



# Social Regulation and Monopsony Power in Rural U.S. Labo(u)r Markets: Towards a Spatial Theory of Rural Labo(u)r Market Exploitation

*By Dashiell Anderson*

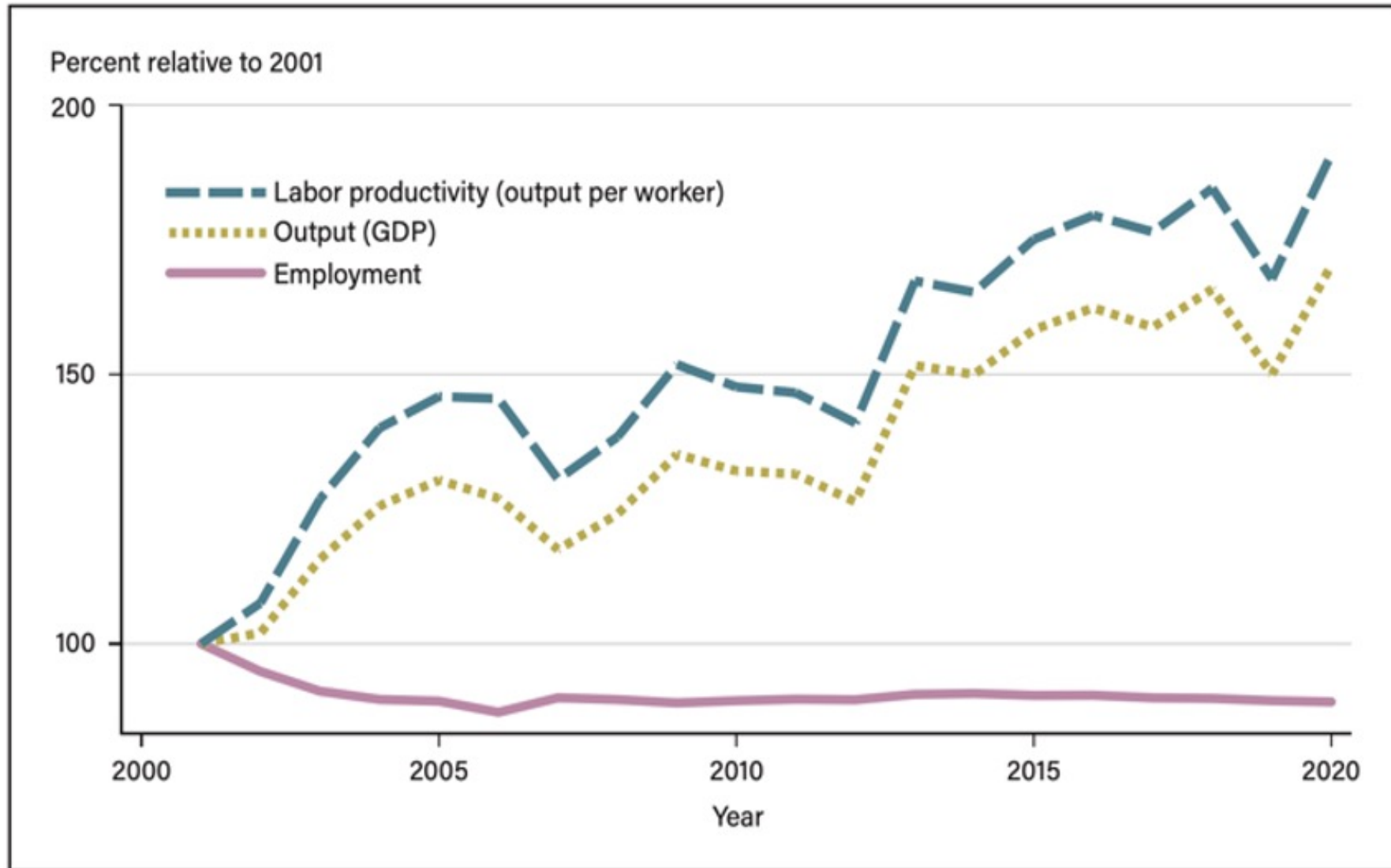
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# Problems With Rural Labor Market Analysis in Economics

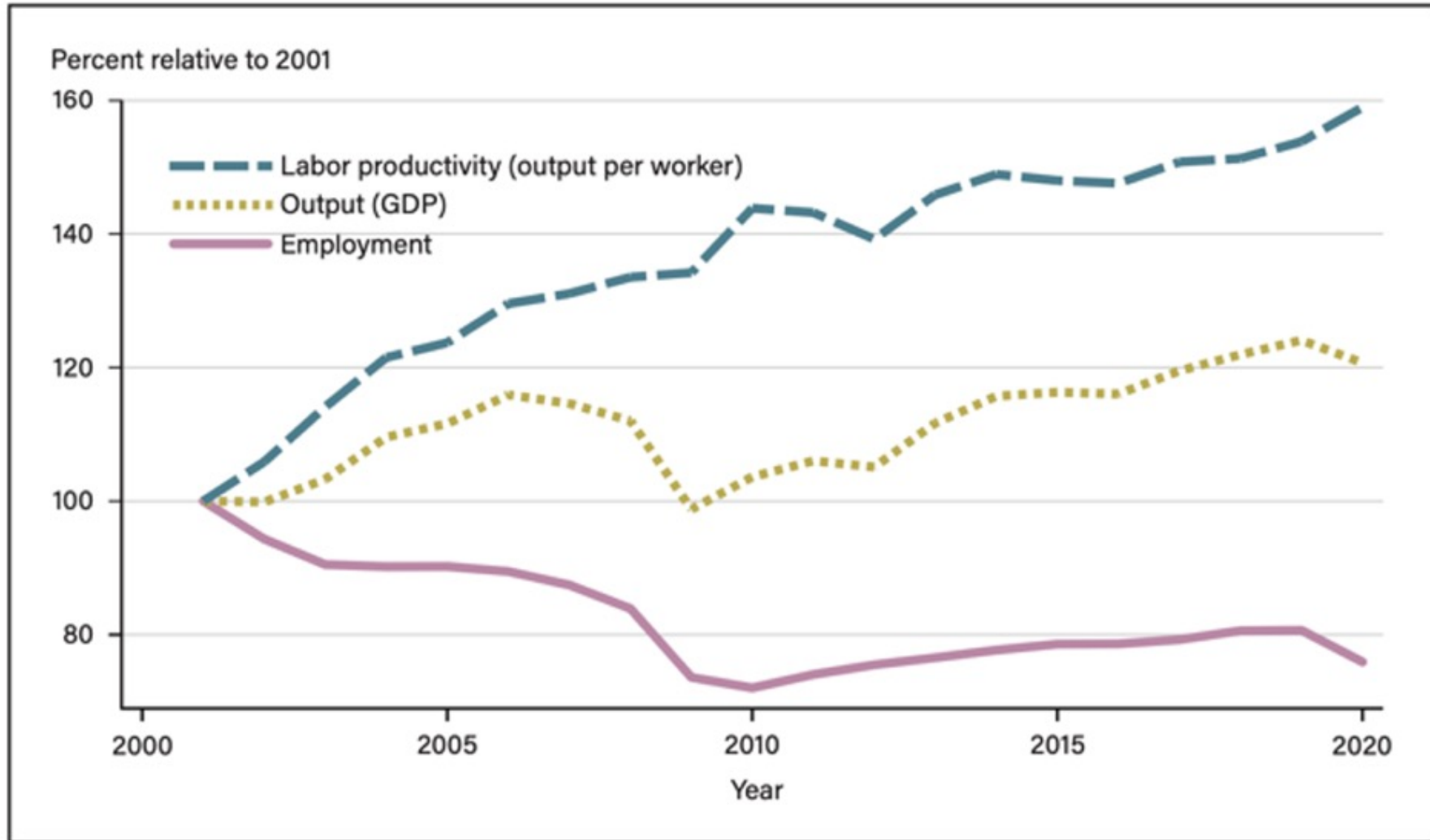
- *Economics suffers from “despatializ[ed] historicism,” which was associated with the end of classic political economy and the rise of liberal social sciences that “occluded, devalued, and depoliticized space” (Soja, 1989).*
- *Data accumulation in economic analysis is often aggregated over space, yielding quantitative results that often do not take into account geographical differences in economic trends and realities at the intranational level.*
- *Rurality is often still assumed to be synonymous with agriculture, extractive industries, and low-skill jobs. While it remains true that agriculture and extraction are the most productive rural sectors in the U.S., employment trends are much different than they once were (in 2022 less than 7% of all rural U.S. labor was employed in the agricultural sector (Davis et al, 2022)).*

## Rural agricultural output and productivity are increasing



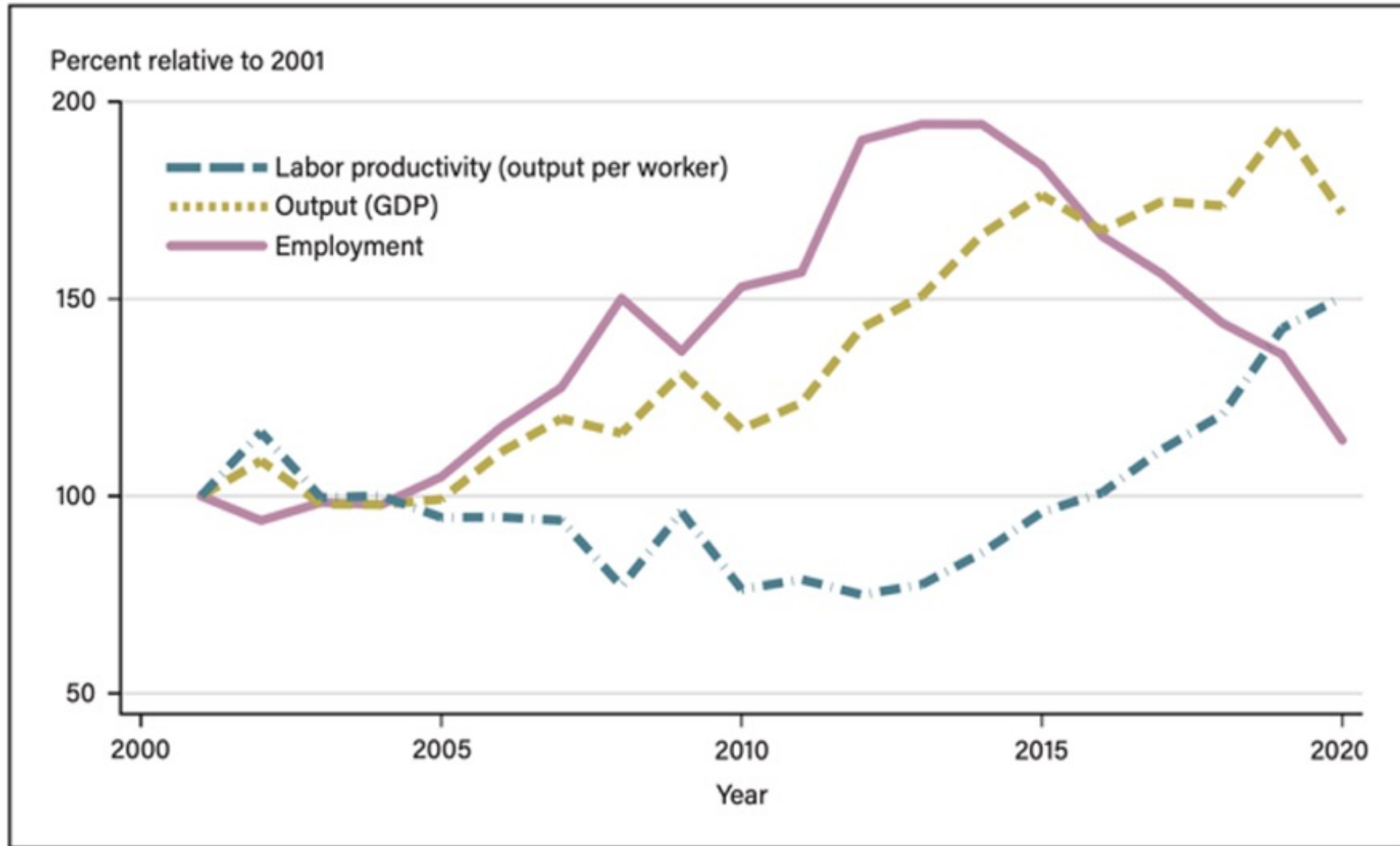
Source: Davis et al (2022)

## Rural manufacturing output and productivity are increasing



Source: Davis et al (2022)

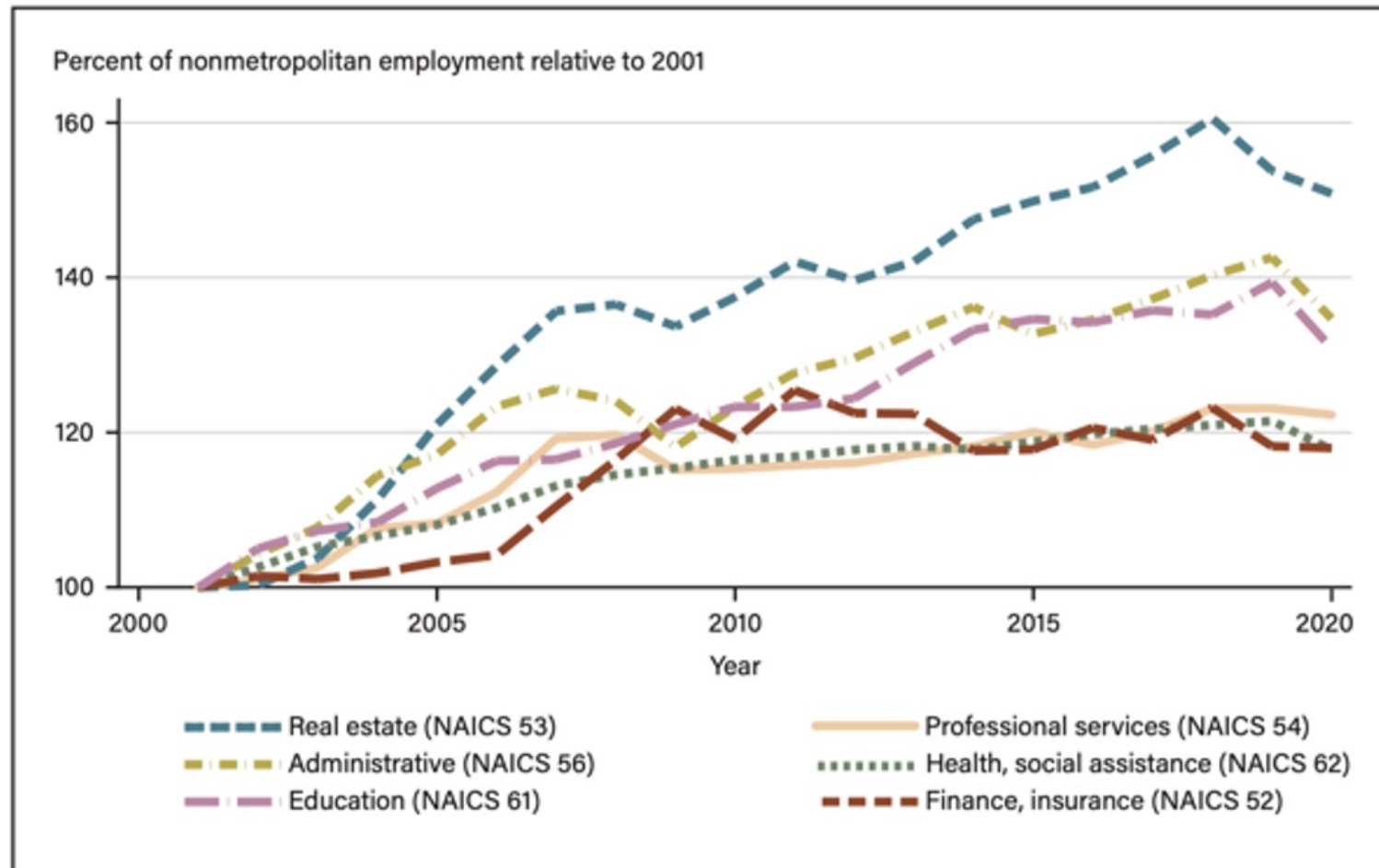
## Rural mining was a boom and bust employment industry from 2001 to 2020



Source: Davis et al (2022)

# What Does This Mean?

The rural six highest growth industries are real estate, education, administrative, professional services, health, and finance



Source: Davis et al (2022)

So...

- *What if we take a more geographical approach to conceptualizing power relations in rural U.S. labor markets (as opposed to relying on singular associations with sector, firm, worker skill level, educational quality/attainment, labor market size, commuting zones, or any other variable that has been used to stand in to represent rurality in U.S. labor markets)?*
- *What is the best way to measure structural inequalities and powerlessness in rural U.S. labor markets at a highly disaggregated level?*

# Social Regulation and Monopsony Power

- *Monopsony is one of the best economic tools for assessing unequal power relations in rural labor markets. But, there is no one way to measure monopsony power. It is defined as the ability to set wages below the marginal product of labor, but as we know that is the case in most labor markets (Manning, 2010).*
- *I take a more social and interdisciplinary approach to understanding monopsony power in rural U.S. labor markets than what has previously been provided in research on labor supply elasticities, effects of mergers and acquisitions, urban wage premiums, and other traditionally variable-driven empirical methods.*



# Social Regulation and Monopsony Power (continued)

- *I propose that monopsony power (as a social and economic reality) in rural U.S. labor markets is manifested in the social regulation of rural workers' job search, job scope, motivation to apply to higher/lower wage jobs, and job application responsiveness to a decline in posted wages.*
- *The term "social regulation" (Peck, 1996) refers to the historical, economic, institutional, and social specificities of regional labor markets that influence 1) workers' economic and social ability to bargain for higher wages, and 2) the economic and social susceptibility of workers to be "wage takers" in certain geographically-defined labor markets.*

# Social Regulation and Monopsony Power (continued)

*Monopsony power and social regulation are connected in three critical ways:*

*1) Monopsony power affects the social regulation of rural U.S. labor markets*

*2) The social regulation of rural U.S. labor markets (which possess specificities) affect the unique potential for rural U.S. labor market monopsony power*

*3) When measured over space at a high level of disaggregation, social regulation is a proxy measurement for regional levels of monopsony power, and which works to capture its historical, social and economic power in local labor markets.*

# Example of Empirical Application



# Policy Implications and Political Barriers

- *Need for more regionally targeted policy (i.e., not just targeted towards sector or firm)*
- *The U.S. has a problem of only investing in rural areas that hold political significance for elections. So, most rural investment (public and private) is in states where there is political gain to be made. Rural areas in states with more homogeneous politics are often left behind.*

# Contributions for Conceptualizing Rural Powerlessness in the U.S.

- *A historical political economy perspective of rural U.S. labor markets works to explain historically and structurally why their social regulation may differ from that of urban labor markets. The history of rural U.S. worker exploitation both influences and is influenced by uniquely unequal power relations in rural U.S. labor markets*
- *A critical and historical perspective uncovers the structural role that rural U.S. workers have played alongside the accumulation of wealth and capital in cities, namely as an intranational geographical reserve army of labor (see Gramsci, Harvey, Lefebvre, Marx, Massey, Smith, Williams)*
- *Unique forms of powerlessness and alienation in rural areas is an essential byproduct of historical economic (capitalist) development.*

# Motivations For This Research

- 1) There is a significant lack of consideration for geography and geographical trends in labor market analysis (geographical analysis is different from regional analysis), especially at the intranational level in the U.S.*
- Some of this is intentional, some not. Either way, the foundations of economic research despatialize assumptions and scope. This means that understanding economic concepts like monopsony in a geographical sense requires a new perspective.*
  - This motivates why I am less interested in assessing how certain variables affect others in rural labor markets, and why I advocate for assessing how certain geographically-defined labor markets are associated with workers' bargaining behavior, job search, and susceptibility to accept low wage work.*

# Motivations For This Research (continued)

*2) Documented political polarity between rural and urban working classes, both globally and in the U.S. (Luca et al, 2023), suggesting that:*

- The social regulation of rural labor markets may possess different qualities*
- Rural labor markets may be socially and economically constructed in unique ways compared to urban labor markets*
- The social and economic specificities of rural labor markets are grounded in an interdisciplinary historical political economy analysis, not solely economic differences such as labor market size or outside options for rural workers*

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