

Chapter 11. Rural Revitalization: What is Fresh?

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The big picture

The learning from this research is that revitalization involves addressing a need that can only be articulated by rural communities themselves, the problem owners. This choice has to happen locally. A rural population has to choose to address devitalization or otherwise just hold on for the ride into decline. A national policy cannot substitute for this local choice, only enable it to take off and internalize individual and institutional energy.

The problem is that very few rural places are able to visualize the transformations needed to harness global economic and political structural change. Therefore, they blame outsiders, choose directions to block impacts, or to correct perceived and simplistic causes of their devitalization. They seek entitlements based on a sense of social debt owed, or merit based on culture and heritage. Governments support them with populist rhetoric to earn votes and to address national moral dilemmas posed by sub-standard services to lagging local economies.

How then can a devitalized economy get past using up all its energies to claim entitlement from higher levels of government? How can it instead energize its own dynamics? How can a local economy take hold of external energy such as from markets, investment and immigration to invigorate its diversity and vitality? Should a local rural economy even consider disengaging and withdrawing from metro and global influences? Can it isolate itself from technological forces such as digitization?

It is difficult to claim fresh insights into these kinds of questions. So much has been said and lived: So many arguments for 'exceptionalism' and special cases: So much idiosyncratic experience: So many academic perspectives; economics, sociology, geography, political science, agrology, forestry and so on: So little consensus.

Nevertheless, we hope that these comparisons between a sample of Canadian and Japanese rural economies have uncovered some fresh knowledge to inform revitalization. We begin with some big picture issues before moving on to specific and hopefully fresh ways to look at revitalization.

The context is that the function of rural economies globally seems to be changing. National economies are restructuring. The Industrial Revolution is being overtaken by the Digital Revolution. Metropolitan centers are growing in political and economic importance. Their relations with rural places are being redefined toward partnership in ecological integrity and lifestyle amenities, and away from resource and labour extraction. Some countries are further along this path. Others are just starting. Canada started earlier than did Japan. Both are today at a similar point in their struggle for rural vitality.

These transitions suggest that the rural economies of emerging economies may expect devitalization similar to that of Canada and Japan. What is now called rural development in third world countries seems destined to become a call for rural revitalization by third world peoples.

The giants, China, Brazil and India, and other emerging economies are surely poised to grasp the prosperity of the developed world. This expectation is not about fate. Choices still need to be made. One of these choices is to avoid devitalizing the rural areas. Even dealing with and reducing collateral damage is itself a choice. These economies need not be inevitably poised for devitalization. Social disorder, armed insurgency and retreat to military dictatorship are avoidable choices. These choices are another aspect of globalization, that is, a shared 'responsibility to protect'. The stakes are high globally if rural devitalization is the fate of emerging economies.

Menus of options to choose from to minimize devitalization or to revitalize have to include designs for economic and service downsizing. Eventual weak to negative national and especially rural economic growth seems likely as we write. Menus also have to include designs for relocating and redistributing local capital, community assets and infrastructure for improving productivity. Choice in these matters requires a different vision from the historic norms for success such as population growth and gross domestic product (GDP). Innovative political measures are needed with new vision if there is to be any prospect of local and national reinvestment in rural economies, other than in resource extraction in the mining, energy, agriculture, and forestry sectors.

The chapters in this book have been about making choices and mitigating fate –first about whether revitalization is a real option once devitalization has set in, and second about the building blocks that have to be assembled into a strategy.

Energy and obstacles

Revitalization is about how to raise energy within a community, or how to transform external energy such as price changes, export revenue, or investment and information into community action. Industrialization provided the initial external energy for rural Japan in the beginning of the 1950s. Rural people changed it to internal energy. Industrialization drove the rural dynamics of Japan for 50 years. Colonization, immigration and export markets provided the external energy to rural Canada. Rural Canadians also transformed this energy into industriousness and thrift to finance national capital formation. Success in the beginning for both countries was based on the alignment of rural and urban interests in natural resources.

Based on this research, do we see an alignment to generate similar energy emerging around lower priced information, ecological integrity, lifestyle amenities, and national security issues? Obstacles need to be overcome. Of these obstacles, old economy thinking within all levels of government, among politicians, and in corporate boardrooms may be the most significant. It is hard to move forward beyond proven formulas for the amazing successes of industrialized societies. The formula of mercantile policies, specialization of labour and emphasis on individual shareholder value over common property rights contributed greatly to prosperity.

In some rural places in Canada and Japan the political rhetoric continues its allegiance to this old formula, defining rural development in terms of industrialization through manufacturing and population growth. The stories in the chapters of this book demonstrate instead that little by little, this old economy thinking is not the only option. New connections and balances between rural and urban interests, business and government agencies are realigning interests.

Revitalization means choosing to increase the intensity of individual, institutional and

household energy, defining sense of purpose, and restoring ambition. It is precisely this intensity, purpose and ambition that are most at risk during devitalization, especially as people age and their institutions need to be reinvented. Goals become more and more immediate and less visionary. Diminishing vitality can become cumulative; sapping intensity, sense of purpose and ambition. A devitalized horse is less likely to drink than a healthy horse, when brought to water.

How then do households regain and sustain the focus needed to organize their individual and community equity to be an asset rather than a liability? Liability means not contributing to increased productivity, weakening local economic multipliers and eroding social capital. Liability also means creating garbage, pressuring the environment and stifling new vision. Rural poverty and aging are also liabilities from the perspectives of learning and mobilizing assets.

The answer for households facing the daily choice to refocus their assets is not at all easy. Liabilities often exceed assets. Devitalized households form part of a large, and some say growing, informal sector of non-tradable services recycling material poverty. These households are focused on resiliency rather than vitality. What is left of the formal natural resource sectors that used to pump external energy into a broad spectrum of rural households has largely disassociated itself from the local service sector. The consequence is an enclave resource economy trading globally while providing mainly low quality jobs locally. This is why agriculture policy, for example, is no longer relevant to rural vitality in most places. Digitization, we submit, is accelerating this trend to enclaves of prosperity as data management and transactions become cheaper, as is evidenced by outsourcing farm accounting and tax preparation to firms in Asia.

The Darwinian dimension of devitalization is that those who learn faster make more informed intelligent choices, fare better and may socially exclude slow learners. Those communities that are more aware of change can anticipate consequences. Their choice is to learn and apply the required modifications to their behaviour and decisions, a choice as ancient as history itself.

The replacement of hunting and gathering by agriculture, starting about 12,000 years before present illustrates the nonstop ebb and flow of vitality for rural societies. Specifically, vitality has always involved diversity stemming from capital inflows, wealth creation and growing external demand, whether opened by war or trade. Rural devitalization, on the other hand, has to be seen as enabling closed feudal relationships propped up by a concentration of property rights and by warlord models of governance. Wealth extraction and net capital outflows are measures of declining vitality. Youth, labour, learning, service standards each follow this outflow, reducing diversity. Lifestyle is left as the residual meaning of purpose, an intangible that is less than a satisfactory test for prosperity.

We hope populism spurred by devitalization and feudal-style self-interests will not lead political parties to look back to the old days of rural hardship and mercantile policies for inspiration. Populism is like building on sand, a parochialism that absolutely erodes vitality and vision. We view populism as a significant political feature of devitalization, pushing a wedge between an economically, socially and politically frustrated majority and an increasingly exclusive 'gated' elite. To avoid populism, new rural governance is needed, as Goto noted in her conclusions: "Rural revitalization requires empowerment of local level

governments as well as civil societies.” We interpret this to mean assuring that frustrations are transformed into creative tensions through political process as evidenced in Ouchi et al.’s story of governance in Iitate. National governments have a responsibility to dissipate, by policy choice, the tensions that feed populism.

For the late comer to rural industrialization, government can also play an important role in the development process. We have characterized rural Japan as a relative late-comer compared to Canada. Fortunately in both countries, rural local government and rural people shared a common purpose to manage uncertainty, education and transportation. Their central governments since have provided funding and legislation to weave social safety nets, and to accelerate industrialization as in Japan, or to smooth out regional disparities, as in Canada.

Local governments in Japan actually became agents of the central government. With this strategy of using rural government as an arm of the National government, Japan has since realized industrialization without the serious problems of colonialism experienced prior to the mid-1940s. Even so rural devitalization could not be avoided. Currently the large size of local governments in Japan with their extensive facilities, workforce and generally compliant political leadership create other kinds of problems like heavy tax burdens, uneven service standards, inefficiency, and regional disparity, not unlike the challenges faced by local Canadian governments.

In response, a national revitalization policy needs to enable rural participation in the governance of metropolitan centers and vice versa, but not on the basis of entitlement as with other initiatives in the past. Participation has to be on the basis of merit and the need for universal high standards for health and education. Joint rural/metro governance of common interests needs to be built politically on ethics and environmental integrity. The arguments and several examples for this approach are outlined by Reimer and Nagata in Chapter 10. They also caution that disproportionate metro political, market and financial power mean that rural localities that choose to go it alone with a competitive approach do so at their peril.

The CJ research has also found a story about the need for balance between the authority of local citizens and the authority of the State over governance at the local level. The fate of rural municipalities is that their local tax base is just not sufficient to finance the increasing demands and standards for public services, especially the capital cost of service infrastructure. The usual (stopgap) solution of grants to municipalities, whether for capital or as operating subsidies, shifts the balance in favour of the State, perhaps useful in cases of failed local governance, but which can create a dependency that inhibits future revitalization of local authority.

The central government in Japan had filled the financial gap into the early 90s with more than half the required financing. The national governing party was sympathetic to rural municipalities because of its power base in rural Japan from the 1950s into the late 1990s. By the end of the 90s, the central government had to deal with a general economic slow down. The national economy was completing the high growth phase of its industrial age to become a low growth service economy, increasingly reliant on domestic demand. The revenue base for the central government weakened just as the municipal tax base had weakened, making urban to rural income transfers less realistic.

The choice for rural municipalities is revealed in this public finance story. The boundary between the top-down authority of the Constitution and the bottom-up authority of citizens

comes into play. This was brought into focus by the Iitate debate, because citizens insisted on a clarification of their involvement in their own governance. New legislation in Japan enabled direct democracy and demonstrated that representative democracy may not be able to reflect the 'General Will' of the citizens on major issues important to everyone. Leadership is required of course and was active in the Iitate story. Informed public decision-making was shown to be possible when conversations at residents' meetings are stimulated by extended controversy.

Some fresh ways of thinking

The starting point for thinking in fresh ways about revitalization is to understand where a community economy is on its long term progression from its hunter-gatherer origins through the Neolithic and Industrial revolutions and now entering the Digital revolution. In practical terms each local economy is a mix of households and businesses at all these stages of development, especially the rapid joining of artisan skill with digital technology. The intellectual property rights for digital technology do not belong to rural users. However, economic rents from the ways access rights are combined with other rural assets, do belong to rural users. Governments are called upon to keep the price of access down by ensuring competition in markets for digital technology. Rural people are called upon to treat digital products as production services to increase productivity and to diversify and extend the service economy into new wider markets.

Government grants for local projects, a feature of public finance in both the Japanese and Canadian sites, do not add up to a revitalization policy. Moreover, policy for vitality will work differently in each place depending on the circumstances of the stage it is at in its progression to becoming part of the digital economy. The fresh idea in this regard concerns the emerging role for rural policy in obtaining a willing compliance by rural households and businesses in the metropolitan and global 'triple bottom line'. This triple bottom line is a corporate concept of balance among profits, social responsibility and care for the environment. When achieved, the triple bottom line should increase and help to stabilize long term rural wealth as well as serve the wider public interest. Policy from each level of government has to enable legitimate choice to be exercised by each community among the huge variety of options that contribute to their own triple bottom lines as well as the global version.

Revitalization appears to be more promising if it is focused on the new emerging functions for rural economies in partnership with metro societies, instead of being based on enclaves of land, labour and resource-based commodity functions. We expect that digitization will contribute to expanding the influence and effectiveness of rural not-for-profit and partnership institutions to develop new rural functions by facilitating information sharing and joint activities with metro and global volunteer associations, NGOs and governments.

On this point, the essential differences in development mandates between local governance in the two Japanese sites and the Canadian sites are instructive, providing fresh insight. Social services and transportation dominate the local government mandates in both countries. However, Wall and Tachikawa have pointed out that volunteer associations play a greater role in shaping social capital in the Canadian sites compared to development initiatives in the Japanese sites. Volunteer associations in rural Canada could become more explicitly involved in governance to fulfill the emerging heritage, ecological and amenity functions of rural

economies. In Japan, volunteer associations could expand their functions to embrace social and ecological security in addition to the more usual heritage events and cooperative business enterprises. The demand for both these extended functions is driven by metro urban citizens and by global conservation organizations. Willingness to pay is growing with this demand.

Volunteers in both countries could play important revitalization roles by adopting stronger business models as part of a reform of rural public finance. If so, the fresh idea is that a degree of substitutability could be developed between taxation and voluntary options for the means of fulfilling tax obligations, including volunteer work. In all cases where volunteer associations manage and deliver important common property goods and services, a more business-like model for operations seems essential to achieve a greater participation by volunteers in local governance with both a contribution to and claim on public finances.

The first step, however, in transforming fate into choice is a fresh approach to rural urban relationships. Declining rural political power is real and need not be feared. Some Japanese refer to the fear as a process of ‘peripheralizing’, extracting decision making from rural people. Their argument is that industrialization urbanization and globalization not only extract rural labour, resources and outcomes but also siphon off rural influence in rural decisions. The way to look at this process is from the perspective of metro people having as much interest in rural outcomes for ecological and food security as they do for other goals in their own immediate urban neighbourhoods. Rural is rapidly becoming part of the immediate neighbourhood.

As new rural/metro accords are put in place in both countries, the real meaning of neighbourhood will emerge. Consequently, fresh innovation may also be expected that protects the authority of both urban and rural citizens where neither direct democracy nor representational decision making can empower citizens in governing the emerging functions for rural economies. The process of joint rural/metro governance over enterprise, watersheds and land use could be a key to revitalization, as Reimer and Nagata suggest, or simply add another element to the devitalization of rural society. The choice to be made is hopefully clear enough to drive fresh governance options.

Investment accelerators, rural employment, and income multipliers are also essential elements in revitalization. They leverage the local impact of rural trade in metro and global markets. In Iitate-mura, people tried to build a mutually reinforcing economic structure by increasing multipliers from the direct sale of rural products and farm tourism. People in Iitate are discussing ‘home made services and infrastructure’. The Iitate strategy has not strengthened reinvestment as hoped. Nevertheless, the modelling by Nakagawa et al. provides hope that a strategy does exist for Iitate and other rural places to benefit from globalization.

Perhaps the most profound and freshest insight for revitalization comes from the survey reported by Sawada et al. of perceptions by households about their community. It seems that the rural communities studied in Canada and Japan include two rural solitudes with different perceptions about leadership, social capital and openness to different opinions. These solitudes are the people born in the place and those who have come to live in the place. In-migrants now form a large part of the population of the six sites investigated in this research. Therefore the social capital that is available and used for capacity, explained by Reimer and Tachikawa, may be unsuited to this emerging majority and increasingly diverse part of the rural population. Some differences between genders and age groups also prevail on these

matters.

These solitudes pose a considerable leadership challenge for setting a development agenda or strategy. They weaken the ability of rural leaders to work with metro leaders, who represent diverse rather than divided populations, toward a balance of metro and rural political power.

New associational or market frameworks for relationships offer the possibility of including a wider and more willing involvement of newcomers in governance and participation in the emerging roles that rural economies are being called upon to play globally. Newcomers need to be free from conventional forms of engagement in their new communities. Newcomers have the power to be a drag on revitalization if rural residents born in the place exclude them from political power and leadership. Power sharing and direct democracy for major decisions will be the watchword and political challenge for new governance.

Conclusion

Old economy resource development policies are no longer valid for revitalizing rural economies in the later stages of industrialization and early stages of the digital revolution. Rising commodity prices cannot revitalize rural economies because resource sectors are already, or are rapidly becoming enclaves.

Central government ministries of agriculture and natural resources can no longer be major players in rural revitalization because the function and form of the new rural economy have changed and are changing rapidly. A new governance model at the national and provincial/prefectural levels of government is therefore necessary for revitalization to succeed.

Most of all, people must willingly accept and then engage in the revitalization of their local economies. This means that newcomers, younger age groups, women and minorities need to have ways to make political processes accountable to them for outcomes as well as to older males and people born in the place. Refreshed volunteer associations are one vehicle for broadening the participation in revitalization and are also an opportunity for reforming rural public finance. Governance models require participation of metro populations without marginalizing rural citizens in political power structures. Metro interests are inseparable from those of vital rural hinterlands. The hinterlands globally are the new metro neighbourhoods.

We expect latecomers to rural industrialization to have ever shorter times between rural growth measured in terms of conventional GDP, and devitalization measured in terms of environmental degradation, human hardship and damage to social capital. This period of devitalization in rural Canada has lasted over 100 years, in rural Japan about 50 years. The consequences of an accelerated pace of devitalization for China, India and Brazil with much larger rural populations and faster labour shedding to their metro economies could seriously damage rural demographic diversity and destabilize global investment and social order.

Rather than justifying the arguments for 'exceptionalism' used by both Canada and Japan in recent decades, the research reported here suggests that devitalization as a fate may be anticipated and mitigated by choices about reinvestment and governance made earlier in the industrialization and now in the digitization process.