




Processes of Exclusion and Inclusion
in The New Rural Economy

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- Acknowledgements:
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Outline

- Processes of Exclusion and Inclusion
- The New Rural Economy Project (Canada)
- Processes of exclusion and inclusion in the NRE
- Policy implications



What is Social Exclusion?

- Multi-dimensional
- Dynamic
- Multi-level
- Relational

What are the processes by which individuals or groups are integrated into or excluded from participation in our society?

What is Social Exclusion?

- Follow the lead of Room (1995), Shucksmith and Chapman (1997), Commins
 - (S) Multi-dimensional
 - *[One can be excluded from multiple institutions (economic, civic, social), social groups (communities, families, associations), benefits (wealth, housing, education) or from particular events (voting, celebrations, recreational)]*
 - Our focus is typically on exclusions from particular types of institutions, benefits, or events that are critical for theoretical, pragmatic, or moral reasons
 - “Integrationist” in Levitas (1999), but more than focus on employment – integration with respect to control over property rights and entitlements. Employment doesn’t always provide this control (individually or collectively)
 - Dynamic
 - People, groups, communities move in and out of exclusion
 - Exclusion is intimately related to inclusion
 - Multi-level
 - Exclusion can occur to individuals, groups, communities, institutions, nations
 - Relational
 - Exclusion is best understood in relational terms
 - To what extent do people participate in social or institutional groups?
 - To what extent do they share in any benefits accruing to these groups (resources, assets, entitlements)?
 - What are the processes by which individuals or groups are integrated into or excluded from participation in our society?



- (S) From the anthropological, sociological, political science, and community development literature, we know a fair amount about the ways in which assets, resources, and entitlements are distributed within societies and groups
- We have chosen to identify four interrelated systems by which redistribution and organization takes place (S)
- Each of them is relatively coherent
 - has its own set of rules, norms, values, and modes of relating
 - has formal and informal mechanisms to sustain itself
- Each of them provides:
 - a basis for social inclusion or exclusion (rules and norms by which people relate to one another and enjoy the benefits of such relations)
 - a set of expectations regarding acceptable behaviour
 - legitimization for action and belief
- Individuals, groups, and organizations operate within these various systems in various combinations
- Each of them are systems which can limit or constrain behaviour (authority and legitimacy)
- Each of them are systems about which people can learn
- Each are systems by which people organize themselves (self-organization)
- Look in more detail at each of them by way of example*

Market Processes

- Predominate in commodity, labour, housing markets
- Rights and obligations determined by supply and demand
- Contractual relationships – short term

Work best where there is:

- Mobility
- High certainty
- High information
- Trust



- **(S) MARKET** relations
- (S) predominate in contexts where there is the exchange of commodities, labour, finances, housing, etc.
- (S) rights and obligations are determined by supply and demand
- (S) fundamentally based on contract relations
- (S)(S) most often found in conditions where:
 - (S) easy entry and exit to these relations
 - (S) high level of certainty, openness, absence of opportunism (Granovetter and Swedberg, 1992:61), and a willingness and ability to find mutually satisfactory exchanges
 - (S) easy access to information
 - (S) requires constraints on the extent to which participants can deceive, renege on promises, or otherwise limit free exchange
 - “works best” means it produces equality and fairness
- Inclusion skills for market relations requires access to information about the market, ability to anticipate demand, willingness to take risks, having resources or services to exchange
- Exclusion processes based on the absence or threat to any of these

Social Exclusion in a Comparative Context

- Problem: How can we establish a basis for comparison across regions or nations?
One person's high income is another's low income
- Answer: Focus on the **processes** of exclusion

How do people become excluded?

Market Exclusion

- Few resources to exchange
- Little mobility
- High uncertainty
- Distorted markets
- High transaction costs



(S) Market Exclusion is more likely to occur where:

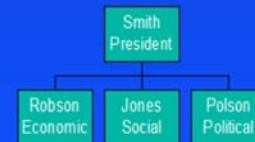
- (S) Few resources to exchange
- (S) Little mobility
- (S) High uncertainty
 - Coasian economics: Important objective of economic institutions is to pass on risk.
 - Highest levels of risk are borne by the least mobile
 - Important point for understanding rural markets
- (S) Distorted markets
 - With high common property components
 - With monopoly conditions (Canadian State and commodities)
- (S) High transaction costs
 - Also important aspect of rural context

Bureaucratic Processes

- Operate in governments, bureaucratic, legal institutions
- Rights based on rules, authority, and status
- Universally applied rights and obligations by roles

Work best where there are:

- Clear goals
- Stable environments
- High legitimation

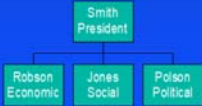


(S) AUTHORITY relations

- (S) predominate in government, legal, corporate and other bureaucratic institutions
- (S) organized on the basis of authority and status
- (S) reflected in formal, universally applied rules and division of labour
- the rules identify the status rights and obligations of people in various positions - (eg. President, Directors, Project Leader, Secretary, Labourer). Reflects the organization of roles, not people
- (S)(S) Authority systems work best where there are
 - (S) clearly defined goals,
 - (S) stable environments, and
 - (S) high levels of legitimation for the rationalization of tasks
- “works best” means reaching goals and conducting instrumental tasks
- self-organization requires the ability to formulate these goals, rationalize tasks, and revise the rules as a means of changing the status and eligibility rights of participants.

Bureaucratic Exclusion

- Outside institutional mission or objectives
- Low status
- Outside entitlements
- Few rational skills
- High uncertainty



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graph TD
    Smith[Smith  
President] --> Robson[Robson  
Economic]
    Smith --> Jones[Jones  
Social]
    Smith --> Polson[Polson  
Political]
  
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(S) Bureaucratic Exclusion is more likely to occur where:

- (S) Individual or group goals are inconsistent with the institutional mission or objectives
- (S) Low status by the organizational structure of authority and legitimation
- (S) Individual or group is outside the rights and entitlements proscribed by the organization
 - Problem faced by older women who have not participated in the labour force*
- (S) Few rational skills on the part of the excluded
 - Increase in lawyers and planning consultants is a reflection of this issue*
- (S) High uncertainty and risk
 - Critical problem for voluntary groups attempting to partner with government organizations
 - Funding agencies cannot deal with the risk involved in long term projects without identifiable products.

Associative Processes

- Operate in religious, recreation, farm, environmental, internet groups
- Rights based on shared interests
- Collective rights take precedence over individual

Work best where there are:

- Focused interests
- Frequent interaction
- Charismatic leadership



(S) ASSOCIATIVE relations

- (S) predominate in groups such as churches, recreation groups, farm organizations, clubs, environmental groups, and other voluntary associations. They may also include networks which are geographically disbursed - e.g. Internet networks
- (S) organized on the basis of shared interests
- people organize themselves into these relations for many reasons: recognition, respect, camaraderie, or to share in the resources or benefits of the collective activity
- (S) collective interests take precedence over individual interests
- they are responsive to the changing interests of the community
- they provide a strong force for social cohesion since they often overlap in membership. People in the amateur theatre group also meet on the baseball diamond, or at church.
- (S)(S) they predominate where
 - (S) interests are focused (including natural disasters or social crises),
 - (S) people interact frequently, and where
 - (S) charismatic leaders are found
- self-organization requires the ability to identify interests and maintain them through various techniques of boundary maintenance (symbols, rituals, secrecy, stigmatization)



(S) Associative Exclusion is most likely to occur where:

- (S) Non-shared or unfocused interests
 - Often reflected in conflict and competition
 - Yet conflict can be a means whereby interests become focused
- (S) Stigmatization
 - Sometimes transferred from one social context to another
 - Eg. Ethnicity, gender, nationality can act as a barrier to inclusion
- (S) Infrequent interaction
 - Difficult to discover and nurture shared interests
 - E.g. high turnover of major industries in a company town (Mackenzie) lead to the town people reassessing the trust they have in primary employer. Now turn to themselves for dealing with economic and social challenges.*
- (S) Weak leadership
 - Can occur due to lack of skills or charisma

Reciprocal Processes

- Operate in families, kinship, gangs, tribes
- Rights based on reciprocity
- Commitments form to groups or individuals

Work best where there is:

- Frequent contact
- Trust
- Multiple contexts of interaction

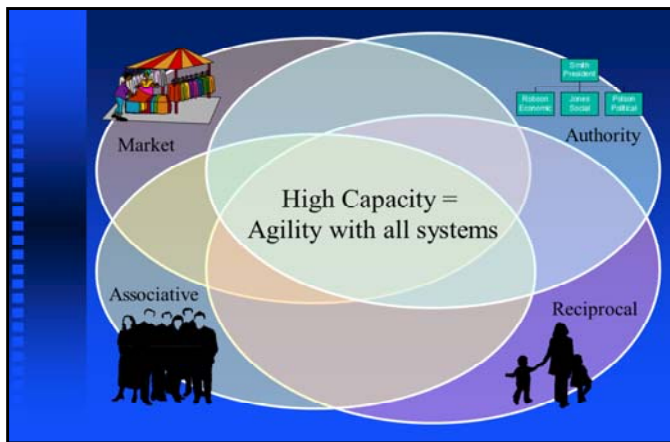


- **(S) RECIPROCITY** relations
- (S) predominate in families, kinship, tribal groups, gangs, close friends
- (S) rights and obligations are based on favours and services previously granted or anticipated
- these obligations are often established in elaborate ways: I owe you a favour because your daughter helped me repair my fence.
- (S) commitments form to individuals or groups, not to particular interests
- (S)(S) they are most likely to emerge
 - (S) under conditions of proximity and frequent and long-term contact - facilitated by ascriptive characteristics
 - (S) they require a high level of trust and the expectation of loyalty
 - (S) were the interactions take place within different contexts
- they often survive and sometimes flourish under conditions of uncertainty
- Inclusion processes require frequent contact, the ability to develop trust and maintain boundaries (e.g. through symbols, shame, identity)



(S) Reciprocal Exclusion is most likely to occur where:

- (S) Infrequent interaction
 - Distance and transportation is critical in the rural context
- (S) Mistrust
 - Failure to reciprocate in the past can undermine willingness to do so in the future
 - It is worthwhile exploring the conditions under which trust is established in reciprocal relationships and the conditions under which it is undermined*
 - If the former takes longer than the latter, the process may have a tendency to dissolve; if the latter is the lengthier process, then the relationship tends toward robustness.*
- (S) Identity exclusion
 - Closely related to trust
 - Condition where trust is given on basis of ascribed characteristics
 - Ethnicity, gender, language, residence, social role may be the basis for exclusion
- (S) Lack of exchangeable resources or skills
 - If you don't have anything to exchange you are at a significant disadvantage
 - Our work on the informal economy shows that participation in the informal economy drops off significantly once income levels are very low.



- All of these systems are used in various combinations by individuals and groups to self-organize
 - (S) village of Hussar (AB) relied primarily on associative relations in the face of school closings. The citizens got together and lobbied the government.
 - (S) the Hutterite community next door uses reciprocal relations intensively (family supported by religious belief) and combines them with authority relations (again legitimized by religion) to successfully compete in a (S) market system (have even been able to expand while others fail).
 - Ste Philemon, QC marketed their school to the nearby urban centre (Matane) to keep it open
 - In this case, the three systems reinforce one another
- this is not always the case
 - The Marshall decision in Atlantic Canada (Aboriginal people lose control over traditional fishing rights), for example, and the reaction which followed it, illustrates a situation where (S) bureaucratic-legal systems, reciprocal systems, and market systems come into conflict. The bureaucratic structure of the fisheries operated with little sensitivity to the associative and reciprocal systems binding Aboriginal and Non-Aboriginal fishers.
 - Our research on voluntary associations demonstrates how the regulations of government bureaucracies have a difficult time with the ways in which associative relationships are organized. Project-driven, short-term funding creates significant problems for the management of initiatives based on informal associations or friendship networks.
- (S) Strategies for maximizing inclusion rely on developing the capacity to participate in all of the systems
 - This is especially important under
 - the changing conditions associated with the NRE
 - The importance of regional and local variation within the NRE

The New Economy: Options and Choices

- researchers, policy-makers, rural people
- 5-year project of the Canadian Rural Revitalization Foundation
- national/international
- national data set for rural research
- 32 rural field sites + 2 in Japan
- web site: <http://nre.concordia.ca>



•“We” means:

- (S) researchers, policy-makers, rural people in CRRF:
 - more than 13 years: research and education in all parts of Canada
 - 2 national meetings per year: spring workshop and fall conference
 - over 100 publications
- more specifically the NRE project:
 - (S) 5-year project involving macro, meso, and micro-level analysis
 - (S) National and international
 - (S) national data set designed for rural analysis
 - (S) 32 field sites systematically chosen to provide strategic comparisons for understanding the impacts of global changes on rural communities and people
 - 2 field sites selected using the same framework in Japan
 - (S) web site: nre.concordia.ca



How does this framework help us understand the problems associated with exclusion?

- I will explore this question by focusing on the changes occurring in rural context (Canada specifically)
 - In what ways have these changes contributed to new forms of exclusion?
 - What are some of the strategies available for mitigating or overcoming these new forms of exclusion?

Exclusion Processes in the NRE

- (S) *Market exclusion*
 - *primary producers lose access to resources in 'cost-price' squeeze and concentration*
- (S) *Bureaucratic exclusion*
 - *Education and health cutbacks make transportation an increasing basis for exclusion*
- (S) *Associative exclusion*
 - *Mobility of the population moves the associational basis from geography*
- (S) *Reciprocal exclusion*
 - *single mothers*

Market Exclusion Processes

- Primary production is labour shedding
- NRE is more concentrated: commodity wealth bypasses local communities
- New technologies are urban-accessible: Rural = high transaction costs
- Mobility undermines local capacity
- Informal economy ↔ formal economy

Vulnerable groups: primary workers, rural, working poor

Market Exclusion Processes

- (S) Primary production is labour shedding
 - Agriculture, forestry, fishing, mining: uninhibited - economies of scale give the advantage to larger farms, forest holdings, trawlers, mining operations
 - Result: smaller populations, regional differences
- (S) NRE is more concentrated: commodity wealth bypasses local communities [*NOTE – add to Mark’s identification of market forces*]
 - The greater concentration means that local communities lose the ability to capture wealth and control over property rights and entitlements
- (S) New technologies are urban-accessible: Rural = high transaction costs
 - Higher transaction costs place rural at a disadvantage
 - Transaction services also are subject to economies of scale
 - Where they are unregulated, they can be priced substantially above marginal cost in rural areas
- (S) Mobility undermines local capacity and control
 - Lower social cohesion
 - NOTE: Mackenzie – higher mobility of companies results in greater reliance on self-organization by local community (will they have the capacity with a population that is more mobile?)
- (S) Informal and Formal Economies show complex relationships:
 - In general they are counter-cyclical, but
 - Very low income levels mean exclusion
 - Informal may retain labour/provide remedial support
 - Informal may facilitate movement to formal (process view)
- (S) Vulnerable groups: primary workers, rural over urban people, working poor

Bureaucratic Exclusion Processes

- NRE is more rationalized
- NRE is more centralized
- Allocation of state resources by population
 - Education
 - Health
 - Housing
 - Welfare

Vulnerable groups: small communities, youth, elderly, unemployed, single parents

Bureaucratic Exclusion Processes

- (S) NRE is more rationalized (move from Reciprocal & Associative to Market and Bureaucratic)
 - Less reliance on clan relationships (e.g. primary families, religious groups)
- (S) NRE is more centralized
 - Decisions made outside of rural/local regions
- (S) Allocation of state resources by population (bureaucratic and fiscal considerations)
 - Education
 - Health
 - Housing
 - Welfare
 - In Canada: From religious and local institutions to state, then reduction in state (without the social infrastructure for 3rd sector)
 - Sectoral based policies reflect commodity interests of the state
 - Less commitment to social support functions of the state
 - Rural policy is at most regional = growth centres
- (S) Vulnerable groups: smaller communities, youth, elderly, unemployed, single parents
 - 3rd sector only support for those excluded from other systems

Associative Exclusion Processes

- NRE offers more extensive networks
- NRE makes multiple demands
- Interest groups less local
- Financing and membership primary problems
- Integration with bureaucratic processes problematic

Vulnerable groups: local communities,
voluntary associations

Associative Exclusion Processes

- (S) NRE offers more extensive networks
 - Internet – although more used for b-commerce than e-commerce
- (S) NRE makes multiple demands
 - Attraction and retention by single interests more difficult
- (S) Interest groups less local
 - New options, but less focus and energy for local concerns and action
- (S) Financing and membership primary problems of 3rd sector groups (our research)
 - Finances:
 - more energy devoted to preparation of proposals and accountability
 - Significant modification of objectives to meet centralized demands
 - Membership:
 - Diversion of energy from basis for associative (shared interests)
 - Lower population base, more demands = burnout
- (S) Integration with bureaucratic processes problematic
 - Partnerships: power is with the state, so equal partnerships are impossible (defining of program objectives, time frame, ability to fail – necessary for experimentation)
- (S) Vulnerable groups: local communities (capacity), voluntary associations (and the interests they express), diversity

Reciprocal Exclusion Processes

- NRE more mobile
- Family and local cohesion processes changing
- Informal economy challenged

Vulnerable groups: elderly, working poor,
single mothers, children

Reciprocal Exclusion Processes

- (S) NRE is more mobile
 - Less opportunity for sustaining frequent, multi-focus relationships at the basis of reciprocal processes
 - Distances between parents and children add additional burden for social support (e.g. long term health care)
- (S) Family and local cohesion processes changing
 - Families smaller, more involved with market relations
 - cohesion more focused on specific crises (vs. community celebrations, etc.)
 - Outmigration leaves remote regions aging with those left behind
 - Inmigration leaves urban-adjacent regions aging with relatively wealthy, urban-vision retired elderly (often conflicts with/excludes traditional rural people)
 - Eg. Mackenzie – conflict over snowmobile path as community tries to diversity its economy
- (S) Informal economy is undermined as support for those excluded from formal economy
- (S) Vulnerable groups: elderly, working poor, single mothers, children



Emerging Exclusion Processes (What are we learning about Exclusion Processes)

We are paying attention to several issues that are emerging with respect to the interrelationship of the different systems (a research program?)

- (S) Market, Bureaucratic, and Associative
 - Job creation doesn't mean increasing ability to capture greater wealth locally (may be part of a process of concentration – especially important where large corporations are concerned)
 - Critical focus shifting to increasing local control over property rights and entitlements (land, forests, oceans, minerals, housing, utilities)
 - We are exploring new forms of governance that facilitate more local control
 - Comparison with Japan (possibly with EU)
- (S) Markets and Bureaucratic relations
 - Canada – State is heavily involved in commodity trading
 - Hence faced with a dilemma re. its social support, coordination functions
 - Reflected in its position re. multifunctionality, rural, regional development
 - Documenting the impacts of this approach and exploring alternatives (e.g. get out of the commodity business)
- (S) Market and Reciprocal
 - Local communities frequently face tradeoffs between wealth and identity (eg. Mackenzie, tourism)
 - The tradeoff process is often a reflection of local and regional power relations
 - We are looking at these as part of our exploration re. who is excluded in this process

- Market and Reciprocal – con't
 - We have also learned that:
 - Self-employment is not the engine of growth that the government would like us to believe
 - Often short-term, low income, low risk ventures
 - Often remedial (second income)
 - Affect women in rural vs. urban contexts differently: S-E in rural context means large increase in informal economy activities, in urban context it means a decrease
 - Need to explore its role to a greater extent
 - Rural SMEs and Coops are low risk-takers
 - Don't expand operations or markets
 - Exploring:
 - Role of their networks (accountants, bankers, and lawyers)
 - Role of identity and culture (real entrepreneurs go elsewhere?)
 - Functions of self-employment
 - How to reduce risk and uncertainty becomes important
 - Especially since the non-mobile are most vulnerable (Coasian)
- S) Bureaucratic and Associative
 - Relations between governments and voluntary associations are difficult because of different operating principles
 - In Canada – voluntary associations are seen by governments as a cheap way to fulfill their social support functions
 - They are very heavy-handed on conditions and accountability, but unwilling to pay for the costs entailed
 - “Partnerships” – fundamentally uneven since state holds power/resources
 - We are documenting these relationships (cf. 3rd sector report) and seeking types of relationships that might produce a better balance of power
 - E.g. working through municipal or regional levels of governance (they are the most frequently contacted by local groups)
 - Using new market relations (e.g. incorporating local groups for increasing local property rights and entitlements)



By way of conclusion – some brief indications of our policy option directions emerging from our research

- Build local capacity for self-organization
 - To meet the new and changing conditions, one size does not fit all
 - Increase local capacity with all 4 systems of relations
- Remove obstacles to self-organization
 - New systems of governance important (broadly conceived)
 - Ability to capture more wealth locally is critical
 - Increase property rights and entitlements
 - May be done through policy shifts re.
 - Multifunctionality
 - Environmental quality (eg. ISO 14,000 series) – limit advantages to scale
 - Form alliances with urban
- A Rural-Urban Charter (Future of rural rests with urban Canada)
 - New functions of rural must be recognized – especially those related to public goods
 - Process pollution, clean water, husbanding amenities, cultural diversity
 - Reduce effects of processes that exclude
 - Transfer of funds (urban-> rural) e.g. Japan (water); Canada (food?)
 - In general, respect and compensate rural contributions

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A Rural-Urban Charter

- Respect property rights - collective and private
- Establish and enforce environmental standards
- Compensate non-market services
- Support market competition where appropriate
- Respect civil society

•A Rural Charter

- Rural Canada cannot survive on its own. The new rural economy disadvantages rural communities, it does not recognize the common services provided by rural places, and it undermines the social relations that have traditionally defined the rural life. Without recognition of the fragile nature of these places, the loss to our environment, heritage, and assets will be irreparable.

- To avoid such a disaster we propose a Rural Charter: a contract between urban and rural Canada in recognition of the importance of the rural economy, society, and environment and an agreement regarding the conditions that can make them strong. The charter we propose includes the following points elements.

•Respect for property rights, both collective and private

- The capacity to develop locally requires access to property rights. A rural charter would include measures to identify an appropriate division of collective and individual property rights, de-concentrate those rights to rural communities and establish the mechanisms to protect them.

•Identification and enforcement of Environmental standards

- This would reestablish the natural advantage of rural places in the face of market pressures.

•Compensate non-market services provided by rural Canada

- The importance of rural Canada for environmental recovery, amenity and heritage protection, and territorial management needs to be acknowledged and supported.

•Support for market competition where appropriate

- Supply and demand continue to be a strong mechanism for establishing efficient prices. The high levels of market concentration in Canada undermine this however -- to the detriment of rural places. A more aggressive approach to de-concentration is required to overcome this disadvantage.

- At the same time, we must be careful to identify those areas where market competition does not work. Whenever common property services such as food security, environmental protection, or rural amenities are concerned, open market principles have shown themselves to be inadequate. As we come to realize the interdependence of our social and economic activities, the number and range of common property issues is likely to grow. For this reason, an evaluation of the appropriate place for market organization is a crucial ingredient in this principle.

•Respect civil society

- The new rural economy is most generally characterized by change and uncertainty. Under these conditions, our most appropriate strategy is to create conditions where rapid, flexible, and diverse responses are possible and the ability to self-organize is taken for granted. Regional and national governments can facilitate these conditions by exploring new ways to support civil society and the organizations on which it is based as we search for a secure and respectable future. Our lives depend on it.