

Regionalism, Assets, and Entrepreneurship: The Future of Rural Economies

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Changing the way we think about the future of our nation requires a departure from talking about an urban-rural-suburban divide and instead, an exploration of how to best put to work all of our resources for the common good. Rural people and places have a very important part to play in applying resources that will lead to economic prosperity, environmental sustainability, and social equity.

Admitting that you are an advocate for rural people and places generates some interesting responses these days. Once we just had to contend with simplistic views of the countryside based on distant memories of life on grandpa's farm, and then with the belief that what's good for commodity agriculture is good for all of rural America. Recently, both during and subsequent to the presidential election, our cause was not helped by politicians' attempts to distinguish rural people from everyone else by reference to their values—"real Americans." It led to an inevitable push back, including articles such as "Village Idiocy," which suggested that the real action is to be found in the big cities and metropolitan regions, and that rural and small town America is little more than a remnant of our nation's past.

I have therefore two starting points for this essay. First, rural America has, and will

continue to have, a vital role in the future of the whole nation and beyond. Second, it is to the benefit of neither city nor rural residents to be framed in terms of their divisions and differences. The emphasis should be on the complementarity and interdependence of metropolitan and micropolitan futures.

So what are the contributions that rural people and places make? I suggest that there are four interconnected categories of contribution. First, the growing and processing of food is the most obvious, ranging from large-scale commodity production to local and regional food systems. Agriculture in the United States, on large farms and small, has been nothing less than a miracle of productivity and innovation over several decades creating the yield, quality, and variety needed to feed our people as well as those in other countries. In the future, we can expect the same level of invention

to respond to the increasing demands for food that is healthier, more environmentally compatible, and less reliant upon fertilizer and pesticide inputs.

Second, the dream of energy independence has gained widespread support and it is clear that rural America will be very much where the action is. Rural operators are already exploring a range of opportunities, from wind power to "grass-oline" to make this a reality. Whatever the future may bring, whether it will be continued extraction of coal ("clean" or otherwise) and natural gas, the building of more nuclear power plants, or the development of solar, wind, and wave facilities, it will require people of vision, inventiveness, and skill to realize the dream.

Third, although it is hard to fully grasp the real economic value of the services that rural ecosystems provide, it is clear that

wetlands, forests, barrier islands, and other natural systems provide billions of dollars of benefits in the form of flood prevention, pollution mitigation, and biodiversity, as well as reducing the impacts of climate change. Again, it is, and will be the ability of rural people to provide quality stewardship of our natural endowments that will be critical to the quality of life for all Americans.

The final category is the protection and management of the wide range of experiences offered by the countryside. These include the enjoyment of natural landscapes and wilderness, participation in active outdoor pursuits, or immersion in rural culture and heritage. Thousands of bustling entrepreneurs are creating activities and engagement for locals and visitors while preserving what makes the countryside so valuable.

Now we all know the vulnerabilities of rural America. There are inherent challenges associated with low density and remoteness that lead to diseconomies of scale and high costs of service delivery. There are the consequences of long-term policy neglect that have led to under-

investment in infrastructure, diminishing availability of financial and human capital, and weak institutional capacity. It is also painfully evident that the evils of poverty, discrimination, and powerlessness are to be found in large measure in many regions of rural America. But we also know that there are many different rural Americas that defy attempts to assign everyone into one non-metropolitan policy basket.

There are other threats over which rural leaders have little or no control but for which they will need all the human, technical, and financial resources they can muster. These include continuing metropolitan expansion, large-scale migrations in and out of rural regions, the growing realization of the effects of climate change, and the continuing impact of global economics that bring shifts in demand and greater competition for resources and products.

I would argue that any attempts to deal with these issues have to be incorporated into a policy frame with these main components—regionalism, assets, and entrepreneurship. Regionalism is the antidote to diseconomies

of scale, implying cooperation and collaboration across jurisdictions and urban-rural divides, and efforts to identify and articulate common priorities. A focus on assets recognizes the importance of communities and regions being able to build on their particular strengths using strategies to improve competitiveness and sustainability. Entrepreneurship, along with innovation, is the process by which these assets can be converted into economic opportunity and social equity.

Interventions recommended within this policy frame are enhancing institutional capacity, whether for local governance, health care delivery, or educational opportunity; upgrading human capital at all levels; increasing availability of appropriate financial capital; and rebuilding and improving physical infrastructure.

The outcomes we should be striving for are exactly those espoused by the Funders' Network—economic prosperity, environmental sustainability, and social equity. We need to bring the incomes and wealth of rural people to at least the levels of

the population as a whole; we need to ensure that in the pursuit of jobs and economic development, we become better stewards of our rural environment and natural resources; and we can no longer tolerate disparities and powerlessness as inevitable byproducts of remoteness and policy neglect.

A grand vision, but how can we make a difference, and what in particular is philanthropy's role in rural renaissance? It seems as though there are three main options on the table for philanthropy—to increase the overall scale of resources that flow into rural America, to find ways of increasing the scale of locally-generated resources from within rural America, and to be much more strategic about the nature of investments in rural America.

The Blue Sky Institute in Montana highlighted the philanthropic divide between urban and rural states. This was followed by a challenge from Montana's Senator Baucus to the nation's foundations to significantly increase their grant-giving in rural America. The Council on Foundations took up the challenge and convened a national

conference in Missoula and subsequently published a journal of articles on the topic of philanthropy and rural America. But, particularly given the current economic climate, the likelihood of a flood of new philanthropic dollars into rural communities and regions is unlikely. In fact, it seems as though the number of foundations with an explicit interest in rural issues is decreasing.

The idea of locally-generated resources has attracted much attention. Since 2002 when the Nebraska Community Foundation carried out its assessment of the potential of intergenerational wealth transfer, the RUPRI Center for Rural Entrepreneurship has conducted similar studies in 19 states. An estimated \$53 trillion is expected to transfer between generations by 2055; the challenge for rural communities is to ensure that this does not mean simply a transfer out of rural America into suburban America. This is where community foundations have a particularly important role to play both in capturing a proportion of those transfer dollars and investing them wisely in rural development for future generations.

The other option is related to the first two—the need to make smart and strategic investments that will address both the needs of and the opportunities for rural Americans. Here are my top five suggestions for smart rural philanthropy.

1. Encourage initiatives that support regional collaboration focused on micropolitan centers and on their competitive advantage in food systems, renewable energy, ecosystem services, and rural experiences. The 2008 Farm Bill has within it approved (but not yet appropriated) provisions for a Rural Collaborative Investment Program to foster cross-jurisdictional and cross-sectoral regional collaboration. Foundations, both at the national and regional level, will have a vital part to play as conveners to ensure that processes are inclusive of community interests and that the above outcomes are central to strategic planning and investment.
2. Encourage continued exploration of rural-urban interdependence. The groundwork has been laid by

the Aspen Institute's Roundtable on Community Change, which published a report in October 2008 on *Our Shared Fate: Bridging the Rural-Urban Divide Creates New Opportunities for Prosperity and Equity*. This provides an organizing framework that offers many philanthropic opportunities to support research, learning, and experimentation.

3. Invest in building institutional capacity among planning and service delivery organizations in rural regions. This is needed particularly in the areas of health care, education, and local governance, and there are many different entry points for philanthropy. These might include the use of information technologies for distance learning and interaction as alternatives to consolidation of facilities and institutions; the support of peer learning and exchanges among elected officials and practitioners to expose them to excellent practices; and action research to support innovations in institutional development in sparsely-populated regions.

4. Invest in improved metrics and processes for measuring the impact of philanthropic and other investments in rural and regional contexts. Some pioneering work by the University of Missouri has already been done in assessing the socio-economic benefits of federal government investments in rural development and this will soon be extended to environmental impacts. The Ford Foundation and others have been looking to operationalize “triple-bottom-line” approaches and this work needs to continue. In other efforts, exploration of what it takes to create healthy communities could yield major improvements for rural people and places—here there are many lessons to be learned from Canadian experiences in rural revitalization efforts over the past decade or so.

5. Invest in entrepreneurship development in a rural context, particularly to help communities and micropolitan regions become more supportive of entrepreneurs and innovation. The

Kellogg Foundation paved the way with its *Entrepreneurship Development Systems in Rural America* project and the lessons from that and subsequent initiatives need to be translated into expanded philanthropic action across the country. The work of the RUPRI Center for Rural Entrepreneurship provides an excellent resource for such efforts.

Contained in these suggested actions are three crucial principles for philanthropic engagement without which impact will be hard to achieve:

- Foundations have to actively embrace the notion of collaboration between foundations at the national and regional levels and across the public, private, and nonprofit sectors. Go-it-alone efforts will never yield the

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scale of resources and programmatic impact needed to transform rural economies and regions.

- Foundations have to be willing to support efforts to shift policy through advocacy and engagement. Rural communities need support in the development of tools to argue their case in state capitols, and in Washington, D.C., so that their voices can be heard alongside those of entrenched, and well-funded sectoral interests.
- Foundations have to be more like venture capitalists and invest patient capital in

rural people and institutions to build their capacity for the long-term so that they are better able to both deliver services and programs and adapt to rapidly changing economic circumstances.

It is time to change the way we think about the future of our nation. We need to cease talking about the urban-rural-suburban divide, but to explore with vigor how we can best put to work all of our resources for the common good. Rural people and places have a very important part to play in the mix but they need philanthropy, as well as others,

to step up and apply resources in a smart, strategic way that will lead to outcomes of economic prosperity, environmental sustainability, and social equity.

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nationally and internationally for his work on entrepreneurship development, particularly in a rural context, he is a frequent speaker and writer on rural policy and the implications of global forces on rural America. He is a member of the Community Development Advisory Council of the Federal Reserve Bank of St. Louis. Prior to his current appointment, Dabson was president of CFED (formerly the Corporation for Enterprise Development), a Washington, D.C.-based national nonprofit organization dedicated to expanding economic opportunity through asset

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