Designing an Effective Rural Development Strategy

Technological change and the shift to a more competitive global economy have reduced employment in farming and many other rural-oriented industries. To help rural communities adjust, Federal, State, and local governments have invested in improved education, training, infrastructure, and provided other valuable assistance. But without a good local plan or strategy, these investments are often unsuccessful.

Most rural development experts argue for an inclusive, local strategy-building process that proposes ways to build on community strengths and shore up weaknesses. A community’s strengths may include an education system that produces a highly skilled labor force or natural amenities that attract tourists and future residents. Local weaknesses may include inadequate infrastructure, lack of a highly skilled workforce, or a housing shortage.

A collaborative effort using an entire region’s assets may be required to help a locality improve access to community colleges, airports, amenity attractions, and telecommunications. Successful economic development strategies pay attention to market trends when identifying economic niches where the locality can have a comparative advantage. For instance, some communities may find it economically feasible to focus on developing value-added food processors, particularly if raw inputs are plentiful, demand for the industry’s output is significant and rising, and transportation links and other business location factors match the industry’s needs. These “niche” strategies try to foster the growth of industries with desirable qualities, such as high wages and long-term growth potential.

Effective development strategies also aim for economic diversification, so the community is less subject to fluctuations associated with one or two industries. A focus on entrepreneurship and small business development can be particularly helpful.

Local strategies will vary. For example, agricultural or manufacturing areas may focus more on improving education and training, upgrading Internet connections, and finding new niches—such as alternative energy production—to encourage renewed growth. In contrast, rapidly growing communities may pursue policies aimed at managing growth to make it more sustainable and amenable to local quality of life.

Regardless of the local situation, effective development strategies recognize the importance of community development, including improved housing and health, and reduced crime and poverty. Such activities share the gains from economic development with those who might otherwise not benefit and boost local support for the strategy. Community development also helps attract people and industry to the community, since many consider noneconomic factors in their decisions to relocate.

Richard Reeder, rreeder@ers.usda.gov

This finding is drawn from . . .