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# The Changing Rural Policy Context: Discussion

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This paper discusses a paper presented by Stephen Smith at the 1995 annual meeting of the Northeastern Agricultural and Resource Economics Association. Smith presented key issues that have changed the context for rural development policy in the United States. We propose that the induced innovation model of economic development can be used to identify a variety of ways that LGU's can contribute to developing and delivering appropriate rural economic development programs. These ways include assisting rural communities in identifying comparative advantage, identifying and/or providing relevant resource persons, delivering appropriate educational programs and conducting research on important issues. The success of LGU's in these areas will depend on their willingness to undertake these activities and their ability to recognize and adapt to current to future economic and social realities affecting rural America.

Smith has provided a good overview of the "changing rural policy context" in America today. At the outset, he highlights two characteristics of federal rural development policies of the past and present. First, they have treated agricultural production policy as synonymous with rural development policy and, second, they have failed to take a comprehensive view of the rural economy and its interactions within itself and with the national and global economies. He argues that "key issues" have changed the context for rural policy in the future. Smith then sets the stage for these issues by discussing the passing of the "farm crisis", the resurgence of traditional rural problems (economic stagnation, poor housing and services, persistent poverty, etc.), and the admonition by two noted economists, Barkley and Gardner, that the problem with both rural and agricultural policy is the lack of an adequate theoretical base. Next, Smith presents the myriad of issues that he proposes will surround federal rural development policy for the future, including: the changing and diversifying economic structure in rural America; far-reaching, economy-wide macroeconomic forces (reduced role of natural resources as raw materials, technological change and enhanced in-

ternational trade); increased recognition of farm and non-farm interdependence; and the new national political and budgetary mood. He argues that these issues call for and provide "opportunities for greater collaboration among those concerned with rural issues". Smith concludes by addressing the role of agricultural economists in the formulation of rural development policy and calls for the articulation of more specific objectives within the context of the realities of rural areas and the delineation of "a theory of rural development".

The topics Smith discussed are well covered in the rural development literature. However, at least one characteristic of rural America that Smith mentioned briefly should be emphasized: the social and economic diversity of rural America. The ongoing work of Economic Research Service (ERS) researchers (Bender *et al.*, 1985 and updates) have documented this diversity well. This research suggests that, overall, rural America is a diverse set of economic and social activities that may defy a standard "one size fits all" prescription for development. Within this context, we would like to take this opportunity to expand on Smith's discussion of the role of agricultural economists in the rural development process further to, more generally, the role of the land grant universities (LGU's).<sup>1</sup>

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<sup>1</sup> The basis of these comments come from a paper prepared by the authors for an organized symposia on integrating farm and non-farm rural development programs at the 1994 NAREA meetings.

## The Role of Land Grant Universities in Rural Development

We all know that LGU's have a rich history of education, research and Extension activities devoted to promoting agricultural and rural interests. Future success in this area will depend on the willingness of LGU's to undertake these activities and their ability to recognize and adapt to current future economic and social realities affecting rural America. The role of LGU's is predicated on two assumptions. First, that society as a whole and more specifically the LGU's will commit to support the goal of rural development. While we might quibble about the specifics, this goal can generally be defined as improving the economic and social welfare of rural residents. Deavers (1990) and Pulver (1994), coming from quite different perspectives, provide excellent articulations of why we should do so. Second, that LGU's are willing to recognize and adapt to the new and constantly changing realities in rural America and the implications of those realities for rural development policy and programs. Most of these realities were mentioned by Smith. Some anecdotal evidence suggests that this is happening. In the College of Agricultural Sciences at the University of Delaware, we are recruiting for a faculty member with primarily extension responsibilities in community economic development. Five years ago, this vacant line surely would have been filled in some aspect of production agriculture.

Given the current economic conditions and future trends in rural communities, what is the role of LGU's? Drawing from the international arena, the induced innovation model (Stevens and Jabara, 1988) provides a useful framework for this discussion. According to this model, an understanding of the change processes necessary for development requires a recognition of the interdependency among four factors: 1) *resource endowments*, 2) *cultural endowments*, 3) *technical change* and 4) *institutional change*. Thus, the formulation of rural development programs should begin with an assessment of a community's comparative advantage in terms of the natural and human resources available in the community together with local cultural characteristics. With this knowledge, LGU personnel will be in an advantageous position to recommend necessary technical and institutional changes needed to enhance and/or retain the competitive position of a rural community.

Most experts would agree that rural development programs should originate at the local level. Rural development will only be effective if it has the cooperation and participation of the people af-

ected and changes are kept at an acceptable level. Within a state, the Extension rural development specialists (those that still remain) and their research counterparts, based on their familiarity with local conditions, are in the best position to assist local officials and leaders in creating and enhancing effective and acceptable development opportunities.

Kelsey (1993) suggests that one role for LGU's should be to help rural officials and leaders determine each community's comparative advantages and help communities adjust to changing economic conditions. Historically, the advantages were likely within agriculture, mining or manufacturing. However, rapid technological change since World War II and the emergence of a global economy mean this may no longer be the case. Communities, and more importantly, the people in them need help to adapt to new technology both in the short-run and the long-run. Loverage and Schmid (1993) propose that SWOT analysis, a form of strategic planning, can be used to assist rural communities in planning for the future by identifying their strengths, weaknesses, opportunities and threats in the new competitive global environment in which they now exist. Who would be better to assist with such analysis than extension and research personnel?

Merely identifying a comparative advantage is insufficient to ensure economic growth and/or development. LGU personnel can provide valuable assistance through both Extension and research activities to identify and classify existing forms of economic and social infrastructure within rural communities. They can then match communities with potential economic development opportunities.

In many rural communities, both economic and social infrastructure may be insufficient or lacking. Schools, roads, bridges and water, sewer and telecommunications systems may have deteriorated or be nonexistent. Social infrastructure including the beliefs and values of rural communities must be understood and will likely require change in order to pursue new income opportunities or welcome new residents. For example, a poorly trained work force resulting in-part from a set of values which encourages school drop-outs places many rural communities at a disadvantage. Or, a community which is essentially closed to outsiders because current residents do not welcome diversity offers a challenge for change.

To fully exploit comparative advantages, it will probably be necessary to marshal appropriate talents outside colleges of agriculture and natural resources. For example, if tourism is identified as an

appropriate activity, schools of hotel and restaurant management or recreation departments may be sources of technical assistance. If retirement communities are identified, colleges of medicine and human resources could offer assistance. Identifying and seeking appropriate resource persons has always been a strength of the Cooperative Extension System.

New institutional arrangements will likely be necessary as development activities are pursued. Mandated environmental regulations and their interpretation are often beyond the expertise of rural community leaders. LGU's, through colleges of engineering, can assist with interpretation of regulations and development of best management practices.

Conflict resolution or management will often be necessary as pro and anti-development camps differ about sensitive issues such as appropriate land uses, transportation planning and environmental safeguards. Extension personnel are likely resource persons.

In order to retain or create a competitive labor force in a community, improvement of the human capital base will likely be a priority issue. Numerous non-traditional educational activities can provide basic skills for school drop-outs or enhance existing skills. Likewise wellness programs and basic health care facilities are essential. LGU's can be key players in the provision of these services.

Finally, research on important rural development issues is an obvious role for LGU's. Deavers (1992) suggested some research priorities for the 1990's. They are: (1) developing a better theoretical foundation for understanding spatial economic development and for studying shifts in spatial advantage over time; (2) determining the factors that create a locational advantage for rural places in a service economy, including measurement of costs and benefits of individual and firm migration decisions; (3) increasing our understanding of how and why economic development occurs at the local level; and (4) determining the impact of higher levels of education on local economic development activities. LGU's have the faculty, professionals and other resources needed to address these issues.

## Summary

Smith has elaborated the key issues that have changed the context for rural development policy. He also identified roles for agricultural economists. More broadly, we have suggested that the induced innovation model of economic development can be used to identify a variety of ways that LGU's can contribute to developing and delivering appropriate rural economic development programs. These ways include assisting rural communities in identifying comparative advantage, identifying and/or providing relevant resource persons, delivering appropriate educational programs and conducting research on important issues. The success of LGU's in these areas will depend on their willingness to undertake these activities and their ability to recognize and adapt to current to future economic and social realities affecting rural America.

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