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SOUTHERN FARMS AND RURAL COMMUNITIES: DEVELOPING DIRECTIONS FOR ECONOMIC DEVELOPMENT RESEARCH AND POLICY: DISCUSSION

Lawrence W. Libby

Dr. Henry has prepared a very thorough and thoughtful assessment of research needs concerning the relationships between farms and rural communities in the South. He has been true to his reputation—Dr. Henry does not skim lightly over any topic. He has diagnosed the subject area carefully, referenced current literature in his appraisal of research and policy needs, and drawn very defensible conclusions. Better still, his conclusions are basically consistent with my biases. To have one's intuitive conclusions substantiated by the experts is heady stuff indeed. The points in his paper with which I disagreed most consistently were found in extensive quotes from others, so we are clearly *both* on the right track.

My purpose here is to offer selected extensions of points raised in the Henry manuscript. He has identified important issues that deserve the attention of economists, other scientists, and land grant administrators throughout the country. The future of the applied research and extension mission, particularly with respect to *non-farm* rural America, is under scrutiny. My intention here is to join that debate through elaboration of the Henry analysis. I offer the following five observations for consideration.

1. Rationale for Problem-Oriented Research on Relationships between Farms and Rural Communities. I concur with Dr. Henry's observations about the lack of a solid analytical and empirical base for understanding the evolving role of farms and agriculture in the rural south. This is not a new problem—Jim Bonnen concluded from his analysis of rural data and information systems that there is a persistent and debilitating incongruence between agricultural data and economic and social variables important to understanding rural change. In rural develop-

ment work, we tend to rely too much on anecdotal empiricism in drawing conclusions about what is happening to farms and to farmers and other rural people. Dr. Henry is correct in asserting the importance of a better data system to monitor who and what is out there in rural America. His proposal for investing in a consistent set of social accounts makes real sense. There are frequent requests for the analysis that would be possible from such a system. Policy makers want to know, for example, the total economic consequences associated with a certain change in the local economy. These are *real* questions, not theses or dissertations or journal articles, though presumably the effort to provide answers could generate an intermediate product of some importance to academia.

While I agree with Henry that we are investing too little in problem-oriented diagnoses of rural economies, I am less convinced that we can blame experiment stations or the land grant establishment for the gap. The hang-up on "cutting edge" vs. "useful" research in agricultural economics is our own special chauvinism. It is our own fault if good researchers, particularly those who are untenured and/or yet to be promoted, are reluctant to invest time and intellectual capital in these matters. This timidity is reinforced in peer votes or advice in hiring, tenure, and promotion decisions. Only when such studies are judged to be respectable, publishable, and indicators of professional excellence will the useful work suggested by Mark Henry be taken seriously. In applied economics, our special corner of social science research and education, we seem to be in a trend of intellectual conservatism that may be our biggest impediment to serious scholarship on issues proposed by Henry. We had better consider the consequences of that trend.

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2. The Hazards of Aggregation. As is always the case in generalizing from aggregated cross-sectional data, there is the risk of missing relevant diversity within sample units. These observations are presented here for clarification rather than criticism of the Henry work. For example, Dr. Henry identifies Florida as a distinct sub-region within the South, probably because of its sun/fun, low tax, boom town, retirement image. But it is easy to miss the real character of Florida (or any other state) as broad demographic patterns obscure the real situation. Florida continues to experience rapid in-migration, at the rate of 33,000 per month for the third quarter of 1987. Most of these are in the 25-44 age category—workers, not retirees. At the same time, however, large parts of the state are experiencing population and economic decline with conditions similar to those in other areas of the rural south. Florida is not as unique as aggregate data might suggest.

While broad patterns indicate declining farm dependency in the rural south, for many parts of northern Florida and other states of the region farming is *all* that is out there. Without farms as production or residential units, there would be no activity at all. There is an almost total absence of non-farm activity outside of population centers. While it is true, as Dr. Henry suggests, that it is risky to rely on farms and farming as the foundation for economic development in these areas, it is also unwise to ignore farms—small, large, full-time, part-time, etc.—as the predominant features of rural life. The complex relationships between farms and other parts of rural life must be understood to accomplish meaningful change.

The point is that for purposes of defining and implementing a useful research and extension agenda, it is important to avoid over-aggregation. We need definitive diagnostic analyses of *who* people are in rural areas, and what their needs are. We must acknowledge the obvious, practical relevance of counties and states as organizing units (particularly for arranging professional meetings), but meaningful analytical categories need not be spatial. Within Florida, for example, some southern counties are more similar to parts of Texas or California in income structure, life style, or economic character than they are like other Florida counties. Certain parts of the Florida panhandle are more like eastern Maine or the Upper Peninsula of Michigan than the county next door. While not ignoring obvious ethnic and cultural differences,

analytical insights are transferable.

3. Manufacturing As Future Economic Growth in the South. There are two important “soft spots” in the assertion by Mark Henry that jobs in manufacturing hold the greatest hope for sustained economic development in the rural south. First, the capacity to respond to non-farm manufacturing opportunities requires a certain minimal quality of human capital. People must be able to read, follow directions, and communicate reasonably well both verbally and in written form. Scaled down, automated versions of mass assembly plants of the 60's and 70's will likely place even higher requirements on workers of the 90's. It may be that in many counties of the rural south, people left behind by redistribution and further consolidation of production agriculture lack many of the basic literacy skills essential for full participation in non-farm employment options. There is *some* evidence on this matter, but we need the social accounting system proposed by Henry to fully understand the human capital base in the rural south. Rod Clouser and I have noted that among southern states, only Florida matches the U.S. average proportion of the population 25 and older that has completed high school, but *within* Florida the most rural counties have a situation where only four or five of every 10 residents finish high school. This is not an attractive situation for an industry seeking capable, responsive workers. There are other measures of human competence, of course, and the hazards of aggregation are acknowledged, but the Henry conclusion that the future of rural south is in manufacturing must be qualified.

The second soft spot in this position is in the conclusions by sociologists David McGranahan and Leonard Bloomquist that rural areas in general tend to get the lowest paying, routine, repetitive types of manufacturing jobs. These may help some people, for a while, but are hardly the basis for rural renaissance. Human capital discrepancies noted above are part of the explanation, though agglomeration economies associated with population centers are important attractants for industries investing in the future. Physical, financial, and service infrastructure are important determinants of the location decision. These must be balanced against the need for cheap land and labor, but the rural area that must rely on those factors to attract jobs is headed for difficulty.

Social scientists, particularly economists in the land grant universities, should place a higher priority on research and extension pro-

grams dealing with human capital. We need a more definitive understanding of the relationship between various attributes of human capital and sustained economic change in rural areas. As the inevitable redistribution of food production, marketing, and service continues in coming years, how may the education and skill development of rural people facilitate or impede a graceful transition? On the extension side, rural people need and deserve a better understanding of how literacy relates to full participation in a complex society. They need to develop informed priorities on local government services. They deserve more systematic attention to local, state, and national policy options that will make a difference in this area.

I have real difficulty with the frequent assertion that human capital improvement, particularly improved literacy, in the rural south is impossible because people don't *value* improvement for themselves and won't support it for others. The "Poor but Proud" bumper sticker message is extended to suggest that poverty is an honor and that education somehow detracts from that honor. There is a "blaming the victim" tone to that assertion that I find unacceptable as a rationale or excuse for lack of priority on the issue. To the extent there is truth to this argument, it should be seen as a challenge to the research and extension community, to help clarify the relationship between education and economic change, not as a reason to do something else.

4. The Business School Syndrome. The point in the Henry paper with which I take sharpest exception is the assertion attributed to Castle and others that colleges of agriculture have nothing to offer in understanding and coping with economic decline in rural areas because they are too tied to farming and commodity interests and that business schools can pick up the slack. Economic change and choice are at the core of applied economics. Feasible options among which entrepreneurs or public officials must choose draw on the production, natural resource, and engineering sciences in colleges of agriculture and natural resources. The individual, family, and social consequences of economic transition are studied by sociologists, home economists, and human ecologists in the land grant system. Others study these phenomena as well, but none with the responsibility to deal with real problems and real people as in the land grant university. Further, why should we in the land grants allow these most interesting and

relevant issues to go to others? I would not deny that there is pressure from farm commodity interests to deal with their problems, but the obligation of the university is to respond to the broader set of issues prevailing in rural America. That is not *just* an obligation established under Smith-Lever, Hatch, etc. but also a practical necessity for survival of a viable land grant system. If there is a self-preservation instinct, the system will respond. There is no institution other than the land grant university that has the necessary elements—a network of professional contact to all corners of every state, and more importantly, the genuine commitment by skilled social scientists to understand and alleviate rural economic problems.

The business schools do have important technical expertise, and if properly channeled, it can be a useful part of the effort. But business schools generally lack the diagnostic skills or inclination and the broad conceptual base available from economics, sociology, and other behavioral sciences to understand rural problems. Rural business is inseparable from rural people and their other problems. Business management is not the same as rural development.

The need, I feel, is for land grant scientists and administrators to acknowledge important needs in this area and back it up with priority on scarce time and other resources. The capability is there—it must be mobilized and supported to avoid the gradual erosion of land grants and colleges of agriculture in ways described by Castle. A necessary part of that is support among colleagues for excellence in this area. We should acknowledge that it is acceptable, even desirable, to work on problems of economic transition in the rural South.

None of the above should suggest that we in colleges of agriculture abandon work on production agriculture. This is important work with widespread benefits beyond the declining number of producers. But we should see production as just one part of what *people* do in rural areas as they live with others in communities, seek better schools and other services from local government, seek dependable incomes, deal with water pollution, and in other ways sustain a quality of life. As Dr. Henry suggests, we need to broaden the clientele base of colleges of agriculture consistent with the expertise and inclinations of the faculty. We need to actively seek support from those interests—environmental groups, local governments, employment and labor,

state agencies—whose needs the land grant university is able and obliged to deal with. To repeat Dr. Henry, for emphasis, “it might also be prudent to ask if colleges of agriculture in the South can prosper *without* increased rural development activity.” I agree with him that they cannot.

5. An Active Role for Government? Some have questioned whether government can or should influence the course of rural economic change. The suggestion is that economic forces are so compelling that policy is beside the point. It is true that much public policy for rural development at the state or local level falls into the “wishful thinking” category. Government cannot simply declare that a new industry is economically viable and expect it to survive after the subsidies run out. That seems obvious, yet there are monuments to such shortsightedness scattered around the rural landscape, buried with unfulfilled promises and expectations of local people. The tug barge project in Michigan’s Upper Peninsula, with plans to move assorted produce across Lake Michigan, is a case in point. Great idea, great press, economic failure. But there are roles for government. Economic choices are made within an institutional context that is a

product of public choice and can be changed by policy. It is simply not accurate to suggest that there is something “natural” or super-human about an economy—it is a complex of institutions designed by people to facilitate choice by individuals and publics. Government need not stand idly by while communities wither up. There are reasonable actions to be taken, to at least accommodate transition consistent with economic pressure. The role for land grant economists is to help governments develop reasonable policy and to avoid actions that cannot succeed. There is more to sustained economic change than positive thinking by energetic and loyal local officials. Economic development programs that simply move things around, pitting one community against another, are unsound. Local and state officials need analyses of the likely consequences of rural development policy options and the distributions of those impacts among affected citizens.

There is more to be written about the content and implications of the Henry manuscript, but that is for others. He has provided a most thoughtful point of departure for further important work in this area.

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