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BUILDING A BETTER RURAL POLICY: THE PRESIDENT'S RURAL DEVELOPMENT INITIATIVE

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INTRODUCTION

In January, 1990, President Bush announced the steps his Administration would take to strengthen the delivery of Federal support for rural development. Those steps were intended to achieve two principal goals:

- To improve coordination among Federal agencies and lead to active cooperation with the States, localities, and private sector;
- To improve the effectiveness of the Federal Government's rural efforts by adopting a strategic and comprehensive approach to rural development.

The President's Initiatives called for six major actions:

- Creating a President's Council on Rural America to advise the President and the Administration on issues concerning rural America;
- Establishing the Economic Policy Council's Working Group on Rural Development (EPC-WGRD), with the Secretary of Agriculture as chair, as a permanent, inter-departmental body to coordinate rural development activities within the Federal Government;
- Forming State-level rural development councils to coordinate rural development efforts among Federal departments and agencies and to establish effective collaboration with States, local governments, and the private sector;

- Improving the targeting of Federal program and other resources to enhance program effectiveness and conserve increasingly scarce Federal resources;
- Conducting demonstrations of effective programs and practices; and
- Improving rural policymakers' access to information by strengthening the Rural Information Center.

In the sections that follow, I will describe the principles that underlie the Presidential Initiative and guide its implementation, and will provide an update on the status of the Initiative and related developments.

WHY WAS THE INITIATIVE UNDERTAKEN NOW?

The President's Initiative responds to the opportunity to take effective action that exists at the present time. It has now become clear that the economic difficulties experienced by rural America over the course of the last decade reflect not so much a temporary downturn in fortunes as the result of a basic shift in the comparative economic advantage of rural areas. Rural America has always been handicapped in achieving economic progress by its low density and small scale conditions that limit the ability of its businesses to compete in outside markets and make the services of its governments more costly and less effective.

Basic changes in the world economy have added to rural America's economic challenges. The ability of rural America's natural resource base to provide gainful employment is continuing to decline. In 1969, nearly one in five rural workers was directly employed in farming, forestry, or mining; today the figure is closer to one in ten. This fact reflects improvements in productivity in those industries, which have enabled us to enjoy the products of America's resource industry at ever-lower prices. At the same time, changes have occurred in the nature of the goods provided in our economy. Increasingly, services make up a much larger part of what we buy in the marketplace, leading to a relative decline in demand for rural America's traditional products. These are not changes that we could lightly undo. Our social progress rests on our ability to expand the range of goods and services our dollars buy, and a return to former days would mean a step backward for American society as a whole.

Adding to these challenges are another set imposed by the globalization of economic activity. The time was when rural America's products were sought out by an American market eager to take advantage of the high quality, low-priced goods that rural workers provided. But with the rising industrial capability of Third World nations in the Pacific Rim and elsewhere, rural

workers find they can no longer maintain their living standard while competing against the low wages paid by manufacturers in those nations. Increasingly over the decade of the eighties, rural manufacturing was hard-pressed by its new competition, and many rural jobs were lost to foreign workers or were replaced by automated equipment that could do the job even more cheaply.

Increasingly, the policymaking community has come to realize the fact that while rural America's heritage flows from its farming tradition, the future ability of rural Americans to maintain a livelihood will be more affected by the actions we take to improve the competitive position of rural America's non-farm industries. It is these industries that provide the vast majority of rural jobs, in many cases enabling farm families to stay on the land, and it is here that the most viable options for meaningful development exist.

At the same time, these conditions represent a challenge to rural America and an opportunity for the Nation's policymakers to respond in constructive new ways to the opportunity they represent. In announcing his Initiative, President Bush signaled his readiness to take up this challenge and respond to the need for rural America to adapt creatively to these changed circumstances.

WHY WAS AN INITIATIVE NEEDED?

As the opportunity for policy intervention on behalf of rural America became clearer, the inappropriateness of our mix of programs has also come into sharper relief. The President's Initiative is designed to overcome several obstacles to effective Federal responses to rural needs. Those obstacles are of several types.

- Federal rural policy is fragmented. Each department and agency runs its programs independently from the others, with few attempts to cooperate in addressing rural problems.
- Federal rural policy is not comprehensive. Nowhere is there a means to take an overall perspective on rural problems and assure that some rural needs do not fall into the cracks between agencies and programs. Although rural problems are complex and many-sided, approaches that address the full range of rural needs are currently impossible to achieve.
- Federal programs are inflexible. While conditions differ greatly from one region to another, Federal programs often cannot be modified to match local needs.

- Federal program responses fail to incorporate strategic vision. While rural problems are mostly long-term, most programs offer only short-term solutions. Few attempt to address fundamental development needs of rural communities, instead focusing on meeting isolated local wants that may contribute little to achieving more basic community goals.
- Federal responses fail to involve other participants in rural development. In the last decade, the mantle of responsibility for rural development has passed from the Federal Government to the States, many of whom have devised statewide rural plans and created new organizations to implement them. Likewise, local governments, businesses, and the non-profit sector have all taken important roles in promoting rural development. But Federal programs often continue to be operated independently of these initiatives.

A NEW VISION FOR RURAL AMERICA

We can do better. But we will only succeed if we reorient the Federal Government's rural development policy around new principles that reflect the current reality in rural America. The President's Initiatives are guided by four main principles.

Central Role for the Private Sector

Ultimately, rural development cannot occur unless the ability of the private economy's productivity and ability to compete in world markets are enhanced. The most pressing need in rural areas today is for continued growth in both employment and incomes. Rural workers are more likely to be unemployed or underemployed than workers in the urban economy. Recent history has shown them to be the first laid off in a recession and the last rehired during a recovery. In the last decade, the ability of the rural economy to deliver income growth has not kept pace with national trends. If rural people are to be able to live in their home towns, the businesses that supply their livelihoods must be able to sell more products, commanding a higher price in competitive world markets. The only alternative--to subsidize rural life--is a luxury that, as a Nation, we can no longer afford.

The Benefits of Development Must Be Shared

Deep economic disparities exist within rural America. While some areas enjoy average incomes that compare favorably with those in America's cities, others experience poverty rates of 50 percent or higher. While some rural communities achieved greater prosperity during the eighties, others faced economic hardships

that widened the gap between them and the American dream. America is a Nation, not a collection of independent localities. Americans believe in the right of all their citizens to an equal opportunity to experience economic and social progress. While assistance is merited in many parts of rural America, it is most urgently needed in those places, and among those social groups, who are farthest from achieving that progress.

New Partnerships are Needed

While Federal departments and agencies operate many programs that can play critical roles in building a brighter rural future, the lead responsibility for rural development now lies with State governments. In addition, local governments have major responsibility for their own development. And in many areas, private businesses and non-profit organizations have taken important steps to promoting rural development. To make Federal programs effective, they must be operated in collaboration with these efforts, not in competition. Finding a means to bring all these groups together in a meaningful way will not be easy, but it is essential.

A Strategic Approach is Needed

A multiplicity of factors make up rural economies and societies and produce the maladies they face. Not only does this make them difficult to diagnose, it means that no simple prescription can do more than treat superficial symptoms. Rural conditions took a long time to develop, and they will take a long time to resolve. They involve a wide range of dimensions--industrial, resource base, educational, social, cultural, health, and attitudinal, among others; solutions must address all of these dimensions, or risk failure. They may differ considerably from one place to another; responses must be flexible enough to respond to this diversity. To ultimately be successful, rural development must be accomplished by a goals-oriented process, one that combines specific programmatic initiatives in a strategic manner. The current limits on America's financial resources demand such an approach.

HOW THE PRESIDENT'S INITIATIVES WILL HELP

The President's Initiatives are designed to adhere to these principles. First, the creation of the Economic Policy Council's Working Group on Rural Development establishes, on a permanent basis, a cabinet-level, interdepartmental policymaking body with the authority to consider both interagency and intergovernmental barriers to developing the new partnerships that are needed. Second, the State Rural Development Councils are established as permanent interdepartmental bodies to promote effective collaboration among themselves, and with States, local

governments, and the private sector at the State level, a level where effective rural development actions can occur.

Both steps bring a wide range of agencies, representing virtually the full scope of rural development concerns, to the table, making a comprehensive approach to rural development more possible than ever before. Both the EPC-WGRD and the State Councils have been instructed to take a comprehensive perspective on rural problems; to look beyond individual Federal and State programs to identify, and address, major rural development opportunities; to treat rural development as a long term issue and build strategies that focus not on next year, but the next 10 years. Through the State Councils, the Initiative calls for a hard look at the way Federal rural development resources are targeted, both among areas of the Nation, and among the social groups that comprise it. While short-term actions may be needed to resolve social problems, the focus is clearly placed on strengthening the capacity of the private economy to provide sufficient economic returns to rural citizens so that the need for public programs can be minimized in the long term.

STATUS OF THE PRESIDENT'S INITIATIVES

In the last 10 months, much progress has been achieved in developing a framework for achieving the goals set forth in the President's Initiative.

- The President's Council on Rural America has been formed and will hold its first meeting after the first of the year. Once in full operation, it will provide essential advice to the President and the EPC-WGRD on both policy options and implementation issues, and will be especially helpful in making the private sector an active participant in rural development.
- State Rural Development Councils have been formed in eight States--Kansas, Maine, Mississippi, Oregon, South Carolina, South Dakota, Texas, and Washington. A Rural Economic Development Institute to provide initial training to "kick start" the councils has been created and tested. By mid-1991, these lead councils will be fully trained and operational. Based on the experiences of these initial Councils, others will be formed beginning in late 1991.
- Both the initiative to improve Federal program targeting, and to demonstrate effective rural development strategies, will be implemented through the State Councils. Specific projects will be undertaken by the leading State Councils as a part of their strategy implementation, scheduled to begin in 1991.

- The Rural Information Center (RIC), part of the National Agricultural Library (NAL), has been operating for two years. Since January, its staff and range of duties have been greatly expanded through cooperative arrangements between NAL and the Department of Health and Human Services, the Small Business Administration, and the Forest Service. Other Federal agencies are considering cooperative activities with the RIC as well.

The recent passage of the 1990 Farm Bill, which contained a rural development title, has added new components which will be implemented in conjunction with the President's Initiative. Among other things, the bill does the following:

- Creates a new Rural Development Administration (RDA), comprised of elements of several agencies within USDA, under the supervision of the Under Secretary for Small Community and Rural Development. The Secretary of Agriculture has broad discretion in assigning specific agencies to the RDA.
- Provides new authority in several program areas, including water and sewer programs, telecommunications, small business development, programs for natural resource-impacted communities, capital formation, and a renewal for authority for section 111 planning.

CONCLUSION

This initiative represents a major departure from past approaches to rural development in the United States. It will bring about a new way of doing business in the area of rural development. It promises to create, for the first time, a coordinated Federal response to a major policy issue. And by reaching out to the States, it promises to create a "new alliance" between the Federal Government and the States, a measure the Nation's governors called for in their 1988 report on rural development.¹

The organizational challenges we face in taking on these tasks are gigantic. Federal departments and agencies are not natural allies, responding as they do to different clientele groups, different congressional committees, and independent leadership. Nor are States and local governments well disposed by tradition to partnership with their "big brother" in Washington. Few who make policy are comfortable thinking about problems in a 10- or 20-year strategic framework, when the state of affairs 12 months into the future is so uncertain. But these are the tasks that

¹National Governors' Association, New Alliances, . . . 1988.

must be tackled if we are to succeed at bringing rural America into step with the rest of the American economy. We have our challenge. Let us get on with the job.