

Rural Communities Are Shrinking In the Global Economy

What does that mean?

The term 'global economy' refers to manufacturing, communications, finance, insurance and business service industries. Local economies, on the other hand, include construction, transportation, retail trade, accommodation trade, and real estate services. Rural communities exposed to the global economy faced shrinking populations between 1986 and 1996. Statistics Canada data shows that the population of communities depending on industries connected to the global economy decreased by more than 6%. However, communities that were connected to local markets experienced population growth of almost 5% over the same period.

Figure 1: Average population change of rural communities by exposure to the global economy

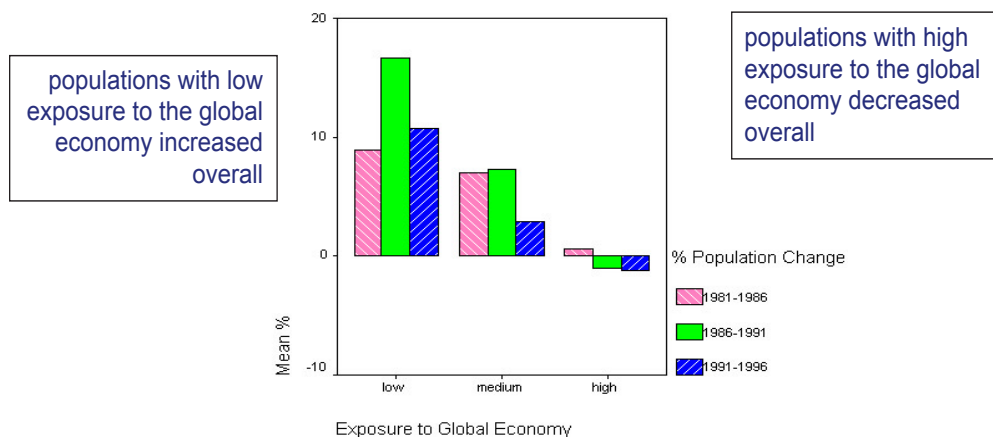


Figure 1 shows how exposure to the global economy can have a negative impact on rural communities, especially when those communities rely on the international trade of resources.

What options do rural communities have?

Rural communities that rely on resource trade may have to decide which is more important: a growing population or the money that comes from international trade. The NRE believes that it is a good idea for such communities to consider diversifying their economic interests in order to balance some of the negative effects of global trade. Another option is to prepare their infrastructure and services for a declining population.

Does the government have a role to play as well?

Provincial and national policy-makers should provide communities with the support required to make the changes mentioned above. In addition, governments should consider what happens to the economic and social life of a community when the population decreases. This means thinking about including the consideration of the social aspects of their economic policies.

These results reflect processes of crucial importance to both rural and urban Canadians. The research and education in the New Rural Economy Project is designed to foster debate on these issues and provide the information that is necessary for the debate.



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