

# Building Rural Capacity in the New Economy



## What do we want to understand?

We want to learn how to build rural capacity for a more open, global, and knowledge-based economy. Capacity is the ability to achieve goals by identifying and re-organizing assets and resources. It can be accomplished through a variety of processes – all of them requiring continual learning. Capacity-building also means reducing obstacles to action created by institutions, policies, or perceptions that are insensitive to the new conditions.

We hope to understand how the new economy changes the conditions and the assets available to rural people, the new forms of capacity it requires, and the best strategies to build these capacities. We will accomplish this by combining high quality scientific research with collaboration among researchers, rural citizens and policy-makers.

## What are we doing?

The research builds on work conducted by the *New Rural Economy Project* of the *Canadian Rural Revitalization Foundation*. We are analyzing existing census and survey materials to extend our knowledge and test hypotheses regarding the form and impacts of the new economy. We are collaborating with people in 32 rural sites to learn how they deal with the new challenges. We are experimenting with communication techniques to evaluate the ways in which new technologies build capacity – and under what conditions. Our workshops, exchanges, and conferences, ensure that the research and experiential knowledge gained from our work is disseminated and evaluated by citizens, policy-makers, and researchers.

## What have we learned?

*Rural Canada must reposition itself for the new economy.* Although the extraction of natural resources remains important for rural economies, it is no longer sustaining local communities and livelihoods. Labour-shedding technologies and improved transportation have centralized commodity production to a point where most of the goods, capital, and labour move through large regional centres – leaving smaller towns and villages struggling to justify their existence.

*The new economy provides opportunities for rural revitalization.* Rapid and extensive communication technologies have meant that relatively remote locations have access to information that can help identify and service new markets. They also enable new networks for knowledge-sharing and collaboration. Our field work identifies many examples where rural people have capitalized on these opportunities – creating innovations in production, marketing, services, and governance that extend their capacity to function in the new economy.

*Capacity is a social affair.* Our survey and field work make clear that technology and infrastructure are only part of the requirements for revitalization. Social capital – the networks and norms that support local action – is critical to the use of the technology. Our rural household survey and site profiles provide key evidence of the multi-dimensional nature of this type of

capital. Facility with market or associative-based social capital is more likely to result in higher household incomes, for example, than capacity based on bureaucratic or communal relations.

*Context matters.* Our comparative approach reveals how the context can affect the nature and extent of important outcomes. In general, household incomes are higher where participation in voluntary associations is high. But this relationship disappears where the economy is locally oriented or close to urban centres. These results imply that social capital is even more important for incomes within the new economy – especially in more isolated communities.

*Innovations in institutions are key.* Institutional innovation does not typically occur by decree. Instead, it emerges as people find existing institutions to be inadequate or obstructive to achieving their objectives. In some cases it means modifying existing forms, while in others, it means creating new ones.

We have identified some of the ways this has occurred in rural areas. Citizens concerned about the sustainability of salmon fishing organized a watershed-focused committee that brought together businesses, industries, environmental groups, and municipalities in a forum that cut across the traditional institutional divisions. A municipal council frustrated by their inability to raise funds, reorganized themselves in a corporate structure that enables them to initiate projects on behalf of their community. In each case, local capacity is increased through institutional innovation.

Unfortunately, these innovations are not widespread, often remaining weakest in the locations that need them the most. By analyzing the conditions and processes of their emergence, we will be better equipped to adapt their insights and experiences to such places.

### **Who are our partners?**

The 15 researchers involved in this work are joined by 23 institutional partners and 32 rural sites. The institutional partners include 11 universities, 8 Research Centres, several government departments, and NGOs such as the FCM – some from Japan and Europe. The citizens and organizations in our field sites provide contributions to the research through knowledge, services, infrastructure, and networks. In most of them, we have established working relationships lasting more than 6 years.

### **How will our work help Canada?**

Rural citizens will learn how to conduct research, interpret the results, and take appropriate action to further their own ends. Policy-makers will benefit from scientifically collected, critical knowledge that is grounded in the context to which their policies are directed. Researchers will benefit from the accumulation of systematic, comparative, and multi-level information regarding social, economic and political changes. All Canadians will benefit from a more appropriate representation of rural Canada, the increased capacity of rural Canada to contribute to the Canadian economy, and a more accurate account of the way it is affected by the new economy.