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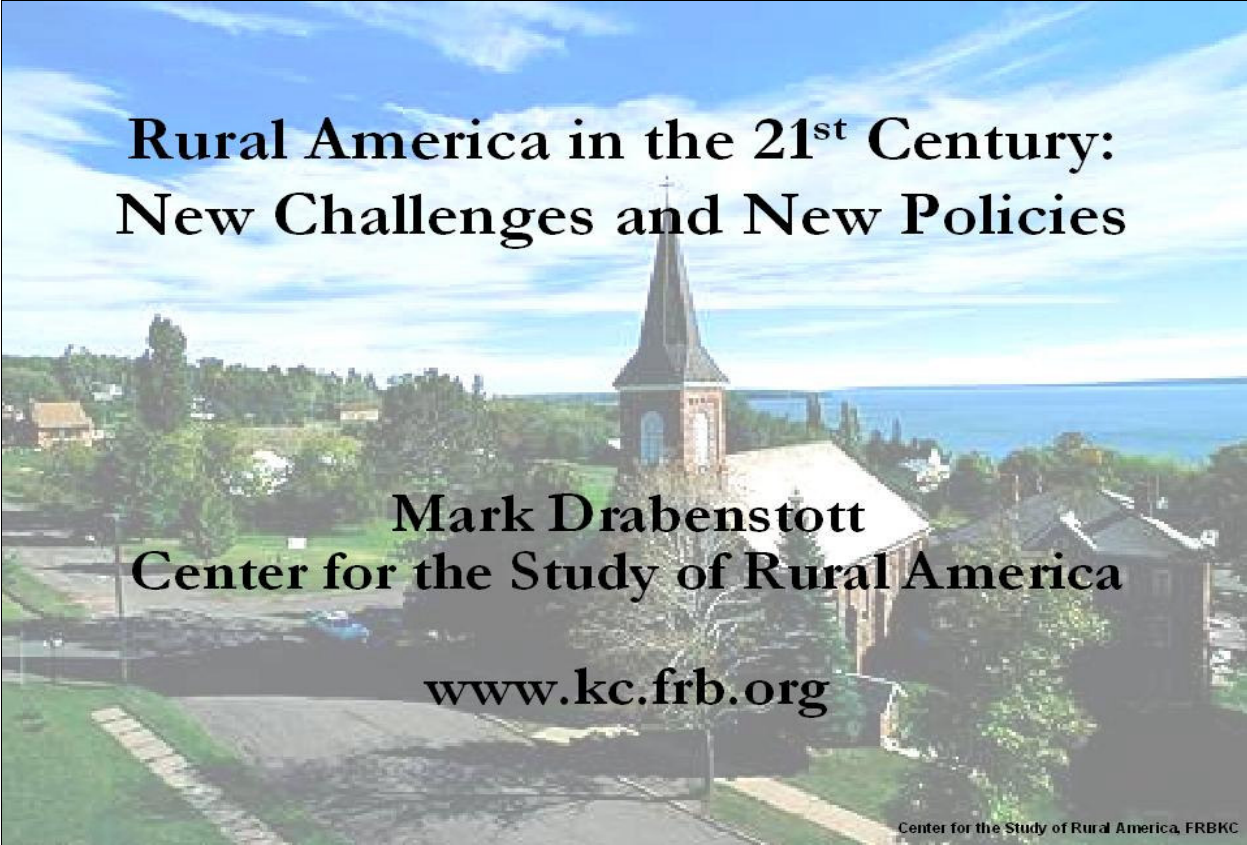
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THE RURAL AMERICA IN THE 21ST CENTURY, NEW CHALLENGES AND NEW POLICIES

MARK DRABENSTOTT

**Regional Research Project NC-221 Conference
“Financing Agriculture and Rural America: Issues of Policy, Structure and Technical Change”
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Rural America in the 21st Century: New Challenges and New Policies

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Center for the Study of Rural America, FRBKC



Rural America in the 21st Century: New Challenges and New Policies

- **The challenges in rural America**
- **A new policy framework**
- **The new policy pieces**

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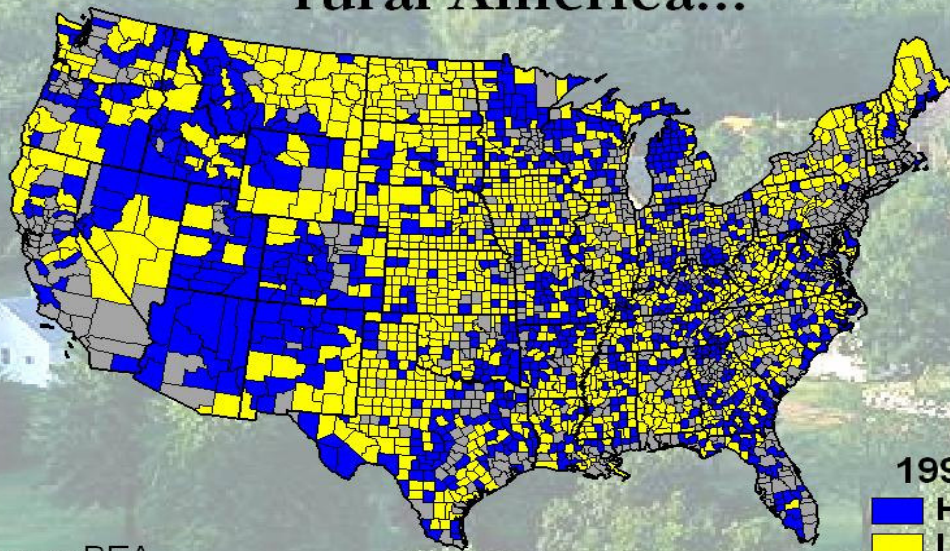
The challenges in rural America

1. An uneven rural economy.

→ 6 of 10 rural towns looking for new economic growth...

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Economic gains are uneven across rural America...



Source: BEA

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The challenges in rural America

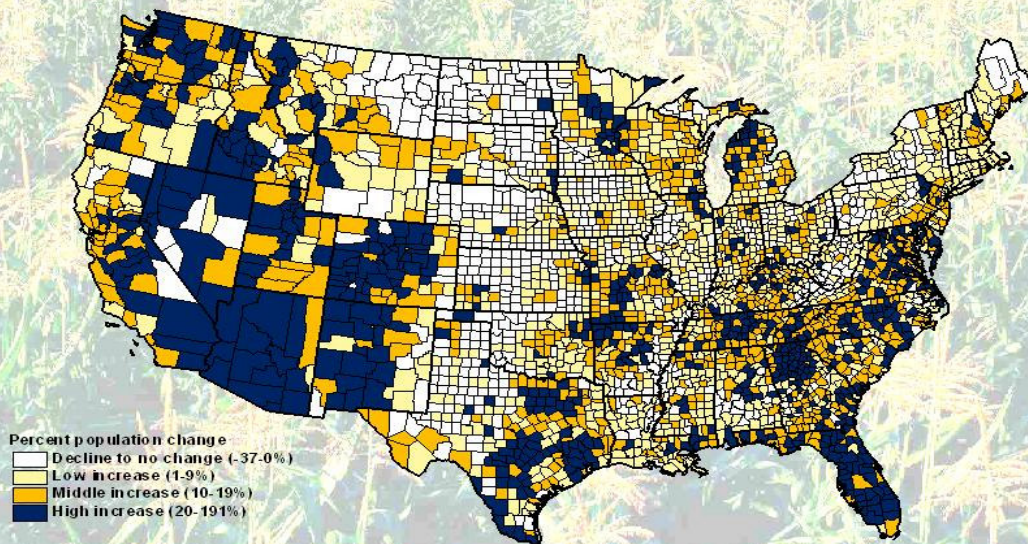
2. Decline or slow gains in population.

- Leadership capacity is strained...
- As are public services.

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Population growth...

1990 - 2000 Change



Source: US Census Bureau

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The Twin Challenges in Farm Country

- **Half** of farm-dependent counties lost population in the 1990s.
- **Three-fourths** of farm counties have sub-par economic growth.

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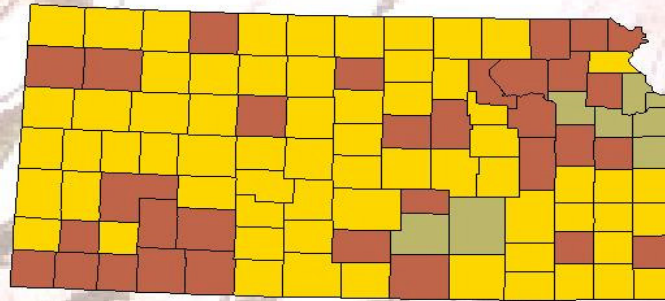
The challenges in rural America

3. Persistent commodity focus

- More farmers depend on their community... than vice versa.
- Growth concentrated in fewer towns.

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Kansas Growth Patterns



Kansas Growth Patterns
High growth
Low growth
Metro

Source: BEA

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The challenges in rural America

4. Shortage of entrepreneurs - and clusters
 - Limits new economic opportunities
 - Small scale inhibits growth

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The challenges in rural America

5. A lack of e-business

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Producer services are a much bigger force in cities...



Source: ERS

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The challenges in rural America

6. Managing growth in scenic areas
 - Can rural areas succeed without becoming “formerly rural”?

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The essential policy questions

- *Is commodity policy well-suited to a future with **two** agricultures -- one based on **commodities**, one based on **products**?*
- *Is a one-sector policy well-suited to the challenges facing rural America?*

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Agricultural policy can rest on its own merits

- Safe and abundant food supply
- Conserving natural resources
- Financial assistance to farmers...

but which ones?

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But agricultural policy cannot rest as *rural* policy

- Too few rural places depend on agriculture...
- Rural America's "regions" are highly diverse...
- And most need new sources of competitive advantage.

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A New Rural Policy Framework

A new focus on:

- Place
- Collaboration
- Regional competitiveness

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Three focal points in a new framework

- Place
 - Collaboration
 - Regional competitiveness
- not* sector
not firm
not national industry

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Opportunities for regional competitiveness

- Agri-tourism (NY wine trail)
- Nutraceuticals
- Advanced manufacturing
- E-business producer services


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But goals are needed to underpin a new policy framework

*What are the nation's goals for
rural America?*


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What goals for rural policy?

- Protecting and restoring the rural landscape.
- Preventing urban overcrowding.
- Preserving “community” culture and values.
- Producing well-educated future citizens.

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Five key parts to a new rural policy

- Spurring new entrepreneurs
- Tapping new technology
- Encouraging regional governance
- Promoting product agriculture
- Lifting rural quality of life

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Spurring new entrepreneurs

- **Technical assistance**
- **Equity capital funds**
- **Streamlining public programs from A to Z**

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Tapping new technology

- **Broadband access**
- **E-business clusters**
- **Worker training**

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Encouraging regional governance

- Overcome legacy of small governments...
- And encourage regionalism in economic projects.


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Promoting product agriculture

- Assist producer alliances
- Reform cooperative legislation
- Farm-to-grocer regional initiatives
- New investments in nutraceuticals

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Lift rural quality of life

- **Better health care**
- **Richer mix of entertainment and cultural activities**
- **Improved transportation (NASA?)**

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Conclusions

**Rural America has value to the nation...
But needs new policies to meet a new century of
challenges.**

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New policy will not come easily...

- **New framework**
- **New goals**
- **New programs**
- **New institutions and governance.**

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Is it time for a 21st Century Country Life Commission?

Teddy Roosevelt's Commission led to...

- **Farm Credit System**
- **Cooperative Extension Service**
- **Cooperative enabling law**

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