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A Policy Opportunity: Getting in Touch with Rural America

As this issue of CHOICES goes to press, Congress, the Bush administration, and several powerful interest groups are debating the next Farm Bill. The policy debate centers on disagreements about who should benefit from the bill, and for what they should benefit. On one hand, the House has passed legislation that would pump \$170 billion in payments to commodity producers over 10 years, thus embracing the decades-old objective of mitigating risk for a handful of large operations. On the other hand, the administration and several senators from both parties have proposed versions of an overhaul that emphasize greater equity among producers, conservation incentives, and rural development.

More than ever before, this round of farm policy debate reflects major changes in the value America places on its rural citizens and communities. Take the example of Paul Romrell, whose family has been farming within sight of the Grand Teton mountains since 1901. His story is familiar in U.S. agriculture. He stays in farming by piecing together several sources of income — from his job as county coroner, and from raising potatoes, cattle, and grain (for which he receives program payments that make up about 10 percent of total farm revenue).

What makes this story important is that when potato prices recently took a nose-dive, Mr. Romrell held on to the farm by selling something the nation's urban residents value more than potatoes. He enrolled half his farm in USDA's Wetland Reserve Program. In return for a permanent con-

servation easement on the land, he received a lump sum payment and is partially reimbursed for maintenance expenses. He manages the restoration of wetlands and wildlife habitat himself.

Mr. Romrell is blunt about what the restoration payment has meant. "We could not have kept the farm without the wetlands program." Consequently, a farm that's been in the family for four generations remains an economically viable business, at least for a time. Equally important, the more marginal farmland that went into the program will not be sold to developers eager to get their hands on this scenic piece of Idaho real estate.

Enrollment in the wetlands program is currently capped at 1,075,000 acres, so the Romrell story is uncommon. Nevertheless, it symbolizes a profound change in how this nation is beginning to think about agricultural policy and the broader issues related to the survival of rural America.

Consider where policies of the past — not to mention world markets of today — have taken us. Just two percent of the nation's farms produce half of all food and fiber. Between 1996 and 1998, federal subsidies for farmers totaled \$22.9 billion, and just 144,000 participants received 61 percent of the money. Only two percent of rural residents are engaged in farming as their primary occupation. Ninety percent of farm family income comes from off-farm sources.

Past policies have succeeded in encouraging efficient production of an abundant food supply and low prices but not in ensuring farm household income or in strength-

ening rural America. The old way of thinking is out of touch with the reality of today's diverse rural America, where regions that depend most heavily on agriculture lag other rural areas in terms of population and job growth, where pockets of poverty have little economic activity at all, and where urban-adjacent and high-amenity rural places face challenges related to growth rather than decline.

Policy in touch with today's rural America would focus on issues related to efficiency and new competitive advantages, as well as equity and public goods. It would be place- rather than sector-based. It would support investment in human capital, entrepreneurship, risk taking, and advanced communications infrastructure. As European rural policy does, it would support local and regional initiatives and institutions. And it would give urban America something in return — not only affordable food and fiber but also heritage, recreation opportunities, environmental benefits, and healthy, well-educated young adults who may well move to cities in the future.

The Senate and Bush administration have proposed an important new direction in agricultural policy. Now let's see equivalent innovation and courage around rural policy.

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