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Invited Presentation

Toward a Development Policy for Rural America: Discussion

Stephen M. Smith

The issue of a rural policy—whether or not we have one, what one should look like, should we have one—has been discussed more specifically in the mid-1980s. This is a result of the general economic crisis that has affected rural areas, and the realization that agricultural policy has only a limited impact. Professor Barkley has provided us with a valuable and interesting context within which to examine the need for and content of a rural development policy. His paper should force us to raise such questions as:

1. Have the ways we dealt with rural problems, i.e., our rural policy, changed in any substantial way?
2. Have we had any successes, and substantially affected rural problems?
3. Or, do we continue to propose the same solutions to the same problems?

One of Professor Barkley's opening statements, that a series of rural problems has always been with us, is with us now, and will be in the future, implies a negative answer to the first two and positive to the third question. Can we do anything about this situation? Apparently we have not been able to. What I would like to do is focus on his major points and provide my own perspective and opinions.

Barkley's first issue concerns the employment opportunities for young people in rural areas. The dismal forecast leads him to the conclusion that education, or human capital formation, must be a cornerstone of rural policy. I heartily agree with the absolute necessity of this thrust, but think that limiting it to youth is far too narrow. We must develop a broader human capital policy to provide education and training for those whose opportunities have disappeared or will disappear in the near future. These people are the workers in the extractive industries, in the industries adding value to extracted resources, and in the low skilled manufacturing industries that previously have been the focus of rural economic diversification efforts. These are the lost opportunities and the lost people. The young are likely to leave rural communities anyway, because that is what the young do. The middle-aged workers, on the other hand, tend not to leave when their jobs disappear, and when they do they usually have a much harder time finding employment that fits their skills.

A second issue is what Barkley calls the "residual population," or the increasing number of elderly and retired people. He makes the very interesting point that future economic growth potential from this source for rural communities may be limited. Policy makers and development advisors at all levels should heed this warning. Demographic research should be directed at the issue, and all disciplines connected with rural development should examine the results and implications.

The third issue raised is infrastructure. This is part of the advantage that urban areas have. The range of infrastructure issues that Barkley describes are an integral part of the rural problems and solutions. One example of the key role of infrastructure in the late 20th century is telecommunications. In order for rural areas to be competitive locations for business and industry, modern telecommunications facilities are as important as electricity and telephones were several decades ago. I wonder if we are not in a situation similar to that when the Rural Electrification Administration (REA) was born; one requiring special effort to provide rural areas with the infrastructure that urban areas take for granted, and that provides urban areas the foundation for economic growth and competitiveness.

In his fourth main point, Barkley speculates that it may be time to "rethink growth points." This is being suggested with increasing frequency. I was not enamored of a growth pole policy when it was previously in vogue, and I continue to be skeptical of its value. Most, if not all, areas that would be designated as growth poles have the advantages that will lead to growth anyway. The location of much high technology industry is a case in point. I think a growth poles focus may lead to a rural policy that is too *inflexible*, which is contrary to the policy characteristics Barkley would like.

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In one of his policy suggestions, Barkley mentions that it may be time to consider conscious population redistribution efforts. In saying this he implies a break with our traditional philosophy; that we need a more proactive approach, as opposed to the pseudo market approach that historically has governed our rural policy. Continuing this line of thinking, why not implement an active rural employment generation policy? For example, such a policy could stipulate that a certain percent of federal nonlabor procurement be made in nonmetropolitan counties. If the concern is with generating growth industries (high tech) in rural areas, then defense procurement could be particularly targeted to rural areas. The stipulation also could include a distribution between counties adjacent to and not adjacent to metropolitan areas. Of course, such a policy certainly would require a discussion and resolution of the question of what exactly do we want from or in rural America, and a specific value decision about how to do it.

Has Professor Barkley taken us toward a development policy for rural America? This probably *has* been the most difficult of his recent undertakings. It certainly is easier to respond than to be charged with setting the context. He has provided us with a valuable historical perspective and some direction, but not much hope. I believe he has set the proper tone. I would set a similar one, perhaps even more pessimistic with respect to the existing policy approaches. The problems outlined certainly exist, and in the 1980s they have become more evident. I, too, am unhappy with the development policies or models. What is proposed seems either a business-as-usual response from people who are tired of being asked the questions, or are answers that have been given repeatedly before and now someone is willing to listen.

At the same time, I think we *can* say something useful to a state Department of Economic Development. It is not likely to be the specific what, when and where that ideally would be desired, but it is something that should be a key to guiding our rural policies. We can make agencies, and local and state policy makers aware that change will be inevitable. Whatever is going well now likely will not do so in the future. There likely will be fewer of the same types of jobs in most of the industries on which rural economies are now based. New opportunities will require different skills and more education. These new opportunities are coming, and changing, in shortened cycles than in the past.

Recognizing these facts says to me that a rural policy should focus on those factors that will allow rural communities and rural people to adapt to, and adopt, changing opportunities. Professor Barkley says that a *policy* must be flexible if it is to achieve anything. At the same time, the policy must be designed to make *rural America* flexible. This leads directly to Professor Barkley's policy cornerstone, human capital formation—education and training, basic and adult; information provision to rural leaders and policy makers, and help in using that information. A rural policy of the type implied and suggested will not be cheap, cannot be short term, and cannot be turned off and on if it is to be successful.