

Sense of place, social capital, and rural development.

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In this paper I explore the relevance of the ideas of *sense of place* and *social capital* to the problems and condition of rural communities, and to rural policy.

Discussions of rural communities often attribute values or images to them that imply their intrinsic 'goodness'. Such attribution of value is reminiscent of the ideals which farming is often held to enshrine, and which has been called 'agricultural fundamentalism': the notion that the occupation and way of life of farming are inherently superior to other pursuits, and therefore deserving of special treatment by governments. Analogous to this, there seems to be a 'rural town fundamentalism', that supposes rural communities to be the ideal form of community. This belief is reinforced by legend, literature and popular culture, but it may be as far from present reality as are the nostalgic and romanticised depictions of farm life. But while it is easy to dismiss the cruder forms of rural town fundamentalism, a closer look at the *content* of those values is important to understanding the processes of rural development and to designing rural development policy.

Rural change is the meeting ground of powerful but conflicting values. On the one hand our economic system requires and rewards the mobility of resources, including people. In pursuit of economic and other objectives, we value the freedom to move from job to job and from place to place. On the other hand, our social and cultural beliefs put a high value on the stability and cohesion of rural places, and these may be eroded by such mobility. For example, while there are frequent laments about the rate of exit of young people from rural communities, since it can undermine local economic and social values, we are happy for young people (and perhaps especially our own children) to seek broader economic, social and cultural horizons.

In policy terms, this conflict might be paraphrased as 'jobs to people *versus* people to jobs,' or, as Bolton (1992) put it, 'place prosperity *versus* people prosperity.' In other words, a trade-off is posed between, on the one hand, policies which focus on promoting the prosperity of places by enhancing their ability to provide jobs for local people, and, on the other hand, policies which focus on the well-being of individuals independently of their location. The latter include policies for enhancing the capacity of the national economy to generate jobs, albeit in places which might require people to move to them.

There is no doubt which set of values dominates rural policy at the moment. Rural policy in Australia is currently little more than an amalgam of industry policy (that is, policies aimed at the efficient operation of rural industries) underpinned by generic social safety nets aimed at those in need, including the casualties of economic adjustment processes, regardless of where they live. That is, Commonwealth rural and regional policy largely ignores the spatial dimension in Australian rural life (Sher and Sher, 1994).

This has been demonstrated in numerous government inquiries and policy statements (for example, Industry Commission, 1993; BIE, 1994; Working Nation, 1994) which have stressed 'getting the fundamentals right' (i.e., the fundamentals of national finance, transport, and labour markets), and that regional economies, just like the national one, should adjust appropriately to the (presumably inescapable) market forces. Further evidence of this policy approach included the virtual sidelining of the report of the Kelty Task Force on regional development, the McKinsey report's emphasis on local leadership, and the current Commonwealth Government's scrapping the Office of Regional Development. There is an apparent belief that the problems of rural communities will be solved by attention to economic 'fundamentals' at the national level, and by making rural industries profitable and adaptable enough. The Government's recent (September 1997) 'integrated rural policy

package', entitled *Agriculture – Advancing Australia*, is a package of programs aimed mainly at improving the efficiency and 'self-reliance' of the farm sector. Although the package has a component called the Rural Communities Program, its size and scope are modest compared with the farm-related components of the package. On the other hand, several States have Offices of, and/or specified ministerial responsibilities for, rural communities.

There is considerable historical evidence to support this faith in the value of mobility. Australia is largely populated by immigrants who were seeking economic liberation perhaps as much as anything else, and who revelled in the virtually enforced mobility of a 'frontier' society. At least until now, spatial mobility has served us well. Apart from Aboriginal communities, there have been few pockets of chronic poverty; people have typically moved from place to place in search of economic and other betterment. A major reason for Federation was to achieve a single continental market - to oil the wheels of the economic system, as it were. As well, past government attempts to influence directly the size and spatial distribution of rural populations through policies such as Soldier Settlement, 'northern development', growth centres, and other closer settlement and land settlement schemes have had, at best, mixed results; at times their economic, social and environmental costs have been very high.

We are still a highly mobile people. On Census date in 1991 about 40 per cent of us were not living at the same address as we were just five years earlier. In more than two-thirds of even the *rural* Statistical Sub-divisions, over 30 per cent of residents had moved from another Local Government Area since the previous Census; that is, they hadn't merely moved across town.

But the balance sheet on mobility may be changing. Gregory and Hunter's (1995) work on the spatial dimensions of inequality within the major cities seems to show that geographic pockets of poverty and other disadvantage are becoming entrenched. Mobility may be losing both its capacity to redress inequality and its attractiveness to people. Perhaps the personal costs of mobility are increasing, and peoples' geographic roots are becoming harder and more costly to transplant. Perhaps mobility works best in a 'frontier' society or economy. On the other hand, given the homogenisation of mass culture, we would expect mobility to be easier, and less costly (at least psychologically) to individuals. Regardless of how these opposing factors may balance out, more is now heard, and not only from rural people, about their reluctance to change their relationships to particular places, and about the values they put on the preservation of their relationship to place (see, for example, Read, 1996). A closer look at the costs as well as benefits of mobility is therefore needed.

The mobility required by market forces can erode the value of community-specific assets such as attachment to place, local knowledge, local networks, contacts and allegiances, social cohesion, and so on. Not only do we value these assets as ends in themselves, they appear to make important contributions to local economic development. It is also possible to demonstrate that significant 'market failures' exist in the production and use of these place-specific intangible assets.

This is part of a large intellectual territory that is attracting increasing attention from several disciplines, which see the landscape in different ways. Each offers useful conceptual insights and tools for its exploration. Two explorers who have described parts of the territory in some detail are the political scientist Robert Putnam and the regional economist Roger Bolton, who have written about the closely related ideas of *sense of place* and *social capital*.

Social capital and sense of place

Putnam (1993) did not coin the term social capital; one of those he credits is the sociologist James Coleman. Social capital refers to *features of social organisation, such as networks, norms, and trust, that facilitate coordination and cooperation for mutual benefit*. It enhances the benefits of investment in physical and human capital. For Coleman, social capital inheres in the structure of relations among a group of people. It generates trust, creates and enforces norms, and is a set of mutual obligations. Social capital depends on the logistics of social contacts and on their stability - presumably, therefore, individual mobility can erode it.

By 1992, Bolton had already been writing on the economic interpretation of 'sense of place' for several years and, apparently independently of Coleman and Putnam, recognised it as a form

of social capital. Bolton (1992) used *sense of place* to mean 'a complex of intangible characteristics of place that make it attractive to actual and potential residents and influence their behaviour in observable ways. Both the setting of the place and the social interactions of the community are important.' (p. 193, emphasis added).

In seeing sense of place as a form of capital, Bolton discussed both the *investment* that creates the capital, and the *returns* to the asset.

Investment in social capital

Bolton (1992) described the *investment* that creates the capital asset of sense of place at some length. It includes 'self-imposed limitations on behaviour in markets' - such as loyalty to local businesses and limitations on exploitation of local monopoly power, and 'commitments of time - such as in volunteer activity - that are costly to individuals but help create and maintain the sense of place ... (T)he limitations are on the pursuit of short-run self-interest, including free-riding.' Bolton also included public investments in historic preservation, landscape protection, growth management, and local economic development as creating sense of place. Thus, Bolton's sense of place is a somewhat wider concept than Putnam's social capital.

Analogously, Putnam (1993) described the processes that create social capital; fundamentally, civic engagement: participation in voluntary organisations and group activities.

Returns to social capital

Bolton (1992) described the *returns* to sense of place thus: (p. 194)

'a general measure of security - security of stable expectations, and security of being able to operate in a familiar environment and to trust other citizens, merchants, workers, etc. ... There is also a basic feeling of pleasure at living in a community, or knowing that others live in such a community, that has been created by a combination of social interactions in a particular setting. A sense of place has the characteristics of a local public good, in that some of the returns are external to the persons who made the sacrifices of investment.'

Putnam's description of benefits is in similar terms to Bolton's. Putnam (1995) notes that 'working together is easier in a community blessed with a substantial stock of social capital,' and that 'networks of civic engagement foster sturdy norms of generalised reciprocity and encourage the emergence of social trust'. Studies of rural development have shown that a vigorous network of indigenous grassroots associations can be as essential to growth as physical investment, appropriate technology, or getting market signals operating effectively. Economic sociologist Mark Granovetter (1985) has pointed out that economic transactions like contracting or job searches are more efficient when they are embedded in social networks.

Based on the comparison of newly formed regional governments in Italy, Putnam concluded that differences in their quality could be explained by the different degrees of civic engagement that were endemic in them, reflected in the number and activity of their community organisations. He concluded that these communities did not become 'civic' because they were rich, but they became rich because they were 'civic'. Putnam (1995) has also written on what he interprets as declining levels of social capital in the US, although his conclusion has been challenged by others.

Similarly, McDowell (1995) considered why some communities are successful in achieving stated development goals and others are not. He concluded that important parts of the character of successfully entrepreneurial communities are social infrastructure and community vitality, in other words, social capital-type attributes.

In an attempt to apply some measurement to the concept, Bolton (1996) analysed sense of place in the context of local networks, and presented simple numerical and graphical examples of how 'adoption externalities' correspond to the value of sense of place. These externalities occur when adding a participant to a network increases the value of the network to other participants, in addition to creating value for the marginal participant herself, and in

a way that represents cost savings and/or increased benefit to members. The marginal increase in value to all participants collectively may be greater than the benefit to the new participant alone. When this is the case, (and in the language of economics) the marginal social benefit exceeds the marginal private benefit, creating the possibility that the market alone might not allocate sufficient resources to the creation of social capital.

Bolton constructed a network model, and noted the potential for its further development. Network analysis seems to offer promising possibilities for understanding the creation and value of sense of place and social capital. Bolton also coined the term 'tragedy of exit', analogous to the tragedy of the commons, but focusing on the negative externality that results from *underuse* of the local network, or from leaving it. He also applied the concepts of exit, voice, and loyalty (Hirschman, 1970), and derived some results that seem to have clear application to the real world of rural networks.

Much of this resonates with studies of small town life by rural sociologists such as Dempsey (1990), and with the theoretical treatment of the nature of rural community by Wilkinson (1991). For Wilkinson, the organising principle for understanding rural communities is the interactional basis of the 'community field.'

While Bolton allows that part of a sense of place derives from the appreciation of a place's landscape and history, such appreciation is essentially a relationship between *individuals* and place, so instead he focuses attention on the *social* phenomena of a sense of community, shared reciprocal obligations, and trust. By contrast, Read (1996) looks closely at individuals' experience of place, and documents the traumas resulting from 'lost' places such as Adaminaby, Yallourn, and Beecroft.

Social capital can, however, be inhibiting as well as constructive. Portes and Landolt (1996) give some examples: the same strong ties that help members of a group often enable it to exclude outsiders; it can exert restrictions on individual freedom and business initiative, and can impose what is known as 'downward levelling pressure': moral and sometimes physical suasion not to leave the group. This is another example of the trade-off between economic and social betterment, with mobility on the one hand and group solidarity (local social cohesion) on the other. Strong social capital can exist in low-growth, anti-growth, and dysfunctional communities. None of this should surprise those familiar with the literature on the sociology of rural communities (for example, Dempsey, 1990).

Implications for rural policy

Since the current policy environment places almost exclusive emphasis on the efficient operation of markets, there is a risk that important place-dependent values will be overlooked and therefore diminished. Should such values be considered in the development of rural policies, and can this be done without slipping over into rural fundamentalism? Should the erosion of social capital in rural communities be of any interest to levels of government other than local government?

Bolton (1992, p. 192) invoked sense of place as one of three factors that could justify the use of place-specific policies for rural development. Noting that social capital is productive and has local public goods aspects, he observed that '... (t)he critical question for state and national policy is whether the 'publicness' extends over a wider range of space than the community itself.' (p. 193).

This raises three specific questions, which I have adapted from Bolton (1992, p. 193):

(1) How valuable is the social capital in particular places for the larger region, and for the nation? Should (and do) people in Sydney care whether a strong sense of place exists in other towns in New South Wales, or in the Eyre Peninsula, on the Atherton Tablelands, or in a Pilbara mining town?

(2) If sense of place is a valuable social asset for the larger region and nation, what are the appropriate roles for state and national governments? Is the value sufficiently high to justify government action? Are there appropriate policy instruments?

(3) Does reliance on 'people-prosperity' policies, to the exclusion of place policies, allow the social capital to erode at a rate that is too rapid for the region/nation?

While these important questions and principles await resolution, governments are inevitably being drawn into issues involving social capital in rural communities. Some government actions have the capacity to undermine the social capital of rural communities. For example, structural change in the forest industries, which governments are attempting to manage through the Regional Forest Agreement process, can alter the distribution of social capital amongst affected communities. While the Forestry Structural Adjustment Package includes components directed to *businesses* in the industry and to affected *individuals*, it does not directly address the fact that structural change is likely to result in the uneven distribution of costs and benefits among different forestry-related *communities* in ways that erode the sense of place (and therefore the social capital) of those places. Work remains to be done, however, on the design of programs that might assist the affected communities to maintain and rebuild their social capital.

In New South Wales, the Main Street Program draws on the experience of the Main Street 'movement' in the US. This argues for the retention and creation of spaces where purposeful social interaction, seen as a key ingredient in the formation of social capital, can take place. The loss of traditional retail and commercial precincts, and their gradual replacement by shopping malls on the edges of towns, is seen as eroding social capital, as well as eroding 'downtown' financial capital. This Program may also create social capital indirectly, through the formation of local groups that manage it.

At the same time, governments are increasingly invoking the presumed powers of 'the community', and delegating to it more of the responsibility for the design and delivery of programs in rural places. The Commonwealth Rural Communities Program is an example. This delegation implicitly assumes that rural communities are blessed with healthy reserves of social capital (in this context, the capacity to take purposeful local action through voluntary association) and that communities will automatically respond to the opportunities such programs provide. Effective design and delivery of such programs, however, will require governments to display a better grasp of the nature and operation of rural communities and their social capital than they have so far. Indeed, it might be that governments have contributed to the erosion of local social capital in rural areas through the effects of policies that have led to the 'rationalisation' of a range of public and private sector local services and facilities.

Social capital alone can not compensate for the forces behind the decline of rural places. Portes and Landolt (1996) make the point that 'the call for higher social capital as a solution to the problems of the inner city misdiagnoses the problem ... It is not the lack of social capital but the lack of objective economic resources - beginning with decent jobs - that underlies the plight of impoverished urban groups'. This point is equally applicable to rural communities.

Some research questions on rural social capital

How has the level of social capital been changing in rural communities, and what are the more plausible explanations for such changes? How might the measurement of sense of place and social capital be operationalised? The methods of social network analysis would seem to offer potential for describing the anatomy of social capital in rural places. We need to go beyond simple counts of voluntary association. Indeed some of the most potent forms of social capital may not be directly observable, though their effects may be.

How might social capital be rebuilt in rural communities, in the face of seemingly inexorable trends towards greater population mobility, and in the face of an apparent divergence between emerging *communities of interest* and *communities in place*? For example, the farm sector is a community of interest whose linkages with specific local people and places seem to be weakening, while their linkages with other places and people are becoming more important and stronger. To the extent that farm people have traditionally been active members of local voluntary associations and contributors to purposeful action for local development, these weakening linkages may be inhibiting the adaptability of rural places.

What are the relationships between the level and operation of social capital in rural communities and the economic and social wellbeing of the farm sector? The Landcare program suggests there may be benefits well beyond the farm sector arising from the creation of this form of social capital. Less happily, social capital may have been significantly eroded by the closure of small local schools, whose committees provided the vehicle for much purposeful local interaction and action.

A number of important questions relating to social capital surround the impacts and possible uses of information and communications technologies in rural areas. In what ways are these technologies changing the contact networks, ways of interacting, and therefore the social capital of rural communities? It is possible to imagine both positive and negative effects of these technologies on rural social capital and sense of place.

In summary, I believe that a better understanding of the role of the social capital embedded in rural communities can enhance the productivity of the human and physical capital resources of rural Australia.

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