

## **POLICIES TO DEVELOP ECONOMIC ALTERNATIVES FOR FARM PEOPLE AND RURAL COMMUNITIES**

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In examining how rural communities are affected by human stress and adjustment in agriculture, two concerns stand out. First, the ability of rural communities to survive under such stress and, second, their capacity to create additional economic alternatives for people displaced from farm and other rural community employment.

Other than being fully employed in farming, farm people face three major occupational alternatives: (1) one or both adults working part-time or full-time off the farm while continuing to farm (perhaps at a reduced scale of operation); (2) leaving farming with one or both working off the farm while remaining in the local community; and (3) leaving farming and migrating from the local community.

Two of these three alternatives depend on economic opportunities generated within the local community. However, financial stress in agriculture stresses the entire rural community, resulting in loss of jobs off the farm and outmigration from rural towns at a time when farm people and others in the community need more rather than fewer local employment opportunities.

In generating specific policy choices and evaluating their consequences, difficult questions must be considered. Are alternative community futures such as growth, stability or decline equally realistic policy goals for most communities? How might the likelihood of these alternative futures vary within those typologies of county economies recently identified by the Economic Research Service as *farming dependent*, *manufacturing dependent*, *mining dependent*, *specialized government*, *persistent poverty*, *federal lands*, and/or *retirement* (Bender, et al)? What kinds of job opportunities does each type offer? How do the services required for each vary? Given the added importance

of off-farm income in recent years, is financial stress in agriculture more pronounced in farming dependent counties than in the other types of counties?

Participants in this workshop were charged with identifying and evaluating feasible policies for developing economic alternatives for farm people and rural communities faced with agricultural overproduction and financial stress. The following alternative policy choices were identified:

- Identify and provide resources to help communities with self-assessment including community inventory, development education, economic analysis and strategic planning;
- Adjust tax and local policies to encourage industry and attract transfer payments;
- Invest in infrastructure and retrain those displaced. Target infrastructure funds; use state funds to develop local infrastructure; maintain a viable economic climate and infrastructure;
- Formulate a national policy decision to revitalize rural America;
- Involve farm groups in developing options other than farming;
- Restructure farm programs to target benefits for truly financially stressed farms;
- Encourage entrepreneurship through education, taxes, capital;
- Change eligibility requirements of existing retraining and education programs to meet needs of displaced rural people;
- Provide relocation assistance to encourage growth centers.

The group also suggested five criteria as appropriate for evaluating these policy alternatives: (1) sufficient income; (2) program cost; (3) efficiency; (4) flexibility; and (5) social justice/fairness.

Participants then attempted to evaluate the most feasible policy alternatives. The following pros and cons were collated for the two alternatives evaluated by the most people.

### **Identify Resources to Help Communities with Self-Assessment**

#### *Pros*

- Allow the community to set its own agenda to the level of need and/or interest. Allowing people to solve their own problems can be an initiation into self-decision making. Process is important. Identifying the issues confronted and their magnitude may direct efforts, determining the community trajectory. Such an approach is usually not expensive and has a long-term value since people can use the knowledge gained for years to come.

### *Cons*

- Such an approach may result in a “Pollyanna” list of needs;
- Resources may not be available at the time and level needed;
- Lack of commitment and/or lack of resources or inappropriate application of same may limit effectiveness.

### **Adjust Tax and Local Policies to Encourage Industry**

#### *Pros*

- This option forces the community to analyze the quality of public services and tax bases. For example, the Florida inheritance tax encourages retirement. The long-term effect would be to broaden the tax base.
- It may increase the employment base and diversify and strengthen the economy. Adjustment encourages industry to stay or come in. It may induce new industry and create additional employment and income.
- Such policies are easy to implement through legislation, consensus and extension programs.
- Research and experience indicate that this is successful;
- This is usually long-term, i.e., we keep the retirement housing.

#### *Cons*

- “Everyone” is doing it. It may not result in an economically viable or satisfactory industry. It may result in low-paying jobs without local ownership to collect profits; and may increase cyclical vulnerability.
- The results may be short-term only and may increase problems in the future while wasting public funds. If it doesn’t work it can leave a community with such difficulties as unpaid revenue bonds and a tax base that cannot cover costs.
- This option may result in a net cost as regards public services and tax revenue. Can be counterproductive and result in an alternative tax to maintain services. Immediate impact might create additional need for infrastructure expansion or more public services which would increase taxes for those already in the community. A matter of equity with some communities paying more taxes than they are able, while some pay less. Over the long term this is disadvantageous with never enough taxes being collected to pay for services.

Identifying and evaluating feasible policy choices are only the beginning steps. Policy educators must also help communities

identify goals and objectives. Difficult in normal circumstances, this process becomes even more complex during severe stress when opportunities and goals of individuals and firms may depart from community goals, further eroding community cohesion.

How seriously does such rupture limit the range of viable alternative futures and appropriate policy choices to achieve selected community goals? How are economic policy alternatives identified, evaluated, selected and implemented in communities under stress? By whom? For whom? Finally, what educational opportunities and intervention strategies can policy educators conceive and utilize to help stressed community people envision viable alternative futures, identify and evaluate alternative policies, and implement plans for community growth, stability or decline?

### Summary

In summary, there is urgent need for policies to develop economic alternatives for farm people and rural communities dealing with human stress and adjustment. Additionally, renewed intellectual energy must be devoted to helping rural communities cope effectively with a drastically changed environment. As emphasized by the Extension Committee on Organization and Policy (ECOP) Rural Revitalization Task Force, the nature of the current adjustment crisis is dramatically different than the familiar problems faced by rural development efforts of the past several decades (Extension Committee on Organization and Policy).

The future of rural America is no longer what it used to be as a result of changes in the U.S. and world economies; population and demographic shifts; structural and economic changes in agriculture and other natural resource industries; and severe adjustments in the nonagricultural rural economy. Meeting this new challenge will require a refocus of our research and extension priorities if we in the land grant university system are to contribute our best concerted effort toward a solution.

### REFERENCES

- Bender, Lloyd D., Bernal L. Green, Thomas F. Hady, John A. Kuehn, Marlys K. Nelson, Leon B. Perkinson, and Peggy J. Ross. *The Diverse Social and Economic Structure of Nonmetropolitan America*. Washington DC: U.S. Department of Agriculture. ERS Rural Development Research Report 49, Sept. 1985.
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