

Re *community* investment

COMMUNITY AFFAIRS DEPARTMENT

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Focus on Rural America: Roundtable Perspectives

What are the strengths of rural America that should be built upon and preserved? What are the challenges rural America faces? What are the economic opportunities? Are there public policies that should be changed, modified, or eliminated?

These are the questions we asked the 110 participants in seven "Focus on Rural America" Roundtables sponsored by the Federal Reserve Bank of Kansas City in the summer of 2000. We heard answers from voices of rural America: a farmer concerned about an agriculture safety net, a teacher preparing low-income Hispanic students for college, a consultant working to revise the U.S. tax system; a representative of the Small Business Administration looking for more ways to support entrepreneurs and small business, a commissioner looking for ways to encourage economic growth in her county, a business owner looking for ways to improve the rural business climate, and many others.

The roundtables provided perspectives from a sampling of people from across rural America—flavored with urban and suburban perspectives from people who work for and

represent rural constituencies, but live and work in metropolitan areas. While the range of opinions was wide, roundtable participants were not a scientific sampling in statistical terms. What we heard was consistent with what others have said about rural America, but we certainly did not capture every voice—nor was that our intent. Rather, our intent was to keep the numbers small, to encourage a genuine discussion in which all could participate.

We invited leaders from organizations that serve rural stakeholders and asked them to invite others from their groups. We couldn't include all farmers and ranchers, but we did include leaders of the Missouri Farm Bureau, the National Farmers Union, the National Cattlemen's Beef Association, the National Pork Producers Council and the National Corn Growers Association.

“Maybe it’s not an issue of ‘rural’ policy at all,” said one person. “Maybe we should be looking at all of our policies with sensitivity about how they affect rural America.”

In some ways, participants were self-selected. They were people able and willing to spend their time and money to travel to a roundtable. We had many participants at the Community and Economic Development roundtable, while the Agriculture, Cooperatives, and Business roundtables were smaller. We are deeply appreciative to all the people who participated in the roundtables, for sharing their ideas and their time with us.

A broad range of rural representatives did participate, and they talked at the meetings about how participation could be expanded even further. They wanted other rural people involved in the discussion, along with suburban and urban residents who may not be aware of their own stake in rural issues. We know we all depend on rural America for utilitarian products of food, fiber, timber, and mineral and other resources. We may not stop to

think about how much we also rely on rural America to preserve our history, our sense of roots, our image of America as a land of beauty and open space. In addition, we look to rural America to offer choices in lifestyles and to provide opportunities for small-town living, vacations and recreation.

Many people assume that farm policy is rural policy. However, numerous other policies, from environmental laws to tax policies to housing policies, affect rural areas. Fewer than half of the jobs in rural America today are directly related to agriculture. Roundtable participants talked about how to coordinate policies and how to expand people's understanding of policy impacts. “Maybe it's not an issue of ‘rural’ policy at all,” said one person. “Maybe we should be looking at all of our policies with sensitivity about how they affect rural America.”

The Fed's Role.

Given that the responsibility of the Federal Reserve System is to create monetary policy, not rural policy, what is the role of the Federal Reserve Bank of Kansas City in rural policy? Our purpose is to support a healthy banking system and a sound market economy—including a sound rural economy.

Because the Tenth Federal Reserve District of the Kansas City Fed is largely rural, we have for many years studied rural economic trends and issues. We've worked with rural communities and led workshops on community economic development, finance and access to credit. We've analyzed and reported on economic changes and the indicators that may explain those changes.

...what is the role of the Federal Reserve Bank of Kansas City in rural policy?

In 1999, the Bank established the Center for the Study of Rural America, to focus our work with rural issues and make rural information and resources more readily available across the country. We track farm and rural economies, and use our experience and expertise to provide objective analysis of eco-

conomic and policy issues key to rural America's future.

The Kansas City Fed has sponsored conferences addressing issues in rural America, most recently "Beyond Agriculture: New Policies for Rural America" in April 2000. At that conference, experts from the United States and Europe explored past and

We have...studied rural economic trends and issues.

potential roles for public policy in rural America. Observations from that conference included:

- the rural economy is highly uneven and is likely to stay that way;
- rural challenges will go unmet if rural policy is unchanged;
- technology will change industry mix and industry structure;
- rural areas are less competitive than cities for comparable key resources; and
- fewer jobs are available from traditional sources, but new opportunities are opening in tourism, e-commerce, and in relation to the attractions and resources of rural geographies.

Conference discussion highlighted issues about piecemeal policies that focus too often on individual sectors and not often enough on common issues that have an impact on all of rural America.

As a follow-up of that conference, another will be held April 30-May 1, 2001 entitled "Exploring Policy Options for a New Rural America." Presenters will identify and critically examine a handful of issues and policy options that hold promise for the rural economy.

We heard from experts at our conference in 2000, but we wanted the ideas and perspectives of more people from rural America before we set the agenda for the 2001 conference. We wanted to challenge, confirm or expand upon the ideas explored at the last conference, and to understand

the issues from a variety of perspectives. We wanted to talk more with people who live and work in rural America and who work with organizations that focus on the needs of rural America. To do this, we decided to sponsor a series of roundtables.

The Roundtables.

We wrestled with the logistical questions of sponsoring roundtables. Who should be invited? What should be discussed? How should they be structured? Where should they be held?

Because we were seeking depth in the conversations, we decided to focus each roundtable around different stakeholder groups: agriculture, business, cooperatives, finance, community and economic development, foundations and institutions, and public officials. We held the roundtables at Reserve Banks or Reserve Bank branches in Atlanta, Chicago, Cleveland, Dallas, Kansas City, Minneapolis and Salt Lake City. We liked the idea of partnering with our colleagues across the country to host the roundtables, and we wanted their help in identifying potential participants. "Why are you having roundtables in cities when you're discussing rural issues?" we were asked. Because of transportation, convenience, availability of facilities, costs—all factors that were discussed at roundtables as posing limitations on economic growth in rural communities.

The roundtables were a half day long, and it would have been easy to let them fill another

Someone said...

"The power of space is great... It is the basis of desire for any group of human beings to have a place of their own, a place which gives them reality, presence, power of living, which feeds them, body and soul."

—Paul Tillich, *Theology of Culture*, 1959

hour—or the whole day. We spent a few minutes at the beginning of each with introductions and background, and a few minutes at the end summarizing what we had heard. The rest of the time was spent in discussion and work by participants.

Our questions for roundtable participants were simple:

- What are the strengths of rural America that you believe should be preserved and built upon?
- What challenges does rural America face?
- What economic opportunities do you see?
- What policy options should be considered in the future?

To respond to the questions about strengths, challenges and policy options, we first asked individual participants to write down their own answers. We then asked each person around the table to tell us an issue from his or her list. We wrote each item on a flip chart, and continued around the table as many times as necessary to name all the issues and concerns. Then we asked participants to select the five items they believed were most important and to rank those five in importance.

To identify opportunities in economic development, small groups of three or four people wrote down ideas, then we again went around the table and listed their suggestions on flip chart paper. Finally, we asked participants to fill out short individual questionnaires, providing an opportunity to comment on or reinforce earlier statements, or to

“Why are you having roundtables in cities when you’re discussing rural issues?”

record additional ideas and opinions.

Data Analysis.

When all the roundtables were over, we put the comments—all 658 of them—on separate cards. We sorted responses to each of the four questions that had been asked, grouping similar comments, creating tentative categories, rearranging cards, and watching patterns emerge in the data. We thought we might have “outliers” that didn’t fit in a category, but found there were consistencies and connections with all of the responses. We ended

We used the rankings of roundtable participants...

up with the broad categories of place, community, business, financial resources, and rural-friendly policy, as illustrated in the accompanying charts and diagrams.

The categories overlap. Financial resources are needed for business and for communities. Businesses operate in communities, communities are located in a place, and it is people who give meaning to any aspect of rural America. There could be different categories, and there are multiple ways to slice and dice and analyze the information.

We used the rankings of roundtable participants to assign point values to each item. For example, in the Business roundtable, the flip chart item of “Quality of life: safety, security, scenery, commute/traffic; physical environment (lack of pollution, etc.); recreation and access to hunting and fishing” was the highest-ranked strength. Seven people gave it the highest ranking of five. One gave it four points and another three, for a total score of 42 points. We counted points for all items in all categories, then adjusted scores by a factor to give equal weight to comments from each roundtable without regard to the number of participants in it.

We analyzed scores for individual roundtables and for all of the roundtables combined. In the combined data there are notable differences among roundtables, but there were also differences within roundtables. At the Agriculture roundtable, the

wheat grower from Oklahoma and the greenhouse owner from Missouri did not necessarily share viewpoints. At the Business roundtable, the president of the Kansas City Board of Trade and the president of The Behlen Group manufacturers from Columbus, Nebraska had different perspectives.

By analyzing scores of all items, not just those ranked in the top five at each roundtable, we've combined a broad range of opinions, not just those most popular in a specific group. We have an opportunity that the participants in individual roundtables did not have, to look at and compare the ideas from different stakeholder groups.

In this issue of *Community Reinvestment* is a report on the outcomes of the rural roundtables. We've summarized what we saw and heard, in words and with charts and graphs. The complete data is available on our website at

<http://www.kc.frb.org/comaffrs/camain.htm>.

We plan to write more about economic opportuni-

ties in future issues of *Community Reinvestment*, looking at suggestions from roundtable participants and also exploring economic development issues in rural communities.

need to be explored and understood in ways that reflect the diversity and the values of rural America. We can research specific, quantifiable issues, but we also need to consider the impact of the more intangible issues.

What the Federal Reserve Bank of Kansas City can do is listen to and record the concerns and suggestions, report on what we have heard, and offer our perspective on alternatives and their implications. We can support a “grass-roots” approach to rural policy, and encourage rural leaders and policymakers to talk with one another. We can create forums for further discussion and exploration of rural issues. We can urge you to listen, think, talk, dance if you choose, and take informed action. □

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The Issues.

Some issues of rural America lend themselves well to empirical analysis. Others aren't easily described with words and numbers and lines. “The underlying issues are really ones of feelings,” one roundtable participant said afterward. Another said during a roundtable, “There are limits to words and language. I don't know that we can say what's needed—we may have to dance it.”

Maybe so. Based on what we heard at the Focus on Rural America Roundtables, the issues

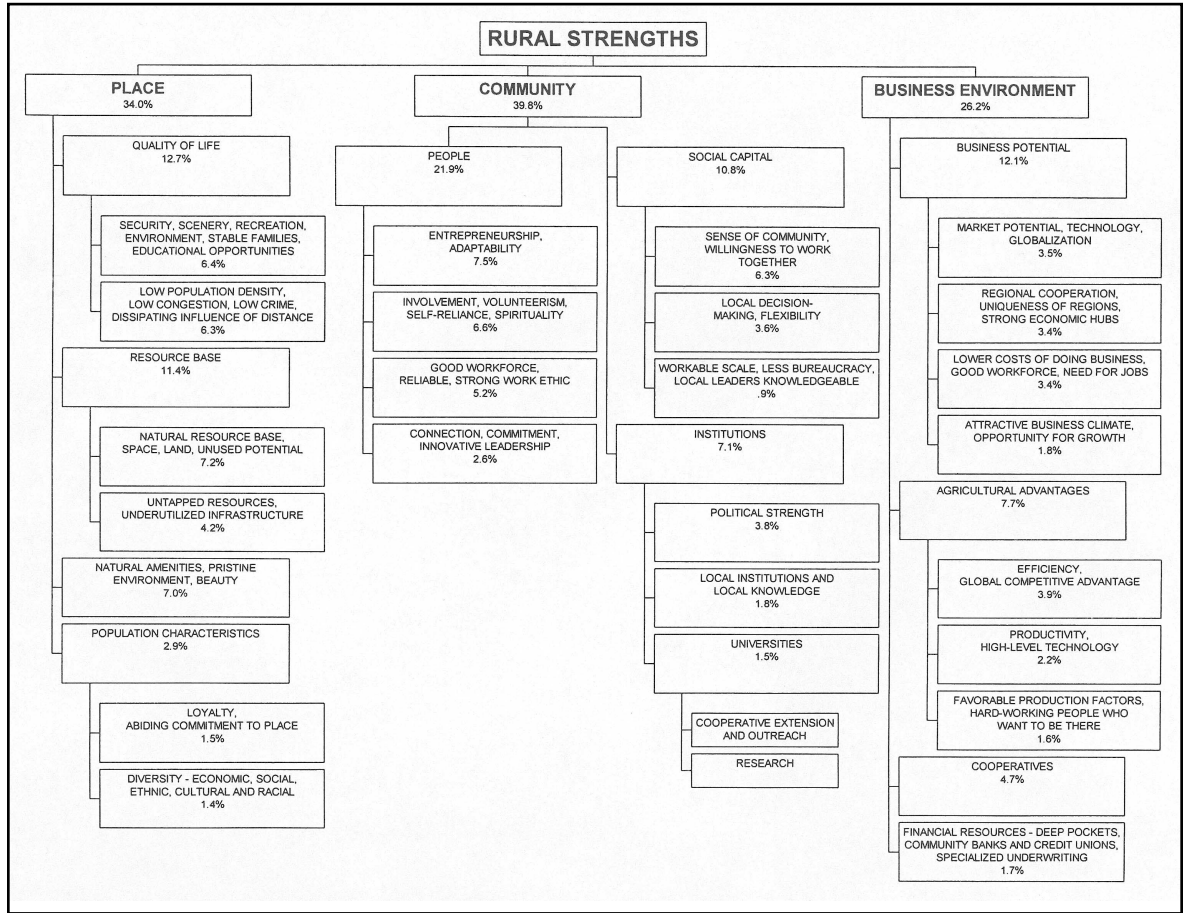
Someone said...

*“You can't always get what you want
but if you try sometimes
well you just might find
you get what you need.”*

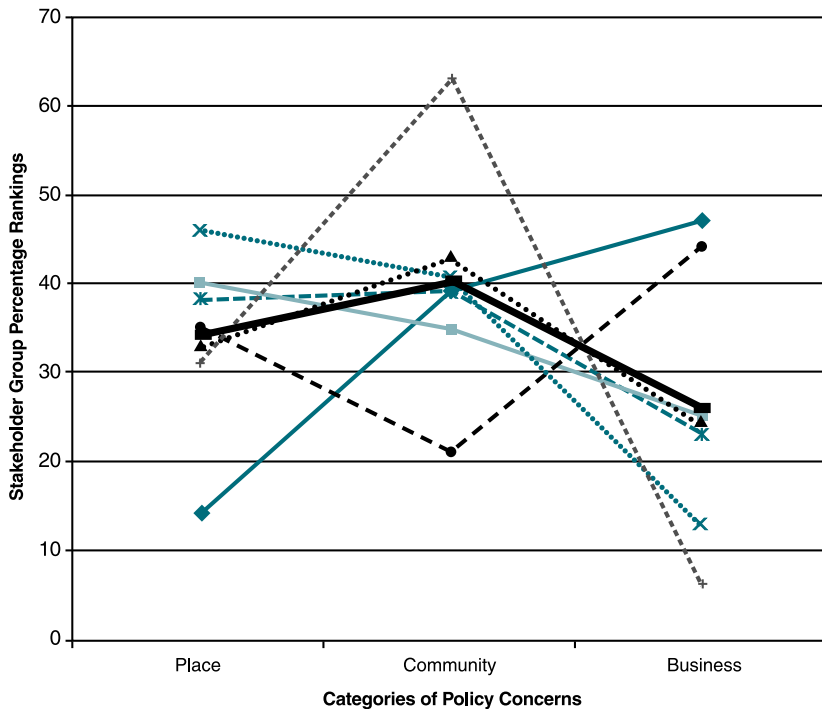
—Mick Jagger/Keith Richards,
“You Can't Always Get What You Want,” 1969

The Shape of Rural America

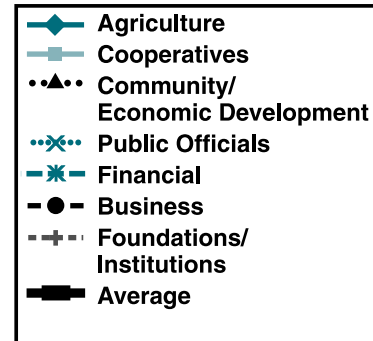
Diagram 1: This chart summarizes aggregate data about strengths from all seven roundtables. By combining the rankings from each of the roundtables, we see that 34 percent of total points were allocated to place-related strengths, 40 percent to community strengths, and 26 to business strengths. Within the 34 percent score for place, 13 percent of the points emphasized quality of life issues, 11 percent focused on the resource base, etc.



Rural Strengths



Graph 1: This graph illustrates the rankings of the three rural strength categories by each of the seven stakeholder groups. For each stakeholder group, the rankings for the combined three categories totals 100 percent.



Strengths: Foundation for the Future

Qualities of place, strong communities, and a business environment rich in resources were the broad categories of strengths identified at the roundtables, as illustrated in Diagram 1. While all of these areas are related to one another in numerous ways, they each have unique characteristics that define a clear focal point for rural America's strengths.

Quality of life in rural America was identified as a strength at every roundtable...

Strength of Place.

Some attributes of place identified at the roundtables apply to all of rural America, including quality of life, resource base, natural amenities and population characteristics.

Quality of life in rural America was identified as a strength at every roundtable, and it was ranked at the top of three stakeholder lists—Public Officials, Financial Institutions and Business. Participants in the Public Officials roundtable gave high marks to community spirit, knowing your neighbor, family values, low congestion, no commute to work, lower crime, and clean air and water.

Safety and security, the quality of the schools and the positive image of rural America were talked about over and over. “Small is good,” said one person. And with the development of communication and transportation technology, the influence of distance was perceived as dissipating.

Another major strength is rural America's resource base, with its land and space and untapped potential in natural resources. The existing infrastructure of roads and buildings is often underutilized, leaving capacity available for potential new and expanded uses.

Natural amenities were also cited as a strength at most of the roundtables. Scenic beauty, a pris-

tine environment, and recreational opportunities are attractions for residents, potential residents, retirees and tourists alike.

The population in rural America was described as having an abiding commitment to place, with loyalty to that place whatever the circumstances. Furthermore, population diversity was perceived by some as a strength of rural America, with people from different economic, social, ethnic, cultural and racial backgrounds able to find strength in their diversity.

Strength of Community.

Community was collectively rated higher than other strengths, and also had the widest ranges of opinions. Table 2 illustrates the closeness of the community rankings by five of the stakeholder groups, and the wide range between the high ranking of the Foundations and Institutions roundtable and the relatively low ranking by the Business roundtable.

This relatively low score, however, does not mean that Business stakeholders thought community was not important. The process at the roundtables of listing issues was very open, as was the process of each person selecting five priorities from the list. Ranking those priorities from one to five in order of further priority, however, was a forced choice among five issues that had already been identified by an individual as important. All of the categories on the graph and diagram were important. It's not surprising, then, that the focus of Business roundtable participants was more on business than on community issues.

The highest ranking of strengths by far was for the people of rural America. In the words of a par-

The highest ranking of strengths by far was for the people of rural America.

ticipant at the Agricultural roundtable, “rural people have a genuine community connection that awards social, cultural and educational benefits.” Rural people were described as having strong character and as understanding that “life is real.” Their

entrepreneurial approach brings innovative solutions to problems, and a strong work ethic results in the supply of a reliable workforce. They are seen as self-reliant and adaptable to circumstances. They are eager to volunteer and become involved in their communities. Many observed that rural people have an underlying spirituality that gives them strength.

Related to the positive characteristics of people is their ability to work together and create social capital in communities. Roundtable participants talked about the advantages of being able to make decisions locally, where there is less bureaucracy and more flexibility. The size of rural communities offers a workable scale for getting things done, and local leaders are knowledgeable about local issues

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in a way that outsiders cannot be.

In addition to people and social capital, a third strength of communities is their institutions. “Rural people create a repository of local knowledge about how to use land and relate to nature,” said one participant. The continuity of knowledge and families and history creates institutional strength for communities.

Local institutions are flexible and can be structured to meet local needs. Land grant universities that offer cooperative extension, outreach and research are a unique resource. Participants acknowledged the political strength of rural America, with two senators representing every state even when their populations are small. Also, with smaller populations there often is closer contact between elected representatives and their constituents.

Strength of Business.

Rural America was seen as having good potential for business. Regional cooperation can create

more strong economic hubs. Also, many costs of doing business are lower in rural America. Meanwhile, technology is creating new opportunities. Unique regional products can fill niches in a global marketplace. People need jobs, and opportunities for growth abound.

The Agriculture roundtable participants, in particular, noted the efficiency of agriculture in the United States, with its effective use of technology and high levels of productivity. The result is a competitive advantage for American farmers in world markets. Favorable production factors further contribute to America’s agricultural strength, with a good land base and hard-working people who want to be there. The quality and safety of agricultural products was also noted.

Another strength for business was cooperatives, such as the rural electric cooperatives, which make utility services available at affordable rates in areas that might not be profitable for large corporate utilities to serve. Cooperatives are strong, locally owned institutions that provide creative models for new growth opportunities on many fronts.

Access to capital as a strength in rural America was mentioned only three times: a participant in the Agriculture roundtable said there were many deep pockets in rural America. Participants in the Community and Economic Development and the Foundations and Institutions roundtables said that locally owned community banks and credit unions can offer specialized underwriting and services. □

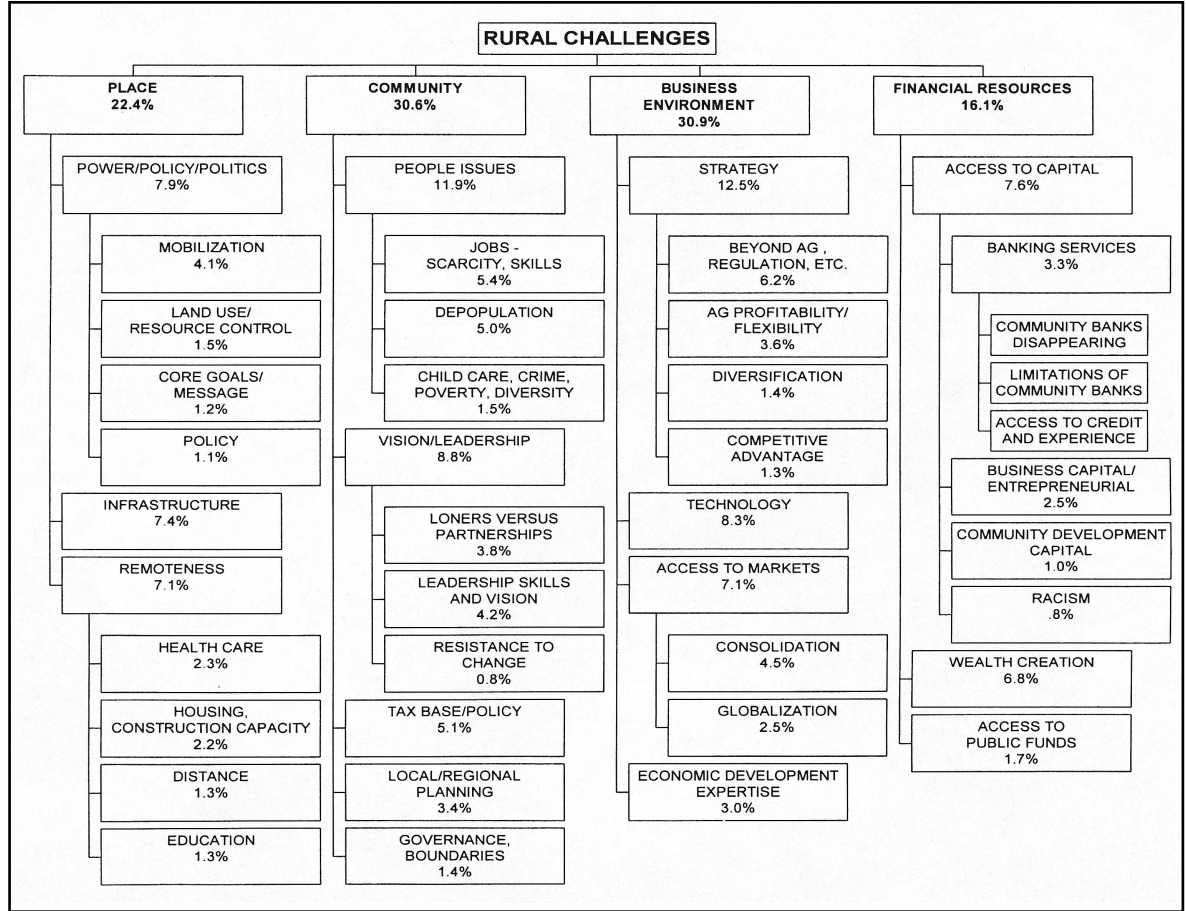
Someone said...

“Tell me the landscape in which you live, and I will tell you who you are.”

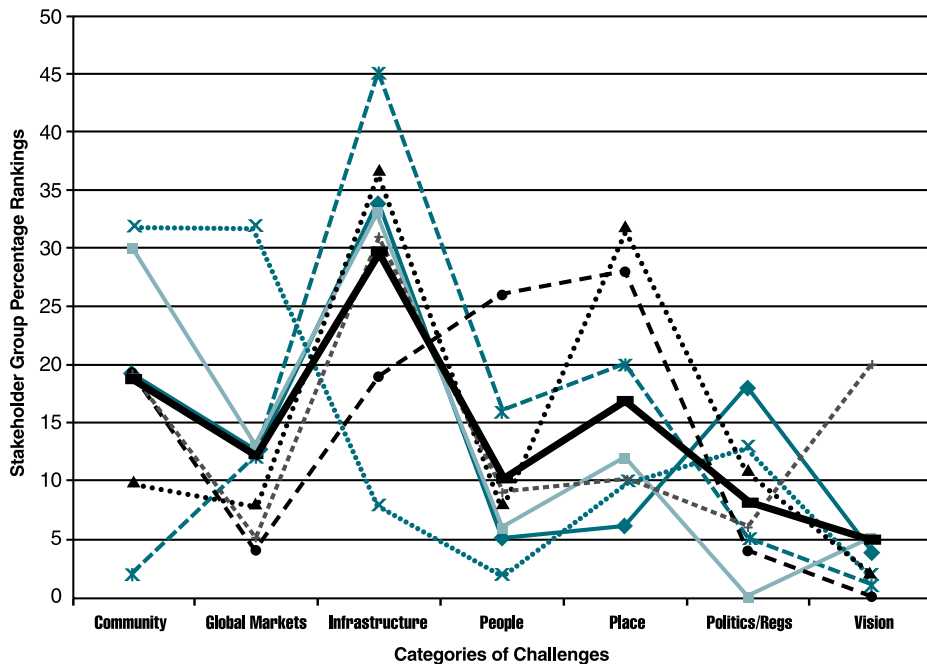
—José Ortega y Gasset
as quoted by Kathleen Norris in
Dakota: A Spiritual Geography, 1993.

Challenges: the Barriers in Rural America

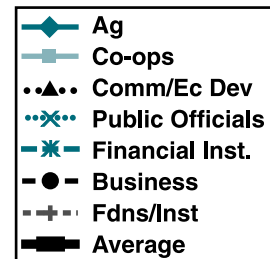
Diagram 2: This diagram summarizes aggregate data about challenges from all seven roundtables. By combining the rankings from each of the roundtables, we see that 22 percent of total points were allocated to place-related challenges, 31 percent to community, 31 percent to the business environment, and 16 percent to the need for access to financial resources. Within the 22 percent ranking for place, 8 percent were related to power/policy/politics, 7 percent to infrastructure, and 7 percent to remoteness.



Rural Challenges



Graph 2: This graph illustrates the rankings of challenge categories by each of the stakeholder groups. For each stakeholder group, the rankings for the combined seven categories totals 100 percent.



As roundtable participants observed, many of the strengths of rural America are also its challenges. These rural places that are rich in attractions and resources are also remote places contending with the expense of providing goods and services in remote communities with small populations. Rural America has great potential for business but difficulty with access to markets and to financial capital. It offers a quality of life found only in places with low population densities, and also has the constraints imposed by distance and low population densities.

Challenge of Place.

Although the population of rural America was seen as having many strengths, a consistent challenge is how to mobilize that population to achieve goals. The rural population was perceived as lacking in power, in political clout, and in exposure to policymakers. Roundtable participants said that policy is too often imposed without adequate participation by local people—and that local people may not be organized or willing to work together. A need was seen to build alliances, among rural people and between rural and urban and suburban constituencies, to explore issues and move toward solutions.

Vision and leadership development were other identified needs.

Power is also undercut in rural places by the absentee ownership of land and resources. Especially in the western United States, there was chafing at the lack of access to land and at its removal from local tax bases.

Roundtable participants were concerned about decaying infrastructure for transportation, water and sewers, and the cost to replace infrastructure. New infrastructure is also needed, especially for telecommunications. Business people were concerned

about growth that pushes at the limits of existing infrastructure and that threatens the quality of life. They wanted to see an entrepreneurial attitude toward solving infrastructure problems.

While communication and transportation technology has lessened the impact of distance, remoteness is still an issue. It poses problems for health care, schools, housing and construction capacity.

Challenge of Community.

Issues related to people who live in rural communities—and the lack of people living in rural communities—were identified as a top challenge for rural America. The Business roundtable ranked the need for job skills and for quality jobs with which people can support families high on their list. Providing opportunities for youth to stay or return, and incentives for people and businesses to move to rural America was the top-ranked concern at the Foundations and Institutions roundtable. The average age of people in rural America is increasing. Childcare is needed for workers with young families. Poverty is a problem. Some communities are challenged with new ethnic diversity. Some struggle with crime.

Vision and leadership development were other identified needs. Loyalty and commitment give communities and their institutions roots and stability, but roots and stability can be barriers to flexibility to adapt to new circumstances. While adaptability and innovation are trademarks of rural people in practical matters, resistance to change was seen as an impediment with less-concrete issues. The positive traits of independence and self-reliance can become liabilities when too many mavericks are unwilling to collaborate and work with partners. Out-of-town ownership of property and businesses further limits involvement in partnerships that benefit the community, as well as limiting access to capital.

Capital gains and estate tax policies were the top-ranked challenge at the Agriculture roundtable. Another tax concern expressed at several roundtables was a low tax base and an unwillingness to raise local taxes. This results in a need to cut services, and furthered dependency on outside resources for dollars.

Antiquated local governance structures established 100 or even 200 years ago may no longer fit

today's needs, but traditional boundaries can be difficult to change. "We're trying to use yesterday's solutions for today's problems, and we're putting our dollars in the wrong place," said one participant.

A perception that some people see any collaboration as centralization was listed as a problem, with opportunities to build strength through local and regional planning and cooperation too often missed.

Challenge of Business Environment.

The places and the communities of rural America provide an environment for business, which in turn provides jobs for people and a tax base for community infrastructure and services. The Agriculture roundtable ranked challenges of the business environment much higher than other stakeholder groups. Their top concerns included government regulation, tax policy, limits to entrepreneurial activity, lack of access to markets, and the impact of consolidation on prices and competition.

Concerns about agriculture were discussed at all of the roundtables. At several, there was discussion about how to look beyond agriculture and diversify business in rural America. Strategies were discussed to increase the profitability and flexibility of agriculture, and to maintain and increase the comparative advantage of the United States. Some want to continue current farm programs and subsidies, while others want to encourage more exploration of agricultural and other business alternatives.

The "Wal-Mart syndrome" came up at every roundtable, as a symbol of the trend toward consolidation that challenges Main Street businesses and/or as a symbol of the outside businesses that can help communities survive and become regional centers. "The problem is not Wal-Mart," said one roundtable participant. "They're responding to market forces."

Equal access to telecommunications technology was a high priority for many. Consumer acceptance of technology was also an issue. Business people were concerned about workforce development and about the need for better local and regional planning. They talked about the need for community leadership and for cooperation between political, governmental, business and community partners. They wanted ways to convince potential leaders that they can be leaders and ways to persuade current leaders to be open to change, new ideas and new involvement.

Challenge of Financial Resources.

The final broad category of challenges for rural America was identified as access to financial resources. The Financial Institutions roundtable participants saw problems with a lack of equity capital for business development, issues with access to debt capital for both customers and lenders, and a loss of local wealth as older people die. Concern was also expressed about absentee ownership of infrastructure, including telecommunications, medical facilities, housing, utilities, and banks and businesses.

While local lenders were praised for their flexibility and their understanding of local needs, there was concern about the availability of banking services as community banks are merged into large banks. Some also saw racism as a factor in access to capital. Others saw lack of access to community development money and other public funds as important.

The range in the rankings on access to capital was closer than in any other area, but was not the highest-ranked issue for any one group. Within the category, the Community and Economic Development roundtable ranking was slightly above any others, followed closely by Financial Institutions. Community and Economic Development participants were concerned about limits on access to capital because of "template underwriting," lending limits of community banks, and the weakness of the Community Reinvestment Act. On individual questionnaires, access to capital was ranked between fourth and sixth, from a list of six challenges—except by respondents from the Financial Institutions roundtable, who ranked it second.

"Keeping capital in rural areas is like trying to keep water on top of a hill," said a participant in the Cooperatives roundtable. "Capital won't stay where it's not appreciated. We've got to build a reservoir on top of the hill to keep it there." □

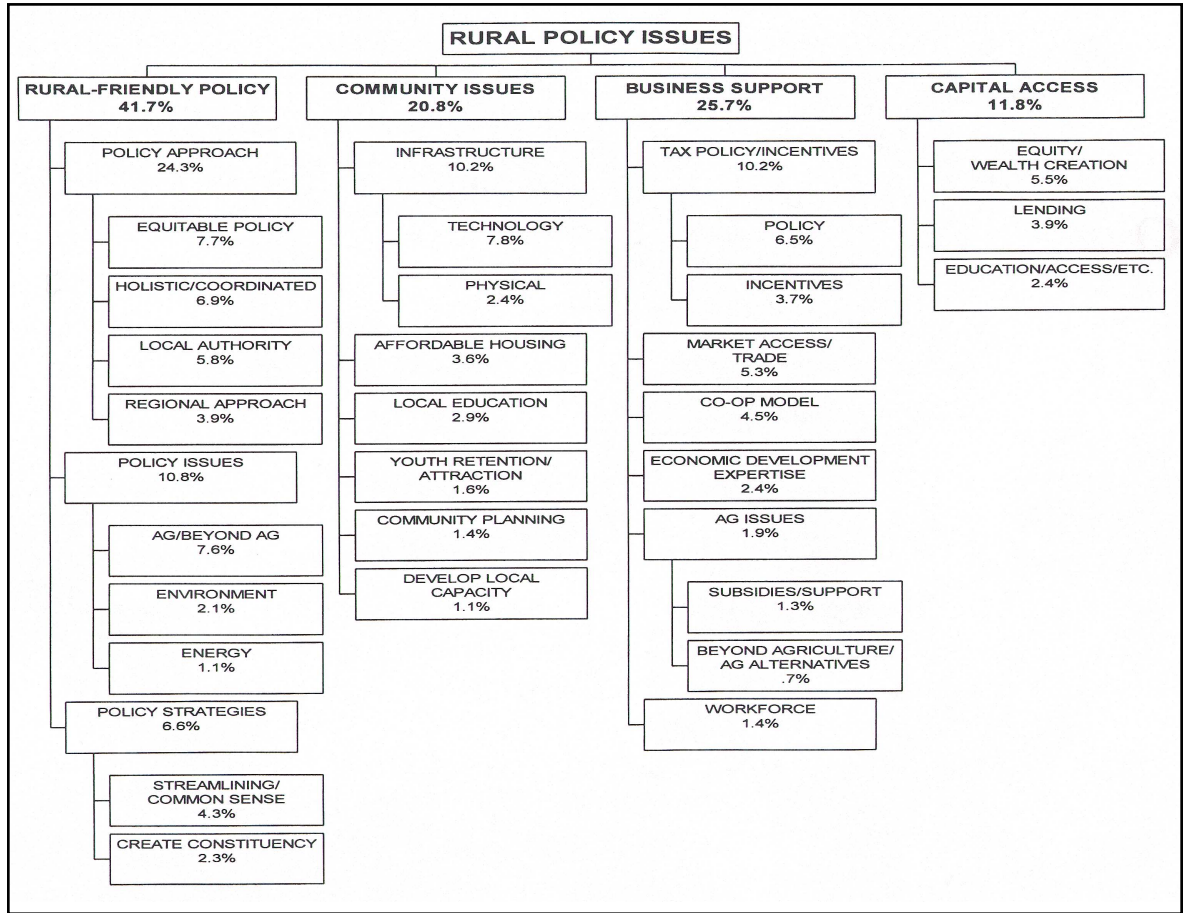
Someone said...

*"Oh, the farmer and the cowman
should be friends...."*

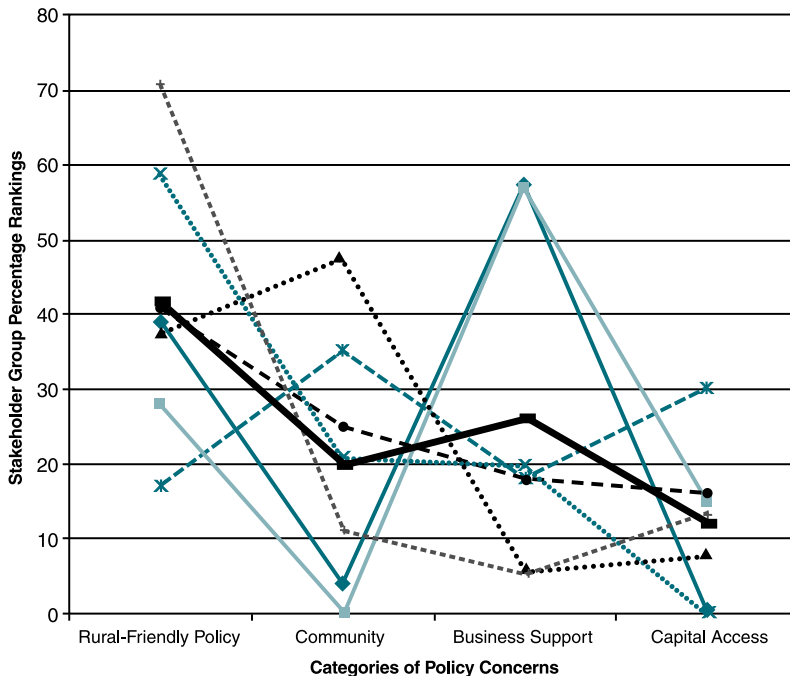
—Richard Rodgers and Oscar Hammerstein,
Oklahoma, 1943

Policy Issues: What Should Be Created, Eliminated or Changed?

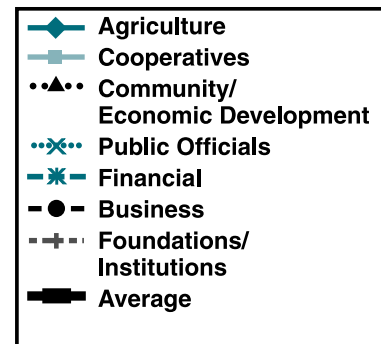
Diagram 3: This diagram summarizes aggregate data about policy issues from all seven roundtables. By combining the rankings from each of the roundtables, we see that 42 percent of total points were related to rural-friendly policy, 21 percent to community, 25 percent to business support, and 12 percent to the need for access to financial resources. Within the 42 percent ranking for rural-friendly policy, 24 percent was related to policy approach, 11 percent to policy issues, and 7 percent to policy strategies. Within the 42 percent ranking for rural-friendly policy, 24 percent was related to policy approach, 11 percent to policy issues, and 7 percent to policy strategies.



Rural Policy Issues



Graph 3: This graph illustrates the rankings of policy issue categories by each of the stakeholder groups. For each stakeholder group, the rankings for the combined four categories total 100 percent.



Rural-Friendly Policy.

Rountable participants agreed that something ought to be done about rural policy—but did not agree on what that should be. There was, however, a strong consensus about the need for rural-friendly policy. Rural stakeholders want an equitable, holistic and coordinated policy that gives authority to local people and that encourages regional cooperation.

Many roundtable participants were concerned about specific policy areas, especially those related to agriculture, supporting rural business beyond agriculture, environmental issues and energy. They wanted to see a more common-sense approach to policies and wanted to see streamlined access to resources. They

There was strong consensus about the need of rural-friendly policy...stakeholders want an equitable, holistic and coordinated policy...

saw a need to create a constituency that understands and can support the development and implementation of rural-friendly policies.

Other specific policy suggestions included linking housing and economic development policies, encouraging regional leadership partnering and cross-state licensing of telemedical providers. Foundations and Institutions roundtable participants talked about having new agricultural policy that rewards commercial application of agriculture products and enables farmers compete globally.

“Government should reward things the market won’t that are in the public interest,” they said.

Realigning governance of resources, which could include redefining county and other political borders, was suggested. “We need to use market boundaries rather than geographic ones,” said one participant. “We need to rethink all the lines—city, county and state. Funding needs to be awarded based on economic- and market-based boundaries, not political ones.”

Business people wanted the U.S. Department of Housing and Urban Development’s Community Development Block Grants more accessible for rural communities. At the Finance roundtable it was suggested that block funding be encouraged for health, education, family support, infrastructure, day care, etc., on a regional basis. Participants wanted to allow integration of funding such as Medicare and Medicaid reimbursements, which can force hospital closings in rural areas. A participant from Utah at the Business roundtable was especially concerned about public land ownership and use.

The most highly ranked rural-friendly policy issue—from the Community and Economic Development roundtable—was a suggestion for national and rural community development policy that focuses the interests of the federal government and builds community capacity. They also wanted coordinated delivery of government programs. Business roundtable participants wanted to eliminate contradictions in regulations and provide incentives for cooperation. Other suggestions were for policies to encourage private-sector and philanthropic investment.

There was strong support in the Foundations and Institutions roundtable for “rural-sensitive” policies that consider differential impact on urban, suburban and rural areas, and for rural involvement in policy formation. Several roundtables suggested new measures of distress for rural areas, moving beyond population

Funding needs to be awarded based on economic- and market-based boundaries, not political ones.

measurements to look at what is needed to solve the problems. The Foundations and Institutions group also suggested policy that focuses on people and values, not just on economic values.

Roundtable participants realized that without a clear public case for supporting rural-friendly policies, such policies were not likely to be enacted. They talked of a need for better understanding of the impact of regulations, of rethinking old subsidies and policy structures, and of getting rid of a “one-size-fits-

all” approach. They asked how success in rural America would be defined. “A whole lot of people living here isn’t what I want,” said one roundtable participant. “Urbanization is not the definition of success.”

Policy for Community Issues.

Policies to support development of infrastructure received more attention than any other issue. People wanted to eliminate the digital divide and to promote the use of telecommunications in health care and education. A utility-type approach to technology infrastructure was suggested, with no strings attached.

Policies to support development of infrastructure received more attention than any other issue.

Along with need for new infrastructure that provides access to advanced telecommunications, there is also a need to maintain and improve aging roads, bridges, water systems and sewers.

Participants wanted policies to support more and better community planning, improvement of education and health care, and development of affordable housing. However, they do not want these services to just be provided. They want resources to create local capacity and increase their own ability to improve their communities. Roundtable participants indicated a consistent belief that the strength of rural communities is in the capacity of the people in them to shape their own futures.

Policy for Business Support.

Roundtable participants advocated realignment of tax structures to reflect economic activity. The Agriculture roundtable gave the highest number of policy points to a recommendation to change policies for estate, capital gains and import taxes, and to completely repeal the tax code and change to consumption and property tax policies.

Economic incentives were suggested for investments such as enterprise zones. There was a suggestion for policy supporting value-added initiatives, and

for low-interest loans and tax credits for cooperatives. Trade policy that creates a level playing field and trade liberalization worldwide were suggested. Other suggestions were policies to facilitate the formation of new cooperatives, and maximum utilization of the co-op model.

Participants in the Agriculture roundtable suggested continuing current farm programs. A suggestion from the Financial Institutions roundtable was to have more dependable subsidy policies for agriculture. Some saw the agriculture policy community as knowing how to get money and support, while the broader rural community is fragmented and has less access to policymakers and the resources they can provide.

Policy for Capital Access.

Not surprisingly, Financial Institution roundtable participants had the most suggestions for policy options related to capital access. They wanted policies that would increase the amount of equity available to entrepreneurs and small businesses. They suggested incentives for rural venture capital, and education for community leaders about access to capital. They wanted tax and regulatory relief for small community banks, including raising the Federal

They wanted policies that would increase the amount of equity available to entrepreneurs and small businesses.

Deposit Insurance Corporation limit on deposits so rural banks could better attract more lendable funds.

Participants in the Foundations and Institutions roundtable wanted expanded access to capital for entrepreneurs and small businesses. They also wanted reform of state and federal economic development policies to not favor industrial recruitment. They wanted support for farm-based and home-based business and for value-added business. Business roundtable participants suggested special educational efforts for rural leaders regarding access to capital. □

Perspectives

AfterWord

Rural America is a myth. More accurately, it's a collection of myths. It's the smiling family in the Norman Rockwell painting and the somber farm couple in Grant Wood's "American Gothic" painting. It's Curly growing "corn that's as high as an elephant's eye" in the musical *Okla-boma*. It's Paul Bunyan cutting timber in the northern woods. It's Robert Frost pondering the purpose of fences between neighbors and John Wayne riding off into the sunset after making yet another town safe. It's over the river and through the woods to a picturesque Thanksgiving.

It's listening to the daily farm report on the radio, making trips to town for supplies, helping out neighbors who live a mile down the road. It's the morning gathering at the Main Street cafe—or Hardee's—to talk about the weather and tractor parts and what will happen to the Hilliard place when old Mr. Walter dies.

Rural America is a town in Mississippi where the Choctaw Indian tribe has built a manufacturing plant that provides most of the jobs in the area. It's Garden City, Kansas, where festivals of Mexico and Southeast Asia are integrated into the community's celebrations. It's Los Ojos, New Mexico, where a wool-growing cooperative has turned around the regional economy.

Rural America is full of images and stories that reflect who we are. The stories evolve and they remain true, whether or not the facts in them are straight. We continue to create the stories and their mythic heroes and villains—people who can create and destroy.

At the roundtables, we heard about villains: absentee property owners, large corporations, the federal government. We also heard about heroes: the self-reliant, independent rural people who have a deep commitment to community and place. We heard wishes for new heroes, for a spokesperson for rural America who can articulate what needs to be done to make rural America economically viable, who can rally support and lead the charge to create a new rural America—without, of course,

disturbing any of what we are so fond of in the old rural America!

Sometimes, we transform our heroes into villains when they disturb the status quo. It can be reassuring to have someone to blame when what we thought we wanted turns out to be uncomfortable and not what we expected. Sometimes what we praise becomes what we criticize: at exactly what point does the small business entrepreneur who is admired for his or her innovation and hard work suddenly become the big-business enemy? How is "success" defined, and how much of it is acceptable?

What we heard at the roundtables was that the self-reliant, independent and entrepreneurial people in rural America want to solve problems in their own ways.

Even if there were a contemporary mythical hero who could solve the problems of rural America, we think he or she would find strong resistance. What we heard at the roundtables was that the self-reliant, independent and entrepreneurial people in rural America want to solve problems in their own ways. They want support and resources for doing that, but they're not really looking for a mythical hero to save the day.

They may not be mythical—yet—but we're confident that rural leaders will continue to find innovative solutions for local challenges. We'll talk with some of these people for the articles in future issues of *Community Reinvestment*, and also further explore some of the ideas about economic opportunities from participants in the roundtables. We'll discuss the issues at the Spring 2001 conference, and look for other ways to encourage people in communities across America to focus on what needs to be done and what can be done.

What we can do at the Fed is help initiate conversations, continue digging for more information, and help cast some of the issues in a larger perspective. Talk and research take time, but they also allow for crafting more considered policies. It's important to know where rural America wants to go before trying to build the road to get there.

It's also important to understand whether support for rural America can be broadly shared. Rural America is a collection of places and issues—perhaps united only by the fact that the places are all at some distance from an urban center. In the face of this variety, is a single rural policy realistic? Can we take lessons from Europe, where policy supports regional rural needs?

The emergence of a “spokesperson” for rural America seems unlikely. What might work even better, though, is a collection of voices, speaking in varied tones and from different directions about a clear, coordinated set of goals for rural America.

Rural America is real. The bad news is that John Wayne and Norman Rockwell won't be coming around to revive the mythical past. It's up to you, up to all of us, to preserve and build on the strengths, find ways to face the challenges, and lay the groundwork for a sustainable future for rural America.

That's also the good news. □

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Someone said...

*“The abundance of this place,
the songs of its people and its birds,
will be health and wisdom and
indwelling light.*

*This is no paradisaal dream.
Its hardship is its possibility.”*

—Wendell Berry, “The Wisdom to Survive,”
Clearing, 1977