

## 9.3 Rural development

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**Rural development aims to distribute wealth to a larger proportion of rural population. It can be accomplished through land reform, introduction of new technologies and the implementation of social programs. Today's rural development involves an integrated, holistic approach.**

### Overview

The need for development programs can be seen in characteristics of rural poor (Nafziger 1997):

- Rural poor still account for over 80% of the total number of poor people in the 114 developing countries (Jazairy et al. 1992)
- 3/5 to 4/5 of their income is spent on food
- About 60% are undernourished and hundreds of millions are severely malnourished
- One of every ten children born die within the first year, another dies before the age of five, and only five reach the age of forty-five.
- Average life expectancy is about forty-five years, compared to seventy-seven years in developed countries.

Table 9.3a illustrates some of the differences between developing and developed countries in the rural areas.

The concept of rural development is a term that encompasses many aspects and ideals. There is no uniform definition for rural development. In fact, the development concept has changed dramatically over the past fifty years. One way to describe rural development as seen today is that according to FAO (1997b):

*“Sustainable agriculture and rural development (SARD) involve three goals: 1) to increase agriculture production in ways that ensure access by all people to the food they need, 2) to help people satisfy their social and cultural aspirations, and 3) to protect and conserve the capacity of the natural resource base to continue to provide production, environmental, and cultural services.”*

Table 9.3a

**General indicators show the differences between developing and developed countries**  
*Source: World Bank (2004).*

Indicator	Unit	Low income countries	High income countries
Agricultural Machinery	Tractors per 100 hectares of arable land	0.69	4.4
Fertilizer Consumption	kg / ha of arable land	71.0	123.0
Land use, permanent cropland	% of land area	1.5	0.5
Rural population density	people per km <sup>2</sup>	510.4	205.0

### History

The idea of sustainable agriculture (methods of agriculture that safeguard the possibility for future generations to live as well or better than the current population) is becoming synonymous with rural development. But years ago, the idea of sustainable agriculture was not well known. The following paragraphs give a brief overview of rural development in the world and its progression to the concept we have today.

After the end of the Second World War, many economic plans and investment programs were geared towards the industrial sector. During the 1950s, success was indicated by growth per capita, with less emphasis on income distribution, employment, and other socio-economic variables. The most profit could be made if resources were distributed to the industry sector. Economists believed the benefits from these profits would trickle down to the poor.

Even after the implementation of “industry-oriented” investment programs, improvement was not evident

in rural areas. The rate of migration to urban areas was increasing at an excessive rate, and the income gap was widening. Economists, such as B.F. Johnston, J.W. Mellor and W.H. Nicholls, wrote that the interdependence between the rural and industrial sectors was more connected than thought of before (Eicher and Staatz 1988). Eventually, a new wave of agricultural research was started, spawned by the attitude that agriculture was a positive force in development.

New agricultural research led to the development of high yield grain varieties (HYV), improved fertilizers, and more effective pesticides. With these new input tools, the food shortage in the Third World countries, such as India, could be controlled. The first round of HYV crops produced increased amounts of grains and rice. This event was called the Green Revolution. But the livelihoods of the poorest rural people still did not improve. Why? The Green Revolution was helpful to many wealthier farmers who could afford the technology and large land plots in areas with a favorable climate for the HYV seeds. Many small farmers, and the landless, were left out of the benefits.

During the 1970s, researchers began to study what else had to be done in order to help the poorest. The trend towards an integrated, holistic, “bottom-up” approach to rural development began to take shape. This idea is still popular today, which includes development schemes that not only benefit agriculture, but also health, education, social, political, and institutional aspects. Even though various governments and organizations may implement slightly different objectives to rural development, the integrated approach is still embraced by all.

### Structure and role of agriculture

As stated before, rural development today commonly emphasizes a holistic approach, which also includes social, economic, and political reform programs. While these areas are important to rural development, development of agriculture still remains the main action. Since agriculture is vital to almost all rural poor people, this section will highlight the structure of the agrarian systems of LDCs (Less Developed Countries). Increasing agricultural production is discussed in Chapter 9.1.

The role of agriculture is:

- A source of food and raw materials
- A source of labor force to other sectors
- Saving for investment

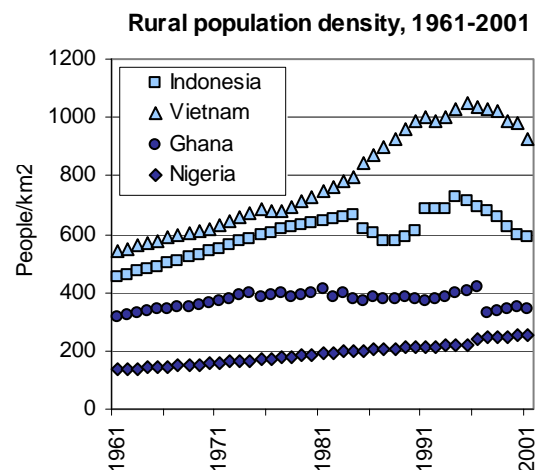
- A source of foreign exchange
- A market for manufactured goods

Generally, there are two main types of agriculture: 1) in developed countries where a highly efficient agriculture is characterized by high output per worker, and 2) the inefficient and low-production agriculture of developing countries, where most food is used to meet a minimum level of subsistence for families and small communities (Todaro 1997). Most developing countries are weighed down by low agriculture productivity, with the farm as the basic unit of production. Even though this is a common characteristic for all poor regions, the structure of the agriculture system differs. In parts of Asia, large areas of land with a high rural population density are held in the hands of a few rich, elite landowners. In Africa, more land is available to farm, but the amount of cultivated land is limited by low technology and shortage of labor during peak times.

Figure 9.3a

#### Rural population density

*The number of people living on rural land is higher in Asia than in Africa, as shown by the examples in the graph. More people in rural Asia mean less land per person and family subsistence farming. Even though there is a lower density of people in Africa, agriculture is still plagued by low production and crop yields. Source: World Bank (2004).*



The main problem in the Asian agricultural system is that there are too many people on too little land (Figure 9.3a). According to Myrdal, three circumstances have led to the fragmentation of the traditional pattern of land ownership (Myrdal 1968):

- 1) The intervention of European rule.
- 2) The progressive introduction of monetized transactions and the rise in power of the moneylender.

### 3) The rapid growth of Asian populations.

Before the European rule, families had the right to farm their own land, which was monitored and regulated by the village and community. After the arrival of British, French and Dutch, the colonial rule introduced the European land tenure system and encouraged private property ownership. This caused the distribution of land and tax collection to be controlled by a single landowner, as opposed to the entire village. The private ownership of land also gave rise to the moneylender. According to Todaro (1997):

*“A moneylender is one who lends money at higher than market rates of interest to peasant farmers to meet their needs for seeds, fertilizers, and other inputs. Activities of moneylenders are often unscrupulous and can accentuate landlessness among the rural poor.”*

Moneylenders could then collect land when loans to the poor defaulted. Eventually, the economic status of peasant farmers in Asia deteriorated. The rapid rate of population growth added to the problems in Asian agriculture in the last thirty years. There is less land to farm and more people to feed. With the combination of these three circumstances, the average peasant

landholdings are now less than one hectare. With such small landholdings, small differences in crop yield can force families into debt and distress.

In Africa, agriculture is mainly based on subsistence farming to support the family. As opposed to the shortage of land in Asia, there is a larger amount of land available for farming, although it is beginning to diminish rapidly. According to Todaro (1997), low-productive subsistence farming results from three circumstances in Africa (cf. Box 9.3): 1) a low level of technology and means to cultivate land, relying on human labor and traditional tools, 2) a family can only cultivate a small plot with human labor, which depletes the soil's ability to produce higher yields, and 3) the farming schedule is planned around the rainy season, which causes scarce labor during planting and weeding times.

Although there are differences between agrarian structures, every rural farmer is plagued by low-productivity, life in poverty, and subsistence cultivation. Action in land reform, improved farming practices and greater price incentives are needed to help those in need. Various forms of rural development are summarized in Table 9.3b.

Table 9.3b

#### **General types and characteristics of Rural Development** *Source: Griffin (1974)*

<b>Development Strategy</b>	<b>Objectives</b>	<b>Major beneficiaries</b>	<b>Dominant form of tenure</b>	<b>Ideology</b>	<b>Representative countries</b>
Technocratic	Increase input	Landowning elite	Large private and corporate farms, plantations, various tenancy systems	Capitalist	Philippines, Brazil, Ivory Coast
Reformist	Redistribute income (and wealth); increase output	Middle peasants, 'progressive' farmers	Family farms, co-operatives	Nationalist	Mexico, Egypt
Radical	Social change; redistribute political power, wealth, and output	Small peasants and landless laborers	Collectives, communes, state farms	Socialist	Vietnam, China, Cuba, Algeria

Box 9.3

#### **An average male African head of a rural household** *Adapted from EC (2000).*

If you are an average male African head of a rural household today:

- You have a family of five, and earn \$170 a year each, slightly more than half from your farm.
- Your family cultivates about two thirds of a hectare by hand.
- If you started farming in 1970 and are now approaching fifty you saw your income fall by 40% in the years 1978-1987, but now you have almost caught up, and are earning just about the same in real terms as you did in 1970.
- All the work in your farm is done with hand tools – hoes, machetes, knives or sickles – and your family, primarily your wife, does most of it.
- If you plant seeds, you use the ones you saved from last year's crop, or occasionally you may buy neighbors seeds from the ones they have saved.

- You don't use any fertilizer; in fact even if you wanted to, you probably could not get it in your community.
- You sell about one fifth of what you grow, mostly in local markets. Of your sales, about one quarter is coffee, one quarter is starchy staples (e.g. root crops), one quarter is cereals (maize) and the last quarter is shared among legumes, oilseeds, and a few fruits.
- You live 40 km from a tar-sealed road.
- If you want to start some new enterprise, you'll need to save your own funds. If you manage to get a loan, the interest rate will be 40% or more.

## Factors for agricultural transformation

In order to reduce rural poverty, development must be made in many areas, including:

- Agrarian reform and land redistribution
- Capital
- Credit
- Research and technology
- Extension services
- Access to water and other inputs
- Transport
- Marketing and storage of crops
- Price and exchange rate policies
- Improving rural services

Before starting any transformation through a rural development program, the current situation must be assessed. Hunter (1978) recommends investigating the following factors: (1) the physical and environmental situation, (2) the social structure, attitudes and stresses within the community, (3) the technology presently available, and (4) any forms of economics involved and important in the community. Although various organizations and governments have different guidelines and rules of program implementation, the inclusion of the previous factors in most integrated rural development schemes is a common practice.

Introducing new technology into rural areas can be risky. For most of the small farmers, their main asset is their local knowledge concerning agriculture, craft and labor skills. Farmers are hesitant to accept change, and must feel that their risks are covered. Losing only a small amount of income can destroy the well being of the family. Since peasant farmers live on a year-to-year or seasonal basis, they are usually more interested in making sure the crop does not fail than in the long-term income benefits.

Technology used should depend on available resources. Japan has a fifty times higher ratio of farm workers per cultivated hectare, as does the United States. Therefore, it has emphasized biological and chemical technology (such as new seeds and fertilizer) rather than mechanical technology (Nafziger 1997).

The use of rural development for positive agricultural transformation is not only restricted to involvement and investment directly to poor communities, but also to the development of organizations and groups in which the poor can voice their concerns and views (Shepherd 1998). These organizations should be able to function satisfactorily after the government has stopped direct action into poor communities. This empowers the community to continue development efforts on their own.

## Land reform

The purpose of land reform is to improve income distribution among the poor. Land is a valuable resource that can increase income through production of crops or livestock. In most countries, the ownership of land is the largest single determinant of the existing, inequitable distribution of wealth in rural areas. Land reform, a major element in rural development, can occur in a number of ways:

- Land privatization
- Settlement programs (e.g. moving people to government-owned land where they can farm or graze animals)
- Establishment of new land rights and laws for the poor
- Redistribution for large land sources

Land reform programs became popular in the early 1970s when governments and development agencies began to focus on income distribution, employment, migration and other microeconomic factors as opposed to macroeconomic factors. Since the 1960s, almost all countries in the world have passed land reforms laws in one way or another (de Janvry 1981).

Generally, most land reform programs have not lived up to expectations or have failed all together. Some reasons for this include political opposition by landlords and other dominant community figures, and transfer of land to relatives to keep the land within the family. In addition new landowners do not often have access to services, credit, water, seed, fertilizer, and improved technology in order to have adequate production levels. Problems in land reform are analogous to those for small-scale entrepreneurs in urban areas when they try to expand their businesses and provide jobs.

One case where land reform failed is seen in the Philippines. In 1954 reform measures were launched to redistribute land resources. At that time about 42% of land was owned by 0.36% of the families. This was due to the dependence of the country on mass production of crops for export, power of the landowning class, and regulations not being enforced. The reforms did not work. In 1987 an estimated 80% of land was still controlled by 20% of the families, a small improvement, but not enough to help the peasant farmers.

The most successful land reforms have taken place in Asia including China, Vietnam, Japan, Taiwan, and South Korea (Griffin et al. 2002). The impacts of the program in South Korea between 1945-1954 is illustrated in Table 9.3c. The reforms only allowed land holdings up to three hectares. Landlords had to turn land over to tenants, and received compensation 1.5 times the value of the annual production of the land.

Table 9.3c

**Land reform's effect on land distribution in South Korea**

*The biggest changes occurred in the distribution of land ownership while the size of holdings remained nearly intact (Griffin et al. 2002)*

Tenure category	Land distribution (%)	
	1945	1954
Full owner	13.8	50.4
Part owner	34.7	39.3
Full tenant	48.8	7.2
Other	2.7	3.1

Size of operational holdings (ha)	Land distribution (%)	
	1947	1953
Below 0.5	41.2	44.9
0.5-1.0	33.3	34.2
1.0-2.0	18.8	16.5

2.0-3.0	5.3	4.3
Above 3.0	1.4	0.1

Some factors helped the long term success of the land reforms, such as: (1) inflation in the 1950s that weakened the position of the farmland owners, (2) aid from the USA, (3) an agricultural development program, especially strong after 1972, and (4) the fact that South Korea was not dependent on crop exports (Dixon 1990, Douglas 1983).

According to Griffin et al. (2002) land confiscation has been a significant factor in all the successful land reforms. Unfortunately the political power of large landowners in many countries (e.g. Brazil, India, Pakistan, and Philippines) and international opposition is so strong that redistribution of the land by confiscation is not possible. The other alternative, full compensation according to the market prices of land, is economically impossible. The Asian success stories in land reform seem to be difficult to achieve.

## The future of rural development

Rural development has gone through many changes over the past forty years, and still is. The amount of aid given to developing countries, which was largest in the 1970s and 1980s, is decreasing. Developed countries are experiencing "aid fatigue", the emergence of other spending priorities (such as Eastern Europe), and the performance failure of previous projects. Therefore, the promotion of rural development is being taken up by another sector, the civil society, which will draw on resources of society and anthropology (Shepherd 1998).

Though rural development is mostly dependent on small-farmer agricultural progress, it encompasses much more. For example, development should also improve gender equality. Past land reform programs allocated land to men, which reduced incomes of women and affected their health as well as family health because of no land left for subsistence farming. It has also increased the women's dependence on men (Gabriel 1991). See Chapter 5.2 for more information on gender issues in study region countries.

Governments must continue to provide support systems such as necessary incentives, economic opportunities, and access to needed inputs to enable small cultivators to expand their output and raise productivity (Todaro 1997).