
Preface

Why should we care about rural regions today? Most countries are rapidly urbanizing. Rural-to-urban migration is often viewed as a path to improve economic and social opportunities for rural residents. Rural areas have an especially difficult time retaining youth because they often move to urban areas for social and cultural reasons as well. Technological advancements in agriculture have enabled farmers to grow more food and fiber, which has ultimately led to lower prices for urban consumers. This technological treadmill means that fewer farmers are needed to grow more food. The decline in population and employment in rural areas seems to be part of a natural process of national development. A basic premise of this book, however, is that it is not 'natural' and there are many critical reasons to be concerned with conditions for rural people and places today.

The majority of people, especially the poor, in the world continue to live in rural areas. The World Bank recognizes that rural development is essential to improving the quality of life in most developing countries in Africa, Asia and Latin America. Many of the World Bank programs now focus on improving technology transfer, access to services and economic conditions in rural areas. The economies of most developing countries are still rooted in the exploitation of natural resources, both renewable (land, water and forests) and non-renewable (oil and minerals). Rural people are the stewards of most of these natural resources and play a critical role in environmental protection. There is a growing recognition of the complex relationship between conservation and development: the two are often mutually dependent.

In the past, rural development programs and policies have focused primarily on increasing agricultural productivity. The assumption behind these efforts has been that increasing productivity will improve farmers' income and ultimately expand economic opportunities in rural areas. Many analysts have argued that we need to take a broader approach to rural development (Browne et al. 1992). In most developed countries, farming is no longer the major industry in rural areas. Another most important reason for broadening rural development programs is the strengthening of linkages between rural areas and the global economy. Cotton farmers in Africa, for example, are now competing with growers in the United States. This integration into the global economy generates new winners and losers, as well as constraints and opportunities for rural residents. Globalization may

lead to greater specialization by region and influence more broadly how farmers interact with commodity markets.

Rural areas typically face obstacles to development due to their low population size and density. In particular, transportation, health care, education and access to technology are limited in many rural regions. It is very costly to provide these services to small communities because of economies of scale. For example, large schools can offer a broader curriculum than small schools. Other services may be more expensive in smaller communities as well. The distance to larger markets also adds transportation costs to economic activities in rural areas. Improved communication and technological systems have helped alleviate some, but not all, of the obstacles faced by rural communities. Many rural residents in Africa, for example, have access to cellphone service now, but they continue to have difficulty transporting goods to markets because of poor roads.

Rural areas, however, also have key assets that are frequently underutilized. Increasingly, the natural and cultural amenities of rural areas form the basis of consumption rather than production activities. This dependence on consumption economies is most often the case through tourism and recreation. Natural resources are, therefore, multi-functional – serving both production and consumption functions. Production activities, such as mining and forestry, can promote development in rural areas, but they also may contribute to environmental degradation and marginalization of indigenous populations. Globalization has increased the opportunities for amenity-based development as interest in international tourism has soared. Ecotourism is one of the fastest-growing sources of revenue and foreign exchange in many developing countries. There continues to be pressure from governments and corporations, however, to continue to extract natural resources (especially in forested and mining areas).

This *Handbook* is divided into three parts: Part I, rural development concepts and theories; Part II, common themes and issues; and Part III, regional trends and outlooks. Many people today reject the idea that development can be measured by a single indicator, such as gross national production (GNP). Such an approach is especially problematic for understanding the nature of rural development. The introductory chapter (Green and Zinda, Chapter 1) examines some of the issues in defining rural development and proposes that the concept should include not only economic indicators, but social and environmental dimensions as well. In addition, rural development programs must find meaningful ways of engaging rural residents in policies that build community capacity.

We focus our discussion of rural development on three broad levels: global forces, national policy, and grassroots movements. It is increasingly difficult to separate rural areas from the global economy, so it is important

to examine how international forces influence rural households and communities. In Chapter 2 Bonanno argues that globalization encompasses a broad set of economic and cultural forces that impinge on rural areas. There are several key international organizations and institutions, such as the World Trade Organization and the World Bank, that are actively shaping opportunities and constraints in rural areas. Due to this fundamental transformation in social relationships, Bonanno calls for a global approach to address rural development issues.

Although globalization has been a critical factor shaping development, national rural development policy continues to influence rural livelihoods (Chapter 3). Subsidies for agricultural producers and social programs are under attack from international organizations, but there continues to be political pressure to maintain these programs in many countries. Johnson argues that many governments are now emphasizing institutional innovations as a means of promoting rural development.

Increasingly, grassroots organizations (especially nongovernmental organizations) are resisting globalization and state policies by generating alternatives that provide residents with new opportunities and strategies. Chapter 4 (Gasteyer and Herman) describes how grassroots organizations are active in a wide range of activities, such as health, environmental protection, education and credit programs. Many of these grassroots organizations actively promote community participation, while others focus primarily on providing technical assistance and services.

In Part II we explore several issues that are currently discussed among rural development practitioners and policy makers. One of the critical themes is the role of natural resources and the environment. Stedman (Chapter 5) argues that this relationship to the natural environment has often led to periods of bust and boom for many rural communities. Stedman reviews the literature on resource dependency and provides a more nuanced interpretation of the impacts of dependency on well-being in rural communities.

Rapid urbanization has created social problems in many developing countries. Urbanization creates pressures on the environment, social services and the economy. In Chapter 6, Golding and Curtis argue that many rural development policies focus on programs that are intended to reduce the migration flow to urban areas. In developed countries, migration has become a major factor shaping rural development. Golding and Curtis focus on some of the emerging issues related to migration into and from rural areas, both in developing and developed countries.

Agricultural production has historically been the economic base for most rural communities. The primary objective of rural development policy has been to increase the income of ranchers and farmers, primarily through

increasing productivity. Increased productivity has increased the average size of farms and led to a decline in the number of farms, which has had significant impacts on rural communities through population and employment loss. There is a rather large body of literature that has documented the impacts of the changing structure of agriculture on rural communities. In Chapter 7, Lobao and Sharp review this literature and point to some of the unresolved issues in this research. Lobao and Sharp also discuss the potential and limits of promoting local food systems and urban agriculture in response to these structural changes in agricultural production.

Although the self-employment rates are higher in rural than urban areas, entrepreneurs in rural regions tend to face numerous obstacles. Rural areas are unlikely to attract much capital investment from urban areas, and as a result their economy is more dependent on creating new businesses. Entrepreneurs face numerous obstacles, but the most important appear to be financing, information and technical assistance. Chapter 8 (Goetz) discusses many of the benefits of promoting small businesses and self-employment for rural areas. He raises important questions about the relative low returns to investment among entrepreneurs and whether public policy should be supporting this type of activity. He does, however, point to a growing body of literature that suggests that self-employment and small business development have broad impacts on rural economies.

Tourism has become one of the most important industries in rural areas. Recreation and natural resources are key attractions in these areas. Although tourism creates new jobs and injects income into rural communities, it also raises a variety of concerns among residents. Research on tourism suggests that it often creates low-paying jobs with few benefits, and the jobs are often seasonal and part-time. It also creates excessive demands on the local infrastructure. In Chapter 9, Marcouiller discusses some of the many ways tourism can benefit rural community development. He provides a conceptual approach that links tourism to co-production and joint public-private processes in rural areas.

The role of women is probably one of the most understudied topics in rural development. Yet, women play a critical role in agricultural production and off-farm activities in rural areas. Rural development policies and programs often have unintended effects on women, especially for programs encouraging rural families to become more dependent on cash economies. In Chapter 10, Sachs examines the role of women in rural development programs and focuses on the growing importance of gender mainstreaming in rural policy.

One of the most widespread innovations to help entrepreneurs in rural areas has been microenterprise loan funds. These programs make very small loans to help entrepreneurs who are too poor to gain access to

traditional capital markets. The Grameen Bank in Bangladesh is often credited with establishing the development of these loan funds. Today, microenterprise loan funds are used in most developing countries. There are increasing concerns, however, that these programs charge excessively high interest rates and do not reach the poorest of the poor. In Chapter 11, Carrillo weighs some of the benefits and costs to microenterprise loan programs in rural areas.

Over the past decade, there has been growing interest in the potential of biofuels as a mechanism to promote rural development. Biofuels can improve environmental quality by reducing dependency on fossil fuels, as well as produce new jobs in rural communities. Biofuels have increased the demand for many crops, especially corn, and as a result, prices for many agricultural commodities have risen. Chapter 12 by Goe and Mukherjee explores the locational decisions of ethanol plants in the US Midwest. They find that these plants tend to be located in more urbanized areas of the rural Midwest and in regions that have lower earnings.

Land grabbing refers to the process of land transactions conducted in developing countries by transnational and foreign companies and governments for the production of biofuels and feedstock for export. This process is leading to increased concerns with food security, environmental degradation and the displacement of peasants in developing countries. The opening chapter in Part III, Chapter 13 by da Vià, focuses on how states and international institutions and organizations are engaged in strategies to promote land grabbing in the name of development.

Although there are some common themes to rural development, there is a considerable amount of variation in the obstacles and resources across different regions in the world. The rural population is proportionately large in Africa and Asia, and small in Europe, Latin America and North America. Latin American countries have the smallest percentage of rural residents – about one-fifth. The vast majority of rural workers in Africa and Asia continue to work in the agricultural sector (broadly defined as agriculture, hunting, fishing and forestry). Most African countries have relatively few rural residents in the non-farm sector. Several countries (e.g., Mali, Malawi and Rwanda) have less than 10 percent of their rural population in nonfarm activities. Although it has a relatively small rural population, Latin America has a relatively high proportion of rural residents working in the agricultural sector as well.

International development agencies, such as the World Bank, have focused many of their programs on supporting the rural nonfarm sector as a means of alleviating rural poverty. Investments in this sector, especially financial support for entrepreneurs, can be an effective strategy for providing economic opportunities for the poor who may not have access to land

in rural areas. Although there are concerns with the low productivity of the rural nonfarm sector, the experience in many developing countries is that promoting the nonfarm sector reduces income inequality and promotes growth in rural areas. Given the relative size of the rural population in most developing countries, this strategy may help reduce out-migration to urban areas. In Part III in the *Handbook*, we examine some of the key rural development issues in Africa, China, and Latin America. These regions should provide interesting contrasts in rural development opportunities and constraints in these different contexts.

In Chapter 14, Kraybill discusses some of the key obstacles and opportunities to rural development in sub-Saharan Africa. This region is one of the poorest in the world. Although there is growing optimism for the region, much of the development is uneven and somewhat precarious. Kraybill reviews the current state of development in this region and examines some of the key trends.

In Chapter 15, Li Zhang provides a historical account of rural development policies in China. One of the most difficult obstacles to managing the growth in China over the past several decades has been the uneven regional development. This uneven development has been accompanied by rapid urbanization that has taken much of the pressure off the government to increase livelihoods in rural areas.

Finally, in Chapter 16, Dougherty discusses the efforts to promote rural development, especially through investments in extractive industries such as mining, in Latin America. He points to a significant transformation in the class structure of rural Latin America. More specifically, there has been a declining importance of the traditional peasant class and the rise of a semi-proletariat class that is employed by international capital. These changes have led to increased levels of income inequality, as well as environmental degradation in many regions. Grassroots opposition to these changes has erupted and Dougherty focuses on the need for civil society strategies to address these problems.

Even in the context of rapid globalization and urbanization, development of rural people and places continues to be a critical issue for most countries. Rural development touches on a wide variety of issues of concern today, including social and environmental justice. Rural development has become more complex, however, because of the interaction between global, national and grassroots forces. This *Handbook* reviews the literature on these key issues and attempts to identify some of the important strategies for improving the quality of life for rural people around the globe.

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REFERENCE

Browne, William P., Jerry R. Skees, Louis E. Swanson, Paul B. Thompson and Laurian J. Unnevehr (1992), *Sacred Cows and Hot Potatoes: Agrarian Myths in Agricultural Policy*, Boulder, CO: Westview Press.

