

The New Rural Economy *NRE*

GETTING OUT OF THE RESOURCE BUSINESS!

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CRRF Building Rural Economies for the 2000s

Les Grandes Lignes de Reflections

1. Relations externes de l'économie rurale.
2. Compétition dans les marchés.
3. Intégration avec l'environnement.
4. La culture d'apprentissage.
5. Une Chartre Rurale.

Main Points

- The *NRE* is diverse, many economies.
- Can no longer treat agriculture alone. *NRE* complex, many interactive relationships.
- Agriculture and agricultural policies have become a liability to many rural economies.
- Governments and agricultural leaders need to rethink their one sector, 1 1/2% solutions.

Today's *NRE*

THREE RURAL CANADAs

Number **1** **5-10%** pop

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

Number **2** **60-70%** pop

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

Number **3** **20-35%** pop

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

THINGS WE KNOW WITH CERTAINTY

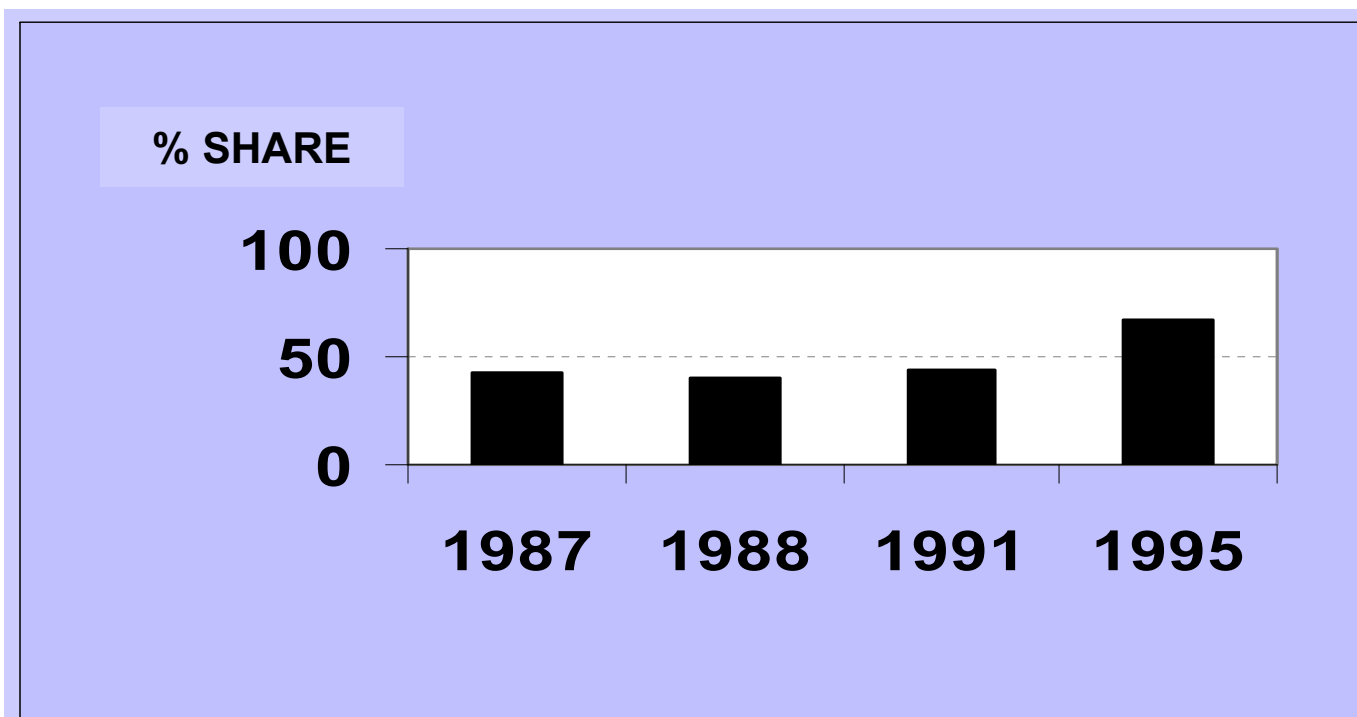
- **All agricultural households are pluriactive now.**

- **Upstream and downstream markets continue to concentrate to the disadvantage of agriculture.**

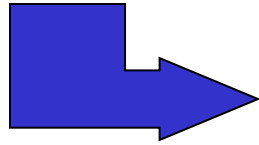
- **Agricultural household earnings in Canada contain relatively weak rents compared to the US.**

- **Farm income disasters recur with unpredictable frequency.**

SHARES OF OFF-FARM EARNINGS AS % OF AVERAGE FARM FAMILY INCOME 1987-95



WTO and the rural economy



Economic growth and efficiency

**Demanding customers
with market power**

PLUS

Extra tonne mentality

**Ever-increasing
price pressure on resource sectors**

Intense focus on cost-saving

**3 'EVILS'
of
free trade**

- **Breakdown of rural institutions**
- **pressure on the environment**
- **minimum wage rural economy**

Perils of a natural resource-dependent rural economy



UNINSURABLE

SOME CHALLENGES
TO
CONVENTIONAL
WISDOM

1. Markets

**Supply and demand determine efficient prices
.....BUT**

**Not for common property services, such as food
security or rural amenities,**

OR when markets are concentrated.

2. Productivity

**Being more competitive is THE solution
....BUT**

Not sustainable when downstream commodity value-adding enterprises are globalizing, putting enormous price pressure on their suppliers, ...especially through `bracketing`.

3. Technology

More is better ...

...BUT NOT ALWAYS

- 1. When access is tied to wealth extracting agreements with globally integrated suppliers;**
- 2. When safety and ecological impacts are not reasonably transparent,**
- 3. When individual and collective sovereignty and identity are replaced by dependency.**

4. Sectoral Policy

More mercantile measures are demanded AND offered....BUT

When they substitute for productivity, are capricious, palliative, rent extracting,

OR generate dependency,

They damage local capacity to develop AND usually impede trade.

Summary of CRRF 's Understanding

•Rural economic problems are mainly structural.

•Parts (eg agriculture) are inseparable from the whole.

•No economic rents = no wealth = no equity finance
= no tax base = dependency = patronage politics.

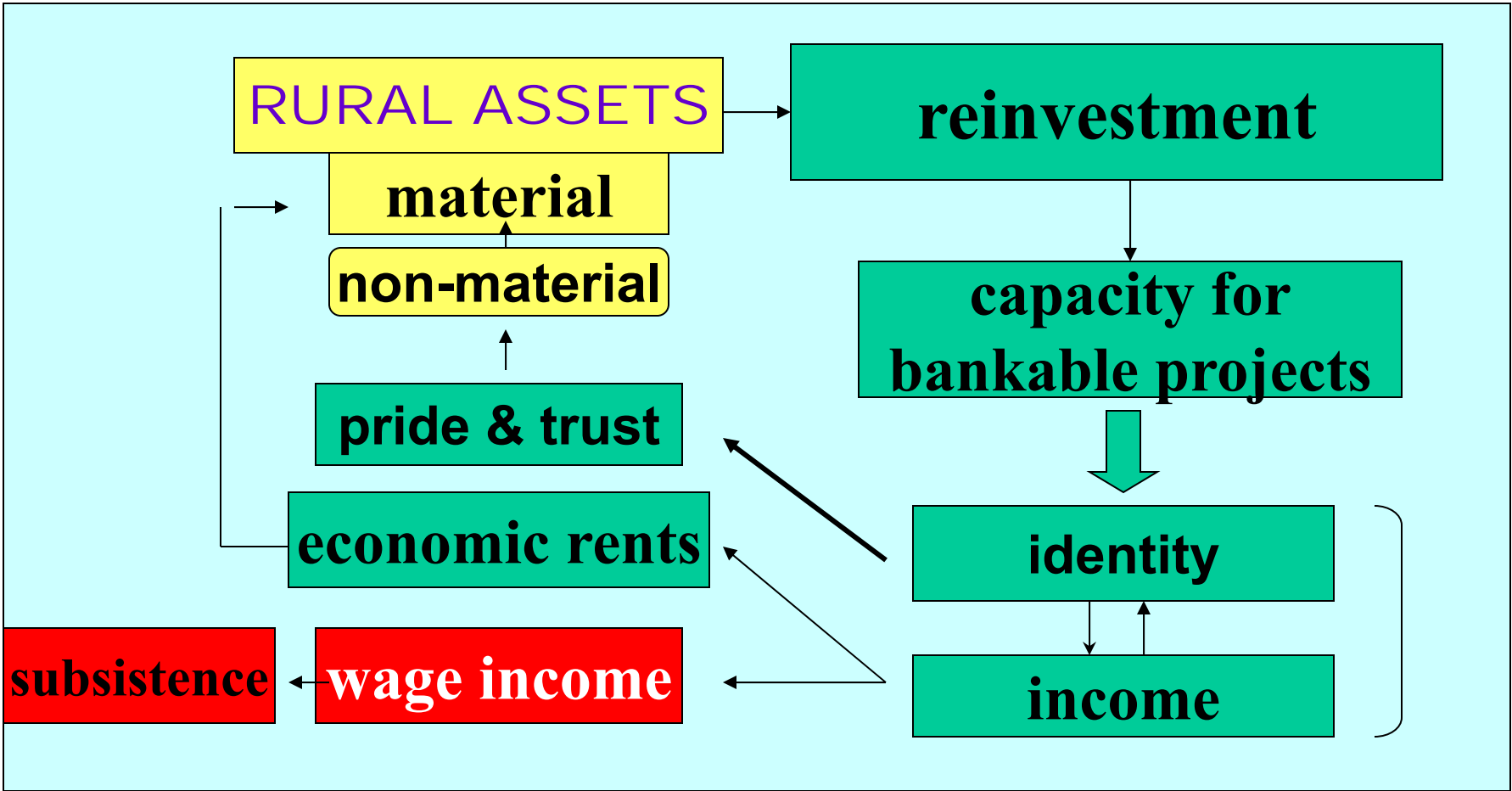
•Resource sectors have become a liability for most rural places and people.....YET

•The nature of resource work and property rights are the roots of rural identity and capacity to sustain development.

**So how do we build capacity for
future rural prosperity?**

WIDER THINKING IS NEEDED

A USEFUL FRAMEWORK TO CUT THROUGH THE COMPLEXITY



En sommaire: Conséquences d'entreprendre chez-nous ...à l'ancienne

- *Blocage des revenus*
- *Vieillissement démographique*
- *Exode rurale*
- *Stagnation foncière*
- *Instabilité économique*
- *Incertitude*
- *Risque d'extinction de la capacité rurale d'entreprendre*

Une strategie plus propice pour entreprendre chez-nous,

S'éloigner de l'économie de ressources naturelles

Différencier les biens et les services

Lier étroitement entreprise et environnement

Choisir la technologie pour sa force dans les marchés

Approfondir la culture d'apprentissage

Aménités rurales Aménités rurales

PLUS.....

Une Chartre Rurale

1. Respect des droits de **propriété collectives et privées**

2. Standards de comportement **environnemental**

3. Compensation pour les service **hors marches**

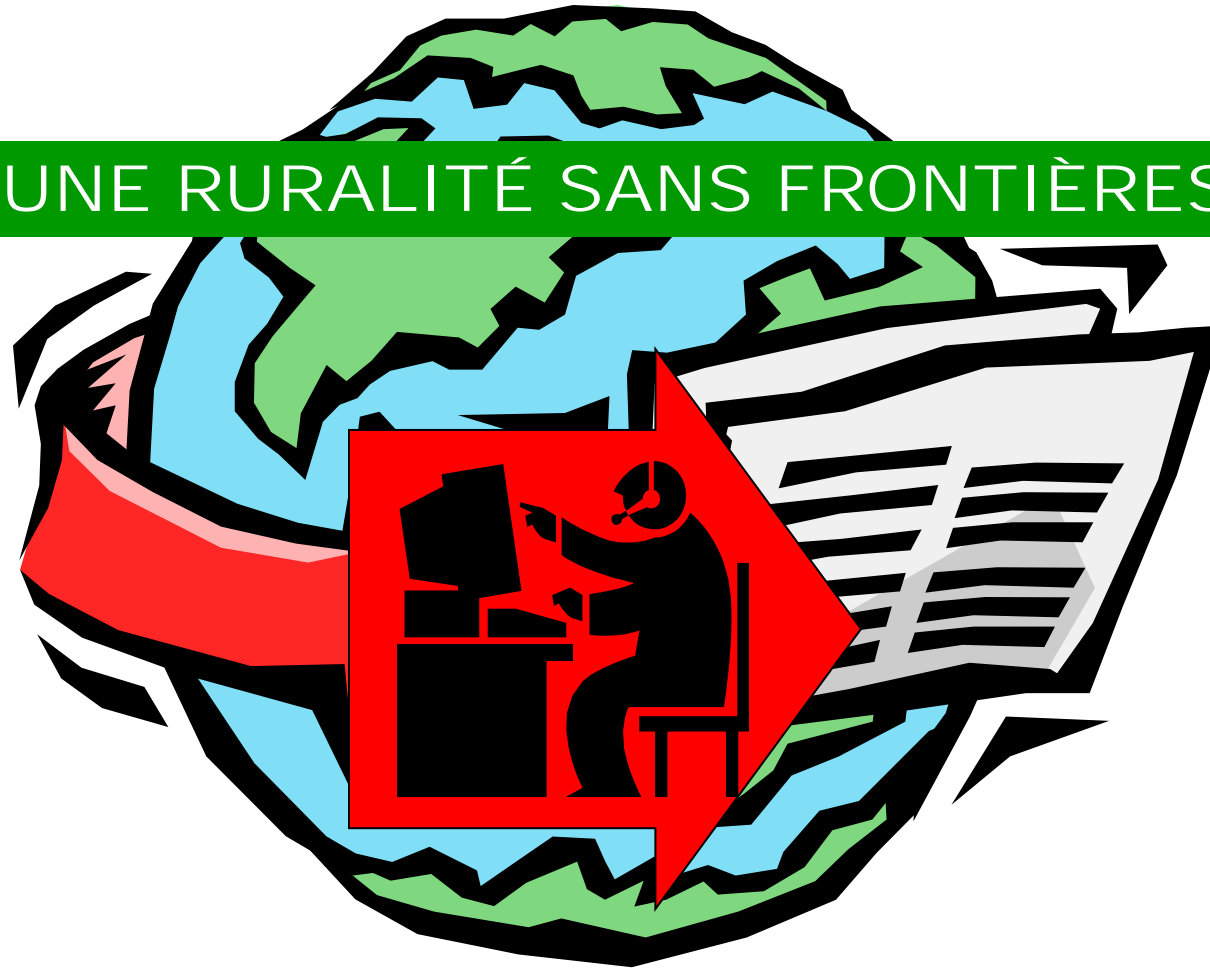
4. Compétition dans les **marchés**

5. Respect de la société civile et des **droits-de-faire**

Et pourquoi pas?

*Pour une
Nouvelle Économie Rurale*

UNE RURALITÉ SANS FRONTIÈRES





*Bâtir l'économie rurale pour les années
2000*

Building rural economies for the 2000s