



AgEcon SEARCH
RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

The World's Largest Open Access Agricultural & Applied Economics Digital Library

This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.

Help ensure our sustainability.

Give to AgEcon Search

AgEcon Search
<http://ageconsearch.umn.edu>
aesearch@umn.edu

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

POLITICS OF RURAL DEVELOPMENT

*Dennis Fisher and Ronald D. Knutson
Texas A&M University*

Rural America comprises approximately 25 percent of the nation's population, 90 percent of its natural resources and 90 percent of its local governments. Yet, the United States has no identifiable comprehensive rural policy. Those policies directly affecting rural America are defined in sectoral programs such as the farm program or in national programs established for both urban and rural constituencies. Since these national programs include a dominant urban constituency by number and wealth (in terms of ownership and control), the emphasis, rules and regulations of the implementing agencies tend to be directed toward urban problems.¹

It is the thesis of this paper that the overriding reason for the lack of an identifiable, comprehensive rural policy lies in the fragmentation of the organizations, agencies and committees that represent rural interests, design policy and administer programs. To support this thesis, the paper initially provides a taxonomy of the rural interest groups, the congressional committees relating to rural development and the agencies charged with carrying out rural programs. From this taxonomy, conclusions regarding the origins of fragmentation and the resulting lack of political influence can readily be drawn. The paper will conclude with implications for solving rural problems from a policy perspective. While the paper concentrates on federal policy, the political conditions that impede implementing solutions to rural problems appear to be similar in most states.

The Political Organization of Rural America

From a national perspective, the political organization of rural America can be approached by providing a taxonomy of rural policy advocates or potential advocates. Included are the major national organizations (lobbyists) having an interest in rural policy, the structure of congressional committees relevant to rural policy, and the structure and orientation of the major executive agencies charged with carrying out rural programs.

¹Another reason for this urban emphasis may simply be the convenience of concentrating services in urban areas which generally are the headquarters and the domicile for the employees charged with carrying out program objectives.

National Rural Organizations

A taxonomy of national rural organizations can be developed by identifying the primary government programs they advocate. These include the infrastructure and industrial recruiting advocates, the human capital advocates, the local control advocates and the farm program advocates.

Infrastructure and Industrial Recruiting. The oldest and strongest political forces in rural development are the infrastructure and industrial recruiting advocates. To them, the solution to rural problems involves building roads, bridges, energy generation and transmission facilities, waste disposal systems, airports and industrial parks and then recruiting businesses to use these facilities. These are high-stake ventures in which a rural community can be transformed relatively rapidly into a metropolitan statistical area (MSA) if the recruiting efforts are successful. On the other hand, this type of development is more suited for rural counties on the urban fringe than for the low-skilled labor force of more remote communities.

The main infrastructure advocates are the National Association of Development Organizations (NADO), the National Association of Regional Councils (NARC), the Public Works Economic Development Association (PWEDA) and the National Rural Electric Cooperative Association (NRECA). NADO's and NARC's locally affiliated development organizations and councils of government provide much of the formal organizational structure for rural development activity throughout the United States. By involving local government officials, businessmen and state development officials within their organizational structure, they amass considerable political muscle.

NRECA, with CEO Bob Bergland's interest in rural education and rural health, adds a progressive dimension to the infrastructure group. Yet, the main interest of the NRECA-member generating and distributing cooperatives is in infrastructure and industrial recruiting efforts that result directly in the sale of electricity. It is also interesting to note that investor-owned utilities are very effective infrastructure development advocates at the state level but do not appear to be nearly as effective at the federal level as the NRECA.

Human Capital Advocates. Compared with the infrastructure advocates, interests in human capital improvement are relatively new to rural development politics and not nearly as well organized. The rural development interest groups having a substantial track record include the job training, technical assistance and social program advocates. Newcomers to human capital advocacy include rural health and education.

Job training functions are supported primarily by NADO and NARC. Job training fits well with their primary interests in industrial recruiting and infrastructure. Technical assistance activities enjoy considerable support from NADO and NARC because they relate to

planning of infrastructure, industrial recruiting and export sales activities. The small business advocates, with the support of “independent” trade associations², were successful in securing the establishment of the Small Business Development Centers (SBDC) that have become an important, but relatively new, force in providing technical assistance and educational programs in rural areas. Extension Service involvement in rural human capital formation appears to be derived from the rural proximity of its delivery system and its attachment to county and state governmental structures through organizations such as the National Association of Counties (NACo) and the National Governors Association (NGA). Interestingly, a comparable level of support for rural development research through the Agricultural Experiment Station has not existed. This reality has left extension rural development specialists without a strong research base to support their activities.

Social program advocates, like job training and small business, have a rural and urban constituency to serve. As a result, problems in social programs that are unique to rural areas receive less attention. For example, distance is perhaps the most vexing and persistent of these problems. The Council of State Community Affairs Agencies pleads some of these rural issues, but not exclusively on behalf of the rural constituency. Their advocacy represents the perspective of the state or local delivery agency rather than the perspective of rural people, *per se*.

While rural health advocacy is in its infancy, political momentum has built rapidly through organizations such as the National Rural Hospital Association (NRHA). Not to be overlooked is the American Association for Retired People (AARP). Since rural areas have a higher proportion of older people, rural health advocates could become one of the strongest rural lobbies. This is evidenced by some fifty bills having been introduced in the 101st Congress to deal with the rural health (hospital) crisis.

While the justification for improvements in rural education may be as strong as for rural health, education has not yet caught on as a viable rural political cause. The reasons lie in the perceived lack of immediacy of the problem (compared with rural health), the aging of the rural population (older people care more about their health than education of children),³ conflict within the National Rural Education Association (NREA)⁴ and resistance by the NEA and related school advocacy organizations to targeting rural school issues.

²Independent trade associations, as used herein, refer to lobbyists that represent the fringe of smaller firms in an industry such as the Independent Bankers Association.

³Aging of the rural population spells serious problems for rural schools. While it can be reasoned that older people are concerned about the education of their grandchildren, they also tend to reason that what was good enough for their children is good enough for their grandchildren. Retirement counties frequently experience problems passing school bond elections.

⁴NREA appears to have lacked strong leadership from a political perspective—concentrating mainly on curriculum issues. Challenges to this academic approach have resulted in conflict within NREA over its role, from a political perspective, on behalf of rural schools.

One of the most interesting national advocates on behalf of rural schools is the Regional Educational Laboratories (Regional Labs). Organized on a regional basis, the Regional Labs provide technical assistance targeted to rural schools under a congressional appropriation of approximately \$6 million obtained through its lobbyist, the Center for Education Development and Retraining (CEDAR). The small appropriation means that the Regional Labs can help only a small number of rural schools on a pilot basis, although considerable staff development work is carried out with both rural teachers and administrators.

Local Control and Financing Advocates. A number of state and local government lobbyists have an important rural constituency. Primary among these are the aforementioned NGA and NACo and the National Association of Towns and Townships (NATaT). While these organizations have an interest in both the infrastructure and human capital dimensions of policy, their overriding concerns are the means of financing rural services and maintaining local control. In other words, they desire financial support to solve rural problems with a minimum of strings attached. During the Great Society years, the federal government was viewed as being better at raising revenue than state and local governments. This led to programs such as federal revenue sharing and block grants. These programs were dramatically de-emphasized with the advent of the New Federalism policies, particularly during the Reagan administration and continuing under the Bush administration. The New Federalism philosophy of local control not only cut off much of the federal funding for state and local government units but also increased their responsibility for functions such as dealing with environmental problems and providing social services.

Disagreement among several of these organizations about where control of federal funds should be centered prevents formation of what otherwise might be a strong state and local governmental coalition influencing federal rural development policy. Despite their mixed urban and rural constituency, NGA, NACo and NATaT are very effective rural advocates. This derives from the concentration of the urban population in certain states, counties and townships.⁵ However, any one of these organizations can (and has) stopped the enactment of a rural development bill not encompassing their approach, and NGA, which just completed a major rural development policy study, has a different view of who should control federal funds than either NACo or NATaT.

Farm Organizations. Farm organizations have had little interest in a strong rural development policy since the 1930–1950 period when rural America was wired for electricity and telephone services.

⁵It is important to note that NACo is strongest in those states in which the county is the dominant system of rural government (west of the Mississippi and much of the South), while NATaT is the strongest in states in which towns and townships are dominant (the Northeast and parts of the Midwest).

There are a number of reasons for the lack of farm organization activism on rural development issues:

- Their primary interest is in farm prices and income. They still tend to believe that the solution to rural problems is a strong farm policy.
- Federal rural development expenditures compete for United States Department of Agriculture (USDA) dollars spent on farm subsidies. Under current budget procedures an increase in rural development expenditures must be accompanied by a reduction in farm subsidies expenditures.
- They tend to be opposed to increasing the scope of government involvement in the nonagricultural economy.
- Some farm leaders are opposed to rural development, *per se*. They feel that development competes for hired labor, which they have become more dependent upon. On the other hand, an increasing share of farmers and farm wives now have off-farm jobs—but probably not those who are the most influential in farm organizations.
- Commodity groups (as opposed to general farm organizations)⁶ have little or no interest in policy outside of price and income policy, international trade policy and environmental policy. Since commodity groups have become the strongest politically of the farm organizations, little attention is given by farm leaders to rural development policy.

In many respects, farm organizations hold the key to the enactment of a strong national rural development policy⁷ since they strongly influence the congressional agriculture committees, which have traditionally been the source of rural development legislation. If the farm organizations are not willing to devote a significant share of the farm program budget to rural development, it is unlikely that rural legislation enacted will be more than window dressing. This has clearly been the case in the past.

Congressional Committees

While there is considerable discussion of omnibus rural development bills, the center for the enactment of any legislation lies in the agriculture committees of the Congress. The difficulty of enacting a truly omnibus rural development bill lies in the need for such bills to be reported out by each of the affected committees. For example, if a bill contained significant provisions on rural electrification loans, Small Business Administration loans, rural education and rural health, it would have to receive favorable vote by four committees

⁶Commodity groups are farm organizations that represent producers of a particular commodity such as the National Cattlemen's Association. A general farm organization represents all farmer members regardless of their commodity interests.

⁷The term "strong rural development policy" refers to a policy that is comprehensive in that it includes infrastructure, human capital, and business development components. It also must be supported with sufficient dollars to hold the potential for maintaining an income, employment, and growth balance between rural and urban areas.

before coming to vote on the House and Senate floors. Despite the problems associated with an omnibus bill, the committees having a major impact on rural policies include the agriculture committees, small business committees, environment and public works committees, education committees, health committees, labor committees, appropriations committees and the budget committees.

Agriculture Committees. The agriculture committees have become the center for rural development legislation because these are the only committees that have an exclusively rural constituency. However, within the agriculture committees, rural development interests take a back seat to commodity policy interests. This is the case, not only in terms of priority on the committees' time, but also in terms of the budget reconciliation process that requires agriculture committees to make authorization decisions within spending limits set by the budget committees.

Since the Senate Agriculture, Nutrition, and Forestry Committee makes very little use of subcommittees, Committee Chairman Senator Leahy of Vermont has been its major rural development advocate. Leahy is also the leader of a Senate omnibus rural development task force that worked to shepherd a bill through the 101st Congress. Congressman English of Oklahoma, chairman of the Subcommittee on Conservation, Credit and Rural Development, is a key actor in the development of rural policy within the House of Representatives where subcommittees have substantial influence.

Small Business Committees. Rural America is dominated by small businesses, yet there are far more small businesses in urban areas than in rural areas. Key rural business advocates on the small business committees include Senators Boschwitz (MN), Baucus (MT), and Kasten (WI) and Congressmen Smith (IA) and Skelton (MO), who is chairman of the Procurement, Tourism and Rural Development Subcommittee. Of course, the main agenda of the small business committees has been the extension of loans through the Small Business Administration (SBA). In addition, the committees provided for the establishment of the Small Business Development Centers (SBDCs) when members concluded that SBA was not providing sufficient initiative in technical assistance and educational services.

Environment and Public Works Committees. The committees having jurisdiction over the environment and public works are the center for infrastructure support in the Congress. Senators Burdick (ND) and Baucus (MT) and Congressman Oberstar (MN) are key rural infrastructure advocates on these respective committees. In recent years, one of the committees' main jobs has been to protect the Economic Development Agency (EDA) from Reagan administration efforts to materially reduce its scope.

Labor Committees. The interest of labor in rural America relates largely to job training and occupational safety. In the Senate, labor

concerns are combined with education and health concerns in the powerful Labor and Human Resources Committee. In the House, labor and education concerns are combined in the Education and Labor Committee. Senators Harkin (IA), Simon (IL) and Hatch (UT) and Congressmen Williams (MT), Gunderson (WI) and Coleman (MO) have been primary movers in securing equal job training opportunities for rural residents. This issue became more important during the 1980s when the unemployment rates in rural areas began to exceed that of urban areas. As a result, rural job training has become a more important policy issue.

Education Committees. As indicated above, education concerns are tied into the labor interests in both the House and Senate. As a general rule, the education committees have been unwilling to extend special benefits to rural schools. In other words, they have tended to treat school problems in a general context as opposed to targeting specific rural education problems. This, at least partially, reflects the metropolitan leadership on the committees. Leaders in supporting rural education include Senator Harkin and Congressmen Williams, Coleman and Gunderson.

Rural education is a regionally diverse problem. In the Great Plains and the West, for example, the problem of distance and sparse population makes attracting quality teachers difficult and dramatically increases the cost per student. In the South, the problem is a compounding of poverty, a low tax base, lack of employment opportunities and years of neglect of many public school education systems.

Health Committees. Health concerns in the Senate are handled by subcommittees of the Labor and Human Resources Committee, the Finance Committee and the Appropriations Committee while health concerns in the House are brought before subcommittees of the Appropriations Committee, Energy and Commerce Committee and the Ways and Means Committee. The House Rural Health Care Coalition and the Senate Rural Health Caucus also help focus federal attention on rural health care issues. Only recently, however, have these congressional committees and organizations begun to deal specifically with rural health problems. This results from increased concern about the ability to attract medical doctors to practice in rural communities, bankruptcies of rural hospitals and discrimination in levels of Medicare and Medicaid benefits between rural and urban hospitals. The discrimination in benefits apparently results from the myth that it costs less to deliver governmental services in rural areas than in urban areas. As indicated previously, these problems have finally gotten the attention of the Congress as indicated by introduction of more than fifty rural health bills, most of which relate to the Medicare-Medicaid issues. While dealing with the Medicare-Medicaid problem will help, this alone will not solve the rural health problem. It is also quite clear that removing rural health inequities

will be expensive. One estimate indicates that restoring complete rural-urban equity in Medicare and Medicaid would cost as much as \$6 billion. Senators Bentsen (TX), Baucus (MT), and Harkin (IA) have been primary leaders in rural health equity. In the House, the leadership for rural health comes from Gaydos (PA), Smith (IA), Natcher (KY) and Obey (WI).

Appropriations Committees

History indicates that it may be more difficult to sustain appropriations for rural development legislation than to secure initial authorization. While many rural development bills have been enacted, they frequently have suffered from a lack of appropriations that would allow follow through. In the House, the purse strings for appropriations are closely held by Committee Chairman Whitten (MS). Senator Burdick (ND) is a key arbitrator of rural development appropriations in the Senate. Since both of these individuals have a keen interest in rural issues, a united front in support of rural development would lead to continuing long-term appropriation support. In the absence of such a united program, it is easier to reduce appropriations for individual programs.

Joint Economic Committee

Joint committees do not have the authority to report out bills. However, the Joint Economic Committee (JEC) has, through the hearing process, focused considerable attention on development issues. This leadership is particularly important in rural development since, as indicated by the above discussion, many different committees are potentially affected or involved in enacting omnibus legislation.

Executive Agencies

Virtually all government agencies impact rural areas. By one estimate, there are more than twenty government agencies that operate rural programs. Lack of coordination is one of the major problems and criticisms voiced by rural interests trying to access these programs. This lack of coordination reflects a basic lack of leadership in rural policy within the executive branch of government. As a result of this leadership gap, some individuals have proposed establishment of a rural development czar within the Executive Office of the President and consolidation of all rural programs into a new single cabinet department. The Bush administration has attempted to deal with the problem by forming a new Working Group on Rural Development, which is chaired by the Secretary of Agriculture and reports to the White House Economic Policy Council. It includes the Departments of Agriculture, Treasury, Commerce, Labor, Health and Human Services, Housing and Urban Development, Transpor-

tation, Education; the Office of Management and Budget; the Small Business Administration; and the White House Office of Policy Development. The following discussion of major agencies impacting rural development illustrates the situation within the executive branch of government.

U.S. Department of Agriculture (USDA). For most of the 1980s, the USDA was designated by the Congress as the lead agency in rural development. In 1985, however, the USDA abolished the Office of Rural Development Policy—the only action agency within the department with an exclusive function of promoting rural development. While designed as the lead agency, rural development has been a stepchild to USDA's interest in commodity programs, farm loans and expanding international trade. Within the lending programs of USDA, business loans, rural electrification loans and local government unit awards for infrastructure have taken a back seat to both Commodity Credit Corporation (CCC) loans and Farmer's Home Administration (FmHA) loans to farmers. USDA's new initiatives in rural development include the formation of an interagency USDA Rural Revitalization Task Force and the designation by the Extension Service of rural development as one of eight initiatives. While recent recommendations of the interagency task force are a positive step in the right direction, many rural development constituencies have become so frustrated with USDA's lack of leadership in rural development that there is active resistance to centering new initiatives in the "lead agency."

Economic Development Administration (EDA). The only federal agency that has been consistently true to the rural development cause is EDA. As the implementing agency for many of the federal rural infrastructure programs, EDA has joined with its rural infrastructure advocates to fight for its survival. This loyalty has earned the Department of Commerce consideration as a potential alternative to the USDA as a lead rural development agency.

Small Business Administration (SBA). Like EDA, SBA has been fighting a losing budget battle. Proportionately, small business is more important in rural areas as a share of the total rural business. However, the absolute number of small businesses in urban areas vastly exceeds the number in rural areas. As a result, there are tremendous urban pressures for SBA assistance. Rural areas, therefore, tend to be deprived of adequate SBA assistance by budget pressures.

Department of Labor (DOL). As the implementing agency for the Job Training Partnership Act (JTPA), DOL has an important role in rural development. This role was heightened by the farm crisis during the mid-1980s as DOL attempted to broaden JTPA programs to encompass farmers and farm laborers who found themselves without farms and/or jobs.

Department of Health and Human Services (HHS). The rural

health crisis appeared to catch HHS by surprise. Prior to the crisis, it had largely failed in providing leadership to develop rural health delivery systems and to assure equity to rural residents in health services. As a result, HHS was ill-prepared to deal with the crisis as it developed. While HHS established the Office of Rural Health Policy, its operations were vastly under-financed and under-staffed.

Department of Education (DOE). Like HHS, DOE has given little extra attention to the unique problems of rural education. It has resisted appropriations earmarked for rural schools to the Educational Labs. This negative attitude appears to have changed somewhat under the Bush administration.

Origins of Fragmentation

From the above discussion of the rural development political structure, the origins of a weak, and largely ineffective, rural policy can readily be identified:

- Throughout the political structure, there are few organizations with an exclusively rural constituency. This is the case even for the strongest of the lobbying groups such as NADO, NARC, NACo and NGA. Exceptions include NRHA and NRECA.
- There is no comprehensive rural policy advocate. The greatest potential for comprehensive rural policy advocacy lies in NACo, NGA and NRECA. However, the real need is for a rural coalition that can realize a political power base that exceeds 25 percent of the population.
- Farmers have the greatest stake in rural development, but farm organizations have not recognized the importance of rural development policy to their constituency. Farm organizations have every reason to step into a leadership position on rural development policy. These organizations could join forces with the agribusiness sector since both have an important stake in rural issues.
- Rural development has no single committee responsible for its agenda. While the agriculture committees could logically lead, they cannot, on their own initiative, enact legislation on behalf of rural health, rural education, small business and labor.
- USDA has faltered in its responsibility as a lead agency in rural development policy. This reflects the priorities established by the farm organizations but this does not excuse the USDA for its lack of statesmanship on behalf of farmers and other rural residents.

Implications

Three alternatives exist for the future of rural policy:

- The status quo, with an emphasis on sectoral and infrastructure policy, can be continued. This option will place the least pres-

sure on the budget because continued outmigration will gradually but persistently reduce the need for infrastructure assistance as rural communities die.

- More emphasis can be placed on infrastructure development. The current alignment of rural political forces favors this option. While rural problems in areas such as transportation, waste disposal, water systems and, to a certain extent, communication would be resolved, the best minds will continue to move to the city seeking jobs in the rapidly expanding service sector and rural America will realize continued deterioration in its health and education systems.
- An attempt could be made to balance the emphasis placed on infrastructure and human capital (health, K-12 education, business training and job training). Such an approach holds the greatest opportunity for reversing the decline in rural America. While a choice exists as to how much to increase the level of spending on such a balanced or comprehensive program, less spending clearly lengthens the time and reduces the likelihood of full rural recovery.

Approximately a decade ago, Harold F. Breimeyer designated the 1980s as the decade in which a choice must be made for the survival of family farms in America. If this was the case, then we may have defaulted in protecting family farm agriculture and the 1990s arguably will be the decade of choice on the future of rural America. Stemming the decline in rural population and the stagnation of the rural economy requires a radical departure from current and past policy. If this departure from current policy is not made in the 1990s, the outmigration of rural America will continue to accelerate, making the decline of an increasing number of rural communities irreversible and creating an even higher level of population concentration in urban America.