

**Decentralization, Informalization, and the State:  
A Reinterpretation of the Farm Crisis in the U.S.**

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*The paper presents a critical reinterpretation of the farm crisis and of the related phenomena of industrial decentralization and informalization. It is argued that the present farm crisis is new only in qualitative terms, as the farming sector experienced similar crises in different periods of U.S. history. It is also pointed out that only some segments of the farming sector are experiencing this crisis, while others are growing and profiting from the present conjuncture. The crisis of the middle sector of American agriculture and the growth of part-time farming free rural labor into the market and reduce the cost of land. These factors, coupled with a restructuring process in the industrial sector, fuel the processes of decentralization and informalization in rural areas. The State is a principal actor in this process; in the attempt to generate accumulation and maintain legitimation, it encourages the exploitation of inexpensive resources and labor. State support of industrial decentralization and its present posture toward farm programs generate contradictions. It is impossible for the State to support present patterns of accumulation and legitimation while simultaneously encouraging patterns of development in rural areas. Growth with underdevelopment may ultimately result from State action.*

**INTRODUCTION**

In recent years great attention has been focused upon the farm crisis. Both the media and scientific analyses have discussed what has been defined as one of the most important problems of present-day America. It is this paper's contention that the current farm crisis is a recurrent characteristic of American agriculture rather than an extraordinary occurrence, for farmers have experienced periods of serious difficulty throughout the history of this country.

The current crisis, however, presents important qualitative differences from previous ones. Among these is the fact that only

some segments of the farming sector are involved. Furthermore, the social subjects involved in the crisis are full-time farmers operating medium-sized farms, rather than operators of small, marginal farms. At the same time, the farm crisis correlates with the reshaping of the farming sector into a more pronounced form of structural dualism. While the middle sector is collapsing, large farms are growing and small and part-time farms are maintaining a large share of the total number of farms in the country.

The farm crisis and the concentration of farms on the opposite poles of large and small farms also have a role in reshaping the characteristics of major economic factors in rural areas. Due to the crisis undergone by farmers and rural communities, labor and land can be supplied in large quantities at low prices. These characteristics, together with a lack of labor unionization in rural areas and the crisis of traditional industrial regions, has favored industrial decentralization and informalization. Industrial plants (decentralization) and new forms of production (informalization) are introduced in rural regions, as costs of production are, thus, lowered and returns increased. The State is instrumental in attracting new firms to those areas as a way of enhancing local development. It has been very active in providing grants, building infrastructures, and donating land to corporations willing to relocate in underdeveloped rural regions. At the same time, the State is forced to maintain some level of financial assistance to farmers (farm programs) in order to legitimize its action. This posture is maintained despite the fiscal crisis of the State, which demands a further reduction of farm support programs.

The action of the State and the processes of decentralization and informalization generate fundamental contradictions. It is impossible for the State to maintain potential for further accumulation of capital while at the same time enhancing the living conditions of a large segment of the rural population and, consequently, generating legitimation. The very conditions for economic expansion lie in the continuous availability of inexpensive resources and labor. Once economic expansion is triggered, the cost of production, rent and labor tend to increase in the area (from pre-expansion levels), generating the potential to undermine the developmental trend. This is not to deny the possibility of short term economic gains by the community as a whole, but rather to point out the consequences of similar experiences in which the exploitation of labor and resources in mature capitalism has been an ineffective means of socio-economic development.

### THE FARM CRISIS AND AMERICAN TRADITION

Recently, the word crisis has been constantly associated with the American farming sector. Both the media and scientific analyses have emphasized the seriousness of this crisis and the effects that it has had on farm family members and farm communities. However, an historical analysis reveals that, rather than being abnormal, such conditions have been a constant in the farming sector. In fact, it is rather surprising that the term "crisis" is currently employed when one considers that most of the conditions found in the agricultural sector today were existent in the colonial period (Hahn, 1983; Henretta, 1978), in the ante-bellum South (Genovese, 1965), and in the period between the two World Wars (Danbom, 1979).

Yet, the present crisis is qualitatively different from previous crises, particularly in terms of the types of farms and farmers involved and in the relations existing between farming and other economic sectors. To be more specific, the present crisis is not a general one, but rather a crisis of particular segments of American agriculture.

In the United States the farming sector is characterized by a *structural dualism* in which farms are polarized into two predominant groups: large farms and small farms, with a shrinking middle segment. The structure of American agriculture can be summarized as follows. Approximately 80 percent of all farms in the United States can be considered small farms. They control nearly 50 percent of farmland resources, but receive less than half that percentage in total value of farm sales (U.S. Bureau of Census, 1987). On the other hand, 6.6 percent of the nation's farms control approximately 27 percent of the land and make up nearly 54 percent of the total market receipts (USDA, 1984). Furthermore, the average net farm income for the largest farms (farms with a sales value of \$500,000 and over) is nearly 18 times greater than that of the smallest farms (farms with sales of \$40,000 or less) (U.S. Bureau of Census, 1987:628).

Large farms have been expanding during the past few decades, and recently the very large farms have displayed a substantial increase. In 1969, only 0.1 percent of all U.S. farms were members of this very large category, while in 1978 they represented more than 1 percent, increasing in number from 4,000 to 25,000 (USDA, 1978). This numerical increase is not as large, however, as their increase in the share of production. While these farms control 8 percent of U.S. farmland, they make up 30 percent of farm market receipts, up 16 percent from the 1969 figure.

Furthermore, they make up 60 percent of the national farm net income, up 44 percent from a decade ago (Velde, 1983). Although these figures might have been magnified by inflation in the late seventies and early eighties, their actual significance remains unchanged.

After a constant decline following the Great Depression, small farms have displayed a growth in relative terms from 73.3 percent of all farms in 1979 to 78.0 percent in 1982 (USDA, 1982). However, this growth is qualitatively different from that of large farms, as it is related to the partial disengagement from commercial farming of some operators and, above all, to a moderate increase in part-time farms (Reimund, 1982). Furthermore, inflation made it possible for some minifarms or recreational farms to generate enough sales to be classified in the small farm category, thus artificially magnifying its size. The increase in part-time farms suggests that these farms will never grow to provide a career for farm family members. Such individuals' economic interest in farming is only secondary, with their primary activity in other sectors. In this context the low returns of small farms may not always be indicative of low family income, given the fact that a large portion of this income comes from off-farm activities (Chantfort, 1983; USDA, 1984).

A different trend has been recorded for farms in the intermediate category (farms with total sales above \$40,000 but less than \$200,000). These farms have experienced the harsher consequences of the present "crisis." Farmers in this category saw their farms foreclosed, credit denied, the value of their land lowered, and experienced the traumatic eclipse of a way of life. These are the full-time farmers of a segment that is not large enough to compete with the mega-farms, but at the same time is not small enough to allow farm operators to be engaged in off-farm work and part-time farming (USDA, 1982).

The present crisis is, then, the crisis of the middle sector and full-time family farming, and not that of the large farm sector. Small farms, as indicated above, represent a qualitatively different case. They are crisis-free at the present, though their position is the outcome of previous crises and of a structure and productive practice that have been historically oriented toward the marginalization of small producers.

#### THE ROLE OF THE STATE

For many years farming has been a subsidized economic sector. To avoid economic crises and maintain social order the

State intervenes to regulate prices, production quantities, and/or quotas, and justifies this intervention with the rationale of providing adequate income to producers during periods of falling market prices. This phenomenon has been a constant of agricultural markets, making intervention of the State a steady characteristic of agricultural production.

State intervention in agriculture has been largely based on price support programs. Such programs set a price for each commodity which is high enough to guarantee sufficient profit to producers. When the price for a commodity is determined by the market and this price is inferior to that set by the program, the difference is paid to producers. The major consequences of this procedure are twofold. On the one hand, as price supports are paid in accordance with the quantity produced, a larger production results in greater State support. Meanwhile, farmers are encouraged to produce as much as they can, regardless of market conditions. It is evident that larger producers have a considerable advantage over smaller farmers, as they can generate more output. Moreover, overproduction contributes to the lowering of market prices, making conditions for the economic viability of small holdings problematic and the existence of support programs essential for most American farmers.

The problem of overproduction is not limited to the issue of price support programs, but involves the entire apparatus of American agricultural science and technology, which historically has been oriented toward the increase of productivity and production (Busch and Lacy, 1983). The implementation of this philosophy made American farmers by far the most productive in the world and, given the commodity form of agricultural products, made them the most vulnerable to the negative consequences of market saturation. One can say, then, that the farm crisis is also a crisis of *the epistemology of agricultural science* (Bonanno and Swanson, 1986). In other words, American farmers have historically been placed in the position of adopting forms of production that have greatly contributed to the marginalization of most of them.<sup>1</sup>

The farm crisis has generated consequences that are relevant for the entire socio-economic network. Fundamental alterations have occurred in the rural labor market, in the land market, and in terms of the forms of organization of production.

## DECENTRALIZATION AND INFORMALIZATION

The consequences of the farm crisis on the rural labor market, the land market, and the organization of production are central in the present discussion. It is important, then, to underline briefly the basic characteristics that pertain to the relationships among the phenomena.

The increase in part-time farming and the crisis of full-time farms freed for off-farm activities a portion of the labor force once involved exclusively in agriculture. Furthermore, an additional portion of labor has been freed by the crisis of rural communities which is a consequence of the farm crisis. The availability of this labor is one of the major characteristics of present rural areas in the U.S., for it is offered on the market at lower prices than its urban counterpart. Lower labor wages are maintained by a set of interrelated factors. First, local labor demand is low, as rural areas have experienced lower levels of economic expansion, and employment growth has been inadequate to absorb increases in the labor force resulting from population growth (USDA, 1984). Second, lower off-farm wages can be compensated for by earnings or benefits derived from farm activity in the form of both commercial part-time farms and subsistence farms (Crecink, 1979; Coughenour, 1977). Finally, the act of complementing farm income with off-farm earnings extends its influence from the sphere of production to others external to it, such as labor disputes and labor unionization (Bonanno, 1987a).

Historically, lower wages have been a fundamental source of labor unrest and a major stimulus for union organization (Piven and Cloward, 1977). This motivational factor is largely devalued in the case of part-time farming, for additional income and/or non-monetary benefits are sought in the expansion of the farming activity. Traditional industrial relations are thus modified so that structural contradictions are solved at the individual level. Similarly, the implementation of individual options in the working sphere decreases the potential for unionization and for the increase of labor costs.

During the present conjuncture rural areas are characterized by low land prices, as well as low wages (USDA, 1985). Inexpensive land has generated a devaluation of the farmer's assets, exposing him to financial difficulties and providing a stimulus for the non-farm use of land. Cheap labor attracts investors, such as industrial firms, which see in the lower prices a manner to curb costs of production and enhance their potential to compete on the market. It is not a coincidence that low land costs

have been identified as one of the major factors influencing rural industrialization (Chantfort, 1983; Martinez, 1985).

The combination of an availability of cheap, non-unionized labor and cheap land has generated the conditions for two new forms of organization of production: decentralization and informalization.

Decentralization refers to the process of relocating industrial activities from traditional, old industrial areas to rural regions. This process is common to a variety of advanced industrial countries (Bonanno, 1987a). In the case of the United States it means the relocation of industrial activities to rural areas in primarily Southern and Western regions (Chantfort, 1983; Horan and Tolbert, 1984; Martinez, 1985; Swanson and Skees, 1985). The increase in production costs and the strength of labor in the core sector have provided ample support for such strategies. Accordingly, "Industry has been rapidly decentralizing over the past two decades" (Martinez, 1985).

The industries involved are generally low-wage, labor intensive manufacturing establishments, such as textile mills and plants producing clothing, furniture, leather goods, rubber and plastic products, and, more recently, automobiles. Such industries can greatly profit from the cheap labor and low costs of production available in rural areas. Contrary to popular belief and the cases of other advanced countries (Bonanno, 1987a), these establishments tend to be branches of corporate firms, and a large segment (80 percent) of rural employment tends to be provided by establishments with more than 100 employees (Chantfort, 1983; Martinez, 1985). Furthermore, in many cases plants in rural areas tend to be larger than similar ones found in old industrial regions.

One factor [for the occurrence of this phenomenon] is lower nonmetro land costs, which encourage sprawling complexes employing many workers. Another is that large, mature firms often choose to settle in nonmetro areas, where labor costs are lower. Also, some nonmetro establishments are large simply because they are not surrounded by specialized suppliers, but have to produce many of their own inputs (Chantfort, 1983:9).

Despite the creation of new jobs, the decentralization process has been associated with rather unstable employment. These jobs are often exposed to foreign competition, as non-domestic producers can count on even cheaper costs of production.

In the past, these industries have been shifting from metro to nonmetro areas, providing an important source of employment growth in rural and small-town America. Now, however, an increasing shift of these operations overseas jeopardizes this source of jobs. Because the low-wage, labor intensive industries employ a relatively large proportion of the local labor force in some rural communities, the loss of such establishments can hit these communities especially hard (Chantfort, 1983:9).

Informalization<sup>2</sup> is the other process that has played an important role in the reorganization of production in rural areas. Essentially, informalization refers to a process of economic activities which violates established socio-economic norms of production. Such activities include sweatshops, household production, cottage industry, the use of undocumented workers, and some forms of subcontracting. The violation of established socio-economic norms refers to the violation of norms regarding *the status of labor*. In this case labor is paid below minimum wage, is undeclared, does not receive the benefits to which it is entitled, and so on. A second violation involves the *conditions of work*, namely a disregard for health and safety regulations, zoning, public hygiene, etc. Finally, norms are violated regarding *forms of management*. This is the case in fiscal fraud, unrecorded cash transactions, production without permit or license, etc. A number of specifications must be added to this definition. First, informal economy does not refer exclusively to survival strategies practiced by destitute people. Second, it should not be equated with illegal/criminal "underground" operations. Finally, informalization is not confined to developing and/or Third World countries, but exists in advanced industrial society as well (Bonanno, 1987b).

In the United States a great deal of attention has been paid to the phenomenon of informalization in urban areas, rather than in rural areas (Castells, 1985; Portes and Stepick, 1985; Sassen-Koob, 1984). Nevertheless, there is evidence that informalization occurs in rural areas as well. In their investigation of the crisis of Midwestern farms, Heffernan and Heffernan (1985) found that farm family members are involved in informal activities. For example, they indicate that producers of high school yearbooks rely on the domestic labor of rural housewives in Central Missouri. These women receive a word-processor, manuscripts to be typed in formats ready to be printed, and are paid by the key hit. Similarly, it is a common practice among rural residents in the Ozark region to be engaged in part-time activities in the tourist industry without

the required licenses or permits, or to be informally employed in the local shoe industry. Perhaps a more familiar case, often reported in the media, is that of knitting homework activities in the Eastern portion of the country. Knitting entrepreneurs provide local residents (mostly housewives) with machinery and raw materials. They then commission a final product and pay by the piece. In this manner production costs are reduced to a minimum and labor disputes are virtually eliminated, while for the house worker this activity represents a supplement to the primary income.

#### CRISIS, THE STATE, AND GROWTH WITH UNDERDEVELOPMENT

The phenomena of decentralization, informalization, the farm crisis, and the overall restructuring of the production system are connected with the role of the State. As has been indicated elsewhere (Bonanno, 1987c), the State's role in advanced capitalist societies has been studied and interpreted in differing manners. Yet there is some agreement, at least in the progressive camp, with respect to its limitations and contradictions.

The role of the State in advanced Western societies since the end of World War II has been that of general mediator between the conflicting interests of the major social classes. This role of "pacifier," as Offe (1984) has illustrated, consists first (but not primarily) of the support of important needs of the working class. Due to an increase in the power of the working class (Korpi, 1983), the State provides social service assistance to its members even in the case of those who are marginalized by the competition present in a market society (unemployment, low wages, etc.). Simultaneously, the State regulates disputes between the working class and the capitalist class through legislation and direct arbitration. This normative role of the State involves the legitimation of the role of trade unions (and other organizations of the working class, such as political parties) in society and, through this, the limitation of the range of action available to the working class against the bourgeoisie. Second, the State guarantees the possibility of accumulation and, consequently, supports the interests of the bourgeoisie. However, as indicated in many recent works (Block, 1977; Offe, 1984; Poulantzas, 1978), these interests do not correspond to the short-term needs of any specific fraction of the bourgeoisie itself, but represent the interests of the class as a whole. The State is thus supportive of the general conditions that allow long-term accumulation in society. From this point of view it is possible to argue that the position of the State as mediator is

not a neutral position, but a class position. It favors the rule and the leadership of the bourgeoisie and the continuous existence of the present relations of production (Block, 1977; O'Connor, 1973; Offe, 1984; Poulantzas, 1978).

During the last decade the role of the State as "pacifier" became increasingly untenable, as fundamental contradictions emerged in mature capitalist societies. As has been documented in a number of cases (Castells, 1980; Offe, 1984; Poulantzas, 1978), the State is unable to solve contradictions related to the lack of accumulation (regional underdevelopment) and social problems in large areas of advanced societies. This inability of the State to address the needs of the working class and satisfy the bourgeoisie's interests in accumulation expose the State itself to a mounting legitimation crisis to which it is unable to respond without compromising possibilities for further accumulation. In this respect, the accumulation crisis is accompanied by a legitimation crisis that generates tension between the State and various segments of the bourgeoisie, and between the State and the working class. More importantly, the legitimation crisis limits the autonomy of the State and its range of action as its potential for acquiring financial resources is eroded (Offe, 1972).

Accumulation and legitimation crises and the action of the State to avoid them are integral parts of the farm crisis and the phenomena of decentralization and informalization. In the case of decentralization, the creation of non-farming jobs for the rural population through the attraction of corporations to rural areas becomes an historically fundamental feature of State action in avoiding crises of accumulation and legitimation. In other words, in its attempt to enhance accumulation and legitimation, the State is willing to support the creation of businesses in relatively marginal areas so that the reproduction of capital, the generation of consensus, and social stability are obtained.

The relationship between the State and the creation of off-farm jobs in rural areas is twofold. First, the State is willing to support the interests of corporations to invest in regions that are characterized by lower costs of labor, land, and raw materials. Furthermore, the State is willing to guarantee discounts in the construction of the plant and the development of infrastructure. Recent cases in point are the incentives given to private capital by the State governments of Kentucky and Tennessee for the construction of Toyota and General Motors plants, respectively. Incentives have also been given for the education of the labor force in those regions. The result of these operations, according to the officialdom of the State, would be that of supplying a number

of jobs to curb local unemployment and stimulate local demand, thus reestablishing the total process of accumulation. Also, at the level of legitimation, the creation of new jobs enhances the ability of State officials to maintain support among their constituents and ensure social stability.

In the process of attracting new jobs to rural areas the State is willing to settle for lower paying and often part-time, temporary employment to replace higher paying jobs lost in the past, or simply to curb unemployment. However, this process creates contradictions at the levels of both accumulation and legitimation. As far as the former is concerned, low paying, part-time jobs have traditionally reduced the capacity to generate external economies and, consequently, to trigger further socio-economic development (Summers, 1986). Given the multinational and/or non-local nature of these corporations, the incomes of local workers are often the only sources available to achieve this goal. At the legitimation level, the expectations of unemployed workers may not be met by these kinds of new jobs, and dissatisfaction among local residents is thus generated.

This is not to say that the establishment of new plants in rural areas does not generate employment. Rather, this employment is precarious in nature and historically has not been conducive to stable socio-economic development. Cases of other advanced countries can illustrate this point. In Europe the problem of regional underdevelopment has been addressed with various strategies, among them that of "Poles of Development" (Clout, 1975). The strategy of "Poles of Development," as has been applied in Europe, closely resembles the process of decentralization taking place in the U.S. today, and consists of the creation of industrial plants in rural non-industrialized, underdeveloped areas in order to generate economic growth. Profiting from lower labor costs, the original investments would generate economies of scale and full development through a process of multiple expansion. However, in the course of the last two decades such strategies have not accomplished the desired objectives, leaving the regions in question lagging behind the rest of the country in many, if not all, of the socio-economic indicators (Bonanno, 1987a; Bairoch and Levy, 1978).

Changes in the composition and structure of the labor force occurred in regions touched by the "Poles of Development" strategy. Some of these changes assume relevance in the present discussion.<sup>3</sup>

The construction of industrial plants and related infrastructure produced a positive impact on the local economies. A strong demand for low-skilled labor was generated and satisfied

by decreasing employment in the farming sector. The new jobs created, in turn, stimulated the local economy in a multiplicative fashion. However, at the same time, the new revenues triggered an increase in rent at various levels. The price of land gradually increased, as well as the price of housing, utilities, primary services, and retail.

A second phase began after the completion of industrial plants and infrastructure. Only a segment of the labor force employed in the construction phase was able to obtain jobs in the plants. The different skills required and the competition within the labor market did not allow for the reemployment of the original group of workers. At the same time, unions were successful in increasing wages so that differences in costs of labor between regions touched by "Poles of Development" and old industrialized areas were virtually eliminated (Graziani, 1979; Mingione, 1978).

Increased costs of labor and limited employment marked the beginning of the eclipse of the "Poles of Development" strategy in many European regions (Clout, 1975; Mingione, 1978).

Socio-historic conditions in the United States differ in several instances from those recorded in Europe. Nevertheless, in the event of an increase in the costs of production, wages, and rent in rural areas, outcomes similar to those experienced in Europe might be expected. Conversely, if costs of production, wages, and rent remain low, doubts can be cast on the positive impact that the establishment of industrial plants generate in these regions at the socio-economic level.

In this latter instance the characteristics of the processes of decentralization and informalization do not allow for the establishment of traditional forms of labor-capital relations. The conditions for the existence of industrial activities remain those of cheap means of production, cheap labor, and constant assistance on the part of the State. Once these conditions are violated and there is an increase in the costs of labor and/or costs of production, the corporations involved either move their plants elsewhere or judge them unprofitable and dispose of them through selling or closing. Furthermore, any of these operations will put a strain on the fiscal crisis of the State as it is called upon for further economic intervention. As has happened in many instances in Europe, where State intervention is much more sophisticated than in the U.S., the State strategy to induce private accumulation to solve social problems results in worsened accumulation and legitimation problems.

The attempt of the State to solve accumulation and legitimation crises through new forms of rural industrialization does not eliminate the contradictions generated by the farm crisis. The fiscal crisis of the State is put under stress by the constant demand generated by farm programs. As illustrated in detail in other studies (Bonanno, 1980; Mann and Dickinson, 1980; Mottura and Pugliese, 1980), the creation of farm programs in advanced societies is aimed primarily at countering the low rate of reproduction of capital occurring in capitalist agriculture. However, farm programs generate selective support among farmers, favoring producers whose output is quantitatively large. At the same time, farm programs act as legitimitive factors because their overt and publicized objective is to sustain farm income, particularly that of small and family farms (Bonanno, 1987a; Mottura and Pugliese, 1980; Vogeler, 1981). Farm programs, then, represent a contradiction for the State. While they legitimize among the farm population and provide advantages for larger producers, who are able to greatly enhance accumulation, farm programs also magnify the fiscal crisis.

In recent years attempts have been made to eliminate or substantially reduce farm programs. However, these attempts have been largely ineffective due to the opposition they encountered and the inability of the State to implement them. In fact, the State is often forced to maintain most of these programs for the sake of legitimation. In Europe similar attempts were made during the 1960s and 1970s with the result of magnifying contradictions, rather than solving them (Fabiani, 1979; Klatzman, 1979; Mottura and Pugliese, 1975). In the U.S. the State is attempting to reduce support for farm programs through the use of an ideological posture that emphasizes a return to laissez-faire strategies. Although this position is popular among various segments of the social spectrum, it is increasingly evident that the State is unable to fully pursue a reduction of farm programs without generating strong resistance and furthering the legitimation crisis. Failure to maintain farm programs could easily erode the very support that hegemonic groups enjoy in the U.S. today, for they establish part of their hegemony on the appeal to traditional values, of which farming is one of the most important.

Resistance to the reduction or elimination of farm programs occurs at various levels. It occurs primarily at the *farming community level*, as farmers and farm communities depend increasingly on farm programs and credit for the continuous existence of their farms. Resistance to the elimination of farm programs also occurs within the State officialdom itself,

particularly among State officials who represent farm dependent regions. For example, this is the case for senators and representatives of farming communities who work for an increase in the magnitude of funds in farm legislation, against the reduction of tobacco support programs, and for the expansion of farm credit. Additional resistance to the elimination of farm programs is found among the general public of the United States, as farming is identified, even among non-rural residents, as a fundamental trait of American society. The echo of the Farm Aid campaign and the emotional mobilization that it has generated are cases in point.

Alternatives to the present crises of accumulation and legitimation appear problematic. The solution to enhance accumulation through decentralization and informalization is contradictory, for it depends on the availability of cheap resources and labor. More specifically, it is based on the assumption that conditions of underdevelopment must be maintained in the regions in question. *Growth with Underdevelopment* becomes, then, the most plausible outcome. The farm crisis provides part-time and/or cheap labor to be employed in the process of industrial restructuring, yet the cost of such a process magnifies the fiscal crisis of the State. At the same time, attempts to redirect State intervention might seriously limit legitimation.

Given the diverse outcomes that State intervention has had on the farm sector and on the labor market, it is clear that a number of social groups will benefit from the farm crisis, the restructuring of industrial operation in rural areas, and a reshaping of the intervention of the State. However, the same situation calls for the maintenance of low levels of remuneration of labor, marginal and/or very unstable new jobs, and a low rate of economic growth that would not improve the socio-economic conditions of important segments of the American rural population.

#### FOOTNOTES

1. This historical occurrence has been a constant in recent American agrarian history. For a detailed documentation of its origins, see Danbom, *The Resisted Revolution* (1979).
2. The informalization process has been studied and interpreted from various angles. The most frequent interpretations found in the literature are the following:

a) Informalization as a process of creative social change. According to this reading of the phenomenon, the informalization of economic activities is generated by the diffusion of advanced technologies, which changes the production and distribution of services to the masses. Informalization is, then, a fundamental part of the so-called "self-service society" where, through the use of these technologies, the public can self-produce services once delegated to the formal society (Gershuny, 1983).

b) Informalization is a phase of the rebellion against the overwhelming power of monopoly capital. In this reading, informal activities are seen as alternatives to the dominant forms of social organization on the same line as presented by Schumacher in *Small is Beautiful* and in the ecologist and youth movement against mature capitalism (Illich, 1981; Heinze and Olk, 1982).

c) Particularly with regard to the Third World and/or underdeveloped regions, informalization has been connected with the process of super-exploitation of local labor by multinational corporations. More specifically, informalization is a means by which costs of production are lowered and the generation of surplus value increased (Portes and Walton, 1981).

d) Informalization is connected with industrial restructuring and the decentralization of operations traditionally assigned to the primary segment of the economy. These operations are reassigned to the secondary segment and involve the substitution of highly paid, regular labor with low paid, irregular labor composed of weak members of the labor supply such as women, the aged, illegal immigrants, and students.

3. For the following discussion on the consequences that the strategy of "Poles of Development" generated, we will refer specifically to the case of Italy.

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