



Economic marginalization and community capacity: How does industry closure in a small town affect perceptions of place?



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ABSTRACT

Neoliberal economic reform has undermined industries in rural and ‘blue collar’ towns exacerbating uneven development and population decline. In response to calls to examine the variegated and often conflicting experiences of neoliberalism, we interrogate the community effects of industry closure in a small town in the South Island of New Zealand. Adopting a mixed methods study, qualitative interviews with affected residents describe decades of economic decline culminating in job loss from the remaining major employer. Job losses compromised a sense of shared identity and social interaction in a town where declining amenities provided few opportunities to practice incidental, public forms of citizenship. Analysis of the survey data indicated that one year on from the partial-closure of the major industry, a statistically significant, relative decline in community capacity was observed in the study community. This research provides evidence that a community's confidence in their self-management is directly impacted by economic context. This is the first study we are aware of that has (a) quantified changes in community capacity over time and (b) identified that industry decline has had a short-term, negative effect on community capacity. These findings suggest the devolution of governance to the local level may be less effective in times of economic flux.

1. Introduction

The political and economic processes that constitute neoliberalism defy scale (Swyngedouw, 2000), yet manifestations of neoliberalism are deeply embedded in – and contingent on – place (Peck et al., 2018). Calls to examine ‘actually existing neoliberalism’ are eliciting understandings of small towns and rural communities as subject to variegated, conflicting, and self-perpetuating experiences of neoliberalism. Small towns possessing high amenity values – particularly those that have successfully diversified their economic base – have seen international market expansion, greater investment in high-value products, and population growth (Albrecht, 2007; Perkins et al., 2015). In contrast, many small town economies remain embedded in longstanding modes of manufacturing or primary resource extraction that make them vulnerable to industry decline, eroded environmental protections and population loss which, Young and Matthews (2007:177) argue, “offer unique opportunities for theory-building because these are sites where the political and economic tensions of capitalism manifest in exceptionally vivid and observable forms.”

Investigating the materiality of actually existing neoliberalism and theorising its enduring forms are inextricable practices for Peck et al.

(2018) who argue the chasm between the ‘doctrine and reality’ of neoliberalism is one of its defining features. The abstract idealism of neoliberal principles stands in contrast to the messy realities of implementing an economic agenda. Local context is critical to understanding how political and institutional forces are shaping emergent neoliberalisms (Peck et al., 2018). Critics of ‘actually existing’ neoliberalism argue for the need to move beyond free market conceptualisations of neoliberalism (Ryan, 2015). Exoteric understandings of neoliberalism, Ryan (2015) argues, have failed to acknowledge the nuanced need for and presence of state intervention in both limiting and maintaining the market. Ryan (2015) goes on to suggest that a more nuanced conceptualisation of neoliberalism is held by a small but influential minority who play key roles enacting neoliberal policies. This qualified deployment of neoliberalism at the macro level is increasingly staged in the context of a political shift to a ‘socialised neoliberalism’ whereby social democratic principles have fostered a form of neoliberalism that recognises public goods and espouses collaboration and contractualism alongside competition as modes of governance (Gauld, 2009).

Uneven economic development is a widely acknowledged by-product of neoliberalism (see Harvey, 2005); solutions, in the form of local

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economic development, are frequently devolved to regions where they hinge on the viability of local forms of capital (Conradson and Pawson, 2009; Harvey, 2005). Local governments experiencing a lack of will or a lack of funds to invest in economic development may perpetuate uneven development by prioritising more productive locales, amenity migrants move to more attractive regions, and declining towns experience more rapid ageing as younger residents pursue work elsewhere (Lovell, 2018; Nel, 2015; Perkins et al., 2015). In the absence of government investment, organic forms of community development emerge as a viable response to widening disparities, albeit one that is contingent on the capacity of that community (Connelly and Nel, 2016). Our study contributes to this literature by examining whether community capacity is an ancillary manifestation of neoliberalism or a solution to uneven development.

We undertake a case study of a small town experiencing the partial-closure of its remaining major industry to understand how resident perceptions of community capacity change following economic disruption. Adopting a mixed methods study, we take advantage of an unexpected natural experiment using life story interviews and quantitative survey data to explore community perceptions. First, we analyse survey data from a town we euphemistically label ‘Hopeville’¹ and three control towns to quantify changes in community capacity before and after the partial closure of the Hopeville freezing works. We apply the concept of ‘community capacity building’ through a reflexive lens as a survey tool. Next, we collate individual narratives creating a biography of small town economic decline populated by the stories of residents living in Hopeville who were directly affected by the industry closure. Thus, we begin by engaging with current critiques of ‘community’ and consider its instrumentalisation as a form of actually existing neoliberalism.

1.1. Community

Strong communities are commonly depicted as possessing agency, resilience, an ability to ‘bounce back’ after set-backs, and the ability to respond effectively to challenges (Magis, 2010; Veenstra, 2002). Much of the disaster planning and environmental studies literature has examined community *resilience*, that is, how places are able to withstand shocks and setbacks (Magis, 2010). Favouring a strengths-based approach that does not rely on a disaster to measure its presence, we turn to the related concept of community capacity. Community capacity building is grounded in the belief that the skills, resources, and networks of a community will enable members to identify and act on problems independently (Gibbon et al., 2002). Community development experts recognise that communities are at different states of readiness for action and we sought to develop an instrument that could measure the capacity of a community to effect change.

The potential for communities to effect positive local change is presumed by both political leaders seeking to withdraw state intervention, and the third sector, which benefits from devolved forms of governance. The neoliberal turn of the 1980s saw the growth of both the private sector and the ‘shadow state’ across many Western nations leading to tasks, previously reserved for government agencies, becoming the remit of ‘community’ and the voluntary sector (Geiger and Wolch, 1986). As these practices of devolution gained momentum, communities were framed as political units with the potential to moderate social problems such as civil disobedience (Fyfe, 2005; Geiger and Wolch, 1986). Herbert (2005), using the example of community policing, argued such practices led to an over-reliance on communities with unintended consequences including overburdening community members ill prepared to navigate the complex bureaucracy of the public

sector. The social science literature has portrayed communities as victims of neoliberal cost-saving due to the expectation they will fill the gap left by the withdrawal of the state without appropriate resource investment, as witnessed under Blair’s third way (Fyfe, 2005; Geiger and Wolch, 1986; Lister, 2001; Mohan and Mohan, 2002; Whitehead and Diderichsen, 2001). Rural places are frequently depicted as sites of economic vulnerability, left behind by the state. Rural residents are often expected to successfully navigate material hardship and weakened government investment to provide social support for other residents (Milligan, 2001, 2016; Skinner and Joseph, 2007; Walsh, O’Shea and Scharf, 2016). Yet, they frequently pride themselves on their self-sufficiency, preferring to: “‘make do’ within the private and informal arena, contest the presence of poverty within their local areas, and hold antagonistic attitudes toward the welfare state” (Milbourne, 2016:81). Such attitudes place greater demand on the informal sector where ageing populations and growing social care needs are producing uneven landscapes of care (Skinner, 2008). Thus, despite its strength-based approach, community capacity may be employed as a tool to instrumentalise ‘community’ for exploitation.

1.2. Study context

Aotearoa/New Zealand (NZ) is a country of almost 4.5 m people with an economy built significantly on agriculture and secondary processing for export, recently surpassed by tourism as the country’s largest export sector. Adopting a case study methodology (Crowe et al., 2011), we explore a small town experiencing the partial-closure of its freezing works (a refrigerated slaughterhouse in which meat is processed for export and domestic sale). Research in Hopeville, a town of approximately 1500 in the lower South Island (Statistics New Zealand, 2013), sought to capture a community dynamic realised through the material realities of (relative) isolation and neoliberal era economic decline, allowing us to examine the changing meaning – and experience – of community. Hopeville has a long history of dependence on primary industries which, from the late 1800s, included a dairy factory, paper mill and freezing works (McLintock, 1966). For decades, these industries provided employment and stimulated a vibrant local economy. The expansion of pastoral farming and the rise of sheep shearing saw increasing numbers of Māori, the indigenous population of New Zealand, travel to labour in the region. Today, approximately 30 percent of Hopeville’s population are Māori, a figure double the nationwide rate of 14.6 percent (Russell, 2012; Statistics New Zealand, 2013). The economic growth that dominated the 20th Century faltered in the 1980s as the effects of free-market restructuring led to a pattern of closures that affected primary processing plants in small towns across NZ, including Hopeville (Gouin, 2006; Le Heron, Britton and Pawson, 1992).

Heavy government subsidization of sheep production made towns like Hopeville vulnerable to the neoliberal political turn, particularly as international market conditions saw low returns in agriculture (Le Heron et al., 1992). Growing debt led the NZ government to adopt an agenda of economic deregulation; deregulation being one tool in a suite of policies for which NZ was lauded internationally as an early adopter of a liberalized economy. The agricultural sector became a target for reform with subsidies for farmers revoked in 1985. The neoliberal orthodoxy anticipated that competitiveness within the sector would kick start efficiencies, a doctrine that has since been qualified (Stiglitz, 2003). The sudden exposure of resource-based sectors to international market conditions impacted employment opportunities as the profitability of sheep farming declined rapidly (Le Heron et al., 1996). Free market reform continued to affect Hopeville with the closure of its paper mill in 2000 as competition from Asia undermined the NZ market, despite the mill proving increasingly productive (Williams, 2000). This was followed by the conversion of many sheep farms to dairying (Gouin, 2006). In 2012, the high number of processing plants in the region and declining sheep numbers led the Hopeville freezing

¹ Pseudonyms are used for the town and participants to protect anonymity which might otherwise be compromised by the small population and personal stories.

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