CORE
Metadata, citation and similar papers at core.ac.uk
Provided by Washington University St. Louis: Open Scholarship

CSD Report

Wealth Building in Rural America: Potential in Human Diversity

Jami Curley, Brian Dabson, Eric Henson, Anna Lee, Kathleen K. Miller, Luxman Nathan, Trina R. Shanks, Michael Sherraden

CSD Report

2006

Center for Social Development

Wealth Building in Rural America: Potential in Human Diversity

Jami Curley
Assistant Professor, School of Social Work, St. Louis University

Brian Dabson
Research Professor, Harry S. Truman School of Public Affairs, University of Missouri, Columbia
Associate Director, Rural Policy Research Institute

Eric Henson
Research Fellow, The Harvard Project on American Indian Economic Development
Director, Lexecon

Anna Lee
Senior Consultant, Lexecon

Kathleen K. Miller
Program Director, Rural Policy Research Institute

Luxman Nathan
Senior Compliance Specialist, Capital Research and Management Company

Trina R. Shanks
Assistant Professor, School of Social Work, University of Michigan

Michael Sherraden
Benjamin E. Youngdahl Professor of Social Development
Director, Center for Social Development
George Warren Brown School of Social Work, Washington University in St. Louis

CSD Report
2006

Center for Social Development
George Warren Brown School of Social Work
Washington University
One Brookings Drive
Campus Box 1196
St. Louis, MO 63130
tel 314-935-7433
fax 314-935-8661
e-mail: csd@gwbmail.wustl.edu
http://gwbweb.wustl.edu/csd

PREFACE AND ACKNOWLEDGEMENTS

his report is part of a series of three reports in Wealth Building in Rural America. The idea for these studies originated in discussions with Jim Richardson and his colleagues at the National Rural Funders Collaborative (NRFC). The studies were made possible by support from NRFC, the F.B. Heron Foundation, and the W.K. Kellogg Foundation.

As background for these three reports, the Center for Social Development (CSD) at Washington University in St. Louis commissioned 15 background papers. We thank the following authors: Jon M. Bailey, Jami Curley, Brian Dabson, Karen Edwards, Michal Grinstein-Weiss, Gena Gunn, Eric Henson, Elisabeth Howard, Njeri Kagotho, Anna Lee, Kathleen K. Miller, E.G. Nadeau, Luxman Nathan, Michelle Putnam, Mark Schreiner, Jean Schumacher, William Schweke, Fengyan Tang, Ann Ulmer, and Trina R. Williams Shanks.

The involvement and guidance of Jim Richardson and Allison Van at NRFC and Christopher Perez at F. B. Heron Foundation have been invaluable in shaping and improving the three summary reports.

Gena Gunn at CSD managed the overall project. Jami Curley organized the rough outlines of the three reports, drawing from the background papers. Michael Sherraden and Margaret Sherraden helped to edit and revise.

We are particularly grateful to the members of the expert advising committee: Jon Bailey, Ted Bradshaw, Reid Cramer, Caroline Carpenter, Priscilla Day, Daniel Lichter, Linda Lobao, Domenico Parisi, Christopher Perez, Jim Richardson, Cruz Torres, and Stephan Weiler. Detailed comments and suggestions from Jon Bailey, Reid Cramer,

Angela Duran, Cornelia Flora, Eric Henson, Nathaniel Smith, and Stephan Weiler improved the papers considerably.

The team at CSD remains responsible for any shortcomings. Our biggest regret is the need to be subjective in the topics presented and to simplify in order to cover so much content. Our purpose and intention is to shine a light onto key issues and into areas of US rural history, social organization, and economy that are not always well illuminated. If we have succeeded modestly in this, the work of so many experts and thinkers will have been worth the effort.

Wealth Building in Rural America:
Potential in Human Diversity

The standard cultural image of rural America is of a White farm family (think of Dorothy's family in *The Wizard of Oz* or *The Waltons* television show) or a small, mostly White town (think of Thorton Wilder's *Our Town* or Andy Griffith's Mayberry). In these settings, White people of all ages play out the bucolic, family-oriented romanticism, a foundational image that many Americans assume to be true about their country.

However, this image has never been fully accurate, and it may be even less accurate today. The social fabric of rural America is resplendent with people of color. Although largely excluded from images in popular culture, Native Americans, African Americans, Hispanics, and others have played major roles in building rural wealth and are likely to play still greater roles in the future.

Additionally, the standard cultural image of family farms or multi-generational families in small rural towns, which was never the full picture of small town life, is even less accurate today. Among many changes in the demography of rural America, perhaps none is as important as the aging of the population, which is more pronounced and apparent in rural America than anywhere else. Most often the aging of rural America is described as a problem, and it is, but it is also an opportunity for wealth creation, perhaps too easily overlooked. In the future, resource flows related to retirement can become a major source of wealth building.

These two demographic topics—people of color and an aging population—are not the only important areas of human diversity for rural America in relation to wealth building, but in the first half of the 21st century, they may be the two that are most important.

This report examines the potential of diversity in rural America. It is the second in a series of three reports focusing on wealth building in rural America. The report is divided into two sections. The first, People of Color, examines the unique rural experiences of minority populations: American Indians, African Americans, and immigrants, especially Hispanics. The second section, Wealth in Age, considers challenges and opportunities in the graying of rural America.

PEOPLE OF COLOR

As detailed in the first report, wealth building in rural America, in relation to people of color, has seldom been about decency, justice, or equality. This history is most often about theft and exploitation However, the story should also be framed in terms of squandered potential in America's rural history. Only in taking this approach do we have an opportunity to see that the potential of people of color in rural American can be more fully realized in the future.

Rural Wealth Building and African Americans

African Americans make up 12.3 percent of the U.S. population with over half (55 percent) living in the South, concentrated mainly in rural counties. Although the South comprises only 35.6 of the total population, 40 percent of the nation's poor live in this region. Almost one-quarter of the African American population lives in poverty (U.S. Census Bureau, 2003a). African Americans trail White Americans in average income ($30,000 vs. $48,000) and education (17 percent receive a Bachelors degree vs. 29 percent of Whites). Additionally, the unemployment rate of African Americans is higher than that of Whites (11 percent vs. 5 percent) (U.S. Census Bureau, 2003b). When net worth is examined, African Americans hold $7,500

average net worth, compared to $79,000 for Whites. Most of the wealth in African American households is in homes and vehicles. When home values are set aside, African American average net worth falls to $1,166 (U.S. Census Bureau, 2003c).

African American history is deeply rooted in rural America, most notably in the South. While slavery and racism have affected the lives of all African Americans, they have had major impacts on African American Southerners (Williams & Dill, 1995).

Slavery was the foundation for economic and social injustices that would beset African Americans for generations into the future. Income, one of the means of accumulating wealth and an essential foundation for financial security, was denied to African Americans because of their slave status. This loss, along with lack of education, left many Blacks with almost no personal resources to create a financial footing in society once they were freed from slavery.

Landownership Despite Severe Obstacles

Given the history of African Americans, it is often assumed that, as a group, they have always been poor and disconnected from the larger economy, at least until the mid-20th century when the Civil Rights movement began. The institution of slavery left a lingering image of downtrodden plantation workers that generated wealth for their masters but owned nothing themselves.

Acquiring assets has always been a possibility for at least some portion of African Americans. Although wealth holdings and net worth rarely approach the level of similar Whites, Blacks have been property owners both before and after slavery. Prior to emancipation, some slaves planted and sold their own crops from gardens, sold their own labor for money, and raised their own livestock. During the same time in the South, free Blacks began to acquire property

and businesses (Schweninger, 1990). Even in the face of oppressive laws and difficult circumstances, the pride and independence of being a landowner was desired and attained by some Blacks. “By 1860, 16,172 free persons of color in the fifteen slave states had accumulated $20,253,200 worth of property, or $1,252 per individual property holder” (Schweninger, 1990, p. 96).

Nevertheless, the emancipation of slaves was one of the first opportunities for most African Americans to realize their goal of becoming landowners. Several initiatives reassured the freedmen that they would be supported in their quest to own land. For example, in some areas, Union commanders divided up parcels of land that had been vacated by Southern landowners and distributed them among former slaves. This act was considered compensation to former slaves for their lives of involuntary labor and a punishment to the landowners who had enslaved them. However, President Andrew Johnson ordered the army to return all the confiscated land to its rightful owners because the acquisition had violated the owners' constitutional rights (Danbom, 1995).

In another effort to provide freedmen the opportunity to acquire land, Congress passed the Southern Homestead Act of 1866. This Act opened approximately 40 million acres of public lands in Alabama, Mississippi, Louisiana, Arkansas, and Florida to all settlers regardless of race (Lanza, 1990). But because of the many obstacles encountered by the freedmen, such as substandard land, poverty, and White resistance, the legislation was not very successful, and it was eventually repealed in 1876 (Lanza, 1990). Many African Americans ended up contracting with their former masters and participating in sharecropping arrangements which generally favored the White landowners.

Despite all the barriers that newly freed slaves encountered, some did manage to acquire their own farmland. Acquisition and possession of farmland following slavery was an important step toward economic independence for many African Americans, but the struggle in acquiring it and the ensuing effort to maintain possession were a constant challenge.

White sentiment and ineffectual public protections limited Black's opportunities and restricted their rights as landowners. In many cases, even when Blacks had proper records, companies, the government, and groups such as the Klu Klux Klan cheated African Americans out of their land. In an investigation on the public documentation of African American land ownership, Lewan and Barkley (2001) report public records of approximately 107 land-takings, which affected 406 Black landowners and over 24,000 acres of farm and timber land, and 85 other smaller properties, much of which is today owned by Whites or corporations.

Partly as a result, African American farmland ownership was much higher a generation or two after emancipation than it is today. According to U.S. Agriculture Census data, African American farmers owned 15 million acres in 1910, but owned less than one-sixth of that by 1997. The 1999 Agricultural Economics and Land Ownership Survey (AELOS) reports that 68,000 African Americans own 7.8 million acres of agricultural land valued at $14 billion. The difference in these numbers is due to the fact that the Census of Agriculture studies farmers, while the AELOS studies land owners. Unlike most other groups, the majority of African American owners rent their land to others, with only one-third operating their own farms (Gilbert, Wood, & Sharp, 2002). Accurate data, however, are limited. Although the AELOS data are more complete and document a higher number of Black rural landowners, these figures do not include non-producing farmland or land that might be used for non-farming purposes (Mitchell, 2005).

The Federation of Southern Cooperatives Land Assistance Fund has identified seven common causes of African American land loss (Thomas, Pennick, & Gray, 2004). First, through heir property ownership, land can be passed down to multiple co-owners, making management and decision making difficult. Second, lack of estate planning may leave no specific instructions. Third, land can be lost to tax sale if taxes go unpaid. Fourth, courts can order a partition sale, where the land is sold to the highest bidder and divided among heirs. Fifth, land can be lost through voluntary sales to those outside of the African-American community. Sixth, land can be lost through other means, including violence, exploitation, and injustice. Seventh, land can be lost through inaccessibility to legal counsel.

In order to make this history more tangible, we turn to the family story of one this report's authors.

Personal Narrative of Trina R. Shanks

The story of my great-grandfather, Portland Nichols, illustrates many of the harsh realities of African Americans and rural wealth creation. Born in 1894, he was a logger and an entrepreneur who lived most of his life in Carlton, Alabama, a small Southern town in Clark County located approximately 60 miles north of Mobile. In his prime, he earned a living as a hired hand, cutting timber from other people's property and bringing logs to the local sawmill to earn money.

Over time, my great-grandfather saved money and purchased plots of land for himself. With his children, he was then able to cut timber and bring logs to the mill from his own property, and he taught his children to do the same. As for many rural residents of his day, his

land was not made into a commercial farm, but rather used to build a home, plant a garden, and maybe harvest a little corn and sugar cane for sale.

By the time he was 50 years old, my great-grandfather had accumulated approximately 2,800 acres, made up mostly of timber and swampland. This was an impressive accomplishment for a Black man with no inherited wealth or formal education. Typically, these assets would have brought him and his descendents prosperity and financial security. Several factors made this unlikely. First, farm life was demanding and his children, like others in the younger generation, did not value the land enough to stay, preferring to move to larger cities for jobs and professional employment. Second, White landowners frequently would go in to his property and harvest and sell the timber without permission or compensation. Third, the legal system favored Whites when these types of disputes arose, so there was never any real restitution.

Unfortunately, when my great grandfather died tragically and unexpectedly in 1952, he did not leave a will or any type of succession plan. The estate was to be divided evenly between his wife, my great-grandmother Floretta, and his surviving children. Although the family grew up on the land and knew it well, all the children except one had left Carlton and established their lives in cities where they sought greater opportunity. In addition, the problem of monitoring these large landholdings and keeping others from stealing had never been resolved. Thus, there was little interest in continuing to develop the land (or pay the annual land taxes). In short, the multiple inheritors never came to an agreement about what should be done with the property. After several years of inactivity, the land was sold to a White landowner. The money was divided among the surviving inheritors, including my grandfather, Conrad Nichols, Sr.

Although the family did receive compensation for the land, this amount was not nearly what could have been realized by continuing to manage and cultivate the land and maintaining

the mineral rights. As a footnote, oil eventually was found in the area and mineral rights became valuable, including the land that had been part of my great-grandfather's estate. If the property had been maintained and remained in the family, it would be a valuable asset today. Instead, it is one more example of how, even among Blacks who managed to attain significant amounts of property post-slavery, many were unable to keep it or to pass it along to succeeding generations. This is just one family's story, illustrating some of the issues that have precipitated land loss in the Black community.

Assessment and Directions

Historically, wealth-building opportunities for rural African Americans have been few and inefficient. Institutional and economic barriers have presented large hurdles. Even when advancements have been made in wealth accumulation, circumstances have often led to loss of what has been accumulated.

However, this does not have to continue to be the case. Advocacy organizations are assisting and educating African Americans on their rights and available opportunities to maintain and increase their asset holdings. Grassroots activists and legal assistance programs support Black households in danger of losing their land and to encourage others to establish or retain ownership. Examples include the Land Loss Fund, created in 1983 to provide technical assistance to economically disadvantaged land owners in rural North Carolina (http://members.aol.com/tillery). The Federation of Southern Cooperatives Land Assistance Fund offers management initiatives, assists in land-based economic development, provides legal and financial assistance, as well as builds coalitions with other similar advocacy groups (www.federationsoutherncoop.com). The Black Family Land Trust also assists African

Americans to preserve their landownership through the collaboration of several other organizations, such as traditional conservation land trusts, community economic development organizations, and Black land retention advocacy groups, to slow the loss of African American land, particularly in the Southeastern states.

Doron and Fisher (2002) identify three areas of wealth creation that should be addressed in policy and program initiatives to effectively influence the low rates of asset ownership among African Americans. These are income, savings, and inheritance/financial transfers. For income issues, Doron and Fisher suggest concentrating on educational inequalities, encouraging African Americans into technological careers and continuing support of early childhood development programs. For savings, they propose promoting financial education and continuing efforts to uncover and deal with barriers that impede asset accumulation, such as loan discrimination, asset limits for public assistance, and increasing homeownership rates. For inheritance/financial transfers, they suggest encouraging the formulation of community foundations to help bring more available funds into poor communities, increasing the number of African American business ownership and slowing the rate of land loss for African Americans. Programs and policies can be enacted to encourage wealth creation among African American populations, as well as other minorities, that in turn can stimulate economic development in rural communities, making them stronger and more competitive.

In addition, policy initiatives that create wealth-building incentives and benefits that address historical barriers, such as discriminatory lending practices and mortgage access for African Americans, should be promoted along with policies that seek to resolve past land loss issues.

Looking ahead, many middle-class Blacks with a heritage in the rural South are choosing to return in their later years (see also the "Wealth in Age" section later in this report). This return migration may open new opportunities and retirement-based strategies for wealth building in parts of rural America that have been long in decline. African Americans have played a major role in rural American history. Loss of this culture and heritage would be a loss to all Americans. Moreover, the seeds of future economic growth may lie within this fertile cultural soil.

Taking a still larger perspective, discussions of reparations for enslavement of Blacks is not likely to fade away, nor should it. Though this is often viewed as a marginal or radical discussion today, there may be politically feasible versions in the future. For example, one approach to reparations for slavery could be to create children's savings accounts (CSAs) for all Black children (or better, create CSAs for *all* children with an extra "reparation" deposit into accounts for African American children). Another approach could be to support Black land ownership, particularly in the Southeast, where Blacks did so much to create wealth historically but hold little of that wealth today. Other strategies are possible. In general, the direction should be to bring to the reparation discussion practical options that focus not on lump sums for consumption, but on building wealth and increasing human potential. This will ultimately benefit *all* Americans.

Rural Wealth Building and American Indians

Although the rise in personal and corporate wealth within the United States has been widespread, some areas have not benefited. Nowhere is this more evident than in Indian

Country[1], where building wealth has traditionally been a relatively difficult endeavor for both individuals and tribal communities.

Indian Country: Current Conditions & Wealth Building Capacity

Even for the many tribes that do have some access to "an abundance of valuable resources" in the form of large landholdings and mineral rights, these resources have not translated into a higher standard of living for most Indians (Adamson, 2003). In fact, Indian Country suffers from very high rates of poverty and unemployment. As some Indian nations are turning the corner on wealth building, others remain poor relative to the non-Indians surrounding them. For example, as of the 2000 Census, real per-capita income of natives living in Indian Country was less than half of the U.S. level; Indian unemployment was more than twice the US rate; and Indian family poverty was three times the US rate (Taylor & Kalt, 2005, xii).

Despite these discouraging figures, many recent developments in Indian Country are increasing the capacity and potential for wealth accumulation among individuals and tribes. For example, following the passage of the 1975 *Indian Self-Determination and Educational Assistance Act* (PL 93-638), a re-emergence of Indian economic development has taken hold. This act (and subsequent legislation, political activism, and development initiatives) has helped tribal governments to increase control over many aspects of economic development within their reservations, with spillover effects in surrounding areas and communities (see Kalt & Singer,

---

[1] The term "Indian Country" is used here to refer to Native communities and areas, rather than to strictly denote those areas legally defined as Indian Country by the federal government. "Native America" and "Indian Country" are used interchangeably, as are the terms "Indian," "Native American," and "American Indian," which are intended to include Alaska Natives, unless otherwise noted. The legal definition of Indian Country is found in 18 USC 1151. It defines Indian Country as: (a) all land within the limits of any Indian reservation under the jurisdiction of the United States Government, notwithstanding the issuance of any patent, and including rights-of-way running through the reservation; (b) all dependent Indian communities within the borders of the United States whether within the original or subsequently acquired territory thereof, and whether within or without the limits of a state; and (c) all Indian allotments, the Indian titles to which have not been extinguished, including rights-of-way running through the same.

2004; VanDevelder, 2004). For example, the Salish and Kootenai at the Flathead Reservation have essentially taken over all aspects of wealth building, including natural resource rights and other components of community development. Some tribes have become the most successful economic entities in their regions. For example, working with neighboring governments and private sector interests, the Mississippi Choctaw have become one of the largest employers in Mississippi.

The passage of the *Indian Gaming Regulatory Act* (IGRA) of 1988, in some instances, gives tribes the ability to start and promote casino gaming operations on Indian land through compacts with state authorities. This has lead to a large influx of tourists to some Indian casinos, resulting in substantial employment for tribal populations and nearby non-Indian communities, as well as swelling the revenues of certain casino gaming tribes. Even before casino-style gaming became widespread, Indian bingo had allowed some tribes, such as the Morongo Band in California, to effectively eliminate dramatically high unemployment rates (Cook, 1987). These revenues have grown rapidly. In 2004, total Indian gaming revenues exceeded those of Las Vegas (Werner, 2005). According to the Associated Press, Indian gaming generated $18.5 billion in 2004, while Nevada gaming revenues totaled $9.9 billion.

An examination of socioeconomic changes in Indian Country from the 1990 to 2000 Census reports indicates that, despite substantial progress over the past decade (for gaming as well as non-gaming tribes), the wealth, employment, education, and housing gaps between Indian Country and the rest of the United States remain large. Some factors that contribute to this wealth gap are characteristic of all rural communities. Others are idiosyncratic, reflecting cultural, economic, and legal conditions within Indian Country (Taylor & Kalt, 2005).

Wealth Building Challenges in Indian Country

Building and maintaining wealth in many rural settings around the world, including Indian and non-Indian communities in the United States, can be difficult. Within the United States, this has been especially true in communities that developed around small family farms; these communities have become less and less viable (Richardson, 2004). Also, the tendency of most rural economies to be dependent on the production of commodities (agricultural or mineral), and not industrially diversified, contributes to the problem. Another concern is education. The path from educational attainment to economic prosperity is often difficult in Indian Country.

The above factors contribute to a gradual erosion of wealth building opportunities in many rural communities. While the experience of Indian Country parallels that of most of rural America—decreasing revenue growth in small-scale agriculture; low levels of local investment and business development; stagnant job creation; an exodus of young, talented workers; and brain drain—other factors create additional obstacles to wealth building in rural Indian Country.

Development struggles faced by Indian nations derive in large part from their status as "sovereign dependent nations" within the United States. Native nations have a unique status of treaty-protected rights based on the original treaties negotiated between the United States government and the leaders of Indian nations. The treaties did not absorb the tribes into the United Sates, as many non-Indians assume. In return for ceding most of their land, the tribes were assured protections on their reserved lands and the right to govern their own sovereign nations. This unique status of Indian nations, coupled with the sovereign status of states and the overarching federal government, creates myriad layers of governance resulting in conflicts that inhibit economic development (Anderson, 1995).

Past efforts to build sustainable wealth in rural Indian Country have typically centered on the federal government's trust oversight of tribal assets. This oversight, administered by the U.S. Department of the Interior's Bureau of Indian Affairs (BIA), has frequently led to poor returns on investment (Krepps, 1992, 179-203; Krepps & Caves, 1994, 133-151). In addition to leasing efforts by the BIA, ad hoc initiatives from organizations such as the US Department of Commerce's Economic Development Administration (EDA) have compounded the problems of below-market leasing and mismanagement of resulting funds. These practices, though viewed by many as well-intentioned and in the best interests of individual Indians and the tribes, have been largely unsuccessful. In an effort to fulfill trust obligations and simultaneously "protect" tribal lands and other assets, the federal government has fallen far short of these goals and administration of the programs has been substandard. Negligent management and a concomitant lack of supervision have resulted in the squandering of reservation resources (Krepps, 1992; Krepps & Caves, 1994), leading to ongoing and costly litigation against the federal government[2].

Against this backdrop of failed federal interventions and persistent challenges to the degree of tribes' sovereign status, the promotion of wealth building in rural Indian communities is specifically hampered by the following factors: (1) conflicting incentives between federal trust management of tribal assets and the interests of tribal governments stymies decision-making; (2) administration of federal governmental programs has been slow and burdensome, and tribal governmental programs often are not coordinated; (3) uncertainty surrounding the application of tribal, federal, and/or state laws and regulations within tribal jurisdictions creates a climate of inaction; (4) lack of transparent and/or well-functioning tribal government

[2] In 1997 concerns over the administration of trust accounts held by the BIA for the benefit of *individual* Indians came to a head when a federal judge ruled that Native Americans could file a lawsuit encompassing 300,000 Indian trust accounts. The *Cobell* case is still in dispute, and has led to contempt of court rulings against the Department of Interior and the Department of the Treasury for the federal government's inability to account for trust fund monies. This case does not address the larger claims of mismanagement of the *tribal* (as opposed to individual) trust assets.

institutions, especially tribal courts, impedes effective responses; (5) efforts to leverage individual and/or collective assets for wealth building are hampered by restrictions on the transfer of trust land; (6) physical and commercial infrastructures necessary to support business activities are scarce; (7) lack of opportunity for income-enhancing skills development and employment on reservations keeps resource flows very limited; (8) low levels of financial literacy and insufficient credit histories inhibit utilization of capital, even when funding is available.

In addition, citizens of Indian nations feel a strong connection to their reservation lands. Many Indians consider their remaining tribal land sacred and fundamental to their definition of themselves as tribal citizens. Some researchers in development economics have argued that one feasible way to raise living standards in poorer regions is to promote migration to wealthier regions. In effect, the suggestion is that taking aid to people who are poor might be much less efficient and effective than taking poor people to places that offer greater opportunity (Rodrik, 2002). Unfortunately, similar initiatives have been tried before in Indian Country with disastrous results. Solutions will have to be found for Indians to prosper on their reservations.

Assessment and Directions

The challenge is to create, test, and implement sustainable economic development solutions for natives in rural areas. According to the U.S. Department of the Treasury, factors hindering development in Indian Country include problems with: legal infrastructure, government operations, economic barriers, lack of access to capital, and education (U.S. Department of Treasury, 2001; Adamson, 2003). In many instances, this is a difficult

undertaking. However, several models suggest that it is possible to achieve sustainable development without forcing residents to emigrate from Indian Country.

In the short term, to bring about the conditions within Indian Country that are necessary to generate more opportunities for wealth creation, there should be greater federal government involvement, but in more targeted and effective efforts than in the past. By assisting tribes and tribal citizens in seizing opportunities for sustainable wealth creation—through sound management of natural resources; creation of the requisite physical, regulatory, and legal infrastructure to attract investment; promotion of a vibrant and diverse tribal business community; and/or increasing financial literacy of tribal citizens—U.S. federal and state governments, and their non-Indian citizenry, can work with Indian nations to address persistent wealth deficiencies.

In the long term, a completely different way of thinking will be required. Together, the nearly complete takeover of Indian lands by European Americans and the nearly complete genocide of Indian peoples in what is now the United States represent one of the greatest tragedies in the history of civilization. Nowhere else on the planet have a race of people been blotted out over such a vast area, and nearly all of their wealth taken away. This horror is so great, and so massive in its implications, that it has not yet even begun to be addressed in U.S. culture, politics, or public policy.

But a horror so great cannot be swept under the rug forever. Just as it will be necessary for the United States to honestly address and try to set right its history of slavery of African Americans, it will be necessary to address and try to set right the history of genocide and confiscation of lands of Native Peoples. It seems likely that this Great Rethinking will take place in the 21st century. The form this will take and the ultimate measures initiated are not possible to

predict, but in this process will lie opportunities for wealth building for rural American Indians and their tribes.

The challenge, as with current flows of gaming revenues for a few fortunate tribes, will be how to conserve, protect, invest, and grow new wealth. In this regard, the separateness of American Indians from mainstream financial institutions is a serious problem. Efforts should be made to build viable ties to financial services and institutions, especially 401(k)s, Roth IRAs, and other savings vehicles, and to use EITC, gaming, and other revenue flows to fund these accounts. Perhaps most promising is the concept of universal children's savings accounts (CSAs), which can capture tribal and individual resource flows for life-time wealth accumulation, to be used for education, home ownership, and other social and economic development purposes. In no U.S. ethnic group is this more needed than among Native Americans.

Rural Wealth Building and Immigrants, Especially Hispanics

Throughout American history, immigrants have come to the United States seeking political and religious freedoms, economic opportunities, and safe communities for improved quality of life. In recent years, immigration has been on the increase, with most of the immigrant population arriving since 1980 (Schoenholtz & Stanton, 2001). Between 1990 and 2000, the immigrant population grew by 57 percent (Singer & Paulson, 2004; Lowell & Bump, 2004), and during the period of 1987-1996, immigrant admissions averaged one million per year (Martin, 1998). By 2000, one in nine US residents, or 11 percent, was foreign born (Singer & Paulson, 2004; Lowell & Bump, 2004), compared to eight percent in 1990 (Lowell & Bump, 2004).

Traditionally, California, Florida, Illinois, New Jersey, New York, and Texas have been the main points of entry and settlement for immigrant populations, and most of the nation's foreign-born population still resides in these six states (Lowell & Bump, 2004). However, during the 1990s, the share of the foreign-born population in these six states dropped somewhat (Lowell & Bump, 2004; Frey, 2002), and with the exception of Texas, they experienced a drop in their foreign-born population (Frey, 2002). This reflects a shift in immigration settlement patterns to smaller metropolitan areas, suburbs, and to rural areas (Lowell & Bump, 2004; Singer & Paulson, 2004), with North Carolina, Georgia, and Nevada among the fastest growing new settlement areas (Lowell & Bump, 2004; Beavers & D'Amico, 2005).

Hispanic Immigration

The largest portion of immigrants to the United States has been from Mexico, and the majority of Mexican immigrants have traditionally settled in California, Arizona, New Mexico, and Texas. However, by the mid-1990s, close to one-third of Mexican immigrants had settled elsewhere (Durand, Massey & Charvet, 2000; Kandel & Cromartie, 2004).

Rural areas in the United States saw a significant increase in immigrant populations during the 1990s, particularly in Hispanic immigrants. In the two decades after 1980, the Hispanic population in non-metropolitan areas doubled (Kandel & Cromartie, 2004), so that by 2000, Hispanics made up 5.5 percent of the total non-metropolitan population, and had accounted for 25 percent of population growth during the 1990s (Kandel & Cromartie, 2004). Much of this growth in rural Hispanic populations was associated with the location of meat packing, poultry processing, other low wage manufacturing industries (Rochin, 1997; Kandel & Cromartie, 2004; Gozdziak & Bump, 2004), and niche agricultural industries (Gozdiziak &

Bump, 2004). These industries were more attractive than seasonal farm work because they offered more stable, year-round employment and relatively higher wages. Moreover, there is often little local competition for these jobs from local populations (Rochin, 1997).

In the Southwest, many Hispanic immigrants have settled into c*olonias*. Colonias are residential areas along the U.S.-Mexico border in Texas, New Mexico, Arizona, and California that generally lack basic water and sewer systems, electricity, paved roads, and safe, sanitary housing. In Texas alone, there are 1,400 colonias in which 400,000 people live. Colonias are unincorporated sub-divisions mainly in rural areas and on floodplains, and their residents are predominantly low-income (Texas Secretary of State, n.d.). There are few economic opportunities, and residents often work in nearby cities in low-wage service, manufacturing, and food processing jobs (Housing Assistance Council, 2003).

Characteristics of Immigrant Populations

Education levels of immigrants vary by country of origin. The proportion of male Chinese and Korean workers with a college degree far exceed those of other immigrant categories as well as Whites (Portes & Zhou, 1999). However, immigrants overall tend to have lower education levels than the established population and are more likely to live in poverty (Lowell & Bump, 2004). A third of children in immigrant families have parents without high school diplomas (Beavers & D'Amico, 2005). Communities with high concentrations of Latinos tend to experience greater poverty, lower incomes, and lower educational attainments (Rochin, 1997). Many of the Hispanic immigrants settling in rural areas are from economically depressed regions in Mexico, have less formal education, and often speak little English (Kandel & Cromartie, 2004).

The median income of immigrant households with children is 89 percent of the median income of U.S. born families (Beavers & D'Amico, 2005). A quarter of children living in poverty are children in immigrant families, and nearly one-third of children in Mexican immigrant families live in poverty (Beavers & D'Amico, 2005).

Immigrants are more likely than the U.S. born population to be employed in low-wage, part-time, or temporary jobs, and one-third of children in immigrant families live in a household with an underemployed parent (Beavers & D'Amico, 2005). Immigrants who arrived in the 1980s and 1990s were less skilled than those who arrived in earlier waves, and in 1998, immigrants earned on average 23 percent less than established workers (Borjas, 2002). The low wages paid to immigrant workers causes many communities to experience a growth in poverty (Martin, 1998).

Community Impacts of Immigration

Many communities across America that have experienced little immigration throughout much of the past century now have large numbers of immigrant populations (Schoenholtz & Stanton, 2001). Many rural communities were unprepared for a rapid influx of immigrants, which placed heavy demands on housing, schools, and public services (Rochin, 1997). For example, during the 1980s, two meat packing facilities opened in Garden City, Kansas, and the resulting wave of immigrant laborers and their families put considerable pressure on the local education services, which were unable to provide adequate bilingual services. The local housing market was severely stretched, and low earnings among workers led to high rates of child poverty and high school dropout rates (Gozdziak & Bump, 2004). Similarly, in the Shenandoah Valley of Virginia, the permanent settlement of the agricultural migrant community around

poultry processing facilities led to a strain on local housing, education, and medical care services (Gozdziak & Bump, 2004).

Rural areas in particular have problems in attracting qualified educators to provide bilingual services. As a result, many Latino teenagers have difficulty gaining sufficient English skills to be successful in high school, resulting in higher levels of truancy, pregnancy, dropouts, and gang developments (Rochin, 1997).

Use of United States Financial Systems

The immigrant population lags behind the U.S.-born population in the accumulation of assets. Kochhar (2004) finds that net worth of immigrant households is only 37 percent that of U.S.-born households. Likewise, Hao (2001) finds that in all race and ethnicity categories, the net worth of established residents exceeds that of immigrants.

A first step in asset building for immigrant populations is to access and use mainstream U.S. financial markets and services. However, many immigrant residents lack knowledge of, or have language barriers that prevent them from using, banks and credit unions (Fannie Mae Foundation, 2004; Singer & Paulson, 2004). Immigrants may not trust the U.S. financial system, based on their experiences and perceptions from their home countries (Schoenholtz & Stanton, 2001), and many Muslim immigrants may resist the use of mainstream financial systems because of Islamic principles that prohibit usury (Frank, 2004). As a result of these barriers, less than half of foreign-born Hispanics in the U.S. have checking accounts or credit cards (Schoenholtz & Stanton, 2001).

Without access to or use of mainstream financial markets, many immigrants turn to check cashing stores, payday loan outlets, and pawnshops (Schoenholtz & Stanton, 2001). The use of

Rapid Tax Refund Anticipation Loans and payday loans, which are largely unregulated, along the US-Mexico border harms the financial well-being of many poor families there. Families may be encouraged to file for the Earned Income Tax Credit when they are not eligible, causing economic hardship when they are audited (Robles, 2003).

Homeownership

Homeownership is perceived by many immigrants as a major milestone in their transition to the American way of life (Schoenholtz & Stanton, 2001). Homeownership rates for immigrants are lower than for U.S.-born households (Borjas, 2002; Schoenholtz & Stanton, 2001; Lowell & Bump, 2004; Singer & Paulson, 2004), and children in immigrant families are more likely to live in crowded housing (Beavers & D'Amico, 2005). The homeownership rate for the native population is 72 percent, compared to 55 percent for the foreign-born population (Lowell & Bump, 2004), and during the last two decades, the gap in homeownership rates between natives and immigrants widened significantly (Borjas, 2002). Kochhar (2004) finds that it takes 20 years for homeownership rates among immigrant households to equal that of native-born households.

As previously noted, lack of familiarity or trust with the U.S. credit and financial system, language barriers, as well as a limited supply of affordable housing are barriers to homeownership among immigrants (Schoenholtz & Stanton, 2001; Singer & Paulson, 2004). In addition, many immigrants cannot document their credit histories or earnings, do not use credit cards, and may not be named on the lease where they pay rent (Schoenholtz & Stanton, 2001). These factors affect the credit worthiness of an immigrant applicant, often making it difficult to secure a mortgage loan.

Rural areas are characterized by many challenges to homeownership, placing additional barriers before rural immigrants. Due to less competition, rural areas tend to experience higher lending costs for housing than urban areas (Housing Assistance Council, 2003; Jaure, Rapoza & Swesnik, 2003), and government assistance mortgages are not as readily available to rural borrowers (Jaure et al., 2003). In addition, more non-metropolitan homeowners reside in manufactured homes, which are often financed as personal property loans through sub-prime lenders (Housing Assistance Council, 2003). Rural homeowners are more likely to reside in crowded, substandard, or cost-burdened homes than their urban counterparts (Jaure et al., 2003; Housing Assistance Council, 2003).

Rural homeowners are also targeted by predatory lending practices, including higher fees and prepayment penalties (Jaure et al., 2003). The Center for Responsible Lending (2004) finds that rural homeowners are more likely to have sub-prime mortgages with prepayment penalties than urban homeowners, and the gap has widened over the past several years. In *colonias*, many properties are sold through a "contract for deed" arrangement, in which the purchaser obtains no equity in the property, does not receive the title until all payments are made, and often pays a high rate of interest (Housing Assistance Council, 2002).

Remittances

Remittances, the money that immigrants send to their home countries, result in large cumulative transfers of capital, even though the average amounts sent per immigrant are small (Fannie Mae Foundation, 2004). In 2003, nearly $35 billion in remittances was sent to other countries from the United States (Samuels, 2003). Remittances to Latin America and the Caribbean are estimated at more than $30 billion per year, averaging $2,500 per Hispanic

household in the U.S. (Kochhar, 2004). The costs associated with sending money home include transaction and currency conversion fees, long distance calls to home countries, and check cashing services, effectively limiting the disposable income of immigrant families (Fannie Mae Foundation, 2004). While these remittance costs have gone down in recent years (Fannie Mae Foundation, 2004; Orozco, 2004), the fees over the course of a year can still be substantial. Legislation is currently before Congress that would require financial institutions and credit unions engaging in international money transfer services to disclose to the consumer any fees being charged including conversion, transfer and service fees (Migrant Legal Action Program, 2004).

Because many immigrants lack access to bank accounts, they use alternative providers, such as money wiring firms, which may charge higher fees (Frumkin, 2004; Samuels, 2003). While banks and credit unions account for a small share of the remittance market, their share is increasing, as they reach out to the immigrant population in order to offer a wider range of financial services to them (Fannie Mae Foundation, 2004; Singer & Paulson, 2004; Frumkin, 2004; Samuels, 2003; Orozco, 2004). However, the potential benefits derived from these types of services can be advantageous to both communities and consumers. By opening accounts in financial institutions or credit unions, immigrants save money on costs associated with remittances, and they have access to more financial services and products. In turn, the new accounts help build community assets by building business for the banks, thus contributing to the local economy (Samuels, 2003).

Assessment and Directions

Immigrants arrive in the United States seeking opportunities and stability. During recent history, immigration has extended beyond traditional destinations to include suburban and rural areas across the country. In searching for economic stability and advancement, immigrants face many challenges. Many speak little or no English, have limited educational attainment, and may not understand or trust the U.S. financial system. These challenges are compounded in rural areas, where bilingual services are limited, housing options are limited, and financial services are more expensive.

As a consequence, many immigrants face futures of poverty and reliance on the welfare system. Asset-based policies and microenterprise development have been key components in achieving economic self-sufficiency. The success of these programs in the general population has been well documented. The involvement of community-based organizations is a key component, as building trust levels is an important aspect in any environment. The continued dedication of these programs to serving the immigrant populations will result in positive economic and personal outcomes, and will assist them in finding the American dream that they have sought.

Looking at the larger picture, the massive flow of remittances, especially from Hispanic immigrants, represents opportunities for wealth building in rural Mexico, Central America, and other Latin regions, and ultimately can help build wealth in rural America as well. The first strategy should be financial institutions to promote efficient and low-cost remittance transfers. In many respects, market competition should eventually take care of this. But the vision should be greater: governments in the United States and other countries should view remittances as massive capital flows and craft policies that provide incentives for using these flows to build

wealth for families in homes, businesses, education, and in community projects such as better schools, healthcare, libraries, internet connections, and other foundations for economic and social development.

WEALTH IN AGE

Another key demographic topic is age. Current trends in rural America are toward a growing population of the elderly, and declining population of youth. This pattern is almost always perceived as a problem. The following discussion considers the perspective that community well-being in rural America can be enhanced by regarding retirees as assets. Moreover, it is too simplistic and too pessimistic to give up on the potential of young people in rural America. It may be that not every household looks like *The Waltons* or *Our Town*, but there is potential in the new demography.

The Graying of Rural America

As the baby boom ages, demographic characteristics of communities nationwide are changing dramatically. The population aged 65 and over has more than doubled since 1960 (Fuguitt, Beale & Tordella, 2002) and the population over 60 is similarly expected to double by 2050 (Rogers, 2002). Some projections indicate that by 2050 one in five persons will be elderly (Chase, 1997). The trends are especially significant to rural areas, which tend to have a larger percentage of elderly in their populations. Older people represent 20 percent of non-metropolitan populations, compared with 15 percent in metropolitan areas (Rogers, 2002).

Rural areas are aging for several reasons, including the aging-in-place of the population, the out-migration of youth, and the in-migration of retirees (Rogers, 2002). Each has particular

implications for communities. Areas that are growing due to the in-migration of retirees are experiencing population gains and increases in local tax bases. Other rural areas, particularly those formerly dependent on farming and mining, are becoming older as young adults migrate out of the community, resulting in strains on the local tax base and infrastructure (Rogers, 1999). Fritchen (1991) says this is significant for two reasons. First, it affects growth. Because a smaller proportion of young families in their childbearing years live in these regions, the birth rate is lower and there is a shortage of children and young adults. This population shift creates a decline in population growth. Second, it affects age distribution. As the proportion of young people declines, the proportion of elderly increases, even without elderly in-migration.

The graying of rural America brings with it significant challenges. Those who are 85 and over make up a larger portion of the non-metropolitan elderly (7.8 percent) than those in metropolitan areas (7.0 percent) (Economic Research Service [ERS], n.d.). This very old population creates additional demands for a community's health care infrastructure and support systems. Although non-metropolitan elders are more likely to have poorer health and certain chronic conditions than the metropolitan elderly, rural areas offer fewer health care alternatives and specialized services, making the challenge to the elderly population much more difficult to address (Rogers, 1999).

The rural elderly tend to be relatively poorer and less well-educated than the metropolitan elderly. The poverty rate for non-metropolitan elders 60 years and over was 13 percent in 2000, compared to 9 percent for metropolitan elders. For those 85 years and over, the rate is even higher at 19.8 percent in non-metropolitan areas versus 11.8 in metropolitan areas (ERS, n.d.). The metropolitan elderly are more likely to have high school diplomas than the non-metropolitan elderly, and this gap creates a financial disadvantage for the non-metropolitan elderly in terms of

lower retirement incomes and a greater dependency on Social Security benefits. Eighty-six percent of non-metropolitan elderly receive Social Security, compared to 81 percent of metropolitan elders (Rogers, 2002).

Most elderly persons own their homes, and non-metropolitan elders are more likely to own their homes and have small or no mortgages than metropolitan elders. However, non-metropolitan elders are more likely to live in homes that are older, lower in value, and have moderate to severe physical problems (Rogers, 1999).

Retirees as Rural Assets

Although these demographic trends appear not to be good news for rural America, counter-trends in some regions are promising. A number of non-metropolitan counties with high amenities have become retirement destinations (Chase, 1997). The ERS classifies counties as retirement destinations if the number of residents aged 60 and over increased by 15 percent or more during the 1990s due to in-migration (ERS, n.d.). ERS classifies 440 counties as retirement destination counties, 277 of which are non-metropolitan (62 percent). Many communities have begun actively to recruit retirees as an economic development strategy, as retirees bring in revenue in the form of taxes and local expenditures but cost less in the way of some public services (Serow, 2003).

Sastry (1992) identifies two types of migrating elders. Amenity migrants seek high amenity areas for their retirement, while assistance migrants are migrating due to ailing health or death of a spouse, often returning to their birth state. While all new migrants provide positive benefits to communities in the form of increased tax bases and local expenditures, amenity migrants are generally healthier, better educated, and wealthier than assistance migrants. It

follows, therefore, that amenity migrants may place less strain on local services and infrastructure, and yield a higher net benefit to the community.

In-migrating elders benefit a local community in a variety of ways. Because the majority of income of retirees is from sources other than wages and salaries, their income can be viewed as independent of the regional economy. Also, tax breaks for the elderly result in fewer leakages out of the local economy (Summers & Hirschl, 1985), and local purchases of goods and services by new retirees can be an economic boost (Sastry, 1992; Summers & Hirschl, 1985), although a limited range of available products and services may force residents to spend money elsewhere (Reeder, 1998).

Turning to fiscal impacts of elderly migrants on local communities, Shields, Deller, and Stallmann (1999) assess impacts of high- and low-income elderly in a rural region, focusing on the local government budgets. The high- and low-income levels were intended to proxy aging-in-place (low-income) and amenity seeking in-migrants (high-income) for the region. These researchers find the net positive fiscal impacts for low-income elderly are not as strong as for high-income elderly, suggesting that in-migration of retirees is an economic benefit to a community (Shields et al., 1999). In another study, Shields, Deller, and Stallmann (2001) analyzed different fiscal impacts of older households and younger households with families. They find that older households place fewer demands on local government expenditures, while generating significant government revenues. Younger households with families, however, significantly impact local school expenditures. Reeder (1998) notes that retirees tend to place high demands on local public transportation and health services but fewer demands on education, which is a high-cost item for local governments.

In-migrating retirees also create potential investment opportunities for the local community. Retirees may decide to start their own business or enter into business ventures with local businesspeople (Reeder, 1998). In addition, capital brought into the community by retirees can be invested locally (Reeder, 1998; Miller, Hy & Romund, 1998).

Wealth Transfer

When farms, ranches, and businesses are sold after owners die, the estate typically is left to family members who no longer live in the community. The community in particular, and rural America in general, may lose that wealth. In Nebraska, a different idea has taken root. If this wealth can be recycled through a local community foundation, then local people will be able to use it to help sustain and build (University of Nebraska, 2002). In this way, private wealth is converted into community wealth.

A study by the Social Welfare Research Institute at Boston College estimates that, between 1998 and 2052, $41 trillion in wealth will pass from the current generation to the next (Havens & Schervish, 1999). The Nebraska Community Foundation estimates that $258 billion of wealth will transfer in Nebraska during the next 50 years, with $94 billion in rural areas (Nebraska Community Foundation, 2004). As part of the Home Town Competitiveness program, the Foundation has undertaken a wealth transfer analysis for each of the state's 93 counties, and is conducting a campaign to raise awareness about the challenges and possibilities presented by these transfers. The program has set a target of at least five percent of local wealth transfer into charitable assets endowed in community foundations to fund future community and economic development (Rural Oasis, 2005).

Youth Out-Migration: Not a One-way Street

As mentioned above, one of the factors causing rural populations to age more rapidly than their urban counterparts is out-migration of young people. This is causing anxiety in communities across the country, stimulating discussion about how the "brain drain" might be stopped and what steps should be taken to retain young people.

Two somewhat contradictory forces are at play. First, rural people are, on average, less well-educated than their urban counterparts, which means that, whether the young people stay in place or migrate elsewhere, they will be at a disadvantage. As Whitener and McGranahan (2003) have observed, regardless of place of residence, young people will have to be well educated and possess workable skills to compete in the new economy. In 2000, the percentage of rural adults aged 25 and older who had completed college was only half that of their urban counterparts (17 percent and 34 percent, respectively), and the gap is widening. Lack of educational opportunities in rural areas due to uneven public schools, a limited number of community colleges, and stagnated economies leave many youth at a disadvantage (Whitener & McGranahan, 2003). Second, for many rural young people, cities have a strong attraction. Richard Florida (2004) has charted the rise of creative cities as magnets for talented young people. These cities have recognized young people as assets who are able to work longer and harder, who are more willing to take risks, and who seek a tolerant environment in which to flourish.

As might be expected, economic factors are a major influence in the decision of youth to migrate away from their home communities. Garasky (2000) finds that the higher the local unemployment rate, the more likely youth are to move out of state. Also, higher-skilled youth are more likely to move to urban areas and out of state, no matter the local labor market

conditions. Artz (2003) studied the shifts in the college-educated population from 1970 through 2000 and compared the changes across rural-urban continuum codes. All types of metropolitan areas experienced a "brain gain," especially major metropolitan areas. While, on average, rural areas also recorded gains, the most remote rural areas (those not adjacent to a metropolitan area) tended to experience brain drains during this period.

Mills and Hazarika (2001) examine migration patterns of youth out of non-metropolitan areas. They find that while this is indeed the trend, many youth are relocating to other non-metropolitan areas. This implies that some non-metropolitan areas have opportunities attractive to youth and that non-metropolitan areas must compete to attract or retain highly educated youth. Perhaps not surprisingly, Artz (2003) finds that rural areas that are gaining college-educated workers tend to be high amenity areas.

Young people are working for a pay-off for their education. Garasky (2000) and Mills and Hazarika (2001) note the importance of returns to education as a factor in youth retention, and Goetz and Rupasingha (2005) find lower per capita income returns to education in rural areas. Areas that tend to lose youth to other areas are characterized by lower returns to education, a problem that persists as more and more youth migrate away from the community. As this occurs, the community loses property tax potential, a major source for investment in local education, creating a downward spiral.

In a *Washington Post* article, Joel Kotkin (2002) describes the Great Plains as a "brain belt, boasting one of the nation's highest levels of literacy and scholastic achievement..." But, he continues, "The problem is that most of the talented young people move away." This underscores the conundrum to local communities. If rural communities do not invest in our

young people, they will be unable to compete whether they stay or leave; if they do invest, young people may leave anyway.

A shift in framing is required. V. Amanor-Boadu, Y. Amanor-Boadu, and Dyer (2001) point out that describing rural out-migration as a brain-drain or a loss emphasizes the assumption that, once youth are gone from the community, they are gone for good. However, some 25 percent of leavers return to their rural community ten years later. Amanor-Boadu et al (2001) reflect:

> The Internet has opened opportunities for rural communities to draw on their former residents as assets instead of "lost" people. However, the assumptions that have driven rural social and economic development policies have to be challenged so that leaders can develop the appropriate perspective about youth migration, population and revitalization… [B]y shifting from the "rural decline" mentality to defining population as intellectual and social capital, communities can begin to define themselves not as a geographic location but a collection of assets, with geography being one of those assets. By doing this, communities can focus on maintaining relationships with their former residents in ways that allow these former residents to contribute to economic and social development in the community.

This reframing echoes ground-breaking initiatives across the country. In Elsa, Texas, in the Rio Grande Valley close to the Mexican border, local leaders came to the conclusion that their most critical assets were local youth who were leaving the community in pursuit of education at elite universities. Since 1992, more than 80 high school graduates had gone to Ivy League universities from this school district in which 90 percent of households had income of

less than $10,000 and few parents had a high school diploma or fluency in English. The community saw this trend as a hemorrhaging of community assets and set about to reclaim talented human resources by engaging local youth. Through the Llano Grande Center for Research and Development, a school- and community-based organization has been teaching survey research tools (research, interviewing, and video production) to students and staying linked to them through list-serves and involving them in community affairs even though they may be thousands of miles away. As the Center director explains, "When kids understand their community and are proud of it, they have a reason to come back" (Stark, 2005).

In Nebraska, an article in the Heartland Center for Leadership's newsletter reflects a similar approach:

> When Craig Schroeder talks about sustaining rural population he talks about youth attraction rather than retention. Schroeder believes that it is good for young people to go out and get an education, develop experience, and new ideas, contacts, and resources…and then bring their talents and resources back to their rural communities. "We need to encourage our young people to go out and spread their wings, but also make it possible for them to come home again when it is time to roost" (2003-04, 5)

This approach is at the root of Nebraska's Hometown Competitiveness program, which is designed to "give young people a reason, an opportunity and the encouragement to come home again to work and raise their families." The program specifically targets entrepreneurial development and training, youth engagement, and wealth transfer capture for community investment (Nebraska Community Foundation, 2004). The program has experienced early success, and several additional communities are pursuing this model.

Also in Nebraska, The Center for Rural Affairs' Rural Enterprise Assistance Project works to engage youth in local business associations, encourages youth to invest in their local communities, and provides entrepreneurship training to high school students. By providing these early opportunities that provide a sense of pride towards their home communities, youth may be more inclined to remain or to return to their home communities and to start businesses there, improving the local economy (Center for Rural Affairs, 2003). Especially for the young people who are inclined to stay in rural areas, much more should be done to prepare them for productive roles and leadership.

Assessment and Directions

Rural America has a steadily aging population, which presents significant challenges for many communities. But for others, especially in high amenity areas, there is opportunity to attract healthy and wealthy retirees who bring a variety of economic, social, and community benefits. In addition, inter-generational transfer of wealth offers the possibility of capturing substantial resources in community foundation for longer term community and economic development.

The concept of "retirement" as a period of total leisure, which is an artifact of the Industrial Era, will be changing. Older populations will be better educated, more skilled, longer-lived, and healthier than ever before. Communities, assisted by new public policies, will begin to think in terms of "productive aging" (Morrow-Howell, Hinterlong & Sherraden, 2001). As this transition occurs, the human potential of "retirees" will play an even greater role in communities of rural America, with positive impacts that can eventually match or exceed

financial flows. In the end, it will be human talents and energy, much of it from elders, that drive rural development.

A continuing concern across rural America is out-migration of young people, particularly the better educated and talented. This is to some extent an inevitable process that should in large measure be accepted. Rather than regarding this as a loss to the community, measures can be taken to ensure that young people remain a continuing asset. This can be achieved by keeping them in contact and engaged, with the reward that at least some will return in due course with newly acquired skills and experience to provide lasting benefits to their home community.

CLOSING THOUGHT

It is people who create, sustain, and grow wealth. As recounted in this report, many of the people who are best positioned to build wealth in rural America are being underestimated. Their potential is not being realized, people of color and the elderly.

In truth, rural America never did look exactly like *The Waltons* or *Our Town*, and it looks even less so today. Only when this is realized in the public mind and reflected in public policy can rural America enter a renewed period of ascendance. What is required is a new vision as powerful and influential as Jefferson's but with very different human content. This new vision must celebrate people of color and immigrants from all over the world. The new rural vision must celebrate many forms of households, especially households of older adults.

To his credit, Jefferson did realize that it was people, politically free and property-owning, who were the engines of democracy and economic growth. This fundamental vision can still serve rural America well if it is expanded to include all Americans who reside in rural America, embracing the potential of human diversity.

REFERENCES

Adamson, R. (2003, Summer). Land rich and dirt poor – The story of Indian assets. *Native Americas Journal,* 26-37.

Amanor-Boadu, V., Amanor-Boadu, Y., & Dyer, G. (2001, June). *Challenging cognitive barriers to rural revitalization in an internet economy.* Paper presented at the International Food and Agribusiness Management Association Conference, Sydney, Australia.

Anderson, T. (1995). *Sovereign nations or reservations: An economic history of American Indians*. San Francisco: Pacific Research Institute for Public Policy.

Artz, G. (2003). Rural area brain drain: Is it a reality? *Choices*, *18*(4)*,* 11-15.

Beavers, L. & D'Amico, J. (2005). *Children in immigrant families: U.S. and state-level findings from the Census 2000* (A KIDS COUNT/PRB Report on Census 2000). Baltimore: The Annie E. Casey Foundation; Washington, DC: Population Reference Bureau.

Borjas, G. J. (2002). *Homeownership in the immigrant population* (Working Paper No. 02-01). Washington DC: Research Institute for Housing America.

Center for Responsible Lending. (2004). *Rural borrowers more likely to be penalizes for refinancing subprime home loans*. Retrieved on February 24, 2006, from http://www.responsiblelending.org

Center for Rural Affairs. (2003, March). Teaching youths to 'mind your own business'. *Center for Rural Affairs Newsletter*. Retrieved on February 15, 2006, from http://www.cfra.org/newsletter/2003_03.htm

Chase, R. A. (1997). *The graying of the rural Southeast: Shifts in personal income composition* (Contractor Paper 99-2). Lexington, KY: UK Rural Studies.

Cook, J. (1987, May 4). Help wanted – Work, not handouts. *Forbes, 139*(4), 68-69.

Danbom, D. (1995*). Born in the country*. Baltimore: John Hopkins University Press.

Doron, S., & Fisher, E. (2002). *Black wealth/white wealth: An issue for the South* (Policy Paper). Research Triangle, NC: Southern Growth Policies Board.

Dupuy, R., Mayer, F. & Morissette, R. (2000). *Rural youth: Stayers, leavers, and return migrants.* Ottawa, ON: Government of Canada, Statistics Canada.

Durand, J., Massey, D. S., & Charvet, F. (2000). The changing geography of Mexican immigration to the United States: 1910-1996. *Social Science Quarterly, 81*(1), 1-15.

Economic Research Service. (n.d.) Data retrieved February 15, 2006, from the United States Department of Agriculture website www.ers.usda.gov

Fannie Mae Foundation. (2004). *The American dream deferred? Immigrants, remittances, and homeownership* [Issue paper based on *International remittances: Characteristics and comparisons* by D.M. Leibsohn]. Washington DC: Author.

Florida, R. (2004). *The rise of the creative class.* New York: Basic Books.

Frank, V. (2004). *Islamic financing and IDAs.* Retrived on February 15, 2006, from ISED Solutions website http://www.ised.org/research&evaluation/documents/Islamic_Financing_and_IDA.pdf

Frey, W. H. (2002). *Census 2000 reveals new native-born and foreign-born shifts across U.S.* (Report No. 02-520). Ann Arbor, MI: University of Michigan, Institute for Social Research.

Fritchen, J. (1991). *Endangered spaces, endangered places: Change identity and survival in rural America.* Boulder, CO: Westview Press.

Frumkin, S. (2004, September). Remittances: A gateway to banking for unbanked immigrants. *Community Development Insights*. Washington, DC: Office of the Comptroller of the Currency, Community Affairs Division.

Fuguitt, G. V., Beale, C. L., & Tordella, S. J. (2002). Recent trends in older population change and migration for nonmetro areas, 1970-2000. *Rural America, 17*(3), 11-19.

Garasky, S. (2000). *Understanding the employment experiences and migration patterns of rural youth and young adults* (Working Paper 143). Chicago, IL: Northwestern University/University of Chicago, Joint Center for Poverty Research.

Gilbert, J., Wood, S. D., & Sharp, G. (2002). Who owns the land? Agricultural land ownership by race/ethnicity. *Rural America, 17*(4), 55-62.

Goetz, S. & Rupasingha, A. (2005). How the returns to education in rural areas vary across the nation. In L.J. Beaulieu & R. Gibbs (Eds.), *The role of education: Promoting the economic and social vitality of rural America* (pp. 6-9). Mississippi State, MS: Mississippi State University, Southern Rural Development Center.

Gozdziak, E. M. & Bump, M. N. (2004). Poultry, apples and new immigrants in the rural communities of the Shenandoah Valley: An ethnographic case study. *International Migration, 42*(1), 149-164.

Hao, L. (2001). *Immigrants and wealth stratification in the U.S* (Working Paper 216). Chicago, IL: Northwestern University/University of Chicago, Joint Center for Poverty Research.

Havens, J. J. & Schervish, P. G . (1999). *Millionaires and the millennium: New estimates of the forthcoming wealth transfer and the prospects for a golden age of philanthropy*. Boston: Boston College, Social Welfare Research Institute.

Heartland Center for Leadership Development. (Fall 2003; Winter 2004). Challenging the "best and the brightest" myth. *Visions*. Lincoln, NE: Author.

Housing Assistance Council. (2002). Border Colonias. In *Taking stock: Rural people, poverty, and housing at the turn of the 21st century* (pp. 1-8). Washington, DC: Author.

Housing Assistance Council. (2003, April). *Homeownership as an asset in rural America.* Washington, DC: Author.

Jaure, R., Rapoza, R. A. & Swesnik, D. (2003). *Opening doors to rural homeownership: Outcomes from the National Rural Housing Coalition Rural Homeownership Symposium.* Washington, DC: National Rural Housing Coalition.

Kalt, J. P. & Singer, J. W. (2004). *Myths and realities of tribal sovereignty: The law and economics of Indian self-rule* (JOPNA No. 2004-03). Cambridge, MA: Harvard University, The Harvard Project on American Indian Economic Development.

Kandel, W. & Cromartie, J. (2004). *New patterns of Hispanic settlement in rural America* (Rural Research Development Report No. 99). Washington, DC: United States Department of Agriculture, Economic Research Service.

Kochhar, R. (2004). *The wealth of Hispanic households: 1996-2002*. Washington, DC: Pew Hispanic Center.

Kotkin, J. (2002, July 21). If we let rural America die, we shall lose a piece of ourselves. *The Washington Post*, p. B01.Retrieved April 18, 2005 from www.joelkotkin.com/Rural_Policy

Krepps, M. B. (1992). Can tribes manage their own resources? The 638 program and American Indian forestry. In: S. Cornell & J. Kalt (Eds.), *What can tribes do? Strategies and institutions in American Indian economic development* (pp. 179-203). Los Angeles, CA: University of California, American Indian Studies Center.

Krepps, M. B. & Caves R. E. (1994). Bureaucrats and Indians: Principal-agent Relations and efficient management of tribal forest resources. *Journal of Economic Behavior and Organization*, *24*(2), 133-151.

Lanza, M. L. (1990). *Agrarianism and reconstruction politics: The Southern Homestead Act*. Baton Rouge LA: Louisiana State University Press.

Lewan, T. & Barclay, D. (2001, December 2). Torn from the land: Black Americans' farmland taken through cheating, intimidation, even murder. *Associated Press.* Retreived December 9, 2005, from http://www.hartford-hwp.com/archives/45a/393.htm

Lowell, B. L. & Bump, M. (2004) The new settlers: Characteristics of immigrant minority population growth in the 1990s. *Georgetown Public Policy Review, 9*(2), 1-20.

Martin, S. (1998, September). *Immigrants in rural communities: Policy implications*. Paper presented at the Conference on Immigration and the Changing Face of Rural California, Parlier, CA.

Migrant Legal Action Program. (2004). *International Remittance Services Enhancement and Protection Act of 2003* Retrieved November 16, 2005, from http://www.mlap.org/sub_legislation.htm

Miller, W., Hy, R. J., & Romund, C. (1998). *Economic and fiscal impact of in-migrating retirees on Arkansas' economy*. Little Rock, AK: University of Arkansas, Cooperative Extension Service.

Mills, B. & Hazarika, G. (2001). The migration of young adults from non-metropolitan counties. *American Journal of Agricultural Economics, 83*(20), 329-340.

Mitchell, T. W. (2005). Destabilizing the normalization of rural Black land loss: A critical role for legal empiricism. *Wisconsin Law Review, 2005*(2), 557-615.

Morrow-Howell, N., Hinterlong, H. & Sherraden, M. (Eds.) (2001). *Productive Aging: Concepts and controversies*. Baltimore: Johns Hopkins University Press.

Nebraska Community Foundation. (2004). *2004 Annual Report.* Lincoln, NE: Author.

Orozco, M. (2004). *The remittance marketplace: Prices, policy and financial institutions.* Washington, DC: Georgetown University, Institute for the Study of International Migration.

Portes, A. & Zhou, M. (1999). Entrepreneurship and economic progress in the 1990s: A comparative analysis of immigrants and African Americans. In F.D. Bean & S. Bell-Rose (Eds.), *Immigration and opportunity: Race, ethnicity and employment in the United States* (pp. 143-171). New York: Russell Sage Foundation.

Reeder, R. J. (1998). *Retiree-attraction policies for rural development* (Agriculture Information Bulletin No. 741). Washington DC: United States Department of Agriculture, Economic Research Services.

Richardson, J. (2004, May). Pulling together the Great Plains: 30 years in the life of Cuba, Kansas. *National Geographic Magazine*, *205*(5), 30-53.

Rochin, R. I. (1997). *The features and roles of rural Latinos: Cross-national perspectives* (Occasional Paper No. 26). East Lansing, MI: Michigan State University, Julian Samora Research Institute.

Robles, B. J. (2003, June). *Low-income families and asset building on the U.S.-Mexico border*. Paper presented at the Tax and Financial Services on the Southwest Border Consultative Session, Austin, TX.

Rodrik, D. (2002). *Feasible globalization* (Working Paper 9129). Cambridge, MA: National Bureau of Economic Research.

Rogers, C. C. (1999). *Changes in the older population and implications for rural areas* (Report No. 90). Washington, DC: United States Department of Agriculture, Economic Research Service.

Rogers, C. C. (2002). The older population in 21st century rural America. *Rural America, 17*(3): 2-10.

Rural Oasis. (2005). *Home Town Competitiveness: A Come-Back/Give Back Approach to Rural Community Building.* Retrieved May 30, 2005 from Rural Oasis website www.ruraloasis.org/explore/cd/successexamples/HTC.html

Samuels, G. (2003, Fall). Banking unbanked immigrants through remittances. *Communities and Banking*. Boston: Federal Reserve Bank of Boston.

Sastry, M. L. (1992). Estimating the economic impacts of elderly migration: An input-output analysis. *Growth and Change, 23*(1), 54-79.

Schoenholtz, A. I. & Stanton, K. (2001). *Reaching the immigrant market: Creating homeownership opportunities for new Americans*. Washington, DC: Georgetown University, Institute for the Study of International Migration; Washington, DC: Fannie Mae Foundation.

Schweninger, L. (1990). *Black property owners in the South, 1790-1915*. Urbana, IL: University of Illinois Press.

Serow, W. J. (2003). Economic consequences of retiree concentrations: A review of North American studies. *The Gerontologist, 43*(6), 897-903.

Shields, M., Deller, S. C. & Stallmann, J. I. (2001). Comparing the impacts of retiree versus working-age families on a small rural region: An application of the wisconsin economic impact modeling system. *Agricultural and Resource Economics Review, 30*(1), 20-31.

Shields, M., Stallmann, J. I., & Deller, S. C. (1999). Simulating the economic and fiscal impacts of high- and low-income elderly on a small rural region. *Review of Regional Studies, 29*(2), 175-196.

Singer, A. & Paulson, A. (2004). *Financial access for immigrants: Learning from diverse perspectives* (Conference Report No. 19). Washington, DC: The Brookings Institution.

Stark, N. (2005). *Effective rural governance: What is it? Does it matter?* Washington, DC: Rural Policy Research Institute, Rural Governance Initiative.

Summers, G. F. & Hirschl, T. A. (1985). Retirees as a growth industry. *Rural Development Perspectives, 1*(2), 13-16.

Taylor, J. B. & Kalt, J. P. (2005). *American Indians on reservations: A databook of socioeconomic change between the 1990 and 2000 censuses.* Cambridge, MA: Harvard University, The Harvard Project on American Indian Economic Development.

Texas Secretary of State. (n.d.). Colonias Frequently Asked Questions. From *Texas Colonias: A Thumbnail Sketch of Conditions, Issues, Challenges and Opportunities*. Dallas, TX: Federal Reserve Bank of Dallas, Office of Community Affairs. Retrieved May 29, 2005 from http://www.sos.state.tx.us/border/colonias/faqs.shtml

The 1999 Agricultural Economics and Land Ownership Survey. (1999) Retrieved February 15, 2006, from National Agricultural Statistics Service (NASS) website: http://www.nass.usda.gov/census/census97/aelos/aelos.htm

Thomas, M., Pennick, J., & Gray, H. (2004). *What is African-American land ownership?* Retrieved February 15, 2006, from the Federation of Southern Cooperatives Land Assistance Fund website: http://www.federationsoutherncoop.com/aalandown04.htm

United States Census Bureau. (2003a). *Poverty in the United States, 2000*. Retrieved November 12, 2005, from http://www.census.gov/prod/2003pubs/p70-88.pdf

United States Census Bureau. (2003b). *The Black population in the United States: March 2002.* Retrieved November 12, 2005, from http://www.census.gov/prod/2003pubs/p20-541.pdf

United States Census Bureau. (2003c). *Net worth and asset ownership of households: 1998 and 2000*. Retrieved November 12, 2005, from http://www.census.gov/prod/2003pubs/p60-222.pdf

United States Department of the Treasury. (2001). *The report of the Native American Lending Study, Community Development Financial Institutions Fund*. Washington, DC: Author.

University of Nebraska. (2002, August 27). Most rural Nebraskans volunteer time, money to community. *Institute of Agriculture and Natural Resources News.* Retrieved May 30, 2005, from http://ianrnews.unl.edu/static/0208270.shtml

VanDevelder, P. (2004). *Coyote warrior: One man, three tribes, and the trial that forged a nation.* New York: Little Brown and Company.

Werner, E. (2005, February 15). Tribal casino revenues surpass Nevada's. *Associated Press.*

Whitener, L. & McGranahan D. A. (2003, February). Rural America: Opportunities and challenges. *Amber Waves.* Retrieved April 18, 2005, from www.ers.usda.gov/AmberWaves/

Williams, B. & Dill, B. (1995). African –Americans in the rural South: The persistence of racism and poverty. In E. Castle (Ed.), *The changing American countryside: Rural people and places* (pp. 397-418). Lawrence, KS: University Press of Kansas.

AUTHORS

Jami Curley is Assistant Professor at the School of Social Work at St. Louis University. Curley contributed to organizing the overall content of this report.

Brian Dabson is Research Professor at the Harry S. Truman School of Public Affairs and Associate Director of the Rural Policy Research Institute (RUPRI), University of Missouri at Columbia. In the latter capacity, he is also the Co-Director of the RUPRI Rural Poverty Research Center and the Co-Director of the RUPRI Center for Rural Entrepreneurship. In this report, Dabson co-authored the *Wealth in Age* section.

Eric Henson is Research Fellow at The Harvard Project on American Indian Economic Development ("HPAIED") and Director at Lexecon, an FTI Company ("Lexecon"). Henson is a co-author of the content on American Indians in the *People of Color* section.

Anna Lee is Senior Consultant at Lexecon. Lee is a co-author of the content on American Indians in the *People of Color* section.

Kathleen K. Miller is Program Director at the Rural Policy Research Institute (RUPRI). Miller authored the content on immigrants and co-authored *Wealth in Age.*

Luxman Nathan is Senior Compliance Specialist at Capital Research and Management Company. Nathan is a co-author of the content on American Indians in the *People of Color* section.

Trina R. Shanks is Assistant Professor of Social Work at the University of Michigan. Shanks authored the content on African Americans in the *People of Color* section.

Michael Sherraden is the Director of the Center for Social Development and the Benjamin E. Youngdahl Professor of Social Development at the George Warren Brown School of Social Work at Washington University in St. Louis. Sherraden served as editor and provided summary thoughts and interpretation.