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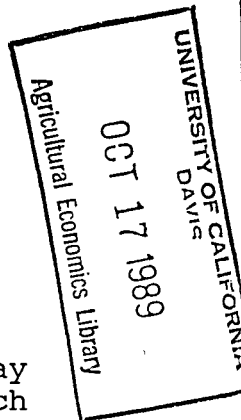
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So wants to be
processedRURAL DEVELOPMENT AND THE 1990 FARM BILL
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Although a number of previous Farm Bills have contained rural development titles, the majority of federal rural development policy has been developed as free-standing legislation. While Farm Bills prior to 1985 often had rural development titles, these titles did not include much in the way of rural development programs. It looks as though this approach will continue for current legislation.

The current Senate bill S. 1036 is the first major piece of rural development legislation since the Rural Policy Act of 1980. In the House a companion bill is being developed within the subcommittee on Rural Development, Conservation and Credit. These two proposals are likely to be the core of rural development legislation for the next decade. In this sense the upcoming Farm Bill, once again, will not be the primary vehicle for rural development policy.

However, the Farm Bill is likely to contain provisions which are clearly part of the total package of rural development programs. In the 1985 Food Security Act, even though there was no explicit rural development title, provisions of titles dealing with Credit; Agricultural research, Extension and Teaching; and Food Stamp and Related Programs have major rural development implications. In addition, since agriculture remains primarily a rural industry, the legislation that deals directly with farming has an important impact on agriculture and is therefore part of rural development policy.

Ironically, while rural policy has been developed independently from farm legislation, the majority of federal funds earmarked for rural areas continue to flow through farm programs. Although agriculture is arguably no longer the key issue in terms of forming rural policy, in practice outlays associated with farm programs remain the main form of federal expenditure on rural economic activity targeted to rural areas. However, it can be argued that federal outlays for income support programs are the most important form of support to rural areas (Dubin and Reid, 1988). In a survey conducted last year for Rural Voice, roughly half of rural and rural non-farm residents felt that the appropriate focus for government rural policy was assistance in the creation of nonfarm employment opportunities rather than additional assistance to agriculture (Hart, 1988).

Clearly, agricultural policy and rural policy are no longer

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synonymous. Prior to World War II it was likely true that a farm policy which increased farm income was a reasonable way to improve conditions in rural areas. However, by the 1940s the proportion of nonfarm rural residents first exceeded the farm proportion (Wimberley, 1986). This trend has continued through the present, with farm numbers declining, as has the importance of farming as a source of rural income. Fewer than 10 percent of rural workers now farm, counties dependent on rural areas have less than 7 % of the rural population, and many farm families derive a significant share of their income from off-farm sources (ARED/USDA, 1989; Rural Revitalization Task Force, 1989).

Most recently, the financial crisis in the 1980s showed that high levels of federal support for farm income were unable to prevent problems for a significant proportion of farmers, and had little effect on the nonfarm portion of the rural economy. Farm program benefits accrue primarily to farmers in the center of the country who produce the majority of program crops (USDA, 1989). In addition, the bulk of payments flow to the largest producers.

There is only one obvious reason for attempting to incorporate rural development as part of farm bill legislation. That is a belief that there is insufficient interest and support for rural development to allow the legislation to proceed independently. By attaching it to a priority item such as expiring agricultural legislation you hope to ensure its passage. Certainly there has been no evidence of a clearly identifiable coalition of rural interests comparable in power to the farm lobby that can persuade Congress to act on rural issues.

However, it seems to me that this perspective provides a rather simplistic view of the legislative process. First of all, it assumes that farm interests will be willing to have broader rural issues addressed within the Farm bill debate. There has been little evidence to suggest that they would welcome this diversion of Members attention from the important issues of the day, and even less reason to think that in an era of declining budgets that they would not see rural outlays as being directly competitive with farm programs.

Secondly, in terms of the mechanics of the process linking rural development to the farm bill virtually ensures that rural development policy will get limited attention, since the major legislative battles are likely to revolve around the "big ticket" items of loan rates and target prices, credit programs and food stamp outlays. Members have limited resources and time and tend to spend them where they get the most return.

In addition, many rural interests see no reason why they should be forced to deal with the Agriculture Committees in the first place. For many of these groups their main issues are addressed in other jurisdictions, such as: Small Business, Banking, Environment, Energy and Commerce and other committees, all of which have more direct influence on their well-being than

Agriculture. While these interest groups may be located in a rural area, their suppliers, markets and competitors may not be. Consequently they have not viewed the Agriculture Committees as the place to spend their political capital.

Finally, the suggestion is counter-factual. Since the 1970s rural economic development policy has mostly been defined outside the farm bill. It shows no sign of reverting back to part of farm legislation. If current trends hold and agriculture's contribution to the rural economy continues to decline in relative importance, the degree of separation between rural policy and farm policy will continue to increase.

Much is now made of the diverse nature of rural America. This seems to beg the question of whether in fact a coherent federal rural policy can ever be designed. Can we define a coherent structure of policies and programs based on the common characteristic of rural location? Does location provide enough commonality to make rural a meaningful set, or are there so many differences in rural America that all we are doing is creating a set that has no members?

For farmers and other rural residents it can be argued that the major government influence on their well-being comes not from programs targeted at rural areas but from general policies affecting: taxes, interest and exchange rates, health care programs, environmental quality standards, etc. Rural areas have proved to be particularly susceptible to macroeconomic shifts because of their specialization in the production of low-price tradeable goods. It is unlikely that either rural or farm policy will be able to fully buffer rural America from changes in national policy. All that can reasonably be expected is some help in adapting to the change, but it is not clear that rural residents, simply by virtue of being rural residents, are more or less entitled to federal assistance.

For the last thirty years the Federal government has periodically attempted to define and implement a rural development strategy (Osbourn, 1988). Looking back at the proposals advanced over time leads to the conclusion that there has not been a great deal of movement along the learning curve. Proposals are made and adopted, fall out of favor, then reincarnated, all while rural conditions continue to erode. Other than during the 1970s, which increasingly appears as an aberration, rural America has fallen further behind urban areas. Recent studies have compared rural areas to the core of urban cities and to third world countries (Porter, 1989; O'Hare, 1988; McCormick, 1988). Yet, current legislative proposals continue in the established tradition. Whether they will be more successful this time than in past attempts is a compelling question.

Placing rural policy in the context of the farm bill is in a sense a hope for a return to simpler times. Unfortunately it is a hope that I think is doomed to failure. While farm interests

have increasingly seen the need to embellish the link between farm and rural as their numbers decline and their reliance on federal support increases, the reality is that the suggested link has become increasingly tenuous. Rather than rural areas relying on farming, as the farm interests would have us believe; farmers are now increasingly dependent on off-farm income. Over half of farm households now receive most of their income from off-farm sources (Brooks and Reimund, 1989). Vanishing off-farm employment opportunities from rural plant closings can now be as big a blow to a farm family as are falling commodity prices.

If current trends continue into the future we may once again see a situation where farm legislation is linked with rural legislation, but as a title in a broad-based rural development bill; supposing for the moment that one can be developed.

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