer a picture of the current social and economic situation of the three provinces in comparison with the context of Spain, trying to outline the main interactions that occur between demographic evolution and the reality of a provincial economic structure. afflicted by a good number of difficulties to promote the development of all its potentialities as territories.

It is relevant to know that the companies located in the three provinces represent only 0.85% of the total number of companies in Spain and 95.7% of its productive fabric is concentrated in micro and small companies. The productive structures of the three provinces show a degree of outsourcing of their economies that is significantly lower than that of Spain as a whole. With regard to the services sector, it is made up of poorly qualified services, such as administrative, care and domestic services that generate little added value. In relation to cutting-edge and R&D activities, the three provinces are characterized by a scarce presence of cutting-edge sectors, both in services and in industrial processes, really below the national average. Among the leading sectors, the manufacture of computer products and that corresponding to the manufacture of electronic equipment material are the two sections with the lowest percentage of affiliation to Social Security.

The active population between 16 and 25 years of age in the three provinces shows outstanding reductions in the last 15 years, with an average much higher than that offered by Spain. The decrease is -50.36% in Cuenca, -48.50% in Teruel and -40% in Soria, which undoubtedly compromises the replacement of labor in the short and medium terms' future and reduces the contracting possibilities by the companies that operate in these territories, which in turn prevents the materialization of new productive investments, leading to the closure or relocation of existing ones.

The decrease in the data on the active population of these provinces is not the only element of concern for this part of the population. In fact, although the three provinces are characterized by a high level of education compared to the national group, young people have to choose to study and work outside these territories. Undoubtedly, depopulation is a direct cause of the weakness of the productive fabric, as well as the deficit of technological and innovative activities, which in turn produces a worrying mismatch between the level of qualification of its population and the occupational structure of the labor market. For this reason, the forced exit of young people with university studies to the rest of Spain that has been mentioned in previous lines takes place, rarely translates into a return, with the consequent loss of talent and the worsening of the trend of depopulation, aging and impoverishment of the territories from the point of view of the loss of human capital.

c. Unemployment and labor market

The business of Cuenca, Soria and Teruel are currently facing a difficult challenge on which the future economic evolution of the three provinces will depend in part: resolving the structural unemployment that conditions its labor market. In fact, on the one hand we observe that the labor market signs an approach to full employment in April 2022 in Cuenca, Soria and Teruel, where we respectively have 10,810 unemployed in Cuenca, 3,279 in Soria and 5,034 in Teruel. Furthermore, in the data published by the Public Employment Service Offices, it is confirmed that in the last 12 months there has been a drop of 3,737 unemployed (-25.69%) in Cuenca, -1,301 unemployed (-28.41%) in Soria and - 2,294 unemployed (-31.30%) in Teruel.

On the other hand, the good behavior of the provincial labor market is proportional to the increase in the problems of the companies of the three provinces to cover the vacancies in their templates, which is a real brake on productivity. In a study carried out by FOES in 2018 on "Labor needs of companies in the province of Soria" this problem is addressed and the conclusion is reached that "the conditions of the labor market in Soria are not optimal to successfully face the growth of business activity in the province: one can speak of a situation of labor crisis" based on demographic regression. In addition, in the survey carried out, practically all the companies surveyed (97.1%) consider that they have had problems recruiting new personnel. In companies located in rural areas, this labor situation is universal and affects 100% of them.

The same has been perceived through the "Study of employment needs in the province of Teruel" carried out in 2019 by CEOE CEPYME Teruel, where the percentage of unskilled jobs unsatisfied by the labor market rose to 33%. Together, 73.6% of the companies included in the construction, industry and services sectors expected to hire - before COVID - new workers within two years. A fact that, according to the meetings held with businessmen after the pandemic, has increased even more. In addition, the study states that companies are having increasing difficulties in retaining workers. These difficulties transcend the economic issue, with experiences of workers from urban environments who, encouraged by job offers provided in rural areas, decided to move their residence there but, after a while, were unable to adapt to the reality of life outside the cities.

Lastly, it must be remembered that in the next 5 years 8.65% of affiliates in the provinces will retire, 21.40% in 10 years and 35.90% in 15 years. This trend, added to an increasingly scarce young population, generates more and more closures of economically viable companies but that do not have relief in key positions.

As can be seen through this analysis, the situation of demographic and economic decline suffered by Cuenca, Soria and Teruel, and especially their rural environment, greatly affects their business fabric, which is why it is necessary to put remedies to the enormous problems faced by the labor market and the restrictive conditions of the environment. The challenge is to go beyond our current rural development model, which has basically focused on agricultural development, and adopt another. In the new model, it must be considered that the capacity to retain population alone and boost the rural economy of the primary sector is insufficient, for this reason **the secondary and tertiary sectors of the economy in rural areas must also be developed with determination**. The impact that the approach of the processing industry to the fields would have would not only be

economic, but also environmental, with a reduction in emissions from the transport of raw materials to the processing companies.

This approach must include key elements such as **smart, inclusive and sustainable growth**, bringing rural territories into the 21st century. In addition, the need or the advantages of promoting the **social economy** should be considered as a key point of innovative sectors of rural society, especially in caring for the elderly and dependents, renewable energy or attention to the specific needs of rural communities.

2. Proposals:

- I. Professional incentives.** Usually, the professional positions offered in rural areas by the public health, education, security, administrative system, etc. they are the last to be covered, even becoming the case, of never dealing with it or doing it by professionals from other specialties. In addition, the constant turnover of professionals affects the quality of services. Apart from possible economic incentives for those professionals who settle permanently in rural areas, we believe that there is no greater incentive than the opportunity to grow in their professional career. For this reason, the most depopulated rural areas should become a benchmark in applied research, resulting in an attractive destination for many professionals in fields such as education or health.
- II. Professional training.** Creation of a specific professional education and training program for the population residing in SSPA, aimed at businessmen as well as entrepreneurs and the employed, especially promoting leadership in these areas.
- III. Rural offices for intermediation and rooting.** It is necessary to design and carry out social innovation programs that help employers hire qualified candidates for jobs that they have not been able to fill locally (intermediation) and that improve personal development options in rural areas, building a path towards permanent residence for workers qualified people who want to work and live in sparsely populated provinces (rooting).
- IV. A change in the image of rural areas.** It is important **to convey the reality and the advantages that rural areas offer in a different way**, promoting the treatment of this issue in the classroom, as well as its image in the media. This type of action is necessary **to influence the self-esteem** of members of rural communities, as well as **to boost economic activity and social commitment** through training in innovation for present and future generations.

Contact information:

Sara Bianchi - SSPA Coordinator

sbianchi@sspa-network.eu - www.sspa-network.eu