



Rural Partners Forum 2009
Funding Our Future:
Growing the Resources We Need to Create the Communities We Want
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A National Imperative: Why Must We Invest in Rural America?

Good afternoon...I am delighted and honored to be asked to provide some opening remarks to the 2009 Rural Partners Forum. The amount of interest in this gathering is a testament to the high level of commitment to the future of Rural North Carolina, and by extension to Rural America, and also to the extraordinary work of one of our nation's leading rural-focused organizations, the North Carolina Rural Center.

I have been asked to answer a straightforward question – ***Why Must We Invest in Rural America?*** The fact that we have to ask the question at all perhaps gives us some insight into the current state of public policy as it impacts rural people and places.

Eight years ago, Karl Stauber, then the President of the Northwest Area Foundation, was asked to address the same question at a Federal Reserve Bank of Kansas City conference. In a wide-ranging speech, he noted the fact that there is no longer a contract between rural and urban America, no longer a public understanding of the role that rural places play in the broader national economy, and no prospect of there being such a contract or understanding any time soon.

Once the answer was “we feed the world” but now it is not so clear. He went on to suggest five reasons why investing in rural America might be worthwhile:

- To protect and restore our environment
- To produce high-quality, de-commodified food and fiber
- As a laboratory of social innovation
- To produce healthy, well-educated future citizens
- To maintain population distribution and prevent urban overcrowding

This was an important speech at the time, although some of the power of his arguments got lost in the hostile response to his suggestion that the 19th century land grant university be replaced by a 21st century information grant university with a focus on reversing economic stagnation and social decline.

Over the past eight years, many things have changed and I would argue that we are approaching an important turning point, brought about by a range of economic, environmental, social, and political factors.

I am going to spend most of my time talking about the emerging new frame for rural America, but first, I want to take a look at four elements of the old frame that still persist...and no doubt will continue for many years to come:

- That the needs of rural America can be addressed by a “one size fits all” policy.
- That priority for public resources should be given to correcting disadvantage
- That investing in agriculture is sufficient rural policy.
- That exploitation of natural resources should be an unconstrained driver of rural economies

I will talk briefly about each of these in turn:

1. **The old frame says: *The needs of rural America can be addressed by a “one size fits all” policy.***

We are all familiar with the simplistic way in which rural America is portrayed in the media and often in policy discussions. On the one hand, there is the utopian view of rolling green acres, white picket fences, and red barns, with lively, self-sufficient communities and the home of our grandparents.

On the other hand there is the dystopian view of neglected trailer homes, abandoned cars on bricks, uneducated and narrow-minded residents and places from which folks want to escape to the city to find a life.

We all know that these views of reality may well exist in some places, but we also know they don't come close to capturing the rural America in which you and I live and work. Rural America comprises many different experiences with a great diversity of geography, history, culture, economy, and demography. Public policy and investment has to reflect this complex reality.

2. **The old frame says: *Priority for public resources should be given to correcting disadvantage.***

There is absolutely no question that decades of underinvestment in rural places and people has contributed to persistent poverty, under and unemployment, population loss, aging demographics, poor and worsening access to essential services, and continuing impacts of discrimination based on race, class, and power. We cannot and should not ignore these realities.

But investment in the future cannot be framed in terms of deficits. Pleading for funds on the basis of entitlement will neither achieve the desired results nor win friends for the rural cause.

Public policy and investment needs to be focused on future prospects and opportunities which will help ameliorate these challenges.

3. **The old frame says: *Investing in agriculture is sufficient rural policy.***

One of the more influential statistics in recent years has been the one about farm household income sources. Across the country, over 80 percent of farm household income comes from off the farm – emphasizing the point made by Secretary Vilsack that farmers need a healthy rural economy more than the rural community needs farmers. With less than six percent of nonmetro employment on the farm, clearly there has to be much more to rural policy than support for agriculture. This is not an argument that minimizes the importance of farming or says that we should no longer support farmers, but a call for a more balanced investment strategy in rural America.

4. **The old frame: *Exploitation of natural resources should be an unconstrained driver of rural economies.***

There is no doubt that the extraction and harvesting of nature's bounty has been at the heart of the rural economy since the days of the early settlers. For the foreseeable future, public policy and the market will continue to support the mining of coal and other minerals, the logging of our forests, and the expansion of mono-cropping and concentrated animal feed operations.

The impacts of these activities in terms of environmental degradation, employment conditions for workers, and the displacement of other productive activities have been tolerated as inevitable consequences.

Public policy and investment needs to reflect that these externalities should no longer be acceptable and that different futures are possible for rural America.

So what does the new frame for rural policy and investment look like? I want to describe five components for you to consider:

- There are many windows of opportunity that could transform rural economic prospects.
- The emphasis should be on identifying and building upon our regional and community assets for economic opportunity.
- High-quality modern infrastructure is now even more important than ever.
- Place-based strategies offer powerful options for rural regions.
- Investing in rural institutional capacity is crucial to long-term prosperity

Let us look at each of these:

1. **The new frame says: *There are many windows of opportunity that could transform rural economic prospects.***

There are perhaps four main broad scale opportunities with the potential for real traction if certain conditions can be met.

The national priority to achieve greater ***energy independence*** is driving not only the further exploitation of non-renewable resources but also the exploration of different forms of alternative energy, whether solar, wind, biomass, or wave. Much of the activity will take place in rural areas and there will be a major need for properly trained engineers and technicians to build and maintain these facilities. The big strategic question will be: should these alternative energy facilities be large scale and hooked to the national grid through major new transmission lines across rural America or should they be distributed in smaller regional- or community-level plants under local control and providing local green jobs?

The second opportunity will be provided by the need to ***adapt to climate change***. Rural America will be on the front line as climate conditions change or become volatile – drought and flood mitigation, spreading pests and diseases, crop adaptation and so on will all need to be planned for and managed.

A third will be ***regional and local food systems***, responding to the demand from urban consumers for safe, low carbon footprint, and healthy foods – a powerful driver of closer ties between urban and rural populations and a reaffirmation of the importance of new agriculture.

My fourth is more speculative but no less urgent – the ***stewardship of our natural resources***. It will have to be based on placing a monetary value on the protection of clean air and water, on the safeguarding of aesthetically important landscapes and communities, on the sustainable management of natural resources, and on the restoration of environmentally despoiled lands. This value could be turned into a wide array of green jobs and long-term economic prospects.

2. **The new frame says: *The emphasis should be on identifying and building upon our regional and community assets for economic opportunity.***

This is the flipside of the entitlement point I made earlier. There has been a strong and positive shift in community and economic development away from focusing on weaknesses and liabilities to focusing on strengths and assets. This has now translated into some very promising areas of innovation that are permeating the mainstream of public policy:

- intentional efforts to foster **entrepreneurial communities** that encourage and support the growth of entrepreneurs that can convert community assets into economic opportunity.
- the exploration of **wealth creation and retention strategies** based on a broad range of economic, social, environmental and other assets to be found in every community to varying degrees.
- the introduction of **matched savings accounts** to help low-income people accumulate wealth through home-ownership, self-employment, and education
- the creation of **community development financial institutions** to provide essential local investments in small businesses and home purchase, and
- the capture of a share of **inter-generational wealth transfers** to support community foundations and rural community development.

3. The new frame says: *High-quality modern infrastructure is now even more important than ever.*

Recent allocations in the Stimulus program to reduce the huge backlog in basic water and sewer infrastructure show that there is a substantial pent-up need for bringing rural communities up to acceptable modern standards. Similarly, there is no shortage of demand for repair and maintenance of the rural road system.

These are all critical, but I would suggest that our definition of essential infrastructure needs to extend to include broadband, affordable housing, health care, and education. With the right telecommunications infrastructure we can keep our rural clinics and hospitals and our rural schools open as part of linked networks for telemedicine and distance learning, and we can therefore enable our communities to remain viable.

4. The new frame says: *Place-based strategies offer powerful options for rural regions.*

A recent memorandum from the White House to all departmental and agency heads on place-based strategies marks a huge shift from decades of siloed, categorical investments in urban and rural communities alike. The memo requires that in preparing for the FY 2011 budget, account has to be taken of the need to leverage investments, focus resources in targeted places, and streamline otherwise redundant and disconnected programs. The principles underlying this White House perspective on place-based strategies are worth repeating:

- Clear, measurable and carefully evaluated goals for economic competitiveness, environmental sustainability, community health and access to opportunity, and safety and security
- Recognition that change comes from level of community and often through partnership

- Complex problems require flexible, integrated solutions
- More important challenges demand a regional approach

We are seeing these principles being reflected in proposals for new government programs, such as **Livable Communities**, where funding will be made available to support cross-cutting regional and local planning and development strategies that better integrate community and economic development, housing, land use and transportation needs.

In the Farm Bill, there was authorization for a **Rural Collaborative Investment Program** which would do much the same thing in rural regions – indeed, there has been talk of a Livable Countryside program.

One essential ingredient of this push for integration, collaboration, and regionalism, is the search for ways of exploring urban-rural interdependence – the idea that you can't have effective separate urban and rural policies and strategies, they need to be integrated as equal components of regional policies and strategies.

5. **The new frame says: Investing in rural institutional capacity is crucial to long-term prosperity**

If rural America does not have the human resources, technological support, and institutional systems in the public or nonprofit sectors in place, it will not be able to take advantage of this new frame and the associated opportunities. There has been much discussion in recent weeks as to whether the lack of capacity in rural areas has restricted the flows of Stimulus funds into places in greatest need of investment.

There is also much concern about the knock-on effects for counties and small cities of expected deep budget cuts at state levels in the next two or three years. Lack of funds for capital and maintenance and more reductions in staff may have impacts on rural government that will last for a decade. Similarly, cuts in philanthropic spending are resulting in reductions in essential programming.

What we may see is the growing importance of

- **anchor institutions** such as community colleges and hospitals as leaders in mobilizing their regions and communities for community and economic prosperity.
- the increasing acceptance of **regional collaboration** across multiple jurisdictions either through formal regional development organizations or through ad hoc efforts to develop strategies and investment plans,
- the growth of **community foundations** as the focus for local development, philanthropic, and voluntary effort, and

- **rural innovation** – intentional efforts to find new and more effective ways of transforming the lives and livelihoods of rural people through changing the ways we think about, organize for, finance, and deliver education and workforce preparation, individual and community health, social services, infrastructure, and public administration.

So, you can see that the new frame for rural America is about focusing on opportunities that contribute to national prosperity, that build on community and regional assets, that are supported by high-quality modern infrastructure, that are enabled by flexible, integrated policies and programs, that are brought about by regional partnerships and collaborations, and that are made possible by enhanced institutional capacity. And, importantly, the new frame takes us away from “one size fits all” policies, away from the rural whine, away from the dominance of commodity agriculture, and away from exploitation of our natural resources without regard for the social and environmental consequences.

Back to the question, why must we invest in rural America?

- We should because there is no shortage of investment possibilities that can yield significant economic and other returns.
- We should because investments in rural America will yield substantial benefits to metropolitan America and to the nation as a whole.
- We should because 60 million, or one-fifth of our population, live there and should receive their fair share of investment.
- We should because the future of our nation will depend for its well-being on rural America for food, energy, and environmental services...and we need to invest in the human capital and basic infrastructure to maintain and enhance rural America’s ability to meet this long-term expectation.

Thank you....