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RURAL DEVELOPMENT: A CRITIQUE

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RURAL DEVELOPMENT: A CRITIQUE

The philosopher George Santayana once said that "those who cannot remember the past are condemned to repeat it." In order to know the present and future of rural development, one must know its past. In particular, it is necessary to know what has been wrong in the past if one is to know how to improve in the future.

All the other papers in this session are very similar. All identified broad goals of rural development, issues which in the coming decade should affect rural development, and suggestions for the future in policies and areas of research. None paused to reflect on the past, whether of institutional programs or of academic research. None identified correctible errors or appraised the system's overall worth and effectiveness, in spite of widespread opinion (for example Schaller 1978) that the history of rural development programs has been something less than an unqualified success story. It has thus been left to this paper to undertake the critical analysis, which given page constraints will focus on the academic literature.

I. What has gone wrong?

Practicing economists will no doubt accept on faith the proposition that economic theory is an appropriate tool to use, although this assumption can be questioned. (Berry, for example, believes that ecology rather than economics is the most relevant discipline.) Given this assumption, economic analysis must always specify first, the arguments in the objective function, and second, some means of measuring or quantifying those arguments. This paper contends that researchers in rural development analysis have erred in

each of these basic specifications.

1. Arguments in the objective function.

As Deavers states, the goal of rural development should be to improve rural well-being and quality of life. However, in defining these terms, economists have almost always emphasized traditional "economic" concepts such as level of per capita income, economic growth, and technical efficiency of operation and ignored the subjective, non-"economic" elements.

As a fairly representative example, consider the 1976 AAEA invited papers session on rural development. Edwards cited five bases for regional growth: increasing resource availabilities, advancing technology, expanding markets, conquering space, and building institutions. The only mention of human involvement is of population as a factor of production. Jansma and Goode merely assumed an upward sloping labor supply curve and then operationalized it. Morgan emphasized the necessity of studying community decision making processes, citing as proof the frequently impassible gap between researchers and community leaders, but one is left with the impression that he would like to be able to manipulate community decisions to agree with the researchers' policy proposals. Sorensen and Hartman, from a philosophical and sociological perspective, lamented the loss of sense of community in rural America which they believe is a result of centralized organizational structures. They criticized economic research for its emphasis on control of variables and faulted the social system and the disciplinary training of researchers for the fact that "no longer is primary attention given to determining the needs of people or to measuring the effectiveness in meeting those needs"(p. 935). A few years earlier Bawden's invited address on "The Neglected Human Factor" had merely pointed out the need to consider who will benefit from a program and the fact that average measures of income do not reflect inequalities; he acknowledged neither human involvement nor

the possibility of goals other than income and employment.

These papers implicitly assume that income is a suitable proxy for quality of life. However, quality of life is not equivalent to income, much less to aggregate income without regard to its distribution. Poverty programs which dictate how government aid should be used have frequently "failed" in their objectives because the social worker's utility function is not the same as the welfare recipient's utility function. Government planners should have paid more attention to the indifference-curve analysis of matching versus unconditional grants.

The psychological and social needs and values of a community should be considered, especially the needs the community, not the planner, feels are important. (There are, to be sure, problems of establishing a community utility function.) Not all communities have the same values; studies show not only that rural values differ from urban values, but that farm values differ from rural non-farm values (Larson). In addition to pointing out the need for individual community analysis, this demonstrates that as the rural non-farm sector becomes more important (Beale), the equation of rural development policy with farm policy which has often been made in the past becomes more and more tenuous.

The importance of human values becomes especially evident when economically feasible new programs are introduced. For example, a county whose citizens voted to go legally dry may not welcome the advent of a distillery. One need not go to such an extreme example; cases frequently arise where a value for a quiet small-town existence is strong enough to veto industrial development. In his discussion of the implications of the rural population turnaround, Deavers mentioned that traditional community values and individual lifestyles can pose problems for adjustment to economic growth. In the development of its farm policies and programs, Congress has often been

confronted with the conflict between values associated with small family farms and the greater efficiency thought to be associated with large scale commercial operations. Given such values, researchers should realize that pursuit of the objective of rural development by economic measures need not maximize community satisfaction and may even decrease it. For example, the majority of rural white male suicides are those who have urban-oriented occupations and attitudes (Segal). Neither should researchers disparage the community if it rejects their advice (Sorensen and Hartman).

Harman et. al, in a positive step, attempted to determine which among eight possible goals had highest and lowest priority for farmers, by the method of paired comparisons. This type of investigation, both in its purpose and in its methodology borrowed from psychology, should be encouraged as a check on whether economic research is seeking to maximize the proper objectives.

The importance of community attitudes to the success of a program has been demonstrated in the rural programs of the National Institute of Mental Health (Segal). Mental health is a particularly touchy area, because of age-old prejudice against the mentally ill and the stigma that is often attached to those utilizing mental health services. The success of these services is thus directly related to the attitude of the rural population toward mental illness and mental health services. Fortunately for its programs, the NIMH received encouraging responses in its preliminary surveys of attitudes. These attitudes have also become more positive in recent years.

Another area in which values affect economic performance is that of religious outlook. For example, Weller found that the people of Eastern Kentucky carry strong values for traditionalism, individualism, fatalism, immediate as opposed to long-term action, stoicism, and personal as opposed to object relationships. These values, but especially those of traditionalism and fatalism, impede implementation of many rural development programs. Redman has

demonstrated (1979, 1980) that the area's religious history not only implies these personal characteristics which according to Weller then affect regional development, but that conservative vs. liberal religious outlook affects the time and money an individual devotes to religious relative to secular market activities. The effort devoted to secular market activities is directly related to effort devoted to economic improvement.

In addition to having preferences among two or more goals, the community will perceive costs to each. These costs need not be identical with monetary costs. Morgan and Deaton investigated the psychic costs to workers of employment in a particular city, and concluded that migration did not always respond to monetary wage differentials. The psychic costs were significantly related to family earned income and satisfaction with social relationships. Satisfaction with new social and physical surroundings was more important than satisfaction with work in the city for the successful adjustment of rural-to-urban migrants (Deaton, Morgan, and Anshel), which again indicates the need to consider noneconomic factors. Schaller (1972) recognized that a tradeoff often exists in practice between the possibilities of improving economic vs. noneconomic well-being. The community must then choose between them based on its preferences. The rural population turnaround and the increased congruence of location with original preference of lifestyle, in spite of the general belief that urban areas offer greater economic well-being (Dillman), suggests that non-economic well-being carries increasing weight in locational decisions. Deavers is concerned with maintaining the opportunity for choice among a variety of rural lifestyles. This is a refreshing and valuable focus in research and policy formulation, and should be continued.

One further point concerns an input into the economic development program, the development of people. Traditionally, economists have dealt with the use and augmentation of physical resources. In rural development especially, human resources must have at least equal importance. Economists have in recent years begun to estimate the effects of education and physical and mental

health on human capital and therefore on income and productivity (for example: Fein; Levine and Levine). As Cornman suggests, health and education are national policy goals which for rural areas may need particular delivery strategies. Some efforts in this direction have been made, such as Daberkow and King's study of emergency medical service; these efforts should be continued.

2. Quantification of arguments

Economists have also often used biased estimates of even the traditional economic variables. Consider as examples the frequently used concepts of efficiency in farming and profitability as an indicator of efficiency. Agricultural economists have often pointed to the increase in farm output per labor hour employed in farming as an indicator of increased farm efficiency. Even if one accepts this as an appropriate concept (and Perelman questions it because it is a measure of an average rather than marginal product), it is misleading in that it does not include the non-farm agribusiness sector which has greatly expanded in recent years. "Although only 4.5% of the U.S. population works on farms, another 5% is engaged in producing supplies, and another 10% is employed in processing the food and bringing it to the consumer." (Perelman, p. 66). The 4.5% presently employed on farms represents a steady decline from 30.1% in 1920 and 24.9% in 1930 (Perelman), but the inclusion of the expanding farm supply, processing and distribution sectors considerably lessens the impact of these figures. If the total percent of U.S. population in agriculture has declined, it has not declined by startling proportions. The real question is whether society has benefited by the replacement of farm labor by capital equipment. While mechanization has been the major emphasis of research, it also consumes much energy, with which society is only now beginning to be concerned. The question of effects of energy prices on factor combinations in farming and

manufacturing industries can be added to Cornman's question of effects on industry location in rural vs. urban areas. Both carry implications for rural employment and income.

Profitability too can be deceptive; it is often used as an indication of efficiency. However, measures of profitability usually have not excluded the effects of government legislation. Tax shelters and loopholes and farm subsidies (as proportionate to farm sales) favor large farmers; pecuniary economies of scale exist in acquiring inputs and financial capital. Further, Hightower's by-now-famous critique of the land-grant university system indicates that agricultural research is designed to aid large farmers and agribusiness, not small farmers. Schaller (1978) holds that national farm policies overwhelmingly tend to be commercial-farm policies. The built-in advantages which large farms face in the American economic system should lessen the conviction that profitability is necessarily proportionate to inherent technical efficiency.

While these criticisms refer primarily to rural farm development research, rural non-farm development research also suffers from errors in quantification. A particular vulnerability of this type of research is selection of appropriate proxy variables. Unfamiliarity with the local culture as well as data limitations can result in inadequate or inappropriate proxies for the social and psychological benefits received from a program; for example, in one study the number of movies and ballgames attended served as a measure of Southern Appalachian mountain recreation, human resource development and cultural isolation (Smith, Wilkinson, and Anshel).

II. What has the past trend implied for human satisfaction?

As the present system favors big farms, so is the trend. The number of farms has steadily decreased since 1930, and average farm acreage has steadily increased. Rural industry has only recently begun to have prominence. What effect does this trend have on rural development and human satisfaction?

The major observable effect at least until recently has been labor migration away from the farms and rural communities, motivated by employment opportunities. This trend has been mitigated by some recent government and industry efforts to locate more industry in rural areas, which raises the problem of possible clashes of values discussed above but which at the same time makes it easier for a person to choose a preferred rural lifestyle. Out-migration creates adjustment problems for ex-farm workers, who traditionally have received little or no help in retraining or relocation. Migration to the cities due merely to economic inability to stay on the farm or in the rural community generally does little to maximize the individual's utility function (Deaton, Morgan, and Anshel).

Problems may also arise for those who remain, whether on the larger mechanized farms or in new industry. The Marxian analysis of alienation (Elliott) may provide some insight here. Marx's basic premise is that creative, purposeful work is an important differentiating quality of the human from the animal species, and a person thus finds self-fulfillment in productive activity. However, a person tends to objectify what he/she produces and in time comes to see his/her product as something not only alien to him/her but also as taking on an existence of its own and controlling the producer's life. A contemporary analogy would be a successful businessperson's complaint that he or she is on a treadmill and unable to get off. The more specialization and the more mechanization, the less fulfillment and the more alienation, since the worker is more distant from the product of labor and cannot take particular pride in its production. Since labor is part of the essence of being human, the individual also feels alienated from him/herself and from the rest of humanity. Current findings on the lack of job satisfaction in assembly-line types of jobs suggest that Marx's analysis of alienation has some relevance to job satisfaction, which in turn relates to the individual's perception

of his/her own well-being and quality of life. This, however, may be classified as an addition to Cornman's list of national issues with implications for rural communities rather than as a particularly rural issue.

Alienation and the counter-struggle to retain one's humanity have been recurrent themes in American culture in the last two decades. In addition to Marx's view, psychologists have suggested other theories on what is distinctively human about humans as a species. For Freud, it is the prolonged period of childhood dependence and narcissism which is then abruptly attacked by the outside world; for Fromm, it is the search for love; for Frankl, the search for meaning in life; for existentialists, the anxiety created by the polarity of freedom and the finitude of choices which can be made. Maslow's hierarchy of needs, which has a highest need of self-actualization (self-fulfillment), bears some resemblance to Marx's analysis. While theories and terminologies vary, most psychologists agree that nonacknowledgement of any major part of a person's psyche is unhealthy for the person. Freud and Jung particularly emphasize this. All this seems to suggest that the increasing specialization associated with increased size of operation and increased mechanization, with the resulting depersonalization of the work and the emphasis on only a few particular needs and skills, may not be best for the humans involved in targeted development areas even if technical efficiency is best served by it. Although a certain degree of alienation cannot be avoided, it could perhaps be reduced by careful planning.

This returns to the earlier question of arguments in the development objective function. The first part of this paper pointed out the need to respect the community's wishes and values if community satisfaction (and not the developer's satisfaction) is to be maximized; psychology, which should be added to Deavers' list of social sciences, has much to contribute in determination of preferences. The second part of this paper called into question the reliability of the conventional measuring concepts of the

conventional arguments. But finally, even if one initially ignores the community utility function, one is forced by the consequences of industrialization and expansion to acknowledge negative consequences to the humans involved. While in Marxian analysis this is inevitable in all capitalist society, one could perhaps mitigate some of the effects if one made appropriate provision for human values at the outset. This reinforces the first contention that rural developers should place more emphasis on the non-economic values of their clientele.

III. Is correction of past errors worth the effort?

The above analysis has omitted one important question: Is the whole effort worthwhile? Schaller (1978) suggests that it is not at all clear how much of the improvement in the well-being of rural people over time is due to rural development policy and how much is due to national economic conditions. For example, he proposes that the rural population turnaround has been only enhanced by development programs instead of caused by them. Other factors facilitating rural in-migration include Social Security retirement payments, increasing rural awareness of urban problems, and more limited urban employment opportunities. If in fact it is largely coincidental that programs to encourage industry location in rural areas appeared at the same time as the population turnaround, why spend the taxpayers' money on these programs?

Cornman's paper approaches this viewpoint in recommending a national development policy with location-specific delivery programs rather than an urban vs. rural development policy. Either alternative would keep domestic development economists gainfully employed. No profession would advocate curtailment of its own sphere of employment, and one certainly should not expect this of economists, in spite of the economic arguments for allocative efficiency. However, one can safely advocate research to determine the

most effective focus of research activity. If national economic conditions are indeed the critical factors in rural well-being, one may still ask (as did Smith, Wilkinson, and Ansel) whether alterations in the rural infrastructure would enhance or retard transmission (and also, considering the current state of the economy, whether improved transmission is desirable). One may also extend the suggestions made in the earlier part of this paper to national development policy.

It is, admittedly, more difficult to correct deficiencies than to continue as is. The methodological suggestions are particularly difficult to implement because they require much primary data and, for many researchers, a reorientation in thinking. If specific development programs are to be continued, however, these deficiencies must be remedied. Still open for research is the broader question of allocation of economists' and taxpayers' resources; that is, are rural development programs per se worth their expense?

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