

**NRE<sup>2</sup>** BUILDING RURAL CAPACITY IN THE NEW ECONOMY

## Local Initiatives Within Global Change – General patterns from the New Rural Economy project

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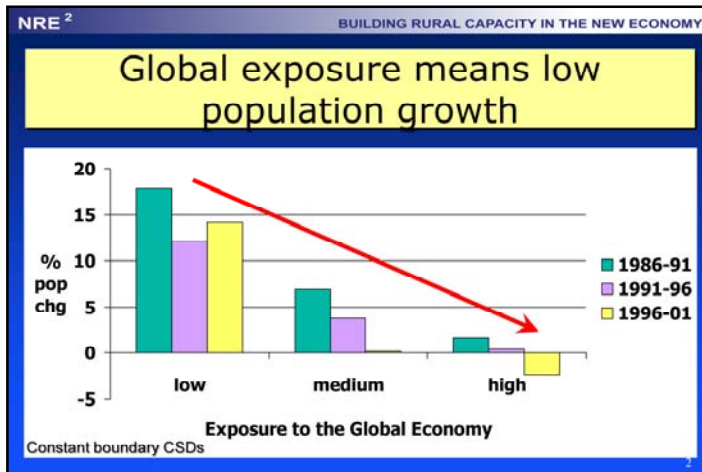
- Session:

- Most theories of globalization in Sociology focus primarily on innovation that, they posit, moves between nodes, leaving out the 'places in between'. The resulting 'urban' bias ignores the strong staples base of much global trade, and the extent to which non-urban areas and resource based communities and regions also become integrated into the global economy and society.

- The proposed session, seeks to examine the ways in which non-metropolitan regions and communities in Canada, Russia and elsewhere, become influenced socially, economically, culturally and politically by globalizing influences. Focus will be on: (1) the transformation of a staples economy and society, with a particular focus on the role of state (2) local community and entrepreneurial responses to globalization processes; and, (3) the ways in which globalizing influences are transforming the society, economy and culture of non-metropolitan communities and regions. While the focus of the session will be on Canada and Russia, papers addressing similar processes in other countries will also be welcomed.

- Local Initiatives Under Global Change – Canadian examples from the New Rural Economy project

- This presentation examines local initiatives in the context of global changes using both macro and micro-level Canadian data. National census subdivision data is used to identify some of the most salient differences between rural locations well connected to the global economy and those that are primarily linked to local or regional economies. Following from this analysis, selected case studies from the Rural Observatory of the New Rural Economy project are examined to consider the local dynamics behind the macro analysis.



- This graph reinforced our understanding about the impact of globalization on the population of rural places
- Looks at CSDs with constant boundaries over the period from 1981 to 2001
- Increased linkages to the global economy can create significant challenges
- (Ss) Graph showing the relationship between integration into the global economy and population change for small rural locations
- (S) The linkages of commodity trade have been very beneficial for our balance of payments (80% of trade surplus contributed by primary products) but getting on the commodity production bandwagon has undermined the population of rural communities
- This decline in population has been exacerbated by the centralization of services and inflexible governance structures
- Cost-cutting actions have decimated social infrastructure as well as threatened physical infrastructure.
- This may be shortsighted.
- Processes:
  - Global connections – highest in communities linked to commodity production and trade
  - Since 1940s – increased global competition pls increasing value of human time = mechanization/specialization treadmill
  - Therefore – fewer people as workers/service/ supports and communities decline

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## Global Exposure

- Global exposure in the NRE Project
- The NRE Project – Rural Observatory
- Measurement of Global Exposure
- Outcomes
  - Population growth
  - Labour force participation
  - Employment
  - Income
  - Social capital
  - Social cohesion
- Global exposure as context

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- The impact of these changes convinced us that global exposure should be a major basis for comparison in our research design
- I will discuss today:
  - A bit about our project
    - The NRE Project – Rural Observatory
  - Measurement of Global Exposure
  - Some of the outcomes we investigated
    - Population growth
    - LF participation
    - Employment
    - Incomes
    - Poverty
    - Social cohesion
    - Social capital
  - Conclude with some comments about global exposure as a contextual consideration in many other types of analysis
  - Further work

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## Measuring Global Exposure



[http://nre.concordia.ca/7\\_reports\\_for\\_rs.htm](http://nre.concordia.ca/7_reports_for_rs.htm)  
via <http://nre.concordia.ca>  
<http://www.cid-bdc.ca/homepage.htm>

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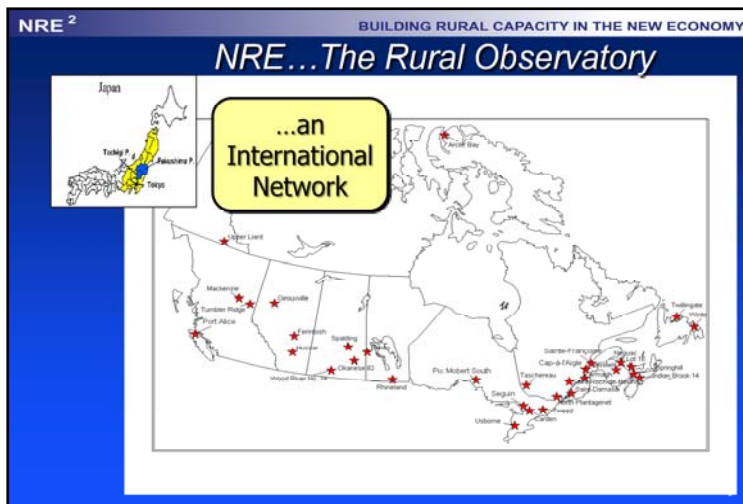
- Global exposure
  - Global integration = extent to which local industry is engaged in both exports and imports
  - Global exposure = extent to which local industry is engaged in exports
- Measuring global integration and exposure
  - Ratio of absolute value of net exports to total trade within an industry
  - Proportion of exports to total trade within an industry
  - Proportion of exports to GDP within an industry
- Industries: agriculture, manufacturing, communications, other utilities
- Labour force in type of industry for exports
- Income in type of industry for imports (since income is more sensitive to imports than employment)

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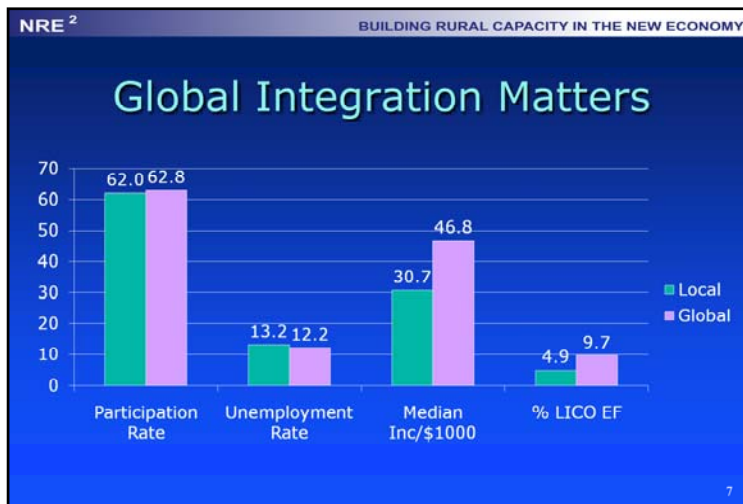
### The NRE Sample Frame

			High Capacity		Low Capacity	
			Lead	Lag	Lead	Lag
Global Exposed	Fluctuating	Adjac.	175	27	46	15
		Distant	251	13	124	44
	Stable	Adjac.	4	26	8	19
		Distant	5	16	18	30
Local Exposed	Fluctuating	Adjac.	4	5	4	9
		Distant	12	16	5	13
	Stable	Adjac.	12	100	7	45
		Distant	15	99	16	56

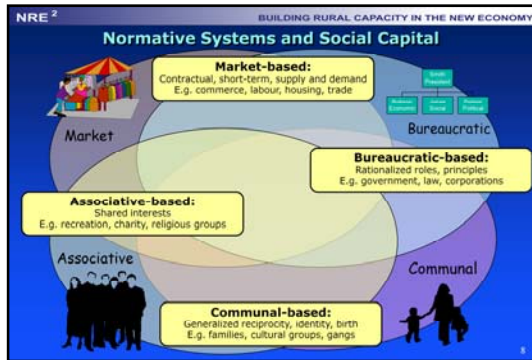
- Global exposure became one of key comparisons that we felt were critical to the future of rural Canada
  - Whether the site was strongly connected to the global economy or not
  - Whether its economy was fluctuating or stable
  - Whether it was close to or far away from major urban centres
  - Whether it had a lot or little amount of institutional capacity nearby (schools, hospitals, or other services)
  - Whether it was leading or lagging with respect to a number of socio-economic characteristics
- We classified all the rural census subdivisions in Canada into their appropriate cells and randomly selected one from each cell (done in 1997)
  - Formed the “Rural Observatory”
- Throughout our research, therefore, we have been able to compare among field sites with respect to these dimensions and to do so over time – as we watch for sites to shift from one cell to another.
- It also means that we have been able to identify the ‘cells’ in which other research is conducted – providing excellent leverage for learning from a wide variety of research and researchers.



- (S) We established the Rural Observatory as a key component of this project
  - 32 systematically selected rural sites (5 key comparisons)
  - We entered into collaborative relations with those sites
  - (S) Japanese interest and formal alliance
- Global (2001): WINTERTON, TWILLINGATE, LOT 16, SPRINGHILL, BLISSFIELD, NEGUAC, SAINTE-FRANCOISE, CAP-A-L'AIGLE, ARMAGH, SAINT-ROCH-DE-MEKINAC, TASCHEREAU, NORTH PLANTAGENET, TWEED, USBORNE, RHINELAND, BENITO, WOOD RIVER NO. 74, PORT ALICE, MACKENZIE, TUMBLER RIDGE
- Local (2001): INDIAN BROOK 14, SAINT-DAMASE, CARDEN, HUMPHREY, PIC MOBERT SOUTH, OKANESE 82, SPALDING, HUSSAR, FERINTOSH, GIROUXVILLE, UPPER LIARD, ARCTIC BAY
- Over the 9 years of the project have conducted research on 4 themes:
  - Governance
  - Services
  - Communications
  - Natural resources and environmental management
- Cf web site ([nre.concordia.ca](http://nre.concordia.ca))
- Prepared more than 6 databases:
  - [Census data (4 cycles – 1986-2001)]
  - Household survey (2000 rural households)
  - Surveys of rural media (newspapers, radio, bulletin boards, etc.)
  - National survey of rural and urban people re. environmental values
  - Capacity surveys
  - Extensive log and qualitative data from sites]
- Produced wide variety of products for academics, policy-makers, and rural people.
  - Books, articles, pamphlets, brochures, booklets, web, and multimedia products
- Extensive connections with policy-makers at municipal, provincial, national levels
  - Through workshops, conferences, consultations, invited presentations
- Began with the question:
  - What are the major changes taking place in rural Canada? (NRE<sup>1</sup>)

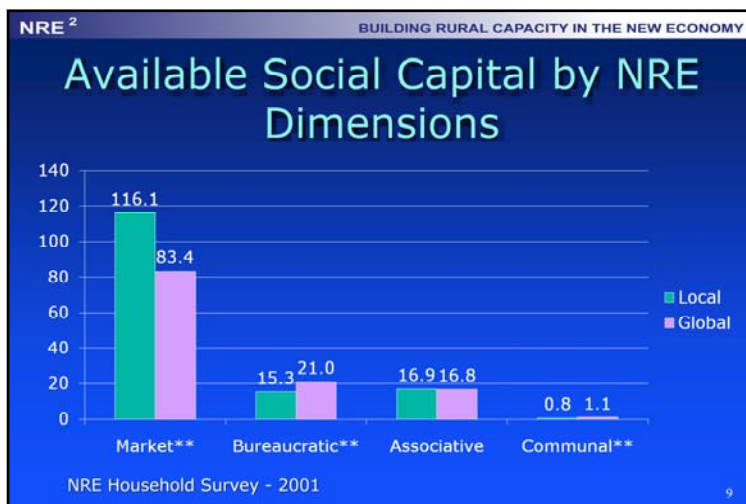


- We have examined a number of ways in which global integration or isolation relate to community characteristics.
- Here are a few of the ones (all statistically significant differences)
- Labour force participation rate:
  - Globally integrated: higher levels of LF participation, and
  - Lower levels of unemployment
  - Higher median incomes
  - But also higher levels of poverty
  - i.e. More stratified economies
- Were particularly interested in the nature and use of social capital in these two types of communities.

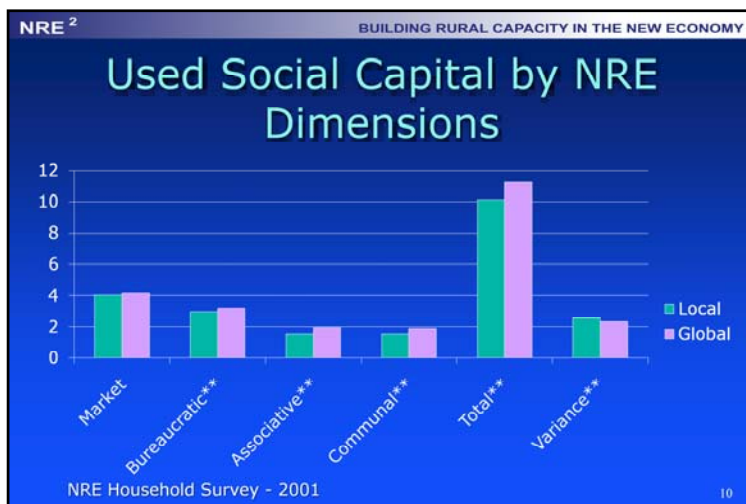


- We also examined the relationship between globalization and social capital
- Our interpretation of the concept focuses on the ways in which people get together to achieve the goals they want
- In order to get together, form groups, coordinate our activity, establish partnerships, and become friends we need to know about and respond to the various ways in which people behave, are inspired, and feel confident in their relationships – able to trust one another in the process
- Sociologists and psychologists point to these ways of relating as ‘norms’
- In our research work, we have found it useful to think about them in terms of four normative systems
- (S) Market relations (such as found in commerce, labour markets, housing markets, trade)
  - Based on supply & demand, contracts
  - Supported and controlled by trade agreements, competition legislation, labour law, better business bureau, and the courts
  - They are the norms that guide us when we shop for groceries, seek employment, or negotiate the purchase of a house
- (S) Bureaucratic relations (e.g. government, corporations, law, formal organizations)
  - Based on rationalized roles, authority and status, generalized principles
  - Controlled by legislation, corporate law
  - They are the norms that guide us when getting our driver’s license, meeting a doctor, following Roberts rules of order, or for most of us researchers, relating to colleagues or students
- (S) Associative relations (e.g. baseball teams, bridge clubs, environmental groups, meals on wheels)
  - Based on people coming together because they have a shared interest
  - Controlled by civil law, municipal by-laws, social norms, and informal sanctions
- (S) Communal relations (e.g. families, friendship networks, gangs, cultural groups)
  - Based on kinship, generalized reciprocity, favours
  - Controlled by informal norms, legislation, family law, and government support agencies
- All types are implicated in the individual and organizational linkages we use and develop, but some more predominant than others in specific cases or for particular types of organizations
- These systems are not always compatible, but they can be organized in such a way that they can reinforce one another for particular purposes and at particular times
- We have paid attention to the ways in which they have been reorganized in rural areas in order to meet changing conditions.

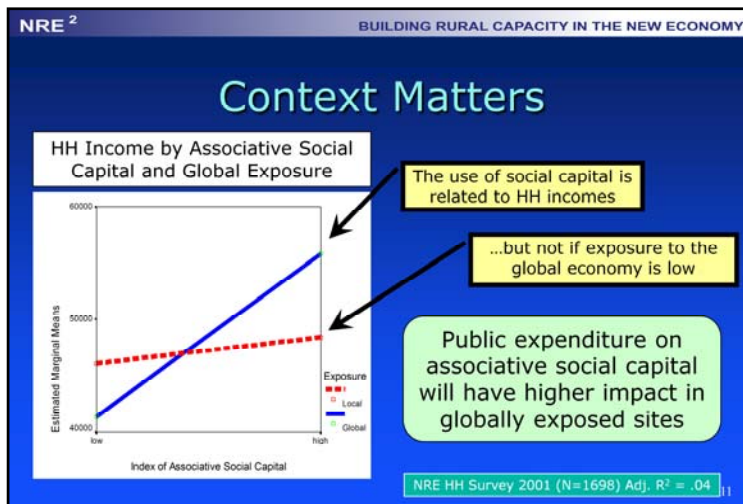




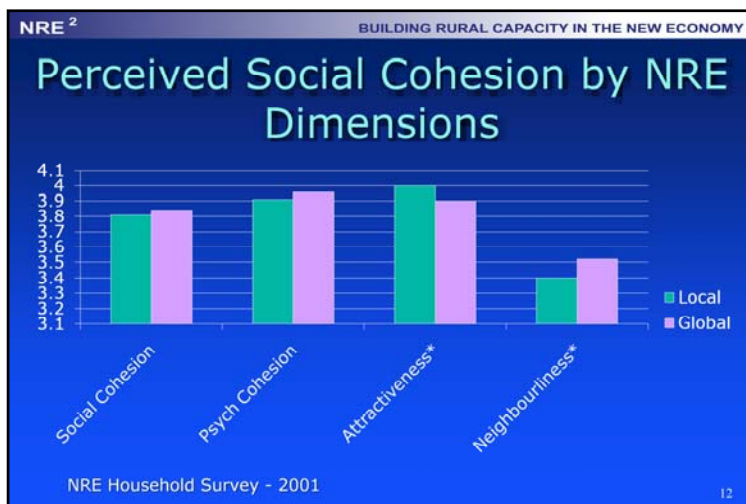
- We also make a distinction between the way in which social capital may be available as opposed to how it is used
- Available social capital is reflected in the institutions and groups in which we relate
- A hospital represents a network of social relations and norms that is available to most people when they need it
- In a similar fashion so is one's family, the local grocery store, or church
- (S) This graph shows how the availability of these different types of social capital varies by the connection of the various sites to the global economy.
  - Global sites have lower levels of market-based social capital but higher levels of bureaucratic and communal-based social capital
- Process:
  - Commodity-based sites – have fewer local businesses, more government services
  - Often these services are remedial to the population
    - E.g. Twillingate and Tumbler Ridge – with the collapse of the fishing industry in the former and the closure of a mine in the latter
    - Reflect the stresses on local communities



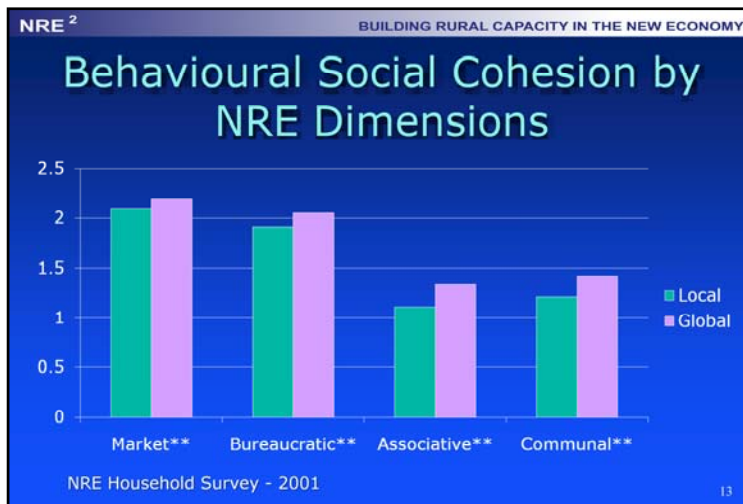
- Differences also exist for the use of the various types of social capital
- Not much difference for market-based, but for bureaucratic, Associative, and Communal-based social capital, global site all have higher levels
- Note comparison with available social capital:
  - Global has fewer available market – but used more
  - Global has higher available bureaucratic and used more
  - Global has same available associative, but used more
  - Global has more available communal and used more
  - *[Logged social capital indexes]*
- Process:
  - Fewer services available in global sites, but they are used more (except for market)
  - May also be an indication of remedial use
  - People in Mackenzie turning to the government, volunteer groups, and family in the face of the rapid turnover of global-based pulp and forestry industries.



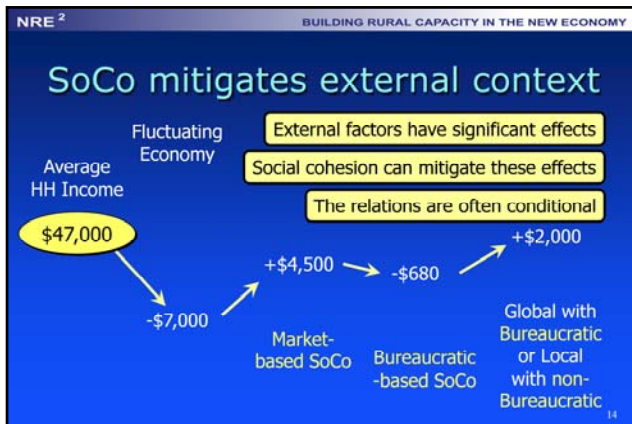
- Part of our analysis focused on the relationship between social capital and incomes
  - Different types of social capital have different relations to income
    - Market-based +; bureaucratic – (remedial effects)
  - We found that there is a complicated relationship between the 2 depending on the type of social capital considers
- We followed this up by checking to see whether the global/local context had an impact on these relationships between social capital and HH incomes
- This graph illustrates the type of relationship we found
  - Horizontal axis = Used associative social capital from low to high
  - Vertical axis = HH incomes
  - Blue = globally-connected sites
  - Red = locally-connected sites
  - The use of associative-based social capital is related to HH incomes
  - But only for those sites that are well connected to the global economy
- Processes:
  - Note the greater range of HH incomes in globally connected sites
  - Participating in voluntary associations gives access to better employment opportunities – or – having higher incomes provides access to voluntary associations.
  - May be a reflection of stratification processes in globally connected sites (the truncated social structure identified by Hodge and Qadeer)
- It illustrates the importance of context on the relationships identified
- Policy implication: Public expenditure on building associative-based social capital will have a higher impact in globally exposed sites over locally exposed one.



- Explored similar effects on social cohesion
- Using the Buckner index for social cohesion – primarily based on people’s perception of community cohesion, there was little relationship with global/local
- When it was broken down by Wilkinson into 3 dimensions, the major relationship was with those items reflecting neighbourliness, not so much with the other dimensions
  - Psychological connection (Living here gives me a sense of community)
  - Attractiveness (Given the opportunity I would like to move out of this community)
  - Neighbourliness (I visit with neighbours in their homes)
- Global – higher perception of social cohesion except for that based on attractiveness (global communities less likely to hold their residents)



- When we examined our own measures – based on what people did (whether they worked, played, and struggled together) we found that social cohesion was higher on all of the 4 normative systems related to social cohesion for globally connected sites
- Note: closest to the neighbourliness factor of the Buckner scale
- People participated more in local organizations in the globally connected sites
  - Need to look at the role of isolation since many of these globally connected sites are not adjacent to urban areas (Springhill, Blissfield, Rhineland, Port Alice)



SoCo -> Income

- One of the major advantages of a systematic study such as the NRE
  - Allows us to estimate interactions among variables: Relative, Additive, Conditional effects
- What happens to a rural community that faces a fluctuating economy?
- (S) Focus on household income for simplicity
- Multiple regression analysis
- (S) If household is located in a site with a fluctuating economy -> Decrease of \$7,000
- (S) If they rely on market-based social cohesion -> Increase of \$4,500
- (S) If they rely on bureaucratic-based social cohesion -> Decrease of \$700
- (S) However: important interaction effect between Globalization and reliance on bureaucratic-based SoCo
  - Bureaucratic-based in Global or Non-bureaucratic-based in Local economy: higher incomes (+\$2000)
  - Bureaucratic-based in Local economies or Non-bureaucratic based in Global: lower incomes (-\$2000)
  - Perhaps:
    - In Global economies -> best strategy is to build bureaucratic-based social cohesion
    - In Local economies -> best strategy is to build other types of social capital
- Summary
  - (S) Many factors beyond the control of local people: Global, Fluctuating, Location
  - (S) Still some ways in which local action can mitigate those exogenous factors
  - (S) Beware of generally applied policies – many conditional effects
- Included education in the equation:
  - Not as large an impact (standard error) as Market-based SoCo
  - Not as large an impact as Stability in the economy
  - Increased income by about \$3200

• R<sup>2</sup> Adjusted = .281

Constant	\$10,346		Associative	\$573	.077
Market	\$445	.517	Bureaucratic	-\$680	-.074
Stability	\$7167	.129	Cap x Ause30	-\$876	-.059
Communal	-\$1097	-.110	High Cap	\$2667	.051
Glo x Buse30	\$1917	.105	Stb x Cuse30	-\$868	-.042

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## Global exposure makes a difference in rural places

- To economic indicators
  - Lower population growth
  - Higher LF participation rates
  - Lower unemployment rates
  - Higher levels of HH income
  - Higher levels of low income residents
- To social capital indicators
  - Reduces available M SoKp; increases B & C
  - Increases use of B, A, C SoKp
  - Modifies impacts of social capital
- To social cohesion
  - Generally increases perceived and behavioural-based social cohesion
  - Interacts with social cohesion to affect outcomes
- Relationships are complex and conditional

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- Global economic exposure makes a difference in rural places
- Globally connected sites are related to:
  - Lower population growth
  - Higher LF participation rates
  - Lower Unemployment rates
  - Higher levels of HH income
  - Higher levels of low income residents
- Globally connected site have complex relationships with social capital
  - Reduces market-based available social capital; increases bureaucratic and communal-based; no effect on associative-based
  - Increases use of bureaucratic, associative, and communal-based social capital (reduces variability of use among types of social capital)
  - Modifies impact of social capital used (associative) on outcomes (income): bigger impact in globally connected economies
- And with social cohesion
  - Increases perceived social cohesion, psychological cohesion, and neighbourliness, but decreases attractiveness
  - Increases all 4 types of behavioural-based social cohesion
  - Interacts with social cohesion to affect income levels (Global-bureaucratic or Local-non-bureaucratic)
- The relationships are complex and conditional
- In all these cases, the challenge is to find the processes which link these variables
- This has been the focus for our more intensive work in each site.
- These are general patterns
- Work at the level of individual field sites illustrates many situations where the general trends are overcome (as with individuals)
- Two directions to consider:
  - Identify the policies that can limit or mitigate the negative effects of the trends
  - Understand the conditions which produce the case study anomalies we find.

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