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# IMPACTS OF TRADE LIBERALIZATION AND RESTRUCTURING OF AGRICULTURE ON RURAL COMMUNITIES

**David S. Hargrove**

The substantial increase in agricultural commodity exports in the 1970s and subsequent decline in the 1980s substantially impacted the structure of agriculture. Restructuring of agriculture subsequently impacts rural communities. Trade liberalization prospects for the 1990s and beyond is expected to further alter the structure of agriculture and impact rural communities. This paper examines the changes in rural communities and family life in the rural midwest USA during the 1980s with implications for all regions of the nation.

The perspective from which this paper is developed is one of concern for the entire rural community, including individuals, family units, and the various sectors of that community as they mobilize themselves to cope with the stress of a declining economy. It is a perspective of community psychology, a psychology that is concerned about issues that affect individuals and families, but reach beyond that level of analysis to the behavior and attitudes of entire communities.

This paper deals specifically with some of the impacts of rural economic change on small communities from the perspective of community psychology. First, I will paint a broad context of the rural economy in the midwest and put it in some historical perspective. The restructuring of agriculture appears to be taking place within this context. Second, I will identify some of the social and psychological consequences of the restructuring of agriculture. Then, finally, I will address some conditions that provide hope for the future. The point of reference for this paper is Nebraska, though what is happening in Nebraska appears to be occurring in other midwestern and plains states.

Since 1981, the rural midwestern United States has received a great deal of attention from the media and state and federal government agencies that have to do with agriculture, economic development, and human services. Artists, scholars, and researchers from a variety of perspectives also have shown considerable interest in current changes in the rural midwest. The distant and recent economic past has been analyzed to determine the reasons for the downturn that affected the area so profoundly.

Social scientists have sought to understand the social, political, and cultural

roots of the change that has taken place to prepare a design for future survival, if not prosperity. Psychologists, psychiatrists, social workers, and others have tried to measure the severity of psychological disability that has been created by the severe economic conditions.

Literary scholars, poets, and even philosophers have attempted to identify symbols of the agrarian past in the midwest, if for no other reason than to hold on to a reminder of what once was so powerfully American. Film makers, actors and actresses, and producers have dramatized the powerful impact of the economic change in the 1980s on individuals, families and communities. Attention from virtually every sector of society and most units of the universities has been focused on the rural midwest.

The "farm crisis" or "rural crisis" of the 1980s has been a window of opportunity for a number of people and organizations. The metropolitan press has directed attention to the pathos of the economic downturn, particularly when there is violence and extremism or demonstrable human suffering or misfortune. Academicians who have never before shown a great deal of interest in rural areas have sought to conduct a variety of studies to understand the economic, political, and social dynamics of the times. Quite a large variety of private and governmental consultants and officials who have heretofore ignored the plight of rural people and communities have devised strategies for personal and social programs to bring relief to those who are affected most directly. Whatever the motives, there has been considerable activity targeting various sectors of rural society.

## THE CONTEXT OF RESTRUCTURING AGRICULTURE

The decline of the rural economy in midwestern and plains states is not a new trend, despite the recent massive attention toward the area. One sociologist pointed out more than 25 years ago in research about Nebraska that "a struggle for survival has been in process for decades among small-town communities" (1). For years there have been downward trends in the economy and demography for rural midwestern states. The trends were not sharp, but gradual and consistent.

Research in agricultural economics and rural sociology has documented these declines for years. An agricultural economist at the University of Nebraska-Lincoln, points out that the experience in the 1980s appears to be so much more vivid because of the brief, relative prosperity of rural areas during the 1970s (2). The opportunities associated with the development of energy and agriculture in the 1970s caused some stabilization of small, rural communities. Outmigration slowed and some new people sought their opportunities in small towns. There was a general optimism, reflected by the enormous rises in the value of land in rural areas. This was possible, of course, by the opportunity for liberal debt financing. Energy and agriculture provided an apparent strong base for the regrowth of rural America and the future looked bright and promising.

In the early 1980s however, changes in the international markets sent both agricultural and energy development into a deep recession. Income levels dropped and the banks could not service the huge debts that had grown in the 1970s. The most serious financial crisis since the Great Depression settled in the rural midwest. An economic study (1) revealed "At the peak of the farm crisis in 1985, about 30% of the nation's commercial farmers and nearly 40% of those in states like Nebraska were classified as being financially stressed (meaning that debt servicing was difficult if not impossible from current cash flows)."

This study further revealed that three other factors added to the trauma of the crisis in the 1980s. First, the suddenness of the economic change surprised many people and made what once was sound business practice now a dangerous procedure. Second, there was such variability in the impact of this crisis that the consequences differentially affected people. Some people were hit hard immediately, others were not. The well-known Heffernan study (3) pointed out that there was considerable blaming and negative attitudes toward persons with difficulties. Third, the rural midwestern economic crisis occurred in the context of a growing national economy. While rural communities declined and suffered, urban areas prospered. Thus, the disparity between rural and urban areas widened even further.

This context enhanced the severity of the rural economic decline and created the possibilities for distortion, misperception, and mistrust both within and from outside the rural communities. The gradual downward economic and population trends evident before the 1970s became sharpened in the 1980s, and appeared to be even worse in comparison with the prosperity of the 1970s. Those long term trends coupled with the instability and unreliability of a single source economy brought about difficulty in the 1980s.

## THE CONSEQUENCES OF RESTRUCTURING

The consequences of the restructuring of agriculture--fewer and larger farms, owned by fewer and fewer people, resulting in depressed communities--appear to be enormous. The rate of outmigration has increased. Metropolitan areas in Nebraska experienced a 6.0% increase of population from 1980-1986 while agriculturally dependent counties experienced losses of 2.9%. Nebraska has the largest number of agriculturally dependent counties of any state in the nation. Fifty-seven of the state's 93 counties are agriculturally dependent. Even economically diverse counties experienced losses of 2.2%. The irony is that approximately 100 years after Nebraska experienced major settlement, it is now experiencing substantial desettlement throughout much of it (1 and 2).

A second vivid consequence of the restructuring of agriculture is the loss of economic vitality. Agriculturally dependent counties are experiencing a decreasing portion of the state's gross income adjusted for government payments. The per capita average income in those counties is 75% of the state average. The incidence of poverty is rising in the Nebraska and other midwestern states, to the degree that one writer suggested that the rural midwest and plains states may well be "the new Appalachia."

The community psychological indicators of the consequences of restructuring the economic base seem to be lodged in the concept of "community." Communalism was the term used by sociologist Kai T. Erikson (5) to describe the reaction of Logan County, West Virginia, after the Buffalo Creek Flood in 1972. The loss of communalism tears the social fabric of a community. Whereas you and I were once a "we," there is no "we" left. That feeling has been expressed by persons who have lived through the devastating economic turmoil in the midwest, but with less certainty about where to put the blame. When a flood or a tornado wipes out a community, the blame, however distant, may be lodged in nature. When economic conditions wipe out a community or a family, it is unclear who is to blame, or with whom one should get angry.

Such losses as a community school, given up to consolidation because of the economic inability of the community to support it, is both a powerful symbol and reality of the dead loss felt by rural persons. While from a distance, these losses can be conceptualized as necessary components of the social evolutionary process, those who live through them hardly have sufficient distance to gain that perspective.

The psychological impact on the community also reaches the individuals and families who reside there. Various studies (6,7, and 8) have reported increases in alcohol abuse, suicide, relationship and adjustment problems among people who are affected by adverse

economic conditions. The types of psychopathology that are associated with economic crises are not those which are associated with genetic or biological factors. Studies of psychopathology or deviance associated with economic stress reveal that the greatest vulnerabilities are within family structures, involving marital and family problems and parent-child problems (7). For example, the rates of schizophrenia or major depression do not appear to be influenced by economic conditions. Marital and family problems, parenting problems, and physiological disorders associated with stress appear to be associated with economic crises.

The psychological effects of poverty likely will be the new consequences of the rural crisis in the USA. The degradation of new poverty profoundly affects the way people think and feel about themselves, and undercuts virtually everything they attempt: engaging in family life, working, participating in a community. They quickly feel that they have nothing to offer anyone and despondency sets in. The result is isolation and removal from family and friends. The networks that have characterized rural America do not appear to be functional in times of crisis (6) and many people pull away from churches in which they have been involved for many years (3).

#### HOPE FOR THE FUTURE

Rural midwestern states are taking steps to address the economic issues which threaten them. In Nebraska, Rural Revitalization is a watchword that permeates those components of the university and state government that are demonstrating concern for economic development. In addition to an obvious need for more jobs, Johnson (2) lists a number of principles for healthy revitalization: 1) improved delivery of community goods and services; 2) assistance to individuals, families, and whole communities during periods of rapid transition; 3) fostering skilled and visionary leadership, and 4) facilitating sound use and management of the natural resources.

From the perspective of human welfare, the state and the counties will have to develop strategies in partnership with each other and with the federal government to maintain an acceptable level of human services. This is difficult because the very tax base that supports these services is eroding with the agricultural economy. Northwestern Illinois provides an example where a public community mental health center has changed its governance configuration to enable it to provide a private service that supported its public sector work.

Work within both the university, state government, and the private sector has begun, however, and there is evidence of some support being marshalled (8). The outcomes of this and other projects are unknown at the present time. There is currently a struggle to be the

organizing core of these efforts, which will be settled in the political arena.

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