# Changing Rural Landscapes

## It's Time For Coalition Building

by Kathleen Lawrence

How do you define rural development?

Improved roads and new bridges? Modern water and sewer facilities? An industrial park near a railroad spur? Relandscaping the town square? New housing? Breathing new life into a town's Main Street? Which comes first, infrastructure or industry?

To me the term "rural development" refers to the creation of growth capacity in rural areas—developing indigenous capabilities using all available resources to generate successful, commercially productive enterprises. When room for growth is ensured, economic development, new jobs, and the creation of wealth will follow.

For several years now, economists have been telling us that the changes taking place in rural America are not short-term cyclical changes but permanent structural ones. If you accept that premise, then the only solution to the outward migration problem in rural areas is the creation of new jobs.

As agriculture, manufacturing, and mining continue to be battered by the current economic storm in rural America, the towns which grew up around these industries are also in jeopardy. Thus, new sources of employment are needed not only for those displaced farmers, factory workers, and miners but also for the other residents of the community who rely upon the financial well-being of the local industry.

### Communities Know Their Needs

Where will these new jobs come from? Who will supply the capital and the necessary training? And, most importantly, who will provide the new ideas? If we are to take advantage of history and learn from others who have faced similar problems, the answer lies in the rural community itself—in its human infrastructure.

The federal government has recognized that communities themselves are best equipped to identify their own unique problems and formulate programs to meet their needs. In 1984, the Department of Agriculture published a report on rural American entitled *A Partnership for Progress.*

In part, the report stated that the "resourceful rural citizen has survived the caprices of weather, long years of economic decline in an increasingly urban nation, and much more with a great deal of success. It would be presumptuous for the federal government to tell the rural American how to live, work, or make progress. Still, it is the responsibility of the federal government to treat every citizen—rural or urban—with the same respect and concern. It is the responsibility of the federal government to search for constructive ways of supporting the rural citizen and encouraging the progress of rural America without seeking to dictate the terms of that progress to the last detail."

### Agricultural Interests Drive Rural Development

Since June 19, 1961, when the Supreme Court handed down its "one man-one vote" decision, things have not been the same in rural America. Once a very powerful force in the halls of Congress and in state legislatures, rural elected representatives today are heavily outnumbered by their urban colleagues. Couple this with the fact that most Americans believe that solving the rural problem is linked to farm policy, and it is not hard to understand why many, in and out of public office, hold firm to the idea that everything in rural America would be just fine if only there was $5 corn and protective tariffs.

### Funding

If the truth be known, the agricultural sector accounts for less than one third of the nation's rural employment; mining, manufacturing, and service sector jobs account for more than two-thirds. Yet, the most influential groups in shaping federal rural policy have always been agricultural lobby groups.

This should not surprise us. After all, the Rural Development Acts of 1972 and 1980 place

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PHOTO BY DAVID HATHCOX AND COURTESY OF NATIONAL ASSOCIATION OF COUNTIES

*Rural Development Involves . . . businesses on mainstreets of rural America . . .*

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responsibility for rural development in the Department of Agriculture, and Congressional oversight for rural development is handled in the Senate by the Rural Development and Rural Electrification Subcommittee of the Agriculture, Nutrition and Forestry Committee; and in the House by the Conservation, Credit and Rural Development Subcommittee of the Agriculture Committee.

It is interesting to note that even though Congressional oversight for rural development is vested in the agriculture committees, funds are authorized by many different committees. After subtracting the more than $26 billion in agricultural income support payments and $4 billion in subsidized loan programs that went to America's farmers in FY 1986, you will find that there are more rural development programs and dollars outside the Department of Agriculture than there are inside. In Fiscal Year 1985, excluding block grants, America's 56 million rural residents received $140 billion in Federal funds for better education, health care, business development, and other services.

Given the distribution of programs affecting rural communities among the alphabet soup of federal government agencies—USDA, FmHA, REA, EDA, TVA, CBDG, DoED, HHS, DOL, EPA, DOI, etc.—the Administration has made a valiant effort to coordinate executive branch activities through the establishment of a Cabinet Counsel Working Group on Rural Communities, chaired by the Secretary of Agriculture. Through this Working Group, consisting of top-level policymakers from those Departments with major rural programs, the Secretary of Agriculture monitors rural development activity and makes recommendations for necessary shifts in policy.

### Rural Areas Are Where It Happens

So much is happening in rural America today.

—Incubators for new businesses are cropping up everywhere, providing invaluable research and ideas for small businesses in rural places.

—Venture capital is more available thanks to the leveraging of private sector and state monies in combination with Federal grants and loan guarantees.

—Community colleges now provide necessary training, not only in new job skills but in other areas vital to small business entrepreneurs such as how to write a business plan and how to prepare the necessary financial statements prior to seeking a loan from the local bank.

### Beyond National Boundaries

Throughout the developed world, rural communities face the same problems we do in the United States, and for very much the same reasons. In the early 1980's, the Organization for Economic Cooperation and Development (OECD) conducted a series of international meetings focusing on rural public management. The second of these meetings, held in Italy in 1983, focused on the emergence of spontaneous entrepreneural development in rural areas, a phenomenon underway in several forms within the countries represented at the conference.

As a member of the United States Delegation to this conference, I was particularly struck by the successes of coalitions comprised of federal, regional, and local governments, private businesses, and individuals from rural communities who were much better able to identify and solve rural problems when working collectively than when any one of the members had attempted this overwhelming task alone.

The old saw about there being good news and bad news holds true for rural America. The good news is that the "will" to help is there, and necessary attention is now focused on the subject. The bad news is that the effort is disorganized and in many ways duplicative, thus wasting precious financial and human resources.

### The Consolidation Question

From time to time over the last decade, this concept of consolidating rural programs under one roof has been discussed, and several bills have been introduced to place all rural development programs within the jurisdiction of the Department of Agriculture. These proposals have seldom received so much as a serious hearing in the Congress, primarily because the committee oversight structure would be torn asunder.

Imagine the hew and cry if members of the House and Senate Agriculture Committees attempted to wrest from the members on the Housing, Commerce, Transportation, Public Works, Small Business, and Labor, and Human Resources Committees (to name a few) oversight of, and appropriations for, the billions of dollars of programs impacting rural America. Anyone who understands the operation of the Congress wouldn't give it a second thought—there is no possible way that the Congress could reach a consensus on such a scheme, even if the Executive Branch departments and

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agencies agreed to relinquish that much power to a sister department.

But one thing is certain: the cost of government overhead and the time spent in these power struggles consumes far too many resources—resources that should be devoted to the rural community. Furthermore, at a time of increasing deficits and shrinking budgets, we cannot afford to waste any resources on internecine spats.

Consolidation of rural programs under one roof is just not feasible, and policymakers ought not waste precious time and tax dollars debating the issue further.

### Focus on the State

Even though well-meaning policymakers have attempted to coordinate resources and target them to areas most in need via categorical grants and government loan programs, rural problems have never been solved in Washington, DC.

Let us shift attention therefore to the State House—to the elected officials who are closer to the people and the communities currently searching for answers to problems brought on by the major structural realignment of rural economic activities in the 1980s. "One man-one vote" has changed the composition of state legislatures, but in states with large percentages of rural counties, small communities have a much better chance at being heard than they do in Washington.

Furthermore, it is apparent from the recent activities of Governors and State Legislatures that state government is able to come to grips with rural problems and propose workable solutions much more quickly than the federal government.

Some excellent examples include rural enterprise zones, an idea which has never caught on in Washington but which has been implemented successfully in several states; the creation of rural business incubators; special education and training programs for displaced farmers, miners, and factory workers; and guaranteed loan programs for new small businesses.

While individual states do not have the "turf battle" problems that exist at the federal level, those with extensive agricultural and mining economic bases are likely to be encumbered by budgetary restrictions due to decreased tax revenues. This will be alleviated to some degree by the additional revenue many states will receive as a result of last year's tax reform bill.

### Counties and Townships

The most important level of government involvement is at the county and township levels. Local governments know the needs and wants of rural communities better than anyone at the state capitol or in Washington. Yet local government officials have few fiscal resources and minimal, if any training, in the technical aspects of economic development. Local elected officials know they need new businesses that will create new jobs, but they are generally uncertain on how to attract them, or on which to concentrate first—industry or infrastructure.

Most important of all are the local residents themselves—the young and the old, the farmers, retailers, doctors, attorneys, miners, housewives, government employees, university professors, electric company executives, and lumber plant managers—all with visions, all with goals, and all with resources—human resources. Collectively, these individuals embody the human infrastructure of rural America.

### The Need For Coalitions

How do we bring together these disparate entities, all of whom have a stake in the outcome of this so-called "rural crisis?" Whose job is it? The Secretary of Agriculture's? The Governors'?

No, no individual or agency working alone can do what needs to be done to revitalize our rural communities. What we need is a functioning coalition of Federal, State, and local governments working with the private sector toward a common goal—increased capacity and job creation in communities whose economies have been paralyzed by the structural changes in agriculture; the retreat from extraction of domestic minerals; and the shift of our economy from the manufacturing sector to the service sector.

Only by combining the resources and talents available at all levels of government and the ingenuity of the private sector can the inevitable migration of our rural citizens to urban areas be stemmed. Small towns have so much to offer: clean air, friendly people, traditional moral values, and a strong work ethic.

The federal government has succeeded in defining the rural problem but has failed to devise solutions to the problem due in part to the turf barriers discussed earlier. It helps to have a

*. . . dialog about issues, decisions about local projects—*

*. . . and conferences such as this one where the chair of NACo's Agriculture and Rural Affairs Committee, Maxine Albers of Mesa County, Colorado, speaks with county officials .*

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broad perspective when attempting to define a problem; it is important to be able to see the whole picture and each of its parts. But when it comes to finding solutions, it is equally important to understand all of the local nuances. Without a clear understanding of local perceptions, the creator of a grand scheme has little chance of making it work in every rural community.

A well designed national "plan" for rural economic development can no more fit each community than an exquisitely designed and tailored suit will fit every man who tries it on. Seams need to be taken in here and let out there in order to make a perfect fit. It is no different with a plan for rural development. Each community needs a custom designed plan, and no one is better able to create the perfect fit than the community itself.

**Time for Federal Rural Block Grants**

One thing the federal government is able to do more effectively than small units of government is to raise revenues. On the other hand, local governments are better at spending these revenues, and they generally manage to do so with much less overhead and red tape. Since state and local governments are in better positions to leverage funds for infrastructure improvements and new business capital, our focus should be on channeling government revenues intended for rural development directly to states and communities through a rural block grant program.

Without adding to the national deficit and without angering turf-conscious congressional committees, the funds now earmarked for special loan or categorical grant programs in rural places (excluding farm loans and subsidy programs) should be combined into a rural block grant, administered by each state, and specifically earmarked for rural communities.

As an example, rural housing block grants can be administered by the Department of Housing and Urban Development and overseen by the housing committees of the Congress; the same goes for funds for education and health programs, etc. Under a rural block grant program, each community decides for itself its particular needs and how to spend its funds to best meet these needs.

Ideally, these federal funds will be matched, though not necessarily with other funds. The state and the community can provide a combination of funds, and "in-kind" services that may consist of, among other things, technical assistance or volunteer help. The key to "matched" assistance is that it demonstrates a real desire on the part of the state and the community to contribute to the solution, not just participating in the ritual of applying for Federal funds "because they are there and if we don't take them, someone else will." The exact form of the "match" may need to be negotiated, depending on the problem being solved and the local resources available.

The details of a rural block grant program must be hammered out between the Executive Branch and the Congress, with considerable input from state and local officials and the private sector. In the end, it is not the role of the federal government to design a scheme, piece by piece, but to lay out a framework that places responsibility at that level of government or the private sector best equipped to accomplish a particular task, so that together we can make our country's small communities and rural areas desirable places to live and work.

To quote from Vice President Bush's remarks last May to the graduating class of Waldorf College in Forest City, Iowa: "The future ain't what it used to be . . . we are riding giant trends in history and technology that we cannot stop. Instead, we must get out in front of those trends and pursue rural development, diversification, retraining and education."

The sooner we abandon the old attitudes and the old notions of the federal government calling all the shots, the sooner we can help rural America help itself. C

## More Information:

For additional materials related to rural development, obtain copies of *The Federal Role in Economic Development,* prepared by The Corporation for Enterprise Development, at 1725 K Street, NW, Washington, DC 20006.

*Rural Communities and the American Farm; A Partnership for Progress,*(1984). Write to the Office of the Undersecretary for Small Communities and Rural Development, USDA, Washington, DC 20250, for a free copy.