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CONCEPTUAL UNDERPINNINGS OF POLICY ANALYSIS FOR RURAL DEVELOPMENT: DISCUSSION

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Professors Deaton and Nelson are to be commended for a thorough treatment of such a complex topic, "Conceptual Underpinnings of Policy Analysis." My remarks will be divided into two parts. First, I will critique the paper's four major sections. Afterward, I will make a few general comments about policy analysis.

The first section of the paper provided an overview of rural development and policy analysis. The authors describe rural development policy as a complex process that cuts across many subject areas, levels of government, and units (individuals, families, communities, etc.). The process is further complicated because those policies developed today will have lag effects off into the future. I think that additional insights about the complexity of policy analysis could have been gained from a brief definition of the policy process. The policy process is defined as a course of action or pattern of activities and not a simple decision to act in some particular way at a particular moment (Anderson). Policy analysis requires that all activities associated with a given policy be identified and measured over time, thus further complicating the process.

The second section of the paper focused on critical issues related to capital flows. The authors provide an in-depth discussion on factors of capital formation. They emphasize differences between supply and demand analysis, fixed factors, and tax policies and how each impacts rural economic development. Rather than reviewing the details of these discussions, I would like to discuss other factors in addition to capital that must be present for rural development to be successful.

Most research findings support the importance of capital formation to the rural economic development process. Patrick Sullivan notes in his article "Financial Intervention as a Rural Development Strategy: An Overview," that access to an efficient financial market aids development, but that it is not sufficient to insure that economic development will occur. Factors such as lack of skilled labor, distance from markets, or the limited capacity of the public and private institutions needed to support economic growth can erect barriers to growth that an efficient

financial market cannot overcome. Therefore, including political, environmental, social, and economic factors along with capital flow expectations in the conceptual framework will improve the model.

The third section discussed globalization and rural capital formation. The authors again did a good job in the conceptualization process. They raised important questions about how world changes (globalization) will impact the way we conduct business among ourselves as well as with the rest of the world. Research questions raised were: does globalization, which implies a world-wide free market, reinforce our assumption of perfect competition, and how will individual choices in the hinterlands be affected by the globalization process.

In the final section of the paper, on suggested approaches for rural development policy analysis, the authors noted that economics is not adequate for capturing the important dynamics shaping the future of rural and urban communities and interdependencies among such communities. Therefore, they proposed two conceptual tools for undertaking rural policy analysis: (1) Counter-factual, the impact of policy changes are dynamic in nature. Policy analysis should start with a base, then attempt to anticipate and measure change over time. (2) Multi-disciplinary teams should be developed to focus on attaining better understanding of what is happening in communities. These two conceptual tools merit being incorporated into the rural analysis process.

Now I will make several additional comments about policy analysis. First, policy analysis implies that some policy was developed to change a given condition or set of conditions. Therefore, any policy analysis undertaking must first determine policy objectives.

Secondly, in a dynamic global world, some thought needs to be given to a balance between micro (community level) and macro (nation and state) policy analyses. National actions could compliment or conflict with community actions. There is a need to understand how forces from these different levels impact rural development.

Thirdly, an expected goal of policy analysis is to bridge the gap between knowledge makers and pol-

icy makers in order to get better policies developed and implemented (Daft). Policy analysis should help increase policy makers' appreciation for the relationship between the well-being of rural communities (micro level) and the nation (macro level). Multi-disciplinary research efforts could be enhanced by including policy makers and program implementers on the team. Much knowledge can be gained by review-

ing research work done in schools of public policy and business where both qualitative and quantitative measuring techniques have been employed. Also, reviewing the accomplishments of disciplines such as "urban planning and development" should provide information to better define the policy analysis conceptual framework for rural development.

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