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Contribution of Agriculture and the Rural Milieu to Sustainable Development  
and Food Security in the New International Context

Visions of the Rural Milieu: United States



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## Introduction

This paper has been prepared for an International Workshop of Experts on the topic of the *Contribution of Agriculture and the Rural Milieu to Sustainable Development and Food Security in the New International Context* to be held at the Inter-American Institute for Cooperation on Agriculture in Costa Rica on July 8-9, 2008. The scope of the paper is to provide a brief assessment of the current status of agriculture in the United States and its relationship to the national and rural economies, and then to describe current demographic and related trends that are impacting rural America, and the potential of the rural milieu to contribute to long-term sustainable development and food security both in the United States and internationally. An important point of reference will be the recently approved Farm Bill – the Food, Conservation, and Energy Act of 2008.

## Agriculture in the US Economy

According to the Economic Research Service, total farm and farm-related employment in the United States amounted to 23.8 million people in 2002, or some 14 percent of the total workforce (ERS, 2008a). However, this number comprises three categories of employment – farm proprietors and workers who total about 3 million people (1.84 percent of the total), agricultural services, input industries, and processing and marketing, totaling nearly 3.5 million (2.07 percent), and agriculture wholesale and retail trade, and other agribusinesses totaling 17.3 million (10.37 percent). This expanded definition of the agricultural sector accounts for about 4.8 percent of total U.S. gross domestic product (ERS 2008b). In 2006, agricultural exports amounted to \$71 billion which produced an additional \$117.2 billion in economic activity and 841,000 jobs, 482,000 of which were outside the farm sector (Edmondson, 2008).

The Food and Agricultural Policy Research Institute characterizes the short-term outlook for U.S. agriculture as being shaped by expanding biofuel production, a weak dollar, world economic growth, and the impact of severe weather conditions, all of which have contributed to significant increases in U.S. grain and oil seed prices. Crop prices have led to shifts in crop production, reduced taxpayer cost of some farm programs, and increased production expenses for livestock producers. New energy legislation and high petroleum prices will contribute to continued strong

growth in biofuel production, and this coupled with strong export demands will ensure crop prices will remain high over the coming decade. It can be expected that growth in meat and milk production will slow. (FAPRI, 2008).

## **Agriculture and Rural Development**

Although for some U.S. policymakers, rural development and agriculture are synonymous, rural development is concerned with a broader range of opportunities and challenges beyond agriculture. Using one of the more common (but not entirely satisfactory) definitions of 'rural' employed by the U.S government – non-metropolitan areas – 22.5 percent of the expanded agricultural sector jobs and only 53.6 percent of farm proprietors and workers are located in rural regions (ERS, 2008a). Moreover, in non-metropolitan America, farm employment fell from just over 14 percent of the total in 1969 to just 6 percent in 2005. Indeed, the number of counties with farm employment accounting for 20 percent or more of total employment shrunk dramatically from 1,148 in 1969 to 348 in 2005 (RUPRI, 2007).

Particularly significant is U.S. Department of Agriculture data that shows nationally 82 percent of all farm household income comes from off-farm sources. This figure varies according to farm size and by region, but it demonstrates that farming is no longer a stand-alone economic activity; farm families depend on healthy local and regional economies for their very survival on the land (RUPRI, 2007).

There is a disconnect between these trends and the prevailing government policy towards rural America. Although 16 Federal agencies operate programs that are intended to support rural economic development, the U.S. Department of Agriculture has been the designated lead agency since 1980. The Department's rural development mission has been to expand economic opportunities by using its financial resources to leverage private sector resources and create opportunities for growth, and to improve the quality of life through the financing of quality housing, modern utilities, and needed community facilities. The Farm Bill continues to be regarded as the principal way in which the Federal government supports rural America, but the persistence of sectoral programs for commodities, conservation, nutrition, and energy, results in only limited attention being paid to the impacts of these policies on rural people and places. The rural

development component of the recently approved Farm Bill represents only 3 percent of total expenditures, and even important new initiatives such as the proposed Rural Collaborative Investment Program designed to encourage innovation in rural investments was not funded (Dabson, 2008).

## Trends in Rural America

There is continuing debate about what is meant by “rural” in an American context, but in general terms definitions tend to be functions of population numbers and densities, and of economic inter-relationships with metropolitan centers based on commuting patterns. The most cited population number is in the order of 50-60 million people, although some argue that with at least half of rural people living within designated metropolitan areas a more accurate figure might be closer to 90 million. Definitions have particular importance in policy terms as they have implications for political power and resource allocation – in this case the more people who are designated as rural the more the pressure to devote resources to their issues. That said, hard and fast divisions between urban and rural mask the incredible diversity of both types of places, and precludes proper acknowledgement of the continuum from the densest metropolitan cores to the most remote rural settlements, and the interdependence of communities located at different points along that continuum (Dabson, 2007)

There have been many attempts to devise typologies that capture this diversity of rural America. A recent one, promoted by the Carsey Institute at the University of New Hampshire, divides rural America into three broad categories (Carsey, 2007):

- Amenity-rich areas, which are growing as “baby boomers” retire, as more people buy second homes, and as “footloose professionals” choose to settle in small towns with rich natural amenities or proximity to large cities;
- Declining resource-dependent areas, which can no longer rely on agriculture, timber, mining, or related manufacturing industries to support a solid blue-collar middle class; and
- Chronically poor communities, where decades of resource extraction and underinvestment have left a legacy of poverty, low education, and broken civic institutions.

The rural milieu in the United States is a rapidly changing one characterized by a set of demographic trends. In the period 2000-2005, the non-metropolitan population grew by 2.2 percent – of this 1.1 million increase, *natural* increase accounted for about 50 percent, foreign immigration 30 percent, and net domestic migration 20 percent. As growth from migration tends to be more geographically concentrated, migration choices create a very uneven pattern of population distribution. These choices during the 1990s were closely related to the major economic restructuring that took place then and is still continuing today in some regions. A huge loss of manufacturing jobs, especially in the textile industry, had a particular impact on rural areas in the Northeast and South. At the same time, immigrants attracted to low-skill meatpacking and other food and fiber industries have revived population growth particularly in the Midwest.

More recently, the largest shifts in population have been largely amenity-based, with substantial growth in retirement and recreation areas, higher than average growth in counties closer to urban centers, and continuing population loss in agriculturally-dependent counties and those remote from population centers. The result has been rapid non-metropolitan population growth mainly in North Carolina, Florida, Georgia, Texas, and Tennessee, where 204 counties added over nearly 900,000 people 2000-2005. On the other hand, half of the nation's 2,051 non-metropolitan counties lost population in the same period, totaling around 464,000, primarily on the Great Plains and Heartland regions together with parts of Appalachia and the Delta. States such as Kansas, Iowa, Illinois, North Dakota, and Nebraska have seen their rural areas experience natural population decreases (deaths outnumbering births) resulting in an aging population and diminishing economic activity. Racial and ethnic minorities now comprise over 18 percent of non-metropolitan residents, of which 3.2 percent are foreign-born (see note 2).

Approximately, 14 percent of the non-metropolitan population, or 7.5 million people are classified as poor according to the U.S. Government's definition of poverty. Of considerable significance is the fact that rural poverty, and particularly persistent poverty (see Note 3), is geographically concentrated in the Mississippi Delta and the Black Belt, central Appalachia, the Indian reservations, and the region along the Mexican border, and is therefore strongly reflective of the concentration of rural poor among racial and ethnic minorities.

## Policy Priorities for Rural America

Looking forward, sustainable development in rural America will have to be determined by the degree to which public policy reflects:

1. The interdependence of rural development and agriculture – farming will continue to play a vital economic and land utilization role across rural America, but there will be a continuing blurring of the edges between agriculture and other forms of economic activity.
2. The interdependence of urban and rural development – rural America provides a range of functions and services that are often undervalued by urban populations, but rural regions depend on continuing urban investment. This interdependence will be made concrete through increasing use of regional competitiveness strategies that build upon assets and linkages of both urban and rural areas.
3. The need to ensure that rural people and places have infrastructure that enables them to pay a full part in the national economy. This includes access to education and health care, transportation, and high speed broadband connections.
4. The need to encourage public and private entrepreneurship to identify economic assets and convert them into sustainable economic opportunities for the long-term. For many parts of rural America, entrepreneurship and small business development represents the only effective strategy for economic development.
5. The influence of organizations and institutions that truly represent the diverse interests of rural people and places rather than the sectoral interest groups that represent power and wealth derived from rural America's past.

On this last point, a recent conference organized by the National Rural Assembly, an emerging movement of people and organizations devoted to building a stronger, more vibrant rural America, identified four critical policy priority areas for the upcoming Presidential elections and beyond. These priorities relate to education, health care, stewardship of natural resources, and community investment. Common themes from the conference included the importance of investment in community infrastructure, especially in ensuring both access to and quality provisions in education,

health care, and information technologies, the need for greater flexibility in public funding to encourage innovation in local and regional problem-solving, and the core principals of ensuring economic opportunity, social equity, and environmental sustainability.

The future of rural America will be based on several economic drivers. These include:

1. **Energy** Continued increases in energy demand and the growing public understanding of the need for greater U.S. energy independence is driving two rural-relevant trends. The first involves increased exploitation of non-renewable resources such as coal, oil, and natural gas, bringing high-paying jobs and relative prosperity to many rural regions but with considerable environmental consequences. The second concerns growing adoption of renewable energy options, especially ethanol, biodiesel, and wind power. Ethanol demand in particular has given a major boost to rural economies in the Midwest, and has led to investments in biotechnologies to broaden the feedstock beyond corn to all manner of cellulosic materials, thus spreading the potential benefits to other rural regions.
2. **Stewardship** There are many services provided by nature, primarily in rural regions, that are essential to human survival and well-being, and for which rural people are best positioned to provide ongoing stewardship. Gretchen Daily (1997) of Stanford University provides a long list of these “ecosystem services;” they include clean air and water, flood and drought mitigation, soils and soil fertility, pollution mitigation, pest control, seed dispersal, biodiversity, and climate stabilization. A key challenge for policy is that these services are not necessarily appropriately valued, and without monetization, rural stewards are neither adequately rewarded nor provided appropriate incentives to care for them. Yet there is no question that these services remain critical to America's future.
3. **Experiences** Urban dwellers are attracted to mountains, wide-open spaces, pristine rivers, wildlife, and quiet special places in rural America that offer opportunities for reflection, recreation, spirituality, and reconnection with nature. Others seek out the music, literature, art, and architecture that form part of the nation's rural cultural heritage. Yet others are hungry for active, or even extreme, experiences associated with hiking, climbing, canoeing, hunting, and

skiing. All of these and others provide the basis for expanded rural tourism and hospitality sectors, and drive the growth of second-home and retirement communities, particularly in high-amenity areas.

4. **Special Functions** Rural areas play a role in accommodating and managing waste and other “undesirable” activities. Many urban functions cannot readily be located within metropolitan areas because of space limitations, high rents, land-use incompatibility, or environmental conflicts. Rural communities accommodate contentious developments that are often at odds with natural stewardship, but are accepted as offering some measure of immediate economic benefit. Power generation, sewage treatment, landfills, prisons, and military bases are examples of activities that tend to be over-represented in rural areas.
  
5. **Congestion Relief** Many commentators refer to the potential for smaller towns and cities to expand to act as “escape valves” for congestion pressuring major urban centers. Suburban and exurban expansion across the country has shown there to be a ready market for communities that offer affordability, space, and safety. However, the process often effectively eradicates the rural-ness of these communities, changing them into appendages of the metropolitan core with all the attendant pressure on land and infrastructure. The absence of adequate planning and zoning in most rural counties limits their ability to create sustainable new developments beyond the urban core.
  
6. **Workforce** One of rural America’s principal exports over the years has been its people, particularly well-educated young adults in search of economic opportunities in cities and larger metro areas. The relative lack of such opportunities in rural areas has led to net out-migration from the Heartland states and an effective ‘brain drain’ in most others. This does not always involve rural residents moving away; some 30 million people live in rural communities where more than a quarter of workers commute into nearby metropolitan cores for employment. However, the recent rapid increases in gasoline prices are changing the calculations that many rural residents are making about the costs and benefits of commuting. At the same time, the availability of lower-cost labor and office space in rural areas has led to the introduction of

“back-office” business process operations to serve large-city finance clusters, albeit in the face of intense overseas competition.

## **Food Security and Rural America**

Over the past three years, the discussions and negotiations leading to the recent passage of the Food, Conservation and Energy Act of 2008 – the ‘Farm Bill’ – have attracted considerable international attention. The fact that the United States is the world’s largest exporter of agricultural products, with estimates for 2008 reaching \$101 billion, and that it is the world’s leading supplier of food aid for humanitarian relief and economic development, contributing almost 60 percent of total global food aid in the decade to 2005, naturally places its policies in the spotlight. A combination of domestic budget constraints, pressure from the World Trade Organization to end trade-distorting subsidies and practices, and sharply rising energy prices were expected to radically alter the allocation of resources within the Farm Bill, but in the end, change was fairly modest in scope.

Food security, both domestically and internationally, became a particularly contentious issue towards the end of the Farm Bill process. Extensive media coverage of food riots in Haiti, Bangladesh, and Egypt focused public attention on the complex relationships between food production and distribution, bio-energy, fuel costs, international trade, food safety, and environment. The Farm Bill introduced some reforms for international food aid programs to improve its quality and timeliness and to create a pilot program for increased local and regional procurement of food for humanitarian assistance. There were also some modest reforms in certain export programs to bring them into compliance with international agreements.

Domestic nutrition programs account for 60 percent of Farm Bill expenditures -- \$53 billion in 2006. Some 20 programs are intended to promote health and fight hunger across the country. The largest program, now known as supplemental nutrition assistance, provides direct financial support to low-income households for food purchases, while other programs are increasingly promoting healthy diets, and the purchasing of locally-grown and organic foods.

## Visions of the Rural Milieu

Agriculture is a vital if small sector of the U.S. economy but its impact is considerable in terms of affordable food for the American family and of exports and international aid for humanitarian relief. However, agriculture is not the primary economic driver in most parts of rural America, even though the broad array of farm-related interests wields considerable influence on rural policy and resource allocation. Agriculture needs a vibrant rural economy to succeed but investment in rural development is not given adequate priority.

Rural America is very diverse in its geography, economic activities, and demographics, and is undergoing sweeping changes. There is an urgent need for investment in infrastructure, entrepreneurship, and governance, which recognize the essential interdependence of rural development with agriculture and with urban centers. Although there are many challenges facing the people and places of rural America, there are also many opportunities in the area of energy, environmental stewardship, tourism, and other sectors.

If agriculture is to be able to contend with rapidly increasing energy prices, a weak dollar, growing global economic demand, and extremes of weather conditions, it needs a firm foundation in a sustainable rural economy; without successful agriculture then there will neither sustainable rural development nor food security.

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## Notes

1. Brian Dabson is the President and CEO of the Rural Policy Research Institute and Research Professor at the Harry S. Truman School of Public Affairs, University of Missouri, USA.
2. For more information on rural population and migration trends, see the Economic Research Service briefing rooms at [www.ers.usda.gov](http://www.ers.usda.gov).
3. Persistent poverty counties are defined as those who have had more than 20 percent of their population in poverty for the past 30 years or more. However, agriculture is not the primary economic driver in most parts of rural America