

## DYNAMICS OF RURAL-URBAN RELATIONS AND RURAL UNDERDEVELOPMENT: THE SOUTH KOREAN EXPERIENCE\*

CHOE, YANG-BOO\*\*

Rural underdevelopment is a widely observed social phenomenon in many Third World countries today. The aspect of rural underdevelopment that concerns most rural social scientists is the persistent social and economic inequalities existing both between rural and urban areas and within rural areas. This flagrant reality of rural underdevelopment has drawn many theoretical and technological attempts to explain and to solve the problem. However, the simple fact of the persistent and even widening inter-and intra-sectoral inequalities suggests that our past attempts at reducing these problems have been less than successful. In relation to this problematic situation, a critical question is: What was wrong with our theorizing and social experimentation in the area of rural development and underdevelopment?

In an effort to seek an answer to the above question, the following three problems are reviewed in the context of the South Korean economy: 1) the development of rural underdevelopment; 2) the political economy of rural underdevelopment; and 3) the quest for an alternative strategy for rural development. In doing so, the following hypothesis is explored, namely, that rural underdevelopment is an integral part of the policy of urban-industrial-centered economic growth. The policy is a secular decision made under the socio-political condition of urban-industrial dominance. That is, the policy is designed to produce and transfer systematically the rural-agricultural surpluses to the urban-industrial sector of the economy. The policies of maximum output of farm products and of price-cost double squeeze are the major policy instruments. Rural development, therefore, may not be feasible without redirecting the urban-industrial-biased economic growth policy. The political will and commitment and people's participation are pre-conditions for a restoration of the distorted agricultural price and market system, and for rural development.

\* A paper presented at the Expert Group Meeting on Regional Development Alternatives—Focus on Rural Development, United Nations Centre for Regional Development, 23-26 August, 1980, Nagoya, Japan.

\*\* Senior Fellow, Korea Rural Economics Institute. The opinions expressed in this paper are those of the author and do not necessarily represent the position of the Korea Rural Economics Institute.

## I. ECONOMIC GROWTH AND THE DEVELOPMENT OF RURAL UNDERDEVELOPMENT

The last two decades in Korea, as in many other Third World countries, have been marked by an impressive record of overall economic growth. Korea's total and per capita GNP have risen at 10.2 percent and 8.0 percent respectively per year in real terms during the period 1962-76 (Kim and Park 1979, p. 20). During the same period, farm household incomes in real terms have grown on an average of more than 5.0 percent per year (Choe 1979 a, p. 278).

However, these records of rapid economic growth should not be used to mask underlying problems of the development of rural underdevelopment as characterized by income disparities between rural and urban sectors.<sup>1</sup> Notwithstanding the rural-agricultural development that has taken place, in particular the so-called Green Revolution in rice production technology and the rural Saemaul Undong (RSU) during the mid 1970s, plus increasing agricultural price supports, the highest development priorities have always been given to industrial growth and urbanization in Korea. A social repercussion of such an urban-industrial-centered economic growth strategy has been the development of rural underdevelopment.

### *1-1. Rural-Urban Income Disparity*

An economic indicator of the extent of rural-urban inequality is the index of farm-urban household income disparity.<sup>2</sup> Table 1 provides such an index for Korea.<sup>3</sup>

Generally speaking, the overall real income improvement in both farm and urban households is impressive. However, the relative income position of farm households fell drastically between 1965 and 1968 from 87.7 percent to 49.1 percent of urban household income. The absolute per

<sup>1</sup> This economic characterization of rural underdevelopment is quite limited, although it is one of the major concerns of this paper. The phenomenon of rural underdevelopment is usually much broader covering social, political and cultural inequalities existing between sectors. Furthermore, the concept of underdevelopment itself is not understood as a state-of-being but as a total process of social dynamics (Frank, 1972).

<sup>2</sup> Presently there are no available statistics on rural household income as such in Korea. It is a common practice to use farm household income data as a proxy for rural household income. This practice may be acceptable since the majority of households in rural areas are, in fact, farm households.

<sup>3</sup> This income comparison should be read only as an approximation because there are differences in the definition of income and population involved in the preparation of the two data series, namely, the Farm Household Economy Survey conducted by the Ministry of Agriculture and Fisheries and the Urban Household Economy Survey by the Economic Planning Board.

capita income difference also rose sharply during this period, from 9.5 to 83.3 thousand won. The relative income position of farm households gradually improved during the early 1970s, but fell again in 1976 and 1977 due to the very large increases in urban income. Table 1 is helpful in demonstrating how persistently rural-urban income disparity has been maintained during the late 1960s and 1970s in Korea.

TABLE 1. PER CAPITA REAL INCOME OF FARM AND URBAN HOUSEHOLDS, 1965-1977  
(1975 constant prices)

Year	Per Capita Annual Average Real Incomes*		Absolute Income Difference (2)-(1)	Relative Income Ratio (1)/(2)
	Farm Household (1)	Urban Household (2)		
	.....1,000 won.....			
1965	67.7	77.2	9.5	87.7
1966	72.0	102.5	30.5	70.2
1967	76.0	145.0	69.0	52.4
1968	80.4	163.7	83.3	49.1
1969	86.5	157.0	70.5	55.1
1970	87.0	152.0	65.0	57.2
1971	115.1	165.2	50.1	69.7
1972	119.8	162.0	42.2	74.0
1973	117.8	171.7	53.9	68.6
1974	113.8	165.1	51.3	68.9
1975	134.6	171.2	36.6	78.6
1976	149.6	192.8	43.2	77.6
1977	159.8	242.9	83.1	65.8

\* Ban (1979, p. 122).

### *1-2. The Dynamics of Rural-Urban Relations: Three Sub-hypotheses*

This problem of rural underdevelopment as characterized by rural-urban income disparities raises the question as to why the disparities persist and even tend to grow in the process of rapid industrial-urbanization. This question leads us to the causes of rural underdevelopment and to the dynamics of rural-urban relations.

Since World War II national modernization has been the prime concern of political leaders in most Third World countries. They generally perceived industrialization and urbanization as the very image of national modernization. Consequently, they have given the highest priority to industrial-urban growth and the rural-agricultural sectors of these economies have gradually begun their historical process of underdevelopment.

Kuznets (1968, p. 79) suggests that "Economic growth, and for that matter, other aspects of economic life, are affected greatly by secular decisions made by society, . . . concerning, for example, land, labor,

capital, and their disposition within the given society or in relation with other societies." Accordingly, it may be said that a society's priority of urban-industrial growth is a result of the politico-economic decision of the society to allocate more resources to the growth of the urban-industrial sector.

Under the above presupposition, the author conjectures three inter-related sub-hypotheses about how the dynamics of rural-urban relations cause rural underdevelopment.

The first sub-hypothesis is that rural underdevelopment is a social repercussion of the industrial, urban-centered policies of national economic growth. Rural underdevelopment itself is an integral or an essential part of the historical process of industrial-urban growth, because industrial-urban economic growth may not be possible without producing and transferring to the cities agricultural surpluses in terms of cheap labor and food.

The second sub-hypothesis concerns the economic mechanism built into the process of urban-industrial growth which is largely responsible for the generation of persistent rural underdevelopment. That mechanism is the policy of "maximum output" and of "price-cost double squeeze." The mechanism produces and transfers rural-agricultural surpluses to the growing urban-industrial sector of the economy. This economic mechanism may be workable only in a society where small subsistence or semi-subsistence peasants are predominant. The principle governing the economic behavior of small peasants is the principle of maximizing outputs to meet the increasing cash needs for living.

The third sub-hypothesis of this paper is that the suggested economic mechanism itself is a product of the social decision to accept uncritically the presupposed "role-of-agriculture" for economic growth. However, this role is itself an industrial, urban-biased normative judgement. Furthermore, the decision-making is a political process influenced by industrial, urban-oriented politicians, technocrats and vested-interest groups. In contrast, the rural poor and small farmers are to a great extent isolated from the process of national policy making.

If these three sub-hypotheses are empirically valid, then the dynamics of rural-urban relations can be viewed as a political process of ensuring that the rural-agricultural economy services the growth of the urban-industrial economy. The dynamic relation is that of generating and transferring rural-agricultural surpluses to the urban-industrial economy and, subsequently, of institutionalizing the persistent rural underdevelopment.

## II. THE POLITICAL ECONOMY OF RURAL UNDERDEVELOPMENT

Rural underdevelopment is a historical product of the dynamics of rural-urban relations. This dynamic process of economic integration is a

result of a political decision giving the development priorities to the industrial-urban sector. And the political decision is based upon a normative judgement on the role-of-agriculture under the influence of urban-industrial politics.

2-1. *The Normative Judgement on the Role-of-Agriculture: an Industrial-Urban Bias*

The idea of the role-of-agriculture in economic growth is a fairly well accepted view in the scientific community of economic development. The idea has now become almost a part of public knowledge which dictates that not only urban but also rural people perceive the role and place of agriculture in relation to national economic growth.

The role-of-agriculture was conceptualized by Johnston and Mellor (1969, pp. 264-374). The main point of the idea was: "Agricultural progress is necessary in order to supply, firstly, a surplus of labor for industry, secondly, a marketable surplus of food for industrial workers and, thirdly, an investible surplus of savings for urban industry" (Streeten, 1971, p. 431). Most authors who discuss the role-of-agriculture have a tendency to emphasize the importance of agriculture's role in the process of economic growth. Thereby, they usually conclude that "agricultural development should proceed or take priority over industrial expansion" (Johnston and Mellor, 1969, p. 382).

However, whether it is intended or unintended, a social result of the suggested role of agriculture for economic growth is, as described by Heady (1967, p. viii), the sacrifice of rural and farm people taking "the form of depressed income and low resource returns, . . . the form of labor displaced from farming and of rural communities lacking positive opportunities in education and employment." This flagrant reality of rural-agricultural underdevelopment directs us to reexamine critically what is reall-meant by the idea of the role-of-agriculture.

One critical, but unquestioned, difficulty with the role-of-agriculture is whether it is a proposition or a proposal (Choe, 1979, p. 132). If the role-of-agriculture idea is to explain or describe what role and how agriculture is (or was) functioning in economic growth, it is an empirical proposition which can be tested. On the other hand, if the idea is to suggest what roles agriculture should play in economic growth, it is a normative policy proposal in which case one must ask whether it is socially desirably and why. The idea of the role-of-agriculture raises such an epistemological question.

Most authors discuss the role-of-agriculture in this latter, normative sense. In other words, they largely suggest this role-of-agriculture as a policy proposal for economic growth, in which case they should have also made clear why and for whom this role-of-agriculture is desirable. If the

role-of-agriculture is desirable for economic growth, then the more basic question becomes: For whom and why economic growth is desirable? In other words, they should have shown specifically how this role-of-agriculture will contribute to the welfare of people, including rural and farm people.

Unfortunately, however, most authors have been concerned mainly about the growth of agricultural productivity as a prerequisite for agriculture's role in economic growth without directly relating it to its welfare implications for rural and farm people in the process of playing this suggested role. In relation to the question of who gains or loses from this development strategy, they appear to believe simply that a decrease in the number of farm people will increase farmers' welfare in the process of economic growth. For instance, Johnston and Mellor (*ibid.*, p. 382) argue that a "reduction of the farm labor force is a necessary condition for establishing factor proportions that yields returns to labor in agriculture that are more or less in accord with returns to labor in other sectors. More concretely, insufficient movement out of agriculture will perpetuate, or lead to, excessively small farms and serious underemployment of labor as the proximate causes of substandard farm income." The argument of Johnston and Mellor is clearly neo-classical under the assumptions of the free competitive farm product and factor markets. However, the constructed world of neo-classical economies is a rare case among Third World countries. It is not even the case in capitalistic U.S. agriculture (Beckford, 1979).

I suggest that proposing this role for agriculture while at the same time not considering its welfare implications for rural and agricultural people is morally unethical. Indeed, it cannot avoid the criticism of having "an urban dispositional bias" to use Lipton's term (1979). Streeten (1971, p. 431) has also complained that the proposal seeking "surpluses of workers, food and savings to be squeezed out of the rural sector to advance the industrial sector" is nothing but "a rationalization of an urban, industrial bias." Nevertheless, what is more serious about the role-of-agriculture is the simple historical fact that this role of agriculture in many parts of the Third World has been imposed without questioning the welfare consequences for rural people.

## 2-2. *An Economic Mechanism of Rural Underdevelopment: The Policy of Maximum Output and Price-Cost Double Squeeze*

The role-of-agriculture idea has raised the technological question of how to produce and transfer rural-agricultural surpluses in the form of cheap food, labor, and capital. For instance, Kuznets (1961, p. 70) formulated the question as follows: "One of the crucial problems of modern economic growth is how to extract from the product of agriculture a surplus for the

financing of capital formation necessary for economic growth without at the same time blighting the growth of agriculture, under conditions where no easy quid pro quo for such surplus is available." A similar but somewhat differently stated question is provided by Owen (1966, pp. 43-44): "How can peasants be encouraged to produce a cumulative surplus of food and fiber over and above their own consumption, and how can this surplus largely be channeled to investment without requiring in exchange an equivalent transfer of productive values to the farm sector?" An answer to the above dual question in South Korea was the policy of maximum output of food grains, that is rice and barley, and of price-cost double squeeze.

The policy of encouraging farmers to maximize their output of food grains has a long tradition in the history of Korean agriculture. The policy has been adopted and practiced successively by the Yi Dynasty, the Japanese Colonial Government and the modern Korean government. The surpluses generated from undervalued foods have enabled urban capital accumulation for economic growth.

Generally speaking, the economic behavior of peasants on small farms is governed by the basic needs of their family. Under the constant threat of poverty and starvation, the peasants wisely resorted to the first principle of survival, i.e., the principle of producing as much food as possible under the given socio-economic and natural conditions. Marketable surpluses over and above family consumption have been exchanged for those items needed for their daily life and production activities.<sup>4</sup> Along with the increasing integration of the subsistence sector with the monetized sector of the economy, the peasants' marketable surpluses became the sources of meeting their cash needs. Furthermore, their increasing demand for cash reinforced the principle of maximum output of farm products.

In other words, small farm peasants may be characterized as "economic men" who produce food without calculating optimal returns and normal profits. They can produce even though there exist low economic returns to self-employed family labor, land and fixed capital. This economic behavior of peasants is different from that of profit seeking entrepreneurs. Whether we can call such behavior rational or irrational is not important. What is important is the simple fact that such behavior has been, and still is, dominant in the peasant economy and is the very source of rural-agricultural surpluses which contribute to the growth of the urban-industrial economy.

Technologically-oriented agricultural policies intended to produce more food and to increase the productivity of agricultural labor also contribute to another form of rural surplus, namely, dislocated cheap labor.

<sup>4</sup> It is also conceivable that poor peasants might extract such marketable surpluses from their necessary dietary requirements, to the detriment of their health.

A heavy emphasis in agricultural policy has been given to the principle of maximum output of food grains under the political demand for food security or food self-sufficiency because "food is a wage good and makes up a major share of the budget expenditures" of the urban poor and workers (Schuh, 1978, p. 308).

However, what is serious about the policy of maximum output of food is that the policy has been often mixed with the policy of price-cost double squeeze, generating and transferring systematically rural-agricultural surpluses to the urban-industrial economy. For instance, as depicted in Figure 1, the Korean policy of price-cost double squeeze against the welfare of rural-farm people has been practiced in two different directions. One is the economic distortion of agricultural prices, and the other is the protected price of farm inputs. The economic distortion of agricultural price away from the optimum level has come about by allowing into the country food imports in order to keep urban wage rates low. The policy of keeping urban wage rates low has been one of the most essential components of the export-oriented economic growth strategy in Korea.

The general increase in the prices of farm inputs as a result of general inflation and policies protecting farm input manufacturing industries raises the cost of agricultural production (Abel, 1978, p. 173). However, underpriced farm products together with increasing real production costs has resulted in distorted terms of trade between the rural-agricultural and the urban-industrial economy. This is shown in Table 2. The worsening terms of trade against the welfare of rural-farm people also have accelerated the rapid outmigration of farm people. Owen (1966, p. 58) called this drift to the city of farm population "emigrant capital." Because "the costs of rearing, . . . the costs of providing a basic education to this stream of migrant labor are very considerable. Insofar as this labor is, in this sense, essentially 'costless' to the nonfarm sector, it can represent a sizable continuous outflow of 'capital' from the farm sector" (ibid.).

In short, the policy of maximum output of farm products provided for by the policy of price-cost double squeeze is the primary cause of rural underdevelopment. As Schuh (1978, p. 318) concluded, "rural poverty in many if not most low-income countries is a result of severe discrimination against the agricultural sector."

### 2-3. *Political Market and Urban-Industrial Politics*

The question then arises as to why such urban-industrial-biased economic policies are so common in the Third World countries? A simple answer is that the national political market is dominated by the urban-industrial elite.

Schultz (1978, p. 10) in a recent article brought the concept of "political market" into the literature of agricultural economics, and



FIGURE 1. THE STRUCTURE OF THE PRICE-COST DOUBLE SQUEEZE IN KOREA

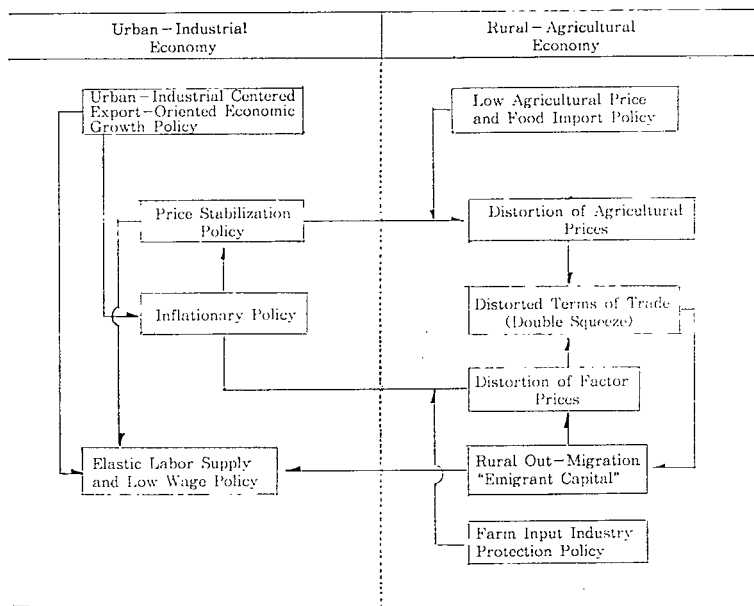


TABLE 2. INDEX NUMBER OF RICE PRICE RECEIVED AND PRICES PAID BY FARMERS, 1964-78

Year	Index of Rice Price Received (1)	Index of Prices Paid			Parity Ratio		
		Farm Supplies (2)	Fertilizer (3)	Farm Wages (4)	(1)/(2)	(1)/(3)	(1)/(4)
1964	18.6	17.5	30.7	13.6	106.3	60.6	136.8
1965	17.5	28.4	43.8	15.4	61.6	40.0	113.6
1966	18.5	31.4	43.8	17.6	58.9	42.2	105.1
1967	20.3	32.5	38.2	20.7	62.5	53.1	98.1
1968	23.9	34.1	38.2	25.3	70.1	62.6	94.5
1969	29.7	41.5	41.0	30.8	71.6	71.6	96.4
1970	32.8	45.2	42.3	38.2	72.6	77.5	85.9
1971	41.1	52.3	42.3	45.2	78.6	97.2	90.9
1972	52.9	60.5	42.7	53.8	87.4	123.9	98.3
1973	54.9	69.6	47.8	59.5	78.9	114.9	92.3
1974	79.4	84.9	60.6	77.7	93.5	131.0	102.2
1975	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1976	121.6	135.3	168.9	126.3	89.9	72.0	96.3
1977	132.3	162.0	168.9	157.0	81.7	78.3	84.3
1978	154.8	231.8	168.9	221.9	66.8	91.7	69.8

Source: National Agricultural Cooperative Federation, *Agricultural Cooperative Yearbook*, 1979.

discussed why many governments in the Third World countries undervalue agriculture. According to Schultz, "the political market function is to

maximize the political benefits that are demanded by individuals and groups of individuals who have access to and can influence the political market" (ibid.). In an urban-industrial dominant society under the development priorities given to urban-industrial growth, "the political market strongly favors the urban population at the direct expense of rural people. Politically, urban consumers and industry demand cheap food." "Accordingly," Schultz continues, "it is more important politically to provide cheap rice in Bangkok than to provide optimum price incentives for rice farmers in Thailand" (ibid., pp. 10-11). The same argument is applicable to the case of South Korea. Furthermore, in Schickele's words, policy decision makers including economic technocrats in the national government and the educated elite are "in general . . . concentrated toward the city and toward industry and are biased against agriculture as an occupation and a way of life" (1968, p. 24).

However, one of the most serious issues in relation to the urban-dominated political market is the fact that the rural-agricultural groups have very limited accessibility to that market. This is, I think, not because small peasants and rural poor are "politically the least articulate and least organized group" (Schickele, ibid.), but rather because governments normally exercise their power to control farmer-organized activities intended to boost their weak and vulnerable position in the national political market.

### III. TOWARD A POLITICAL ECONOMY OF RURAL DEVELOPMENT: A QUEST FOR AN ALTERNATIVE

Economic development is a means of reducing socio-economic inequalities existing among peoples, sectors, and regions. As stressed by Wilber (1979, p. 2), the main challenge of economists as well as economic technocrats and political leaders is "not to achieve high growth rates of per capita GNP but to reduce poverty, unemployment and inequality." Surely rural underdevelopment is one of the most summoned challenges in the Third World today.

Generally speaking, however, it is important to recognize that economic development involves the political process of making a choice among development strategies, and of allocating resources and returns following the decided criteria of choice. However, what really matters in making these choices is an explicit recognition of: "Who is making the choices and what these choices are . . . (and) who bears the consequences and what these consequences are" (King, 1979, p. 839).

From the above point of view, the rapid growth of the urban-industrial economy may be interpreted as a result of the successful exercise of the economic and political power of urban-industrial groups over the national allocation of resources and incomes in favor of their interests. One of the

social consequences accompanying this is rural underdevelopment in terms of the depressed welfare of rural people.

Rural development also is a political process of allocating resources and national income in favor of the welfare of rural people. It is a process of protecting rural people from the unfair and unjust transfer of rural-agricultural surpluses which thereby jeopardizes rural development itself. Therefore, the political economy of rural development is imperative. For instance, the Declaration of Principles adopted at the World Conference on Agrarian Reform and Rural Development of 1979 asserted that "governments should introduce positive bias in favor of rural development and provide incentives for increased investment and production in rural areas" (FAO 1979 c, p. 3).

A technological or strategic question then arises: how can a favorable decision to promote rural development be possible in the present national political market? An answer to the question requires a careful analysis of why such a social decision was not possible in the past given that the vast majority of the population is in rural areas in most Third World countries? As discussed in the early part of this paper, the urban-industrial dominance in the political market combined with rural people's inaccessibility to that market may be suggested as an answer. Recognition of this in recent years by rural development specialists has led to the suggestion that what is important is "political will and commitment," and "people's participation" (FAO, 1978, pp. 105-109; 1979 a, pp. 79-86).

### *3-1. The Role of Political Will and Commitment*

The term political will and commitment may be defined as the political leaders' will and commitment to the political decision to allocate resources and incomes in favor of rural people's welfare and standard of living, and to protect the unjust transfer of rural-agricultural surpluses to the urban-industrial economy. It is a political decision because the will and commitment may cost them their own political lives. Furthermore, such a role of political leaders can only be exercised under the condition that the political leaders' power is strong enough to control the national political market in which the urban-industrial power is dominant.

Political will and commitment can do much for rural development. However, the difficulty with the idea of political will and commitment is its instability. It is inherently unstable because it is normally attached to individual political leaders, rather than to a political system. Therefore, politically-committed rural development programs attached to personified political leaders are doomed to be short-lived ones. In addition, political will and commitment should be based upon a clear understanding of the causes of rural underdevelopment. Otherwise, a misconceived will and commitment may result which may not be helpful in overcoming the

problem of rural underdevelopment.

For instance, the Korean model of rural development, called the rural Saemaul Undong (RSU), provides an unique experience. The RSU was initiated and administered under the strong auspices of the late President Park. It has mobilized every level of government machinery during the last 10 years (Choe, 1978). The RSU brought about many significant changes in rural Korea. It may be cited as an example of what the political leader's strong will and commitment can do about rural development. One major reason for the acknowledged success of the movement has undoubtedly been the political will and commitment to support the price of rice during the mid 1970s. The improved income of farm households encouraged people's participation in the movement

However, the over-emphasized human and social development programs stressing the practice of the so-called "Saemaul Spirit" and "Yushin" were not consistently coordinated with the economic policies of agriculture. In recent years, changes in the economic policies of agriculture, particularly in the policies concerning farm price support and agricultural import liberalization in 1978-79, has depressed once again the rural-agricultural economy. The Saemaul Undong was not able to continue to draw people's participation under conditions of a depressed rural-agricultural economy. After the sudden death of President Park in 1979, the RSU has been under scrutiny in a search for its new direction in Korea.

Without doubt, any policy initiative aimed at solving the problem of rural underdevelopment requires the political leader's strong will and commitment, because such a policy must attempt to redirect the development priorities already given to urban-industrial economic growth and to reinnovate the existing economic mechanism working against the welfare of rural people, and because the policy will draw political resistance from industrial-urban vested-interest groups. Some examples requiring such political will and commitment are suggested in Table 3.

### *3-2. The Role of People's Participation*

Consequently, an articulated political support group drawn from the rural people is an important pre-condition for the success of the political leader's decision to solve the problem of rural underdevelopment. Such political support from rural people further requires their active participation in establishing national development priorities as well as in the planning, implementation and, ultimately, the evaluation of development programs.

In a democratic society, people's free access to the political market is one of the basic rules of the social game. For this purpose, one of the sovereign duties of any democratic government has been to assure people fair and equal opportunity to organize their interest groups as a means of participating in the political process of national decision making.

TABLE 3. POLITICAL DECISIONS, INSTRUMENTS, AND OBSTACLES IN REDIRECTING NATIONAL DEVELOPMENT PRIORITIES TOWARD RURAL DEVELOPMENT: AN EXAMPLE\*

Decisions	Instruments	Obstacles
Reallocation of Resources and Income (Changes in Development Priorities)	<ol style="list-style-type: none"> <li>1. Agricultural Products &amp; Factor Price Policy</li> <li>2. Fiscal Policy</li> <li>3. Investment Policy</li> <li>4. Agrarian Reform</li> </ol>	<ol style="list-style-type: none"> <li>1. Vested Interests: Local, National, International (Politics of Urban-Industrial Interest Groups, and of Rural Elites)</li> </ol>
Active Participation of the Various Groups of the Rural Poor	<ol style="list-style-type: none"> <li>1. Devolution of Authority and Decision-Making Power</li> <li>2. Strengthening of Bargaining Power through:                             <ol style="list-style-type: none"> <li>a. People's Organizations and Participation</li> <li>b. Increased Accessibility to Local and National Political Markets</li> <li>c. Increased Farm and Non-Farm Opportunities</li> <li>d. Availability of Appropriate Technology and Institutions for Production, Marketing, Credit, etc.</li> <li>e. Provision of Public Services</li> </ol> </li> </ol>	<ol style="list-style-type: none"> <li>1. Tendency to Centralize</li> <li>2. Existing Socio-Economic and Political Structure Resistant to Change</li> <li>3. Pseudo-representation</li> </ol>
Acceptance of Long-Term Political Commitment to Rural Development Programmes	<ol style="list-style-type: none"> <li>1. Long-Term Planning</li> <li>2. Integrated Socio-Economic Programmes</li> </ol>	<ol style="list-style-type: none"> <li>1. Political and Institutional Expectations of Short-Term Results</li> <li>2. Lack of Policy Integration and Coordination</li> </ol>

\* Adopted with a revision from FAO, Report on the GAO/SIDA/DSE Inter-Regional Symposium on Integrated Rural Development, 1978, p. 106.

However, the difficulty with the idea of people's participation is what may be called the problem of "pseudo-representation" by rural-agricultural interests isolated from the rural poor and small farmers. A typical form of pseudo-representation is the farmer's organizations or cooperatives. Rather than representing the farmers' interests and needs, they are acting under the overbearing control of the government as agencies for the government. For instance, the general consensus in Korea is that the Agricultural Cooperatives have been unable not only to reach and benefit

the poorer sections of rural communities but also to represent the general common interests of farm people. For these reasons, the Cooperatives are constantly under severe criticism from farmers in Korea today.

The other form of pseudo-representation is the "dominance of rural elite" (FAO, 1979 b, pp. 82-83) in representing the rural-agricultural interests. They often are isolated from the needs and interests of small farmers and the rural poor. Consequently, many agricultural programs intended to solve the problem of rural underdevelopment seldom benefit the rural poor. This failure of rural development policies is, to a great extent, due to the failure of understanding the heterogeneous character of rural-agricultural interests.

Nevertheless, as shown in Table 3, the active participation of the various interest groups among the rural people itself requires the political leader's will and commitment to adopt a policy encouraging organized socio-political activities, and, therefore, strengthening the bargaining power of rural people.

### 3-3. *A Quest for an Alternative Strategy of Rural Development*

The main contention of this paper as implied in the foregoing discussions is to argue that despite the limiting characteristics of the rural poor and small farmers, these are not the cause but largely the characterizations of rural underdevelopment. The primary cause of rural underdevelopment is the urban-industrial biased economic growth policy established under the dominance of urban-industrial politics. The limited accessibility and opportunity of rural people to represent their needs and interests in the national political market is overwhelming. This lack of economic and political power of the rural-agricultural groups itself is the very result of the urban-industrial biased political decision making.

What is unfortunate about this situation of rural underdevelopment is the fact that many unwarranted, often biased, presuppositions and theories serve against the welfare of the rural poor and small peasants. The most frequently cited rationalization for the industrial-urban bias is that "industrialization is the mainspring of economic growth." This implies that agriculture is inherently a backward and declining industry unable to contribute to economic growth except as a supplier of labor, capital and cheap food.

Under the given conditions of industrial-urban dominance, however, what alternative strategy for rural development is available. As suggested by Box (1980, p. 128), the most compelling alternative is, I think, "the Strategy of Analysis." In relation to this, the following remark of Henry C. Taylor (1929, p. 367) has certain insight:

There are many . . . false doctrines which clear thinking will shatter.

At the present time some of these false doctrines are being used to keep the farmer from securing a fair share of the national income. Their users should be challenged. The facts are still clear, but opponents of justice for the farmer are still befogging the issue by false theories. Farm economists should test every hypothesis, stated or unstated, which lies behind every theory which is paraded in public.

Probably one of the most important challenges facing the rural social scientists, including regional scientists, today is to subject all the taken-for-granted presuppositions, models, and theories rationalizing the policies of industrial-urban biased economic growth to critical analysis and judgement.<sup>5</sup>

Some of the suggested economic problems to be analyzed critically are: Why is it unavoidable to sacrifice rural people in the process of economic growth? Why cannot agricultural productivity be increased without reducing the number of farmers employed in agricultural production? If the development of agricultural technology is the main force generating disequilibrium in farming, why are farmers in constant need of new and advanced technology? If the farmers are responsive to market incentives, why are they still farming under chronically distorted price conditions? Theoretical attempts to solve any of the above questions are important for a clearer understanding not only of the structure and function of the rural-agricultural economy, but also of the small peasants' economic behavior. These also have strong implications for the welfare of rural small peasants.

In addition, the constant pressure for resource adjustment by farmers, particularly the outmigration of farm people and the introduction of more efficient technology, is essentially a treadmill process in terms of the farmers' welfare. Such adjustments are emphasized not for the welfare of rural people but for the growth of the urban-industrial economy. The fallacy of composition is clear in the case of agriculture and farmers. The increasing efficiency of agriculture does not guarantee an increase in the farmers' economic, social and political status (Soth, 1976, p. 800). Furthermore, the conflict of interests between the rural-agricultural and the urban-industrial economy is a deep-rooted value clash as explained by Brewster (1959, pp. 1170-1190). This problem places rural social scientists in a singular and difficult position about which ethical judgements are inescapable.

Relevant to the above question, what I have called "philosophic agrarianism" as a value criterion seems imperative (Choe, 1979 b, p. 134). Philosophic agrarianism is a kind of humanitarian valuation explicitly recognizing that the rural poor and small peasants are one of the most disadvantaged groups in the process of industrial-urbanization. One of the

<sup>5</sup> The needed critical test also includes the hypotheses framed in this paper.

aims of national development should be to mitigate the consequences for the rural poor and small peasants. Philosophic agrarianism is purely a humanitarian concern directed toward a solution of one of the most urgent problems of rural underdevelopment. It is not possible to say that social welfare is increased by accelerating high growth rates of per capita GNP. But it can be said that social welfare increases by reducing the social inequalities suffered the least privileged group in society. This is what may be called the "Strategy of Decision," to adopt the humanitarian principle of philosophic agrarianism and to redirect the existing development priorities given to the industrial-urban biased policies of economic growth. This strategy of decision incorporated with the strategy of analysis constitutes a precondition for the quest for humanitarian rural development which, in turn, will overcome the development of rural underdevelopment.

## REFERENCES

- Abel, Martin E., "Hard Policy Choices in Improving Incentives for Farmers," in *Distortions of Agricultural Incentives*, ed., T.W. Schultz (Bloomington; Indiana University Press, 1978): 171-184.
- Ban, Sung-Hwan, "Determinants of Farm Household Income and Distribution," in *Income Distribution and Determinants in Korea* (Vol. 1), ed., Hakchung Choo (Seoul: Korea Development Institute, 1979).
- Beckford, George L., "Comparative Rural Systems, Development and Underdevelopment," in *The Political Economy of Development and Underdevelopment* 2nd ed., Charles K. Wilber (New York: Random House, 1979): 194-209.
- Box, Louk, "Urban Bias, Rural Sociology and Development Strategy: A Review Article," *Sociologi Ruralis*, Vol. XX, No. 1/2, (1980): 116-130.
- Brewster, J. M., "The Impact of Technical Advance and Migration on Agricultural Society and Policy," *Journal of Farm Economics*, Vol. 41 (December, 1959): 1169-1184.
- Choe, Yang-Boo, "The Korean Model of Rural Saemaul Undong: Its Structure, Strategy, and Performance," Working Paper 4, Korea Rural Economics Institute, 1978.
- , "Growth of Farm Household Income and Policy Issues," in *Korean Agriculture in Transition*, ed., Dong H. Kim & et al., (Seoul: Korea Rural Economics Institute, 1979 a): 270-323.
- , "Toward a Philosophical Foundation for the Science of Agricultural Policy," *Journal of Rural Development*, Vol. 2, No. 2 (November, 1979 b): 131-139.
- FAO, *Report on the FAO/SIDA/DSE Inter-Regional Symposium on Integrated Rural Development*, 1978.
- , *Review and Analysis of Agrarian Reform and Rural Development in the Developing Countries since the Mid 1960's*, WCARRD/IMF 3, 1979 a.
- , *Agrarian Reform and Rural Development: National and International Issues for Discussion*, WCARRD/3, 1979 b.
- , *Declaration of Principles and Programme of Action: Revised Draft*, WCARRD/4/



- Rev. 1, 1979 c.
- Frank, Andre Gunder, "The Development of Underdevelopment," in *Dependence and Underdevelopment*, ed., James D. Cockcraft, Andre Gunder Frank and Dale L. Johnson (Garden City, N.Y.: Doubleday Co., 1972), pp. 3-17.
- Heady, Earl O., *A Primer on Food, Agriculture, and Public Policy* (New York: Random House, 1967).
- Johnston, Bruce F. and John W. Mellor, "The Role of Agriculture in Economic Development," in *Readings in the Economics of Agriculture*, ed. Karl A. Fox and D. Gale Johnson (Homewood: Richard D. Irwin, Inc., 1969): 359-385.
- Kim, Kwang Suk and Joon K. Park, *Factors Affecting on the Rapid Economic Growth in Korea*, (Seoul: Korea Development Institute, 1979).
- King, Richard A., "Choices and Consequences," *American Journal of Agricultural Economics*, Vol. 61 (December, 1979): 839-848.
- Kuznets, Simon, *Toward a Theory of Economic Growth*, (New York; W. W. Norton & Co. Inc., 1968).
- , "Economic Growth and the Contribution of Agriculture: Notes on Measurement," *International Journal of Agrarian Affairs*, Vol. 3 (April, 1961): 56-75.
- Lipton, M., "Urban Bias and Rural Planning in India," in *Underdevelopment and Development, The Third World Today: Selected Readings*, ed., Henry Bernstein (Harmondsworth; Penguin Books Ltd., 1978).
- , *Why Poor People Stay Poor: A Study of Urban Bias in World Development* (London: Temple Smith, 1979).
- Owen, Wyn, F., "The Double Developmental Squeeze on Agriculture," *American Economic Review*, Vol. 56 (March, 1966): 43-70.
- Schickele, R., *Agrarian Revolution and Economic Progress*, (New York: Praeger Publisher, 1968).
- Schuh, G. Edward, "Approaches to 'Basic Needs' and to 'equity' that Distort Incentives in Agriculture," in *Distortion of Agricultural Incentives*, ed., T.W. Schultz (Bloomington; Indiana University Press, 1978): 307-327.
- Schultz, T. W. "On Economics and Politics of Agriculture," in *Distortions of Agricultural Incentives*, ed., T.W. Schultz (Bloomington; Indiana University Press, 1978): 3-23.
- Soth, J. L., "Agricultural Economists and Public Policy," *American Journal of Agricultural Economics*, Vol. 58 (December, 1976): 795-801.
- Streeten, P., "The Frontiers of Development Studies: Some Issues of Development Policy," in *Economic Policy for Development: Selected Readings*, ed., I. Livingston (Harmondsworth: Penguin Books Ltd., 1971): 418-445.
- Taylor, Henry, C., "The New Farm Economics," *Journal of Farm Economics*, Vol. II (July, 1929): 357-367.
- Wilber, Charles K., ed., *The Political Economy of Development and Underdevelopment*, 2nd ed. (New York: Random House, 1979).

빈 면