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Roy Carriker

Linking Natural Resource Policies with Rural Development Goals

Government "environmental" policies are often at odds with local development efforts. Sometimes there's no getting around the differences. At other times, however, a little legislative creativity may be able to yoke the two together for the common good.

The Conservation Title of the Food Security Act of 1985 contained an innovative provision, cross-compliance, which was supposed to make the Government's commodity price support programs compatible with the objectives of its soil and water conservation programs. What led to the cross-compliance provision was a recognition that price support programs for agricultural crops sometimes provided incentives for farmers to plow up wetlands or highly erodible lands to increase their production of program crops. To avoid this problem, cross-compliance requires farmers who want to qualify for farm program benefits to adopt strict conservation practices. Policymakers took into account the direct linkages between farm program provisions and conservation objectives and attempted to achieve compatibility between the two.

Similar opportunities exist to have natural resource policies reinforce, or at least not undercut, rural development goals. Those opportunities encompass the traditional resource-dependent industries of farming, forestry, fishing, and mining. They also come from the less obvious but equally important linkage between natural resources and the amenities and services that natural resources provide "onsite" as environment and habitat. The physical attractions of many rural areas for residential and recreational uses are highly valued by rural and urban citizens alike. These attributes of natural resources in the rural environment are significant economic assets for rural communities—assets that may deteriorate and therefore depreciate in value without protection.

Rural development issues figure in natural resource policy in at least two ways. On the one hand, some natural resource programs and environmental protection programs tend to work at cross-purposes with rural development objectives. On the other hand, methods of implementing natural resource policy to complement rural development objectives (and vice versa) are overlooked or left unexploited.

Emphasis on Resource Policy Shifts from Development to Conservation

The United States has a tradition of using natural resource policies to achieve improvements in the well-being of rural citizens. The Homestead Act and the Reclamation Act, for example, clearly had economic development as objectives. The underlying conviction seemed to be that economic opportunity would result if natural resources could be placed at the disposal of willing and enterprising yeomen. But as newly discovered knowledge was quickly translated into technical change, the primary natural resource industries— agriculture, forestry, mining, fishing, and hunting—became less dependent on labor and more dependent on capital and entrepreneurship. That is, the primary natural resource industries became slow-growth industries from the standpoint of job creation.

There has also been a major shift over the past 20 years in beliefs about what natural resource policy can and should do—a shift toward greater emphasis on the use of resources in ways that cause less damage to the natural environment. The environmental movement first showed its strength during the late 1960's and early 1970's, and Congress responded to its agenda. Beginning with the National Environmental Policy Act of 1969, which, among other things, created the Environmental Protection Agency, Congress passed major pieces of environmental legislation to protect water quality and air quality, to control the disposal of hazardous wastes, to clean up contaminated sites, to regulate the sale and use of pesticides, and to assure safe drinking water. Other legislation provided for the protection of coastal wetlands and for the preservation of certain wilderness areas. To achieve environmental goals, Congress provided for programs of environmental research and education. For the most part, though, Congress has relied on regulatory programs to pursue its environmental goals.

Photo © U. of Florida, Forestry Dept., Gainesville

A coordinated resource/development approach might encourage more forestry in the South, less agriculture to take advantage of projected better returns for forestry over the next 40 years.

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In addition to its role in natural resource development and environmental protection, the Federal Government has played a historic role as a major landowner. The Federal Government owns about a third of all the land in the United States, a total of about 700 million acres. In 11 Western States, the Federal landholdings account for 48.1 percent of the total land area. The USDA's Forest Service and Interior's Bureau of Land Management are the dominant land management agencies for Federal lands in the region.

For many years, Federal statutes encouraged economic development of federally owned resources by private parties. Mineral extraction, grazing, and timber harvesting were the principal activities undertaken on Federal lands. The economic development of federally owned natural resources was generally supported enthusiastically by prodevelopment local interests. However, more recent trends in Federal policy for the management of public lands and associated resources reflect growing sensitivity to social and environmental concerns beyond the commercial development of natural resources. Increasingly, the discretion of the Bureau of Land Management and the Forest Service has been restrained by congressionally mandated land planning processes and agency obligations to manage land on multiple-use, sustained-yield principles.

Three Areas of Policy Conflicts: Irrigation Subsidies...

The economic development rationale of traditional natural resource development and conservation pro- grams has always been straight- forward. However, serious questions have been raised about the net economic effects of those programs, and much has been written about the need to avoid investments that create adverse economic or environmental consequences. Water resource development programs have been especially popular with Federal elected officials over the years. Theoretically, no net regional benefits can result from Federal natural resource investment programs if there is full employment in the economy. And when net regional benefits are nonexistent, public investment in natural resource projects simply redistributes income among regions.

Federally funded projects to provide irrigation water on 6.4 million acres of arid western land allowed new agricultural production to occur there, but the crops grown on this new agricultural land were the same ones traditionally grown in States of the South. As George Tolley pointed out 30 years ago, because of the irrigation subsidy, the crops produced on the irrigated western land displaced those grown in the traditional production areas of the South. As a result, about $480 million worth of production was displaced from the South—about 5 percent of gross farm income in the South at that time, or about one farmworker for every 20 in southern agriculture was displaced as a result of federally subsidized irrigation projects.

The resulting loss of jobs and income to the farming sector in the Southern States was largely a rural phenomenon. The adverse impacts on rural communities were unintended, but nevertheless the Federal program to foster natural resource development in the West was, in part, a case of "robbing Peter to pay Paul." The point is, policymakers must take care to ensure that the Government's natural resource development programs do not work at cross-purposes with its rural development objectives.

The need for consistency is also evident in the relationship of environmental regulatory programs to rural development objectives. The shift in Federal policy emphasis from natural resource development to environmental regulation attaches greater importance to those benefits of a healthy environment that link natural resources and quality of life. It attaches less emphasis on natural resources as an input into a commercial production process, and places more emphasis on esthetics, recreational uses, and environmental quality. While technological innovation has made traditional natural resource industries less dependent on labor and more dependent on capital investments, many counties throughout the Nation have experienced job and income growth from recreation and tourism, both of which place a premium on the natural amenities provided by a safe and clean environment.

...Water Purity Standards...

Environmental regulatory programs may sometimes restrict economic activity or require compliance with performance standards, posing severe problems for local communities that often lack the money to meet the requirements. In these cases the economic and environmental benefits achieved through environmental protection programs may be offset by loss of jobs or traditional non- environmental public services.

For example, the Safe Drinking Water Act of 1974 requires community water supply systems to meet national drinking water quality standards, and requires the States to monitor water supply systems for compliance. The Clean Water Act of 1972 (as amended) requires all community wastewater treatment facilities to comply with quality standards for the treated wastewater that they discharge. Compliance is expected regardless of prospects for Federal financial assistance. The immediate issue is whether or not local communities can afford the cost of water supply and waste treatment facilities that will bring them into compliance with federally mandated standards for water quality. Small communities often face special problems in planning, building, and managing water supply systems and wastewater treatment facilities. These communities often have more difficulty financing facilities and have limited expertise in contracting, construction supervision, project management, financial management, and operation and maintenance. Small communities generally experience high project costs, high financing costs, and high user costs, and can expect only limited Federal funds with which to meet these costs.

Many small communities are rural, and the costs of complying with water quality regulations thus become a rural development issue. Small communities say they are already strapped for funds and cannot adequately maintain roads or provide minimal social

services. In a larger sense, the issue is that of determining who should pay the costs of clean water, especially where the problem is not unwillingness to comply with standards, but inability to do so. It is not uniquely a rural problem, but it is a problem for rural communities. To the extent Congress intends to pursue rural development objectives and water quality objectives simultaneously, there appears to be an opportunity to coordinate programs as to improve their compatibility.

...Land Management

The third area in which natural resource policy may conflict with rural development objectives is in Federal land management policy. This sometimes evokes conflict between environmental objectives, rural development objectives, and what might be called national economic efficiency objectives. Many rural communities depend on the economic activity taking place on surrounding or nearby Federal lands. Changes in Federal policy regarding the use of public lands can help or hurt these communities.

For example, those who argue for economic growth and development of Federal forest lands claim that Federal management is too restrictive. They claim that timber stands now in Federal ownership could be harvested more efficiently if they were transferred to the States or sold to the private sector. Environmentalists, on the other hand, see Federal ownership as the best means of securing protection for the diverse ecosystems of the West.

Still other analysts argue that economic benefits to the region from timber production are probably greater under Forest Service management than under State or private management, and that more land would revert to wilderness if the Federal Government turned over the Federal lands to States or to private owners. This argument turns on the fact that costs of timber management on Forest Service lands in many regions are high, resulting in Forest Service timber sales below cost.

Although advocates of Federal divestiture argue that this is evidence of inefficient Federal management, analysts respond that high management costs on Federal lands occur because much national forest land is inherently less productive than private forest lands, and, moreover, the Forest Service manages in response to multiple objectives, rather than just for commercial timber production. According to this argument, if national forests were offered to the States or for sale to private interests, only the most productive national forest lands would find buyers or would continue to be managed under State control. The rest would remain in Federal ownership. Much forest land now under sustained-yield Forest Service management would go out of timber production under such circumstances and would revert to wilderness. Total timber production would decline in the region. Since an estimated 80,000 workers currently depend directly upon national forest timber, the "uneconomic" operation of a national forest may actually represent a subsidy to local communities.

Both environmental objectives and economic efficiency objectives, if pursued without regard to rural development implications, could harm the economies of local communities by reducing the production and harvesting of timber, leading, at least in the short term, to increased unemployment.

Candidates for Development Opportunities in Southern Forestry ...

Rural development objectives can be served by making sure that Federal programs for natural resource development and environmental protection do not unnecessarily conflict with those objectives. Beyond that, opportunities exist to enhance rural jobs and incomes by investing in natural resource development and environmental quality—opportunities that are sometimes overlooked or left unexploited.

For example, a 1983 study by the U.S. Department of Agriculture estimated that more than 2 million acres of crop and pasture land in nine Southern States would produce greater net returns from forestry than from either crop production or pasture. Moreover, with demand for pine timber expected to double over the next 45 years, rising timber prices may create a windfall for landowners with harvestable timber stands.

Photo © Kenneth Murray

A coordinated resource/development approach to strip-mined land in the East might be to grade the mined-out site for commercial use.

The large industrial forest industry firms that manage about a quarter of the South's forests actively invest in reforestation. But periodic surveys have revealed a steady decline of softwood timber in the rest of the forests owned by other private interests.

The forest products industry is an important source of jobs and income in parts of the rural South. Yet an opportunity to assure future flows of income into timber-producing areas may be missed for lack of adequate investment in forest establishment and reforestation. A variety of economic incentives already exist for growing trees, such as the Forest Incentives Program administered by the U.S. Department of Agriculture. But these compete with similar programs for agriculture, causing competition for land that might otherwise be reforested. While net returns, in the long

run, might be higher for forestry, they are not enough higher to cause widespread conversion to forestry.

Uncertainty attaches to all long-term investments, including investments in reforestation. Yet there seems to be a rationale for greater levels of investment in reforestation to enhance the future flow of income and opportunity into predominantly rural regions. If farm programs are detracting from efforts to encourage reforestation, Federal policymakers may be able to coordinate programs in a way that serves rural development objectives more effectively. In addition, the Forest Incentives Program may need to be changed to yield wider participation among owners of private forest lands.

...Waste Disposal...

Environmental regulatory programs can probably be adjusted to take advantage of unorthodox ways to generate income and employment, especially for rural communities. One example has been suggested in the siting of waste disposal facilities. The Resource Conservation and Recovery Act of 1976 requires constant, regulated management of hazardous materials from the moment of their creation until they are eventually disposed of (in carefully managed facilities). The Comprehensive Environmental Response, Compensation, and Liability Act of 1980 imposes strict liability on generators, transporters, and past and present owners or operators of hazardous waste facilities for the cost of remedial action and damage to natural resources (although not for pollution victim compensation).

Finding a suitable site for waste disposal facilities often involves rural communities because most of the potential sites are found in rural areas away from large population centers. The Office of Technology Assessment has attributed the opposition to siting waste facilities to the health and safety concerns of people who reside in the surrounding community. Opposition is also attributed to the perception that local property values would decline and that the community would lose its appeal to prospective new businesses or other employers. These perceptions are related to the fear that industry and government cannot prevent adverse consequences of siting a waste disposal facility in their community.

An opportunity may exist to serve rural development objectives in the process of implementing waste management requirements. Several writers have observed that an important element in the decision process relating to siting waste disposal facilities is whether the decision is made with voluntary consent of the local community in return for compensation.

Compensation, accompanied by careful attention to esthetics, health, and environmental safeguards in the design and operation of the facilities, would offer an opportunity for those who enjoy the lifestyle that generates waste to compensate those who provide the space within which to dispose of those wastes. Compensation needs to be considered against the possibility that the disposal areas will be rendered unfit for future use, or unsafe for future habitation.

In exchange for accepting the risk of these damages, the local community would acquire a dependable, long-term source of revenue with which to provide community- enhancing services and facilities for other purposes. In this sense, the environmental regulatory program creates the context for an income-generating investment in a local natural resource—the site for a waste disposal facility.

... And Strip Mines

Another example of an environmental regulatory program that creates a context for developing rural resources is the requirement of the Federal Surface Mining Control and Reclamation Act that land which has been surface-mined for coal be returned to its "approximate original contour." In the mountainous coal-mining region of the Eastern United States, the steeply sloping "points-and-hollows" terrain creates a short supply of land suitable for residential, commercial, and industrial development. The lack of developable sites in these predominantly rural areas impedes diversification of the community's economic base, discouraging potential employers from moving in. Mining methods capable of producing topographies favorable to siting commercial developments are available, but their use would require a change in the Federal mined-land reclamation regulations.

Implications

Natural resources are linked to economic activity in several important ways, and many of these linkages are especially important in rural areas. If "rural development" refers to a focused change in the well-being of rural residents, it makes sense to examine the linkages that can be enhanced by selective adjustments in public policies and programs. There may be a need for greater sensitivity to the rural development implications, needs, and opportunities inherent in policies dealing with how natural resources can be used. There will probably be need for creativity and flexibility in promoting rural development through natural resource policy. And there will be need for policy makeup to be sensitive to the different implications of policies and programs in different parts of rural America.

Cross-compliance between conservation and agricultural policies is a good idea, so why not explore ways to assure cross-compliance between natural resource and rural development policies? Complete correspondence and consistency would, no doubt, be unrealistic, but the potential exists to do a better job of balancing environmental, natural resource, and rural development goals if we carefully explore the linkages among them.

RDP

For Additional Reading...

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