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Rural development
Fred H. Tyner

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Abstract

ECONOMIC ASPECTS OF HUMAN RESOURCE DEVELOPMENT^{1/}

by
Fred H. Tyner^{2/}

Sub-topics discussed in this paper are: (1) relating human resource development to other development topics, (2) criticisms of past effort, (3) is there a policy for human resource development?, (4) elements of the human resource development problem, and (5) research approaches needed.

Human resource development is seen to be one of several inter-dependent elements of the "rural development process." Other elements of this process are community development, economic resource development, and natural resource development (in special cases).

A narrow definition of human resource development would include peoples' training and skills, values, attitudes, and their goals for their families and communities. Because of the interdependencies of the elements of the rural development process, it is suggested that the needs of human resource development are best studied in relation to community development and economic resource development.

Past efforts in behalf of human resource development have been criticized for our failure to understand more "...about the way people live or the costs and effects of improving the manner in which they live," and our emphasis on designing programs "...to adjust poor people rather than the conditions that make people poor." In the confusion of interpretation regarding what is meant by rural, by community, by development, by human resources, etc., we appear to be exhausting our energies in seeking to apply the proper nomenclature rather than in selecting researchable problems and seeking outputs (answers) that will be useful to public decision making.

^{1/} Paper presented at Seminar Session on Community and Human Resource Development, American Agricultural Economics Association meeting, Carbondale, Illinois, August 16-18, 1971.

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Abstract (page 2)

Benefits of past programs have been linked principally to land and capital resources. Rural people with little or no holdings of land or capital have, apparently, been substantially "...abandoned by public policy." Whether or not these observations warrant a conclusion regarding the presence or absence of a public policy for human resource development is a moot question. In view of the complexity of defining a human resource development problem, it is not surprising that there is not an identifiable, comprehensive policy for human resource development. It would seem to be more relevant, in this case, to work on those aspects of human resource development needs for which research questions can be explicitly defined.

The basic element of the human resource development problem is that (generally) rural people are inadequately prepared to fully participate in modern society. Contributing factors are inadequacies in educational preparation, occupational choices, business ability, employable skills, effective use of their personal and financial resources, and the effectiveness with which they adjust to social and economic change.

The objective of this paper is to encourage agricultural economists to direct their research attention to (1) supplying the basic data needed for identification of major problems, (2) outlining the possible alternative solutions to these problems, and (3) to determining the gap between resource availability and needs--with suggestions as to how this gap can be narrowed.

Suggested fruitful areas of research are (1) costs and returns to public services such as education, health, welfare, etc., and (2) cost-effectiveness analysis of alternative means of providing these public services. Specific research problems suggested are (1) efficiencies of local government consolidation, (2) optimum location of services such as schools and hospitals, (3) delineation of functional socio-economic areas for planning in order to achieve effective economic development, (4) analysis of major economic linkages among producing, business and public services sectors, and (5) similar examples of applied, problem-oriented research to provide planners with assistance in achieving economic development--which implies progress (both before and after the fact) in human resource development.

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To begin, let me remove the coordinator of this program from any inordinate amount of responsibility for what I say. His instructions to me were generally to (1) "tie-in" with Professor Eldridge's paper, (2) draw heavily on research and programs for "people development," (3) discuss the "myth or reality" of human resource development, and (4) "say something about public policy for human resource development."

In an effort to accomplish these objectives I initially (and naively) set out to (1) define the problem, (2) separate out aspects that have measurable economic magnitudes or implications, (3) focus on these economic aspects from the perspectives of (a) costs of human resource development programs (direct and indirect--social or opportunity costs) and (b) positive benefits (both direct and indirect benefits--economic as well as social), and (4) discuss how results might be measured (i.e., what kinds of response are indicative of a "good" job of human resource development), and (5) discuss implementation of human resource development plans--from both research and extension viewpoints. After viewing this formidable task, I decided to take some time off and go fishing!

Relating Human Resource Development to Other Development Topics

Let me challenge you to define--unambiguously--the following terms:

rural development

rural economic development

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community development
 community resource development
 human resource development

After careful consideration of these oft-repeated terms, I am sure you will join me in borrowing a term from the comic strip character, Pogo: It "boggles" my mind!

I would like--before looking at the more positive aspects of human resource development--to review some generally accepted notions of where this subject fits into the general scheme of "development topics" and lay a foundation for subsequent discussion in terms of criticisms of past efforts.

Professor Eldridge [9] has found a "working" definition of community resource and human development from a decade ago: (1) to expand industry and widen the range of all farm jobs in areas with many small and low production farms, (2) to help families having the desire and ability to stay in farming gain necessary land, tools, and skills, and (3) to help younger rural people obtain adequate education and especially improve job skills. He states--considering various programs and goals of the past few years--that a common objective is the hope to improve the quality of living of people.

The President's Task Force on Rural Development defines the purpose of rural development as "...to create job opportunities, community services, a better quality of living, and an improved social and physical environment in the small cities, towns, villages, and farm communities in rural America" [Quoted from 13, p. 5].

The relatedness of the terms under review is exemplified in the following statement [4, p. 1]: "Rural development is a complex process leading to greater social and economic well-being for people and their community.... It, in reality, is a system with many interdependent parts of which there are at least five major ones and an unlimited set of sub-parts. The rural development process thus is concerned with:

- 1) Community development -- this includes all services communities are required to provide such as schools, education, health facilities, welfare, fire and police protection, roads, and recreation facilities, among others. It also has two extra important dimensions: (a) quality of living, and (b) spatial distribution.

- 2) Human resource development -- this includes the people, their training and skills, their values, attitudes, and their goals for their families and communities.
- 3) Economic resource development -- this includes various forms of economic activity that increase jobs for people and that generate incomes for an ever-increasing number of people.
- 4) Natural resource development -- this includes improved utilization of natural resources including land, water, air, and scenery, among others, whenever done as a specific input to a rural development program.
- 5) The people left behind -- this includes activities for those people whose productivity is temporarily or permanently low-- things done because of the values of this Nation that lead us to help those unable to help themselves--and things done to prevent children of disadvantaged homes from becoming one more generation of disadvantaged adults."

Any given number of people would write down that many different definitions of human resource development. Importantly, however, the definitions would not be significantly far apart. What we need to do, as economists, is to refrain from efforts to be ultra-precise definers of problems, semanticists, etc., and use our economic capacities to work on problems that have clear economic content or implication. It is not necessary that we have the precise answer, but that we at least move in the right direction.

Criticisms of Past Efforts

Let us next consider the pessimism with which our past activity (or inactivity) is viewed. "It is astonishing that agricultural economists should know so much about how to produce or how to control the production of feed grains, wheat, and cotton, and at the same time know so little about the way people live or the costs and effects of improving the manner in which they live" [7, p. 1195].

Another observer points out that the difficulty lies... "in a failure to confront the issues which most concern people, or at least those people who would like to be considered articulate. The great works in the history of economic thought have been written by men who gave precise definition to important problems and then proceeded to indicate systematically how they might be analyzed, explained, and then resolved" [12, p. 5].

In a recent AJAE article, Jim Copp notes that one of the gravest oversights in the war on poverty has been neglect of the lower middle class: "Our social programs are designed to adjust poor people rather than the conditions that make people poor" [5, p. 737]. In a constructive manner he adds "...if our proposals are to be effective for dealing with rural poverty, they must be developed at a profound level of conceptualization. The rural sector, for instance, will have to be seen as a highly interdependent, though somewhat different, part of our total economy and social order" [5, p. 743].

If we concur with the basic nature of these criticisms, then Dr. Eldridge's introductory paper on this subject might properly be viewed as a forecast of continuing gloom. In the confusion of interpretation regarding what is meant by rural, by community, by development, by human resources, etc., we appear to be exhausting our energies in seeking to apply the proper nomenclature. I would style this situation as analogous to that of a medical doctor who would delay emergency treatment of a patient because he had momentarily forgotten the technical terminology for the malady--although he recalled the indicated treatment.

Is There a Policy for Human Resource Development?

One of the questions posed for this session is: "Have we had a policy for human resource development?"

Lynn Daft has recently reviewed the status of some of our public programs in this regard [6]. He defines three types of programs: (1) those that are specifically directed toward rural issues, (2) those that are essentially rural in character but are not explicitly limited to the

rural settings, and (3) programs that have no particular geographic focus but have impacted in varying degrees on the rural population.

In terms of performance, programs of type 1 have generally been preoccupied with the aims of improved production efficiency and economic adjustment of the firm and the industry. Program benefits have been linked principally to land and capital resources. Rural people with little or no holdings of land or capital were in substantial measure abandoned by public policy.... "Finally, those programs designed to meet human resource and community needs have generally been delivered more effectively within urban than in rural settings" [6, p. 251].

The "...absence of a clear-cut policy..." is illustrated by the statement that "...policy formulation has been all but buried in a proliferation of narrow, categorical programs" [6, p. 252].

I would not argue with the conclusion reached by Daft. Perhaps there is no single program that embraces all the facets of the human resource development problem. The fact that there may not be a "policy" is rather innocuous--one only need consider the complexity of defining a "human resource development" problem to see the futility of attempting to devise a policy. Our attention can be directed to more fruitful pursuits.

I would suggest, then, that we reflect briefly on the basic nature of the human resource development problem--and follow with consideration of the kinds of research output that are needed.

Elements of the Human Resource Development Problem

Bishop [2] lists factors limiting the economic development potential of an area as: (1) kinds and amounts of resources, (2) location and size of market, (3) employment, price, and wage changes in the economy, and (4) social, political, and economic institutions in the area and the willingness of the people to innovate and to change the use of their resources (ultimately determines what will be done).

The "people" aspects of the development problems facing rural people are summarized in the following [1]: "Rural people are relatively disadvantaged. They are inadequately prepared to fully participate in modern

society--consequently, their quality of living never reaches the level that might be achieved. Factors contributing to the low level of achievement are inadequacies in: educational preparation, occupational choices, business ability, employable skills, effective use of their personal and financial resources, and the effectiveness with which they adjust to social and economic change."

If this is the problem, what kinds of research can we do that will be a productive input into the human resource development process?

Research Approaches Needed

Brannon points up the need for a broader research orientation to include more than firm production efficiency [2, pp. 3-4]:

"...this reorientation will require conceptualizing the problems of the rural target group not only in the traditional terms of their role as producers, but also as consumers of private and public services.

...more of our research emphasis in the future must be oriented toward human resource development.... Increasing research attention by agricultural economists is badly needed in the area of costs and returns to education (both formal and informal), health, welfare, and related programs."

This conclusion is also reflected in Day's statement [7, p. 1197]: "I observe that the interest in community services centers around two objectives: welfare (for example, better education as a means of improving the quality of life) and economic growth and development. Therefore, I presume that the basic framework for the analysis of community services is a cost-effectiveness analysis of alternative means of achieving these objectives."

Variables included in Eldridge's function [9] are (1) purchasing power per person, (2) income distribution, (3) economic base, (4) contributions of institutions, (5) infrastructure, (6) capital inventory, (7) cultural level, (8) leadership effectiveness, and (9) performance of services. Positive suggestions include (1) a reference to correction of diseconomies of scale in public and private institutions and government, (2) out-migration if a high degree of unemployment exists, (3) reduction in unemployment or underemployment to improve income distribution, (4)

training or re-training, (5) improved infrastructure--roads, transportation, communication, (6) improved culture, (7) effective leadership, and (8) a wider range of services. Identified research needs are (1) measurement of levels of variables and a gross social output, (2) measures of institutional output, (3) analysis of alternative structural arrangements including alternative school systems, health care, government, transportation, and rural services.

In an earlier paper [10, p. 27] he focuses on the importance of investment in the human factor. "Training and education, particularly of youth, contribute greatly to the potential for economic growth. In addition, education erases some of the restrictions to mobility and increases the number of opportunities available for people in distressed areas. Investment in the training and education of people can be one of the most important activities associated with economic development."

A recent set of guidelines for research in rural development [4] suggests that there are essentially two basic kinds of research findings that are valuable for development programs: (a) research on the development process itself to assist leaders and workers to do a more effective job, and (b) research which supplies the basic data needed by the group to identify the major problems to be tackled, to outline the possible alternatives and solutions, and to determine the available and needed resources for the solution of the problems.

I would like to focus on area (b) as germane to consideration by agricultural economists. In general, certain base data are required to reflect specific problems or to suggest hypotheses regarding the causes of problem situations. Most economists, I believe, regard "outlining possible alternatives and solutions" as comprising the services they are most qualified to perform. Admittedly, considerations other than economic form the boundaries of the feasible set of alternatives. These considerations also serve to determine the resources available--and which are part of the input data defining alternatives.

The following suggestions are taken from the CSRS paper [4]:

- . . . cost efficiencies that can result from various forms of local government consolidation
- . . . financing and management of privately owned rural recreational operations

- . . . more information on what makes one rural town a viable growing center and another a moribund declining area
- . . . more information on effective, low-cost water delivery systems and sewage disposal in country-side areas and small towns
- . . . better data and measurement devices for assessing the economic and social effect on individuals and communities of establishing new industries in rural areas
- . . . better information on how far farmers and other rural residents will travel for goods and services--thus establishing the boundaries of "trade centers"
- . . . research on the financing of governmental services in rural areas
- . . . the increasing responsibilities of the Extension Service in rural development should be backed up with research data in response to the new questioning and pressing problems encountered by Extension. They are more "human" and "social" in nature than the traditional "technical" and commodity oriented research questions handled by Land Grant Institutions.

Group I Research Problem Areas are described as those which represent the principal focus of rural development; i.e., Rural Community and Human Resource Development:

- housing for rural families
- individual and family decision making and financial management
- causes of poverty among rural people
- improvement of economic potential among rural people
- communication and education processes
- individual and family adjustment to change
- improved income opportunities in rural communities
- improvement of rural community institutions and services

I would direct your attention to a list of more specific problems under each of these problem areas--pages 7-11 of the CSRS document. I have arbitrarily selected a few of these to mention specifically, below, both because of their personal appeal to me and because I feel that positive gains can be made in these areas.

My first selection is RPA 804--Improvement of Economic Potential of Rural People.

- 1) Develop information on the requirements for success in various occupational opportunities, including education, experience, and financial resources.
- 2) Develop programs to provide education, training, and re-training needed by rural youth and adults to take advantage of farm and non-farm employment opportunities.
- 3) Determine opportunities for operators of low-income farms to improve their situation through adjustments to improve farm income, combining farming with part-time non-farm work, or full-time at a non-farm job or business.

The second area (chronologically) is RPA 907--Improved Income Opportunities in Rural Communities.

- 1) Criteria for delineating function socio-economic areas for planning in order to achieve effective economic development in an area.
- 2) Develop a set of economic indicators for rural areas, including resource bases and the locational advantage and disadvantage of these areas.
- 3) The prospects for attracting desirable non-agricultural industries to rural areas as a means of increasing local employment opportunities and providing a more adequate tax base for the support of community services. (Comment: Industry attraction is generally the first utterance of anyone questioned about rural development. I include it here primarily for the opportunity to emphasize the modifier "desirable." I think of desirable in terms of long term growth and lack of cumulative adverse environmental effects as well as a non-exploiter of local labor.)
- 4) Potential for further development of agricultural and forest resources in rural areas, including marketing facilities.
- 5) Potential contribution of improved transportation facilities in bringing desirable employment opportunities within commuting reach of residents of rural communities.

The third area is RPA 908--Improvement of Rural Community Institutions and Services.

- 1) Criteria for delineating functional socio-economic areas to provide effective and efficient community institutions and services.
- 2) The development, adequacy, quality, and cost of education, health, sanitation and water systems and other public and private services.
- 3) The organization and operational efficiency of local governmental units in meeting the needs of a modern rural society.
- 4) Effective protection of the community's interest in change in land use through zoning and other means, including suburban development and industrial and agricultural uses.
- 5) Effective development, coordination and adaptation of the various agencies and organizations to best meet the community's needs.

Projects currently underway in our department serve to further illustrate my notion of relevant research:

- 1) Determination of the Rate of Growth in Employment Among Sectors of the North Florida Economy. Objective: Develop and empirically test explicit methods for determining employment growth rates and interrelationships, or linkages among the principal sectors of a predominately rural economy. Rationale: Policy-makers at all levels of government have provided support for local area economic planning and development programs. Program emphasis has generally been on specific sectors such as farming, tourism, or industrialization without sufficient knowledge of the likely impact of policy alternatives on an area's total economy. Failure to focus attention on the major economic linkages among the various producing and business and public services sectors has diminished the reliability of area adjustment expectations, and constitutes a knowledge gap in evaluating public programs for area economic development. Research--to isolate the major employment linkages among the farm and non-farm sectors that govern the effectiveness of policy programs

in fostering economic development of the North Florida area-- would provide this information for those who seek to accelerate growth of rural areas in Florida and other parts of the Nation.

- 2) An Interindustry Analysis of the Economy of Florida. As public programs are formulated and economic development strategies developed at state and local levels to effectuate more desirable growth in lagging areas, the lack of an understanding of the complex economic interrelationships within the economy is a major stumbling block. Measures of the direct and indirect changes in the economy are needed to evaluate these development programs.

What changes can be expected in interindustry relationships as reflected through primary and secondary effects upon existing economic activities and upon the geographic distribution of this activity? Isolated sector analysis precludes answers to these types of questions of economic interdependence between sectors. An entire state economy analysis can provide a better basis for answering these questions.

Government agencies which plan to formulate strategic development programs need to know the effects of alternative actions to make the most effective use of all available resources to increase per capita income and the level of living. Planners need to be able to determine whether or not a region has sufficient resources and the necessary locational advantages to accomplish the needed development for economic success. Information on the effects of differing amounts and types of investments associated with alternative proposed programs on per capita income and employment must be determined for use and consideration in a planning program. From a public policy standpoint the economic feasibility of each alternative development program must be determined along with the most efficient way to achieve specified goals with minimum resource requirements. Applied, problem-oriented basic research is a necessary first step to provide the planner with the information necessary to appraise the potentials of an area for economic development.

- 3) Planning for Economic Development in North and West Florida. Objectives: To determine groupings of counties by economic and other criteria for evaluation of development and research needs. To determine groupings of contiguous counties reflecting potential as viable economic areas. To determine potentials for growth through the analysis of structural economic relations using input-output, simulation, and programming techniques. To evaluate specific alternatives that suggest a means of achieving economic growth. Rationale: Various geographical and political characterizations have been used in planning for economic development districts, state economic areas, and resource conservation and development districts. Because the results of technical studies of growth processes and potentials are inseparable from the economic entities upon which the analyses are performed, and in order that such studies realize their maximum effectiveness, it is essential that the most appropriate economic classification (not just geographical and political) be obtained.

Concluding Statement

Some of the focus of my own research program stems from a recent proposal to combine counties in Florida. In a public hearing, one objector to the proposal said no evidence had been offered to show that merger of small counties would result in efficiency and economy in government. Given such evidence the objector said he "might think otherwise of the proposal" [11].

How often are decisions made without "such evidence?" If the desired objectives of development are to be achieved, decision makers must be provided with "...an idea of those instrumental variables and key relationships that can be influenced to bring about [the desired] changes" [8].

I would like to quote from Brannon again to add emphasis to his idea [3, p. 10]:

"...As researchers, most of us are wary of our results getting out before we have had a chance to check and recheck, refine, hedge, and otherwise protect ourselves against being blindsided.... But public policy decisions must often be made within fairly tight time constraints--and they will be made, with or without adequate information."

Our local newspaper, in its unending quest for information of social relevance, recently reported quotations made during the latest session of the Florida legislature. Hopefully (for those responsible), these will not be remembered as long as statements attributed to Patrick Henry, Benjamin Franklin, and other notables of U. S. history. Two of them will serve as thoughts to meditate on:

- 1) One representative took the floor to discuss the fiscal plight of small counties, stating "These counties have magnanimous problems." Whether the adjective is apt or not, I think we can agree that there are sufficient problems to be researched.
- 2) Another--reporting on the House's progress in reforming the tax structure--opined that "The House has made a sincere effort to commence to begin to start to get ready to pass significant tax reform."

If I have a point to make today it is that we, as agricultural economists, can make a significant contribution to the process of rural economic development and human resource development. My considered opinion is that such a contribution will be more clearly recognizable (and more apt to be forthcoming) if we apply our talents to the solution of practical and basic problems confronting our communities, counties, states, and regions. It is imperative that we do more than show "a sincere effort."

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