



NRE² BUILDING RURAL CAPACITY IN THE NEW ECONOMY

Constructing Social Theories – the NRE Experience

Tom Beckley
David Bruce
Omer Chouinard
Ivan Emke
Greg Halseth
Bruno Jean
Patrice LeBlanc
Dianne Looker

Bill.Reimer@concordia.ca
2008/10/28
nre.concordia.ca

Diane Martz
Solange Nadeau
John Parkins
Steve Plante
Doug Ramsey
Richard Stedman
Ellen Wall
Derek Wilkinson
Anna Woodrow






•Request: The first if my recall is correct is to my class of graduate students, and will focus on some of the substantive findings and conclusions from the NRE project (e.g. social capital capacity, development process, players, organizations, rural regional variation, longitudinal findings,). I am hoping that will enrich the students' sense of "rurality" and give them a better appreciation of rural community development patterns and dynamics.

•an in-class presentation to our Theory Course graduate students (10:00 - 11:00 a.m. with 11:00-11:20 for discussion)

•The in-class presentation might respond to two questions (a) finding out about "rural" (as this is relevant to many contexts, not just Canada), identifying the characteristics of rural communities (beyond the usual census and other statistics) and getting a first-hand sense of their condition and capacities (variously defined and measured), and (b) the connection between the key informing theories (and concepts) here and the actual design of the research (something we press all of them on).

•Objectives

- Provide insights and tips regarding how theory gets developed
- Improve their understanding of rural issues
 - Provide characteristics and examples
- Demonstrate the relationship between theory, research design, and action
 - What it means
 - How it is done
- Provide insights from the NRE project
 - Major changes
 - Strategies for communities (building capacities)
 - Importance of governance
 - Role of social capital

•Outcomes

- Know more about rural Canada and the challenges rural people face
- Learn how to construct theories
- Understand the relationship between theories, design, and application
- Greater interest in and understanding of rural issues
- Know key theories – capacity and social capital

•Bridge-in

- Theory emerges from problems and passion
- Story of NRE project emergence

•Pre-test

- How many from rural places?

•Input

- Story of the NRE
- Major changes in rural
- Research questions and strategies
- Examples
- Insights

•Guided practice

- Q & A

•Check for understanding

- Q & A

•Closure

•Assessment

•Materials

- PPTs

NRE² BUILDING RURAL CAPACITY IN THE NEW ECONOMY

Constructing Social Theories

- Start with problems and passion
- Identify the questions
- Answer the questions
- Revise the questions and order the list
- Design your strategies to test the answers
- Identify implications, new answers, and new questions

2

Constructing Social Theories

- Theory emerges from problems and passion
- Our concern was with rural Canada and the challenges faced by those living there
 - CRRF – 20 years
 - Major changes
 - Little systematic research being done
- Decided to do it ourselves
- Research Strategy
 - The focus of attention was already set: rural
 - Start with questions
 - Not the rhetorical ones – the ones for which the answers will change your lives
 - Answer the questions
 - Literature, friends, imagination, enemies
 - Make your list
 - Revise the questions and order the list
 - Design the research necessary to check your answers
 - Conduct the research and make your evaluations
 - Identify implications, new answers, and new questions
- How did this work in the NRE?
- What did we learn?

NRE² BUILDING RURAL CAPACITY IN THE NEW ECONOMY

Questions for research

- What are the major changes taking place in rural Canada?
- What are the underlying processes driving those changes?
- How can rural Canadians revitalize in the face of those changes?

3

- We are all theorists
 - Ask What? Why? and How?
 - Attempt to provide answers to these – the theories of our trade
- As scholars, we attempt to answer these questions in a systematic fashion
 - Examine how others have answered them
 - Consider the logic
 - Consider the empirical evidence
 - Critically assess the answers
- In our research we have focused on the questions:
 - What are the major changes taking place in rural Canada? (What?)
 - What are the underlying processes driving those changes? (Why?)
 - How can rural Canada revitalize in the face of those changes? (How)

NRE² BUILDING RURAL CAPACITY IN THE NEW ECONOMY

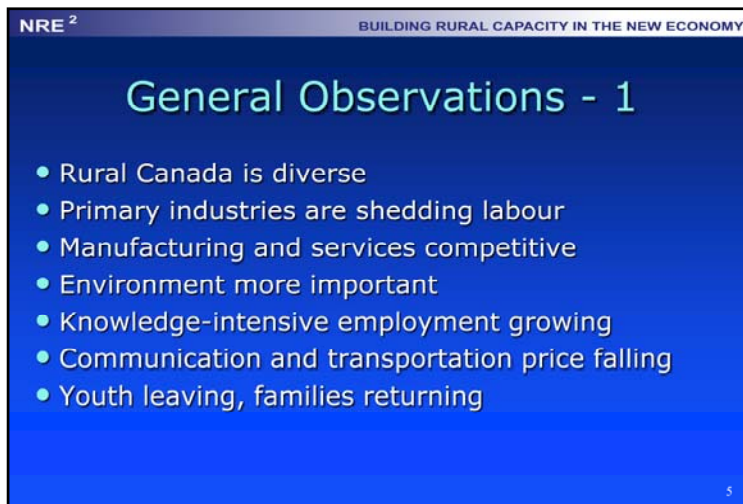
What are the differences between the old and new economies?

Old Economy	New Economy
• Homogeneous culture	• Diverse cultures
• Low knowledge demands	• High knowledge demands
• Resource commodities	• Services and amenities
• Simple and repetitive	• Complex
• Low mobility	• High mobility
• Local relations important	• External relations important

4

What did we notice?

- Our research has been stimulated and inspired by the transformation of the Canadian economy
- Has meant major changes in the conditions not just for rural, but for all of Canada
- Understanding the nature of these changes is critical to the vitalization and revitalization of rural Canada
 - How best position (rural) Canada for these new conditions?



NRE² BUILDING RURAL CAPACITY IN THE NEW ECONOMY

General Observations - 1

- Rural Canada is diverse
- Primary industries are shedding labour
- Manufacturing and services competitive
- Environment more important
- Knowledge-intensive employment growing
- Communication and transportation price falling
- Youth leaving, families returning

5

- Observations arise from 18 years of collaborative work of the Canadian Rural Revitalization Network
- Including 8 years of focused research under their NRE Project
- Go through them quickly here
 - Invite you to go to the paper
 - Engage in discussion while I'm here

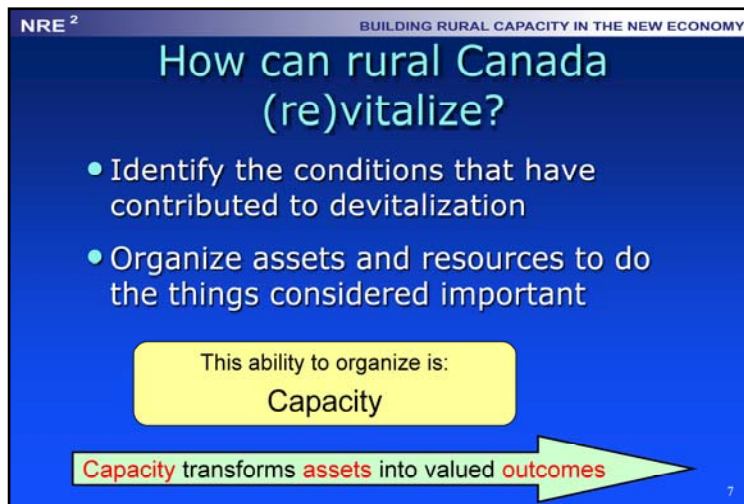
NRE² BUILDING RURAL CAPACITY IN THE NEW ECONOMY

General Observations - 2

- Industry has concentrated
- Government services more centralized
- Rural aging fastest
- Rural perceived as safe
- Immigration strong
- Rural and urban Canada are interdependent
- Social capital is critical

6

- Will focus on 3 only:
 - Diversity
 - The role of social capital
 - Rural/urban interdependence



Primary research questions which drove our work (note the passion)

- Revitalization = make alive, vital, energetic
 - Especially: the power to endure
- Not all rural has lacked vitality or is devitalized, but we wish to continue or maintain this vitality
 - This is the key focus of our work
- How can rural Canada revitalize in the new economy?
- Identify the conditions that act as obstacles to vitalization
 - Isolation, economy, health
- Challenge the ones that can be changed
 - Policies, practices, inappropriate institutions
- Reorganize assets to better attain desirable outcomes
 - This is what we refer to as Capacity: the ability to organize and reorganize assets

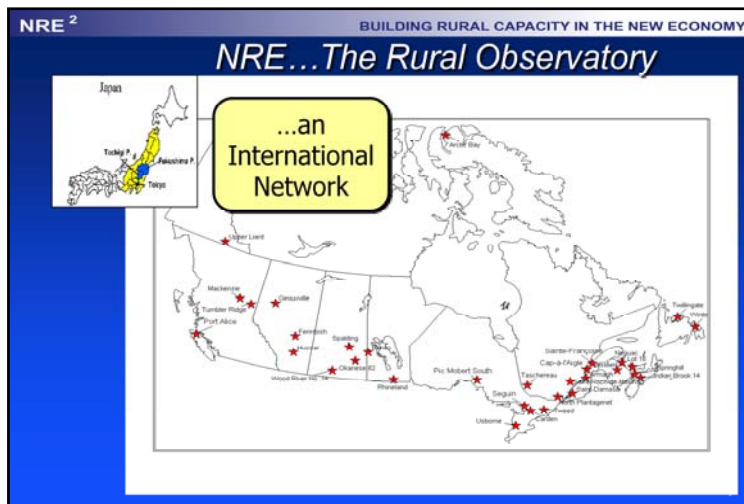
NRE² BUILDING RURAL CAPACITY IN THE NEW ECONOMY

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

The Distribution of CSDs by the 32 types of cells

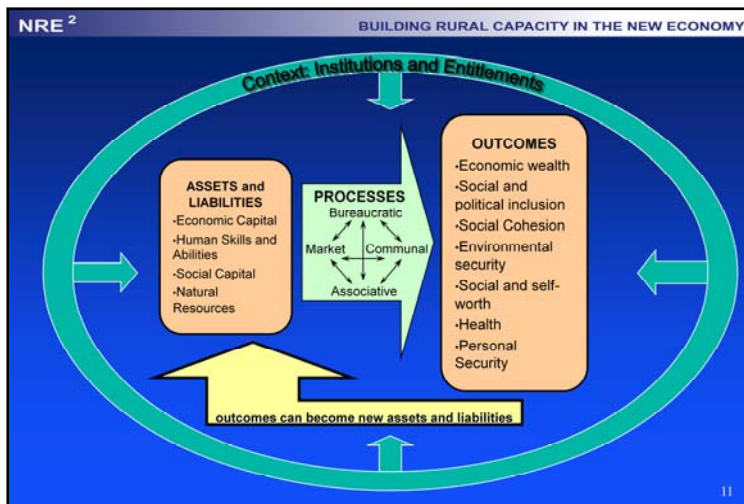
- Sample procedure
 - Identify all rural CSDs using available information
 - Randomly selected one site from each cell
- Took it to our regional partners and discussed:
 - the accuracy of the classification from the basis of their knowledge
 - existing research activities related to the selected sites
 - strategic opportunities arising from the selection
- If changes were warranted
 - make substitutions from within the same cell
- This serves as the basis for our 'Rural Observatory'
- NOTE: The diversity of rural Canada
 - 706 Leading CSDs
 - 533 Lagging CSDs
 - Index based on National standards – yet makes clear that not all of rural Canada is in decline



- NRE Project
- 9-year project
- 15 researchers, 11 universities
- One feature: the Rural Observatory
 - (S) 32 systematically identified rural sites
 - Work with people in the sites over many years
 - Community profile data (every 2 years)
 - Household survey (1995) households in 21 sites (2001)
- Japanese colleagues' response
 - (S) 2 sites in Japan
- Our concern is with the future of rural Canada
 - How can we best position rural Canada for the new economic, political, and social conditions?



- We face the challenge of many insights
 - Many are specialized and specific
 - Like: Which particular communities show relatively high levels of social capital
 - And many are more general
 - Like: The local context of communities modifies the impacts of social capital
- Some of you will be more interested in the specific ones over the general – or vice versa
- Our strategy, therefore, is to provide some time discussing both
 - Will not be able to do it in detail, but hopefully it will be sufficient for you to identify those things of interest, then
 - Use the many other resources to follow-up on the details
- Resources
 - Speaking to researchers: direct, phone, e-mail
 - Posters and flyers
 - Web site
 - Reports, papers, books
- I will provide an overall view to the project, plus some of the most general results (Integration)
 - Social capital
 - Social cohesion
 - Municipal autonomy
 - Informal economy
- Other researchers will then provide the more specific details as organized under 4 themes of our project
 - Services
 - Communications
 - Governance
 - Environment and management of natural resources



NRE Capacity Framework

- Similar to the ABCD model, but three critical innovations
- Outcomes can, in turn, become new assets and liabilities for communities.
- Contextual conditions affect all aspects of the model
- We have elaborated some of the details of the processes by which assets are transformed into outcomes
 - Networks
 - Normative structures
 - Market relations
 - Bureaucratic relations
 - Associative relations
 - Communal relations
 - These normative structures can reinforce or inhibit one another
- Environment theme** has focused on the nature of capacity and role of context
 - Capacity hard to measure
 - Importance of context on local capacity
 - Limits to local capacity
 - Capacity processes cut across individual, local, rural-urban, contextual levels
 - Individual capacity seems particularly crucial
 - Reminds us that framework applies to multiple levels
 - Framework reminds us that individual skills and abilities or only one of a number of assets and liabilities and that the process is dynamic – thereby reinforcing Greg's point regarding the necessity for continual capacity renewal.
 - Framework challenges this theme team to ask about the conditions under which individual skills are critical – particularly with other types of natural resource and social capitals.



Example of capacity: Cap a l'Aigle

- (S) Small village of 7000 on the north side of the St. Lawrence river
- (S) Several of the citizens had developed an interest in Lilacs
 - Had a club - volunteers
 - Exchanged stories, clippings
 - Discovered that there was a more general interest in lilacs throughout North America (Internet a contributing asset)
- When municipal council was exploring options for community economic development
 - Several counselors knew of this network and raised the option of using it as a basis for economic development
 - Developed a business plan
 - Got government funding
 - Established a festival
- (S) Identified the village
- Elements of the process
 - Interest in lilacs, knowledge: club (social capital)
 - Expression of need for economic development
 - Putting the 2 together (capacity)
- These and other examples have inspired us to develop a model for capacity that integrates these and other elements in a more general fashion

NRE² BUILDING RURAL CAPACITY IN THE NEW ECONOMY

Social Capital

- Social capital is as important as human capital for key economic outcomes 
- Social capital is organized in different normative systems 
- Social capital most often used in combination 
- Available social capital is not always used 
- Impacts of social capital vary by context 


13

Social Capital

- (S) Social capital is as important as human capital for key economic outcomes (I)
 - Building social capital becomes a useful strategy for such outcomes
 - Particularly where economic and human capital assets are low
- (S) Social capital is organized in different normative systems (L)
 - This makes it possible to build weak social capital on the basis of strong social capital
 - Cap-a-l'Aigle was able to build its market-based social capital by taking advantage of its strength in associative and communal-based social capital
 - Japan site similar
- (S) Social capital most often used in combination (I)
 - Even building market-based social capital should not be approached directly
 - It may need the simultaneous development of other forms of social capital to work
- (S) Available social capital is not always used (I1)
 - Building the arena, business, or park doesn't necessarily mean they will come
 - Research objective: Under what conditions is available social capital used?
 - E.g. Relationship between available and used social capital (market and associative-based) is stronger in non-metro-adjacent sites. (I2)
 - What are the hidden or latent assets of the community?
- Impacts of social capital vary by context
 - One policy or program does not fit all
 - E.g. Building Associative social capital will have its biggest impact in sites that are integrated into the global economy (I)

NRE² BUILDING RURAL CAPACITY IN THE NEW ECONOMY

Social Cohesion

- Perception and behavior-related social cohesion are not highly correlated 
- Relational types of social cohesion matter 
- Social cohesion can mitigate economic challenges 
- Social cohesion is not always under local control 

14

Social Cohesion

- (S) Perception of social cohesion does not always correlate with behaviour-based social cohesion (I)
 - Perception more sensitive to identity whereas behaviour related to instances/activities of support
- (S) The relational base of social cohesion matters (I)
 - For employment issues: Market, then Bureaucratic, then Associative and Communal
 - For health: Bureaucratic, then Market, Communal, and Associative
 - For home care: Market, then Bureaucratic, then Communal, and Associative
 - Often used in combination
 - Getting to a hospital (bureaucratic) often requires friends or family (communal)
- (S) Social cohesion can mitigate economic challenges
 - Market and associative-based social capital associated with improved incomes (I)
 - Reinforces the advantages of co-ordinate policies across departments and issues
- (S) Social cohesion is not always under local control (I)
 - Getting a community to 'pull itself up by its own bootstraps' subjects some communities to additional challenges
 - Reinforces those who call for place-based approaches to development since the local context changes the conditions and effectiveness of social cohesion (context = sample frame variables)

NRE² BUILDING RURAL CAPACITY IN THE NEW ECONOMY

The Informal Economy

- Supports the formal economy
- Primarily used by middle income people
- Strongly gendered
 - Women participate more
 - Self-employment of women increases their burden but decreases it for men
 - But only for rural women – not for urban women

15

- The Informal Economy
- (S) Supports the formal economy (I)
 - Capital formation
 - Informal trade rearranges assets
 - E.g. Skate and ski exchanges rearranges assets to meet changing conditions
 - E.g. Computer hand-me-downs extends the access to the new technology
 - Source of innovation
 - New tools and approaches often developed and tested within the informal economy
 - E.g. trivial pursuit, basketball, computer software (Linux, freeware)
 - Reorganizes and builds human capital
 - People learn skills even when they are not in school or don't get paid (e.g. computer knowledge, Cap a l'Aigle: gardening and lilacs)
 - Potential employers get to learn about employees before hiring (lower costs for training and mistakes) (e.g. little league baseball)
 - Increases motivation and entrepreneurship skills (e.g. junior achievement, 4-H, boy scouts)
 - It reorganizes and builds social capital
 - E.g. Recreation groups, Youth groups, church boards, citizen action groups teach organizational skills that can be used for productive purposes
 - E.g. Women in Awano (reorganized their interests and skill)
- Services the formal economy
 - Restores labour
 - Feeds, clothes, houses labour force
 - De-Stresses – recreation
 - Maintains and builds social cohesion
 - Similar activities related to social capital (cf. above), but not necessarily directly related to productive ends
 - E.g. Card parties don't necessarily lead to tradeables or income, but they do build trust and exchange information potentially useful for such purposes
 - Provides a safety net/valve
 - Formal economy marginalizes, alienates, and generates tensions
 - Societies must mitigate maintain level of social inclusion and moderate tensions
 - Informal supports, voluntary associations, charities provide these services to 'permit' alienation to occur
- (S) Is primarily engaged by middle incomes (I)
 - Lowest incomes don't have resources to exchange
 - Highest incomes have little need
 - Informal economy is limited as compensatory mechanism for low incomes
- (S) Is highly gendered
 - Women participate more than men (I)
 - If women take on self-employment their informal economy activities increase but if men take on self-employment these activities decrease (I)
 - This is true only for rural women. For urban women, self-employment means a decrease in their informal economy burden (I)
 - Responses to the additional burden must be integrated into any programs for rural women to experience the same benefits as men
 - Additional burden of exchanges in child care, extra baking for community events, support for disadvantaged
 - Undermines the strength of the voluntary sector by forcing a choice on women

NRE² BUILDING RURAL CAPACITY IN THE NEW ECONOMY

Services

- Service needs and delivery changing
 - Regionalizing
 - Population shifts
 - Financial supports changing
- How have communities responded?
 - Organization
 - Partnerships
 - Communication
 - Finances
- What difference does the context make?

16

Services

- (S) Major changes to service demand and delivery (health, education, welfare, recreation, social support services)
 - Services shrinking in small towns and regionalizing
 - As towns get smaller (especially remote) services are regionalized
 - Population base shifting (outmigration, more turnover, aging)
 - Financial – sources and amounts
 - Bases of social capital and social cohesion shifting
 - In general: realignment of assets
- (S) What are the ways in which communities have reorganized to meet the new conditions?
 - Bureaucratic declined; Assoc & Communal increased
 - Especially in Leading sites
 - Partnerships established
 - New communication tools: internal to community and external
 - Shifting financial organization
 - Move from volunteers to paid support
 - Board of Governors
 - Shifts in the patterns of social capital and social cohesion (trust)
- (S) How effective are they?
 - Differences: metro adjacent, leading and lagging
- Policy implications
 - Reorganization of services
 - New forms of partnerships – which forms make matters worse?
 - Local conditions are critical
 - Funding strategies and capacities must meet local conditions
 - New governance
 - Work with existing strengths rather than trying to establish new mechanisms that undermine those strengths.
- Research needs
 - What conditions provide organizational stability?
 - How is local participation changing – resources, recruitment, gender?
 - What partnerships are possible, how are they developed, and used?
 - What communication tools are most effective?

NRE² BUILDING RURAL CAPACITY IN THE NEW ECONOMY

Communications

- Cost of communication and transportation falling
- Presence of media doesn't mean they are used
- Locally-oriented communication remains important
- Communication requires multiple venues

17

Communications:

- (S) Cost of communication and transportation falling
 - Moving people not falling
 - In a knowledge economy, communication becomes critical
 - Therefore:
 - What are the communication tools available to rural people and communities?
 - How are they used?
 - What are the opportunities they provide?
- (S) Presence of communication tools doesn't mean they are used
 - Constrained by existing social networks, skills, and technical issues
- (S) Locally-oriented communication remains important
 - Community radio and TV
 - Crossover activities integrating Market and Bureaucratic with Associative and Communal relations
 - Multiple projects examining their roles
 - Newspapers and newsletter
 - Especially for seniors and families with children
 - Bulletin boards
 - Internet
 - Rural-Urban gap remains
 - Barriers: technology, time, competing interests, social capacity
 - Different uses for different purposes
 - (S) This new technology is often used in combination with the old
 - People verify what they are hearing to build confidence
 - E.g. Worms and spam understood and managed by word-of-mouth, newspapers, and magazines
 - Use the venues they trust to develop confidence in the ones that appear risky
 - Capacity outcomes differ by community type
- Policy implications
 - What are the best venues for communication – for what types of information?
 - Who is excluded?
 - Local context matters
 - Traditional forms continue to be important
 - Don't fixate on one venue for communication
- Research
 - What are the innovations emerging to overcome the barriers?
 - Who is excluded around what issues?
 - What combinations of venues are required for what messages?
 - What types of social capacities are necessary for communication and how can they be built?

NRE² BUILDING RURAL CAPACITY IN THE NEW ECONOMY

Governance

- Local governance is more than government
- New governance = sharing of power, authority, information among municipal, private, civic sectors
- Leading sites:
 - Innovative reorganization of assets
 - Multiple uses of assets, multiple outcomes
- Local recognition of value of NGOs

18

Governance:

- (S) More than government
 - Includes business, volunteer groups, family networks
 - Effective governance means working with all these groups
- (S) New governance means new relationships between municipal governments, the private sector, and the civic sectors
 - Governance team has investigated many cases of this. Reflected in:
 - Capital developments (Sportsplex, Auditorium, Wharf)
 - Economic activities (Village des Lilacs)
 - Social developments (Schools – Matane)
- (S) Leading sites
 - Greater innovation in the reorganization of assets
 - Multiple uses of those assets – for a variety of outcomes
- (S) local people recognize and show greater confidence in their local voluntary organizations
 - More so than government – have least connections with federal gov't
- Policy
 - Good strategy, therefore, is to identify these groups and work with them
 - Businesses, churches, recreation groups
- NGOs are stressed
 - Declining pool of volunteers (esp. women)
 - Declining finances – competition from other sources
- NGOs work on different norms than governments
 - Gov't legitimate concerns for fairness and accountability put greater burdens on stressed NGOs
 - Therefore – need to pay for these since they undermine the basis for NGO strength
- Summary re. policy
 - Think beyond gov't – work through existing organizations
 - Acknowledge differences in norms/institutional structures
 - Adapt tools of governance
 - Explore new forms of representation and accountability
- Research:
 - How do communities decide and take action?
 - How can we strengthen their ability to decide and take action?

NRE² BUILDING RURAL CAPACITY IN THE NEW ECONOMY

Environment

- Resource and land entitlements changing
- Capacity in new conditions is challenging
- External forces are dominant
- Unit of analysis is critical
- Multiple ways to develop capacity
- Rural-urban relations are critical

19

Environment:

- (S) Conditions of resource and land tenure and entitlements changing
 - Greater recognition of interdependence of people and environment
 - Short and long term
 - Globalization shifts the desire and need for natural resources
 - Competition pressures stocks
 - Skills move to knowledge
- (S) Capacity to manage under new conditions is a challenge
 - Capacity hard to measure
 - Data not available or comparable
 - Quality of the assets are often more important than the quantity
 - Capacity not always manifested in use – the context may constrain its manifestation
 - Eg. Recycling in rural areas
- (S) External forces dominate
 - Markets, entitlements, ownership
 - Bridging capital becomes important
 - Needs enabling legislation
 - Not just control through regulations – this squeezes producers
- (S) Unit of analysis is critical
 - Communities are not always the locus of capacity for certain issues
 - Regions, provinces, national, international may be more appropriate focus
 - Eg. regions for markets and services
 - In some cases even individuals are critical
 - Avoid post-hoc analysis, however
 - Communities produce leaders, leaders don't produce communities
- (S) Multiple ways to develop capacity
 - Especially if we ask: Capacity for what?
- (S) Rural-urban relations critical
 - Rooted in food, water, environment
 - Infrastructure and opportunities differ
 - Eg. recycling interest vs. opportunity to recycle [graph?]
- Policy:
 - Resources remain competitive advantage
 - Encourage innovations by policies that consider reorganization of land and resource tenure and management
 - Minimize regulatory approach in favour of payment for services
 - Match subsidiary to research
- Research:
 - What are impacts of resource demands on rural communities?
 - What are the opportunities for rural communities?
 - Which types of management are most effective and sustainable?
 - What is the nature of the interdependence between rural and urban places?

NRE² BUILDING RURAL CAPACITY IN THE NEW ECONOMY

Rural Futures

- Natural resources remain important
- Rural-Urban relations critical
- Climate change a challenge
- Social order and quality of life critical
- Vision
 - Research
 - Discussion
 - Follow the questions

20

- Rural Futures
- What type of future do we see for rural Canada?
 - (S) Natural resources remain important, if fragile, competitive advantage
 - (S) Rural-urban relations critical
 - Recognize interdependence
 - Build sustainable management of resources together
 - Food, water, environment strategic foci
 - (S) Climate change a long term challenge
 - (S) Social order of urban centres and quality of life becoming critical
- (S) Vision
 - Unclear, but we know there are key places for research and discussion
 - Need to get the issues right to get the questions right
 - Not just the current crisis
 - Have the capacity to identify the drivers of the crises, the processes involved, and dream the opportunities and alternatives emerging
 - This has been our goal for the NRE project and for the event today
 - Requires working with you

NRE² BUILDING RURAL CAPACITY IN THE NEW ECONOMY

The New Rural Economy Project

The Canadian Rural Revitalization
Foundation

nre.concordia.ca
www.crrf.ca
2008/10/28



Social Sciences and Humanities
Research Council of Canada



Conseil de recherches en
sciences humaines du Canada



CJ Project

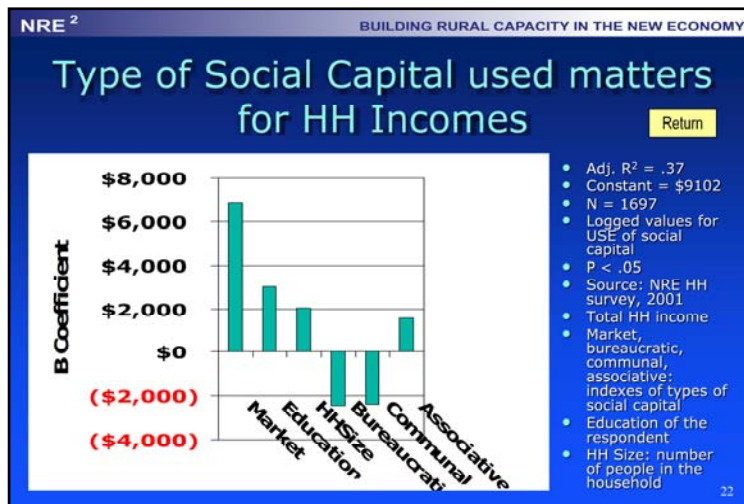
21

- Today's Activities

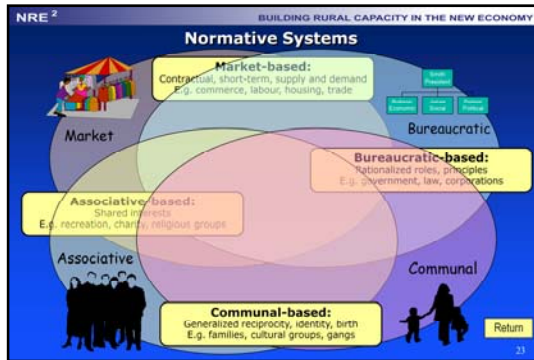
- Dialogue between researchers, policy-makers, practitioners, and citizens
- Elaborate on our insights
- Find out from you what is useful and what is not
- Find out from you what you need to know
- Adjust the foci for our research and the questions we ask
- Improve the way in which we communicate our insights so that they are useful to you

- Mechanisms

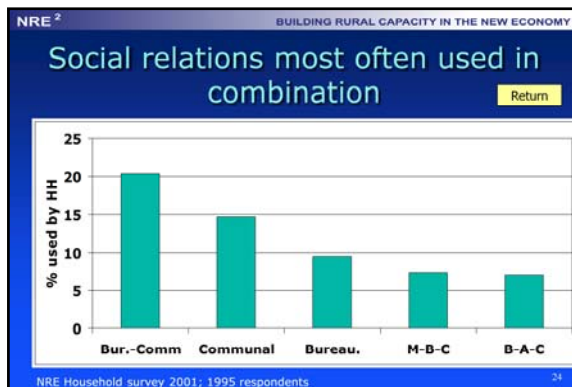
- Round tables with specific questions
- Question cards
- Plenary sessions
- Evaluation materials
- Continued communication in the future
- Possible collaboration



- HH Incomes regressed on 4 types of social capital use, education, HH size
- Values of B coefficients from regression
 - Larger the coefficient, the more the impact on the HH incomes
 - E.g. – HHs using high levels of market-based social cohesion increase their HH incomes by about \$7,000
 - The different types of social capital can have very specific benefits for rural communities
- This data is a demonstration of the way in which social capital can contribute to outcomes at the household level
- I have selected incomes since it is related to so many other key aspects of household livelihood and quality of life
- [We have measured social capital in 2 ways
 - Its availability
 - Its use
 - Not highly associated]
- In this case I have selected the USE of social capital for demonstrating its impacts
- Use of social capital
 - Measured by whether and how often household members turn to market, bureaucratic, associative, communal types of relations in their daily activities and when they are faced with major changes
- I have included education and HH size in the regression equation
 - Education: human capital (example of one of the more traditional measures in the economists' toolkit – plenty of research shows its importance)
 - HH Size: control for another of the contributors to income – the number of people in the HH. This gives us a better representation of the role of social capital alone
- Results:
 - Market-related social capital dominant impact – as expected for incomes
 - Bureaucratic and communal show a negative relationship
 - Bureaucratic: Most likely a reflection of social safety net in Canada (single parents, old age pensions, welfare) – raises the issue of direction of influence here: low incomes may mean people seek out bureaucratic supports
 - Communal: Similar possibilities – this time through family and friends
 - [Suggests the value of our work on the informal economy]
 - Associative: positive – consistent with Putnam's work – that focuses primarily on associative measures for social capital
- Implications
 - Social capital makes an important contribution to income – over and above human capital
 - Not just associative social capital that have impacts on income
 - Policies directed to Associative capacity are likely to increase incomes as well
 - Opens up new opportunities for building capacity
 - Nature of the social relations and their impacts are different



- Norms are the expectations, institutions, rights, obligations that guide our social relations
 - The rules (formal and informal, explicit and implicit) that govern to some extent the way we conduct ourselves in those relationships and what we expect of others
 - Social relations are characterized by incredible variation and innovation in the systems by which we relate, but
- We have found it useful in our research to think about the normative structures of social relations in terms of four broad types
 - (S) Market relations (e.g. 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, or for most of us, relating to colleagues or students
 - (S) Associative relations (e.g. baseball, bridge clubs, environmental groups, meals on wheels)
 - Based on 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 family, generalized reciprocity, favours
 - Controlled by informal norms, legislation, family law, and government support agencies
- All types are implicated in most relationships, 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
- (S) Hypothesis 1: High capacity communities are those that show the ability to function and integrate all four types.



Our research allows us to examine the extent to which these various systems are used – on their own and in combination

- (S) These data shows us an example of how they are used to deal with household crises and changes
 - The data are from our household survey – asked people for the major change in their household and how they dealt with it
 - As part of this we identified to who they turned for help
 - Graph represents the sources of this support with respect to the 4 types of normative structures
 - (S3) Note 1: Communal and bureaucratic most often used
 - Note 2: Often used in combination
 - (S2) Note 3: Market and Associative used next frequently – and most often used in combination
- Policy-makers – Government (primarily bureaucratic-based relations)
 - Bureaucratic-based often used in combination with others (Communal, then Market, then Associative)
 - People don't just 'go to' the doctor or the hospital – they are encouraged by their family, driven by their friends, or even covered for by their working colleagues
 - Multiple types of relations are involved
 - Programs of access that don't take account of this are going to be less successful, exclude vulnerable populations who don't have these types of networks, or place additional burdens on those who use the services
- Co-ops
 - Seldom see Market and Associative in combination
 - Associative requires shared interest
 - Market includes an important focus on personal interests and gain
 - Unstable alignment (cf. business club rules regarding the discussion of specific business decisions and strategies)
 - Co-ops are familiar with this – plus have worked out many ways to manage it
 - Sometimes appealing to the common interests of the population, sometimes to a more idealistic communitarianism, and sometimes to self-interest – depending on the groups to which the appeal is made, the challenges faced from competitors, or the value-context of potential members
- I wish to elaborate a bit more on the Bureaucratic-Associative relationship since
 - It is particularly problematic in rural communities and the third sector
 - It is a key element of policy formulation and application
 - We have focused on this

NRE² BUILDING RURAL CAPACITY IN THE NEW ECONOMY

Available Social Capital is not always Used

Correlation (r)	Available Social Capital				Return
Used Social Capital	Market	Bureaucratic	Associative	Communal	
Market	.12**	.22**	.20**	-.18**	
Bureaucratic	.08**	.14**	.09**	.09**	
Associative	.21**	.35**	.28**	.07**	
Communal				.05*	

NRE HH Survey (N=1849) ** p<.01; * p<.05; Social Capital Used within 30 minutes of site. 25

Available social capital is not always used

- Correlation between available social capital and the extent to which it is used by rural households.

- Available social capital is measured at site level [possible technical qualifications]

- Used social capital measured at level of household: within 30 minutes of the site [to be consistent with the way in which the available social capital was measures]

- Low correlations indicate that the level of available social capital in a site is not strongly related to its level of use

- (S) E.g. .05 for Communal by Communal: Communal is used no matter whether the site level available is high or low

- High correlations indicate that in those sites where the level of available social capital is high, it is more likely to be used.

- (S) E.g. .28 for Associative by Associative: In those sites where there are many Associative-based organizations, people are more likely to use them than in those sites where the level is low.

- Implications:

- There is great potential for making use of available assets within the communities.

- This is one of the objectives of community development activities – to identify new or unrecognized assets and find ways to use them

- Policy primarily addresses programs that can directly affect the availability of social capital

- The services, enterprises, voluntary organizations, facilities, and family supports that support social capital formation

- But these results suggest they will not always be used.

- We need to understand why they are not used (Are these opportunities lost or is this just the way that social capital works – held in reserve until a crisis?)

NRE²

BUILDING RURAL CAPACITY IN THE NEW ECONOMY

Context Matters (Metro Adjacency)

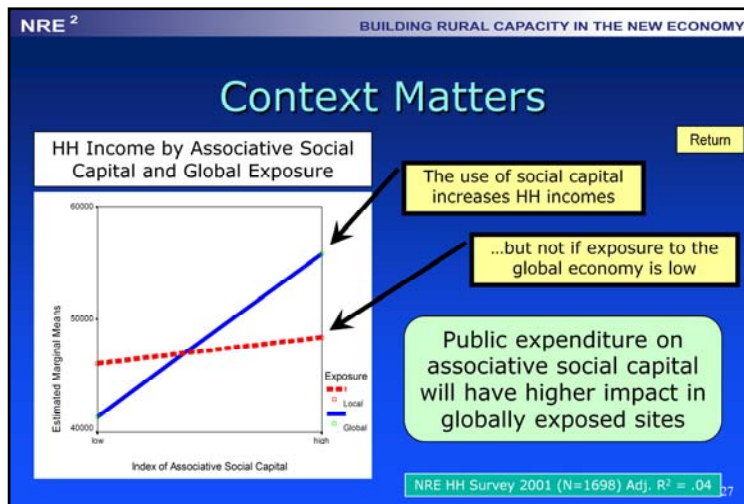
Correlation (r)		Available Social Capital				Next
Used Social Capital		Market	Bureaucratic	Associative	Communal	
Market	NAdj	.36**	.40**	.43**	-.31**	
	Adj.	-.09**	-.08*	-.07*	-.16**	
Bureaucratic	NAdj	.19**	.18**	.18**	ns	
	Adj.	ns	ns	ns	.13**	
Associative	NAdj	.42**	.53**	.52**	-.22**	
	Adj.	ns	.09**	ns	.17**	
Communal	NAdj	.11**	.11**	.14**	ns	
	Adj.	-.18**	-.08**	-.22**	ns	

NRE HH Survey (N=1849) ** p<.01; * p<.05; Social Capital Used within 30 minutes of site 26

NRE HH Survey (N=1849) ** p<.01; * p<.05; Social Capital Used within 30 minutes of site 26

Relationship between the availability of social capital and its use

- In each case, the location of the site with respect to urban centres makes a difference on this relationship
- Noticeable relationships
 - Building any form of social capital has the strongest relationship with the use of various forms of social capital in Non-Adjacent sites
 - In general, Communal-based social capital shows different effects than the other types
- Other findings from the comparisons:
 - In general, Global economies show stronger relationships between availability and use than local economies
 - The differences between Stable and Fluctuating are less than the others and they shift with respect to the type of social capital used
 - Fluctuating is stronger for Market-based and Associative-based used SoKp
 - Stable is stronger for Bureaucratic-based and Communal-based used SoKp
 - Low capacity sites show higher correlations than high capacity sites – except for Communal-based used SoKp



The Context Matters

- Graph shows the interaction effect of household incomes by associative-based social capital and the level of exposure to the global economy
- It illustrates the importance of context on the relationships identified
- The use of associative-based social capital increases household incomes
- However, this is only true for sites that are relatively well connected with the global economy.
- Policy implication: Public expenditure on building associative-based social capital will have a higher impact in globally exposed sites over locally exposed one.

NRE² BUILDING RURAL CAPACITY IN THE NEW ECONOMY

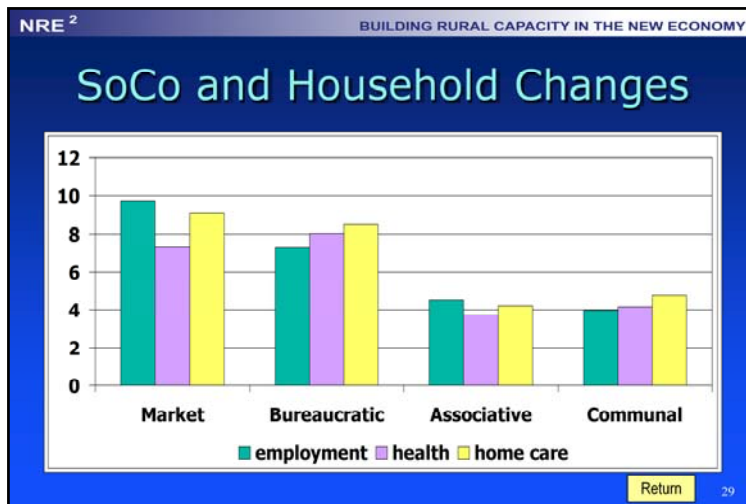
Perception vs. Behaviour-based Indicators

Return

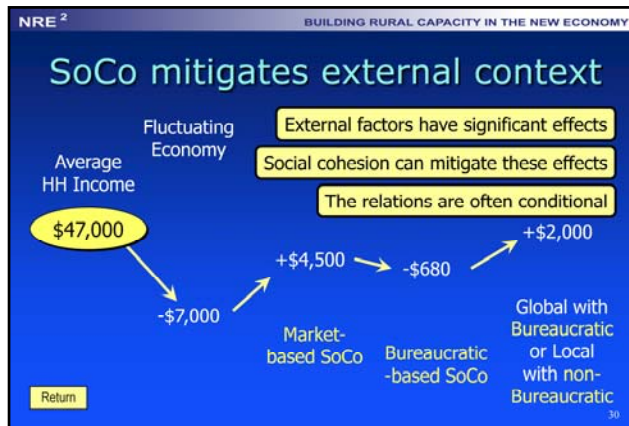
	Market	Bureau	Assoc.	Comnl	Total
Community Cohesion	.10	.11	.25	.18	.24
Psychol. Cohesion	.09	.12	.25	.17	.24
Attract-iveness			.14	.08	.09
Neighbour-hood	.13	.08	.15	.20	.21

All correlations significant at .01 level (2-tailed) NRE HH survey, 1995 respondents 28

- Overall relationships low: cf. Total column, .24 maximum
- Variation by type of SoCo (Behaviour)
- Perception-based narrow?
- Perception more sensitive to identity?
- Perception less sensitive to incidents?



- Major Changes and Social Cohesion
- This examines the type of responses that people made to the major changes occurring in their households.
- Three types of major changes have been selected:
 - Employment
 - Health
 - Home Care
- What types of social cohesion were utilized in response to these changes?
- (S) Employment: Market, then Bureaucratic, then Associative and Communal
- (S) Health: Bureaucratic, then Market, Communal, and Associative
- (S) Home care: Market, then Bureaucratic, then Communal, and Associative
- Main point: Services and supports for social cohesion need to recognize the different types of networks and social relations called upon.
- Research: Are they called upon simply because these are the supports available?
 - We have found only a weak relationship between the availability of social capital and its use.
 - Important questions for service delivery



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^2 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

NRE ² BUILDING RURAL CAPACITY IN THE NEW ECONOMY					
SoCo not all under local control					
	Market	Bureau.	Assoc.	Comm.	Variety
Global Economy	High	High		High	
Stable Economy	Low		Low	Low	Low
Metro Adjacency			Not Adjac.		
Capacity	Low			Low	Low
					Return 31

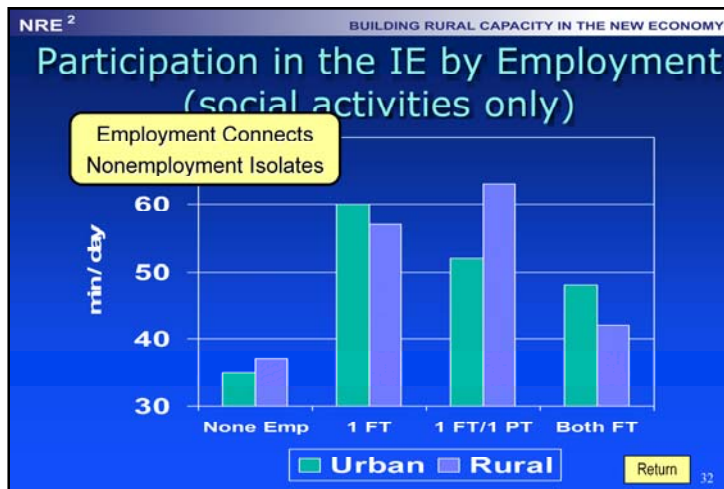
SoCo is not necessarily under control of local people

- Variations in social cohesion are often due to factors beyond the control of local people
 - Exposure to the global economy
 - Stability of the economy
 - Adjacency to metro centres
 - Institutional capacity
- Effects vary by the type of social relations involved.

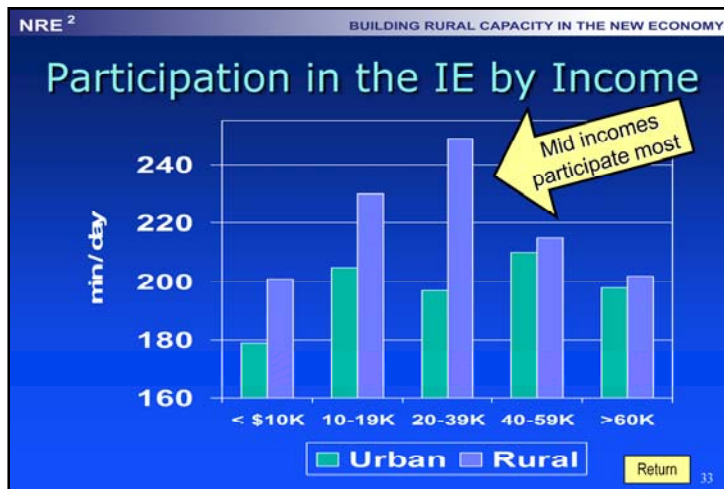
•This does not mean that local people have no influence at all, however.

Conditions for use of social cohesion (Conditions -> SoCo)

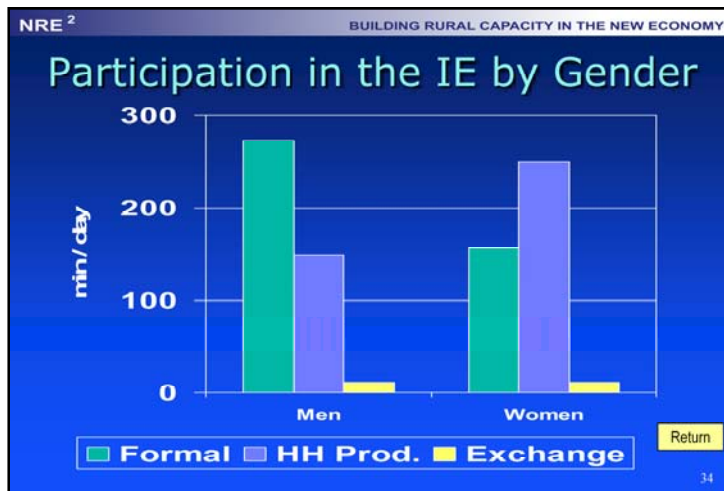
- Social cohesion does not occur in a vacuum.
- Examined some of the external conditions where we found high levels of social cohesion
 - Social Cohesion based on all types of social relations
- Most of them were linked to conditions which are largely beyond the control of local communities
 - (S) Global or local economies: Global markets -> higher levels of market-based SoCo
 - Does this mean that as rural areas become more involved in the Global economy, we will see the increased importance of Market-based relations for social cohesion (people working together)? And lower use of bureaucratic, associative, and communal?
 - (S) Stable or fluctuating economies: Stable -> higher levels of communal-based SoCo, lower levels of bureaucratic-based SoCo
 - (S) Metro adjacency: Adjacent -> higher levels of communal-based, but lower levels of market-based and associative-based SoCo
 - (S) Institutional Capacity (schools and hospitals): (provincial and federal jurisdictions) more capacity -> lower levels of all but associative-based SoCo
 - Reflects other findings regarding social capital: The availability and use of social capital are not strongly related
- NOTE: Bureaucratic-based social cohesion:
 - Local economies
 - Fluctuating economies
 - Low Institutional capacity
 - Do bureaucracies serve remedial roles – provide a safety-net for vulnerable sites?
- Two main points:
 - We shouldn't treat social cohesion as a single phenomenon – it has roots in a variety of social relations
 - The type of 'glue' that binds people in rural areas varies by characteristics that are beyond their control
 - Often the result of more general policies and programs
- Regression analysis (pscoh30) (1995 HHs)



- Our analysis also suggests that the informal economy relationship with rural household pluriactivity is very different than urban pluriactivity
- We looked specifically at those informal economic activities that involved another person – either specifically done FOR another person or WITH another person, thus focusing on informal EXCHANGE activities.
- [S] The graph shows how different the patterns are for urban and rural respondents
 - For urban respondents, increases in pluriactivity (1FT to FT/PT to both FT) mean a decrease in informal economic activities
 - For rural respondents the FT/PT combination is associated with the highest level of informal exchange activity
- Being outside the labour force yields the lowest levels of IE activities
 - This may be an important part of the social exclusion associated with unemployment
- We need more research to explore these differences since the GSS does not provide us with sufficient information.



- What is the Relationship between the Informal and Formal Economies?
- There is some recognition in the literature that the formal economy may vary in a counter-cyclical pattern with unpaid work, but the elaboration of that relationship is underdeveloped
- Simple correlation analysis reveals negative values around it
 - .40 for both rural and urban respondents between time spent in formal and informal activities
- The details of these relationships are better revealed when looking at more specific conditions
- Participation in the Informal Economy (1998 data)
- Urban residents: reasonably similar over income levels except for lowest one
- Rural residents participate more in IE activities
- Participation is highest at the middle income levels
 - Note how participation levels drop off at the lowest income levels for both CMA and non-CMA residents
 - Even more so for the very low levels of income (<\$5K for example)
 - This may reflect a limitation in the safety-net hypothesis – very poor people are less able to participate in the IE because they lack the basic resources to exchange
 - Note also how important the informal economy is for middle incomes (Canada II?) in rural areas only



- The general figures gloss over some important gender issues
- Men are more likely to be involved in formal activities than women, and women are more likely to be involved in informal activities than men.



- These gender-related characteristics highlight the ways that policies developed without recognition of the informal economy might exacerbate inequalities and exclusion
- An example can be found in those projects and policies that support self-employment as a response to job loss in rural areas.
- Self-employment is one of the fastest growing economic activities in rural areas, and a very high percentage of these people are women.
- The implications of self-employment for men and women are very different, however, if we include an examination of the informal economy
 - [S] For men, moving to self-employment from unemployment means a decrease in the time devoted to informal economic activities
 - [S] For women, on the other hand, it means an increase.
 - Self-employment is an additional burden, not a substitution
 - Only by moving to paid employment does their involvement in informal economic activities decrease



- This difference takes a new twist when we compare rural to urban residents.
- [S] For urban women, moving from unemployment to self-employment means a decrease in informal economic activities – [S] unlike the situation for rural women.
- The implications of these conditions are not included in the policies or programs directed to entrepreneurship – but they should not be overlooked if those programs are going to be effective.