

So, what's new about the *NRE* ?

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The *NRE* is a globally accessible WWW site

- New functions
- New technology
- New global exposure
- New strategies for relationships

The *NRE* discovers functions with a **growing** demand

- **Carbon sequestration**
- **Protection of habitat for *all* biological life.**
- **Residential space and countryside amenities**
- **Urban waste processing**
 - water borne pollution through wetlands
 - garbage and biosolids
 - air pollution
- **Leisure and recreation to reduce urban stress**
- **Preservation of national heritage**

New functions generate new issues

- Rents accrue to common property owners
 - the state
 - national citizens collectively, most of which are urban
 - global citizens collectively
- Therefore
 - investment in the new functions merits equity financing by the non-rural owners.
 - AND rural private property rights have to be combined with common property rights, through joint product relationships, for the rural economy to grow.

Multiple functions lead to some new discoveries

- **Common property features of functions overlie private property and market signals.**
 - **Reduces flexibility to self-organize around market signals.**
 - **Moves rural economy away from market solutions toward social contract solutions.**
 - **Declining political power and local 'warlord' style rural politics limit institutional innovation.**
 - **Dependence on weak national political will/skill.**
- **And we discover that the urban economy is a free rider on common property services provided by the rural economy.**

The *NRE* is a born-again
rural economy

New economy industries and
biotech are retooling the old
rural economies.

But...

Are not really part of the NRE
itself

What are New Economy industries?

now 25% of Canadian GDP;
4 years ago only 8.2% (Globe and Mail 18 September 2000)

- Goods producing
 - communications and electronic equipment
 - computer systems
 - wires and cables
 - biotechnology

- Service producing
 - common carriers
 - cable
 - business services
 - bio-management

Retooling restructures costs

- Higher proportions of IT inputs are flattening the former artisan cost curves.
 - Being twice as big now with IT saves 50%, not the former industrial 10%
 - Wider range of output with constant or declining costs
 - problems with under-capacity
- Marketing and transaction costs grow relative to production costs.
- Declining communications/information costs

Retooling also perpetuates an old rural problem

- New economy industry and biotech creates new economic rents in the NRE.
- But... the property rights (mainly intellectual) to these new economy inputs are held outside the NRE.
- Therefore, these rents are bled off to the global owners of the IT and biotech.
- The NRE experiences an acceleration of the ORE problem of rent leakage and dependency.

.....and brings a new problem

- A fundamental contradiction.
- Rural amenities and NE commodity farming, forestry and fishing are uncomfortable and increasingly unfriendly neighbours.
- Less and less space or public acceptance for new economy agriculture, forestry and fishing, yet...
- Farming, fishing and forestry make up the rural identity and provide the personal identity to rural people.

Getting on with the job

THREE RURAL ECONOMIES

Number **1** **1-5%** pop

Gold Credit Card; globally competitive, strong property rights backed up with mercantile entitlements

Number **2** **35-75%** pop

Debit Card; local orientation, politically implicated, landed, volunteers, robust entitlements, significant informal economy

Number **3** **20-60%** pop

No credit; unemployed/under-employed, few property rights, fragile entitlements, income trapped big informal economy, youth, seniors, female, aboriginal

Know the Forces behind the *NRE*

- *Created* by globalization
- *Enabled* by new economy technology
- *Shaped* by the State with strategies to position Canada in global competition.
- *Executed* by global public corporate organizations
- *Paced* by market restructuring (concentration)
- *Driven* by rent-seeking and productivity

Dare to be different

- *Global function: multiple; competitive and custodial*
- *Outputs: varied; demand-driven differentiation*
- *Rural culture: heterogeneous; several ruralities*
- *Human capacity: growing; emergence of an autonomous learning culture*
- *Complexity: very! external relations count for a lot*
- *Financial: global; fiscal and financial reform overdue*

NRE is defined by competitiveness and predatory status in its external relationships

Use a macroeconomic policy lens

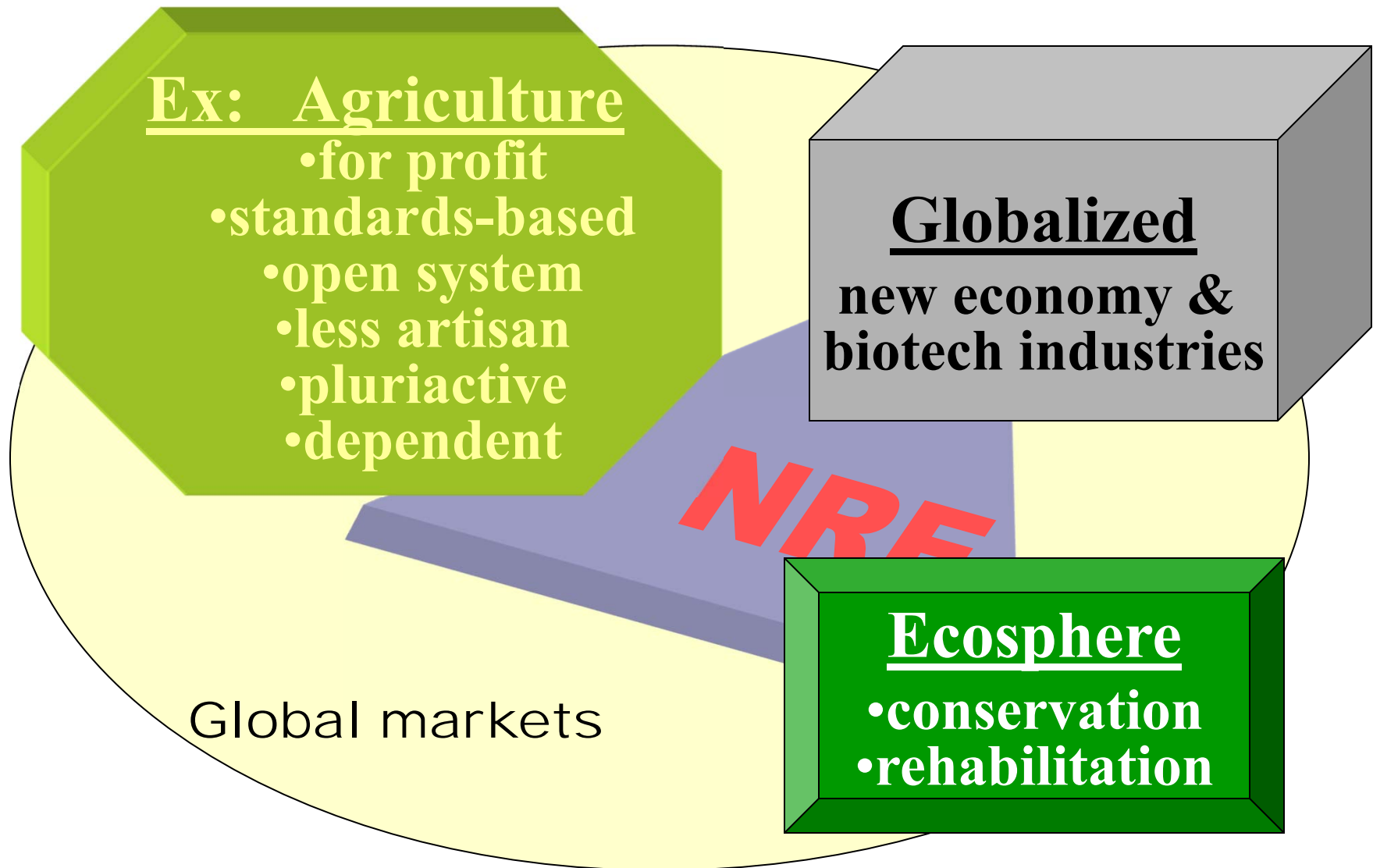
- **Production-oriented NREs are sidelined in financial markets.** [Global capital chases interest rates and asset markets, more than production opportunities.]
- **Globally-exposed NREs are sensitive to exchange rate effect on demand and off-shore inputs.** [Higher trade/GLP ratios give exchange rates more influence on income and prices.]
- **Domestically-exposed NREs are sensitive to central bank policy.** [Lower trade/GLP ratios give interest rates and monetary policy more influence.]
- **Locally-focused NREs are sensitive to current accounts policy.** [Social entitlements and spending generate much of the cash flow.]

*WANT TO GET AHEAD IN THE
NRE ?*

Organize, re-organize, self-organize
...endlessly...

Use the complex set of NRE
relationships
to advantage !

NRE; complex relationships





Building rural economies for the 2000s
Construire les economies rurales pour le troisieme millenaire

Become a member today!
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