

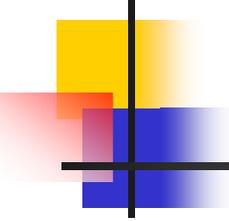


Is there a future for the rural economy?

Brian Dabson, Rural Policy Research Institute
& Truman School for Public Affairs

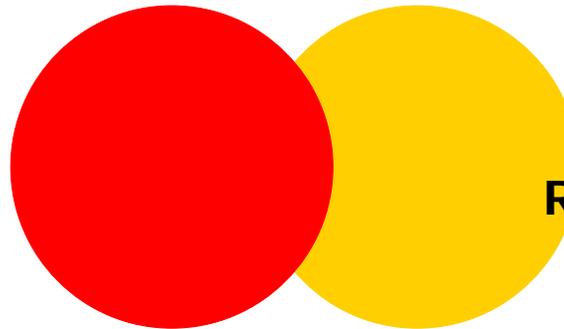
Promoting Economic Success for Montana Families

National Conference of State Legislatures
Helena, Montana, January 25, 2006



Presentation Strands

Rural Futures

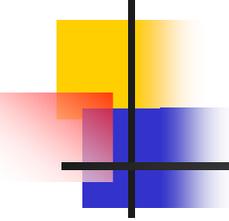


Asset Building in
Rural Communities



January 25, 2006

RUPRI & TSPA



Perceptions of Rural America

- Different **economy** – farm-based
- Different **values** – family, religion, self-reliance
- Different **environment** – landscapes, family farms
- Different **atmosphere** – safe place to raise kids

Source: *Greenberg Quinlan Rosner Research (2002)*
W.K. Kellogg Foundation



Complexity & Dynamics of Rural America I

- Competitive global economy ▶ major restructuring – farm commodities, collapse of industrial sectors, restructuring of retail
- Demographic shifts ▶ population loss or new immigration – health & wealthy or poor & aspiring
- Rural poverty lessened but more concentrated – regions of persistent poverty

No vision



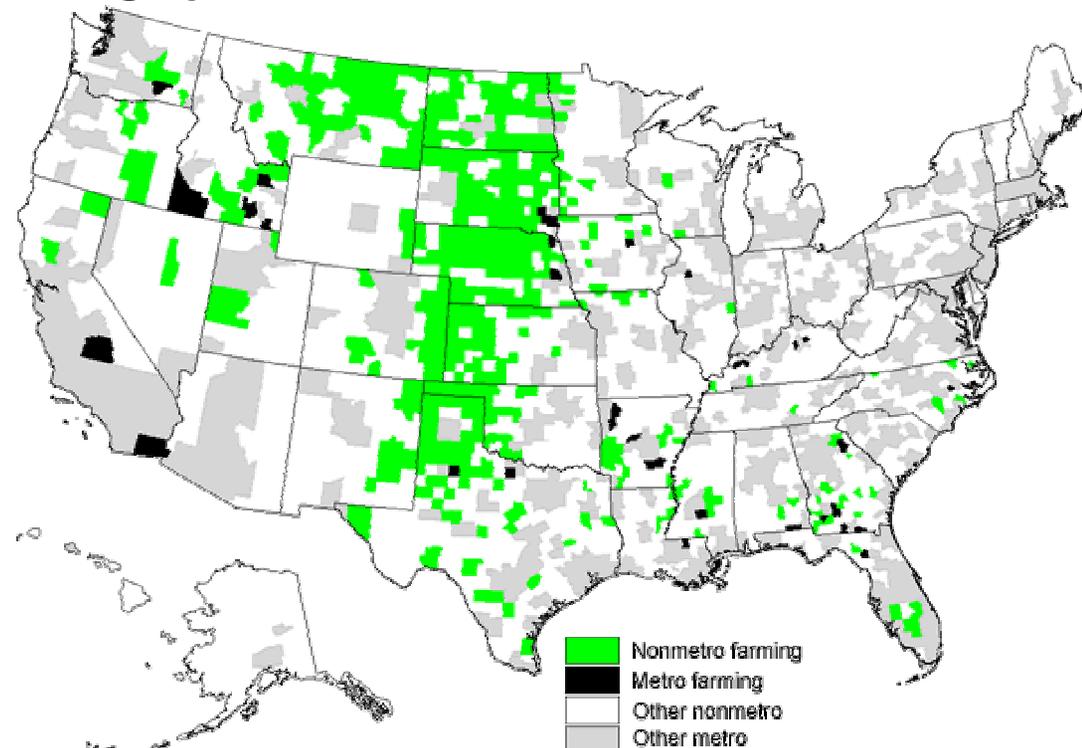
Complexity & Dynamics of Rural America II

- USDA Economic Research Service I
 - 4 out of 5 rural counties have non-farm economies – manufacturing, services, government
 - Farm-based economies weak not from agriculture but from non-competitive non-farm sectors – remoteness, low densities
 - One-third rural counties dependent on manufacturing – vulnerable to global forces – move overseas if low cost; move regionally if high skill



Farming-dependent counties

Farming-dependent counties, 1998-2000



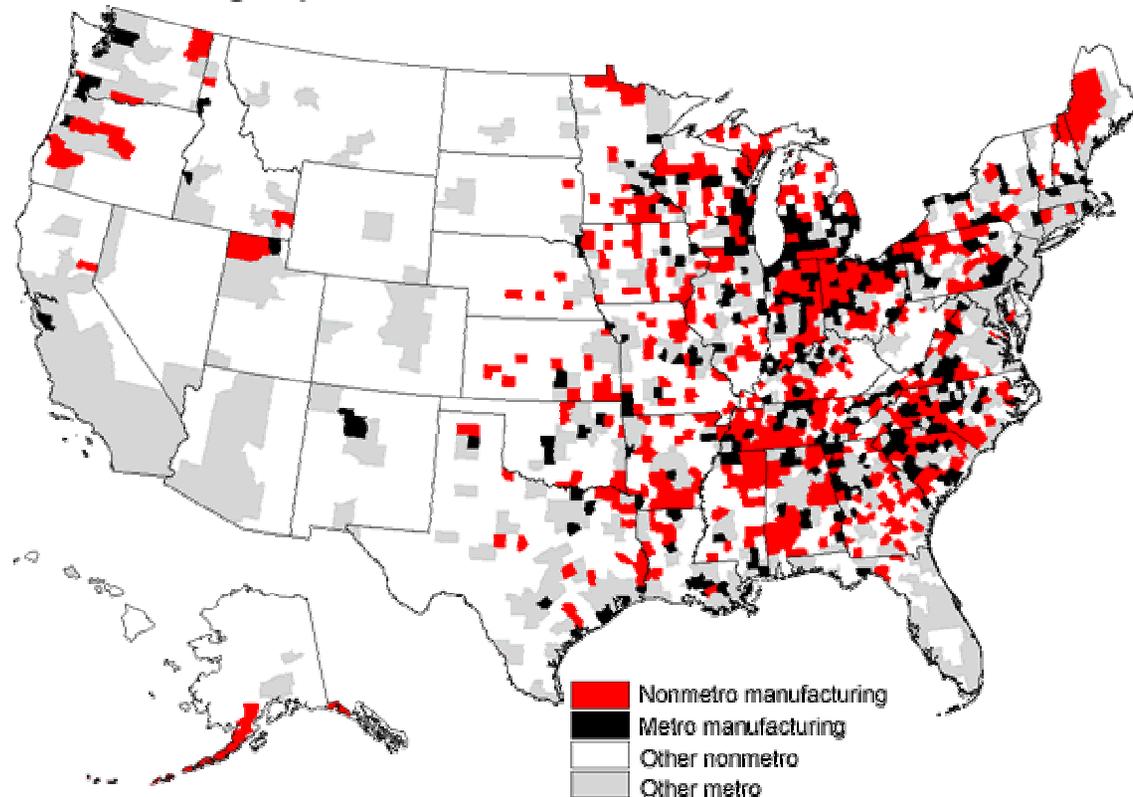
Farming-dependent counties—either an annual average of 15 percent or more total county earnings derived from farming during 1998-2000 or 15 percent or more of employed residents working in farm occupations in 2000.

Source: Economic Research Service, USDA.



Manufacturing-dependent counties

Manufacturing-dependent counties, 1998-2000



Manufacturing-dependent counties--an annual average of 25 percent or more of total county earnings derived from manufacturing during 1998-2000.

Source: Economic Research Service, USDA.



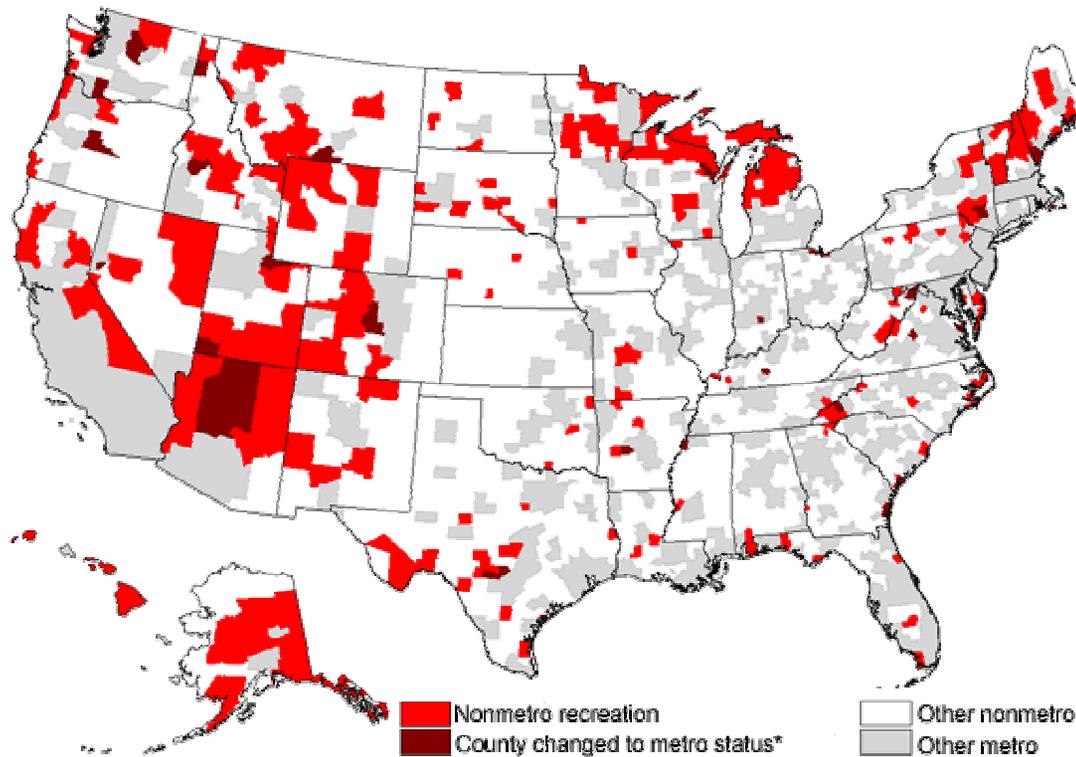
Complexity & Dynamics of Rural America III

- Strategies (ERS):
 - Add value to food and fiber – luring processing plants, new uses for farm products, direct marketing
 - Capitalize on natural resource base – water filtration, carbon sequestration, renewable energy
 - Tourism and recreation – varied topography, large lakes or coastal areas, warm winters, temperate summers, historical & cultural assets
 - Economic development and entrepreneurship



Recreation counties

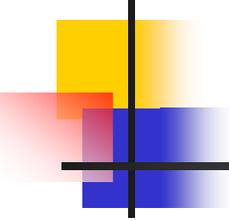
Nonmetro recreation counties, 1999



*Only counties that were classified as nonmetro in either 1993 or 2003 were analyzed. These metro recreation counties were nonmetro in 1993.

Source: Economic Research Service, USDA.





Alternative Futures?

- **Homogenization**

- The loss of rural identity and advantage – failure to recognize assets as competitive advantage

- **Commoditization**

- The loss of diversity – working landscapes, trade and price distortions, corporate farms, intensive production, power of food processors and retailers, monoculture

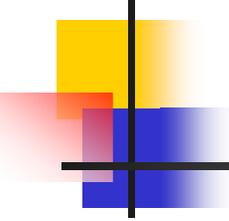
- **Urbanization**

- The loss of the “non-urban” – progress defined as more urban (new homes, jobs, infrastructure, tax base), ex-urbs and rising prices, conflicts, rural land with no intrinsic value other than waiting to be developed

- **Colonization**

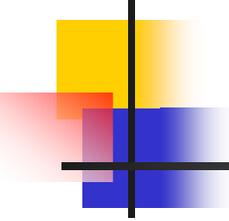
- The loss of rural power – decisions made by outsiders in name of wider interests, resentment, distrust of authority





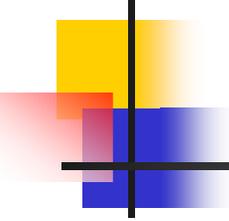
It is time to...

- Pay attention to **rural competitive advantage**
 - Global competitiveness ◀ regional competitiveness ◀ integrated urban & rural regional strategies ◀ leverage of natural, human, social, economic, physical, cultural assets ▶ innovation and entrepreneurship



It is time to...

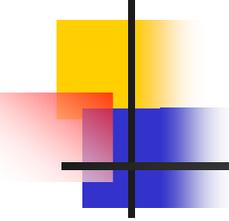
- Embrace **diversity**
 - Rural experience differs region to region
 - Regional strategies cross sectors, build on local advantages – power to transform public resource allocation



It is time to...

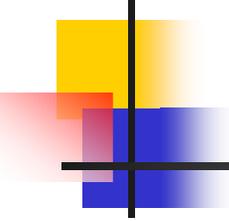
- Treat and value rural people as **stewards of critical resources**
 - Place market value on assets
 - That are assumed to be there for the taking at little or no cost – clean water
 - That we like but take for granted – landscape, vistas
 - That we don't appreciate – wetlands for flood control, water cleansing, wildlife habitat
 - Recognize that these assets require skillful stewardship and management – jobs for rural people





It is time to...

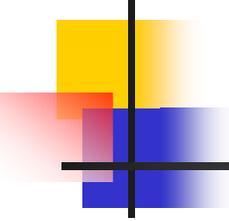
- Think about the **rural voice**
 - Welcome new voices to the table – newcomers, reticent, minorities, youth
 - Organize a coherent voice across broad range of perspectives – challenge public policy and resource allocation



It is time to...

- Think in terms of **basic rights**
 - Education, healthcare, economic opportunity for all Americans *wherever* they live
 - Policy discussions not about *whether* but *how* – e.g. school consolidation as a violation of rights
 - Opportunities for common ground between inner city and rural communities





It is time to...

- Encourage and reward **collaboration**
 - Break down silos of discipline, profession, resource streams, geography, political jurisdictions – search for common vision, common strategies
 - Strategies for connecting the dots, encouraging multi-use of facilities, cross-training front-line workers, using ICT...

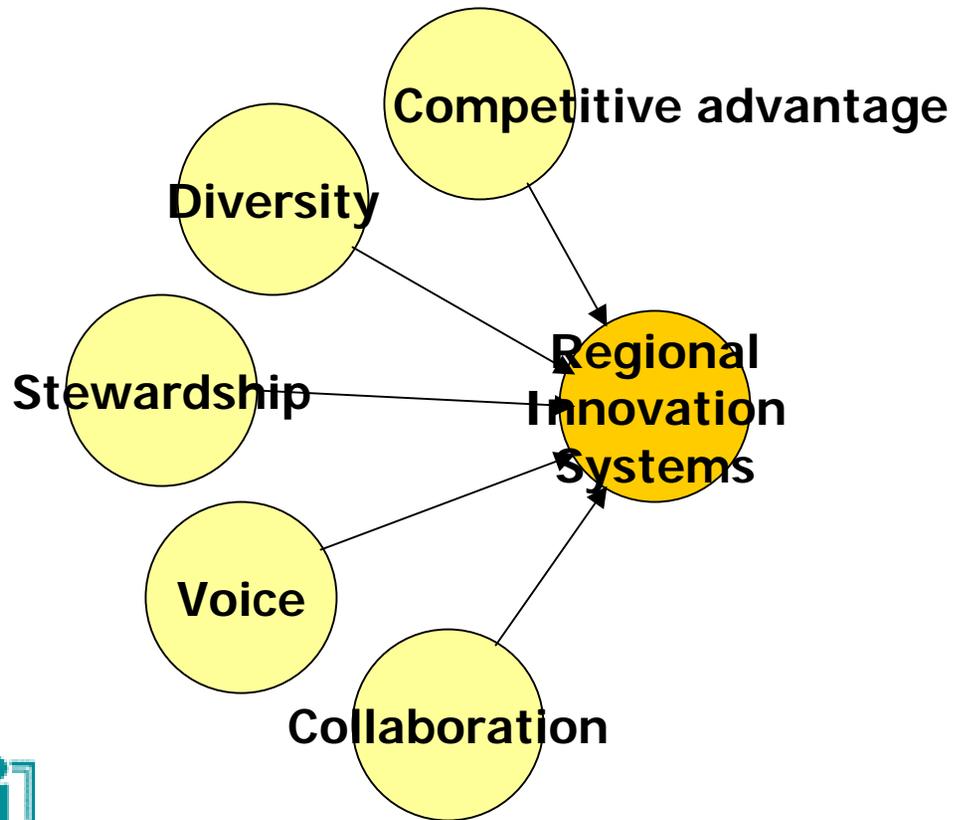
It is time to...

Act differently

- Pay attention to **rural competitive advantage**
- Embrace **diversity**
- Treat and value rural people as **stewards of critical resources**
- Think about the **rural voice**
- Think in terms of **basic rights**
- Encourage and reward **collaboration**



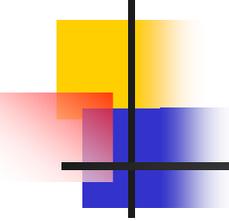
Ways Forward



Regional Innovation Systems

- Moving from sector to **place-based** approaches
- Building on **assets**, broadly defined
- A **regional** framework, appropriately configured
- Public and private **entrepreneurship**
- A new rural **governance** (public, private, philanthropic cooperation)





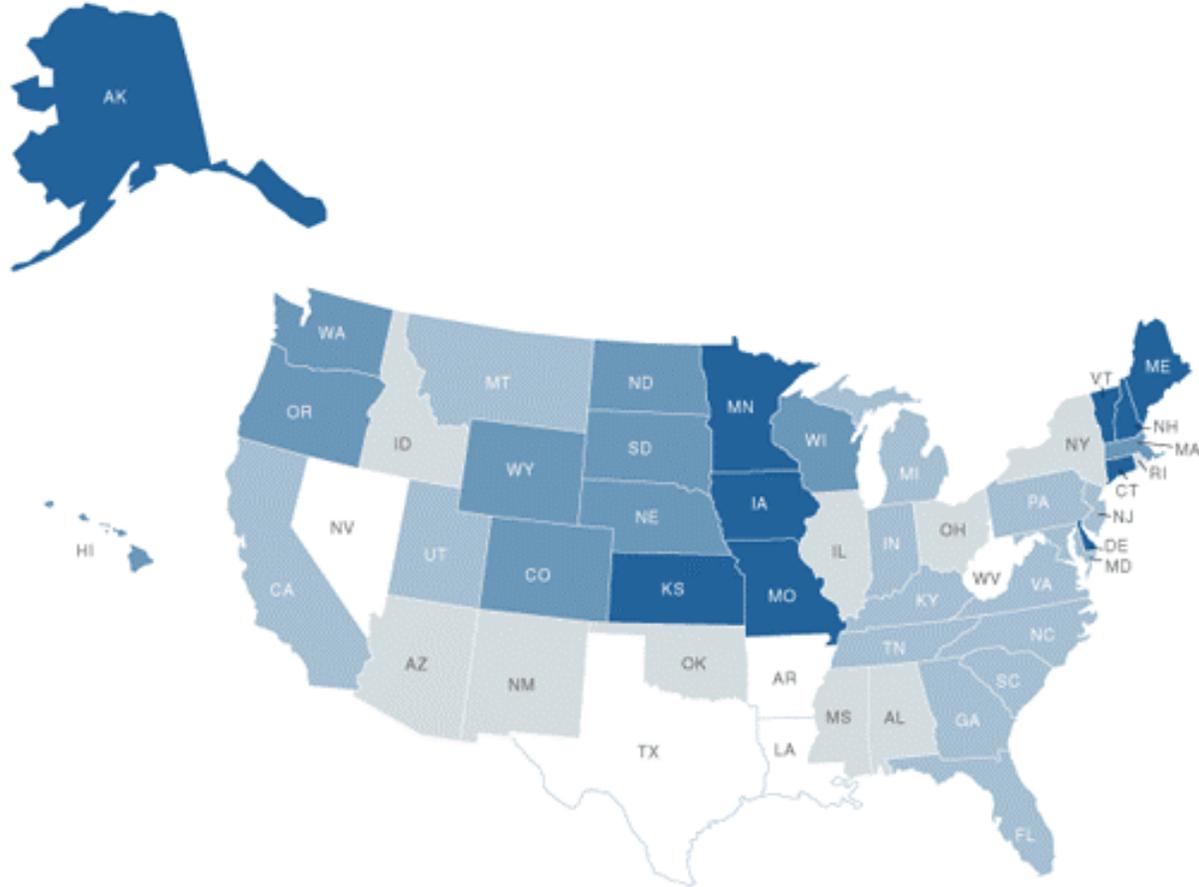
Asset Building in Montana

CFED's Assets & Opportunity Scorecard

- **Financial security** – net worth, asset poverty, household financial strength, sub-prime lending
- **Business development** – small business ownership, microenterprise
- **Homeownership** – home values, ownership rates, foreclosures
- **Health care** – employer insurance, uninsured rates
- **Education** – Head Start, math & reading proficiency, educational attainment



CFED 2005 Assets & Opportunity Scorecard



January 25, 2006

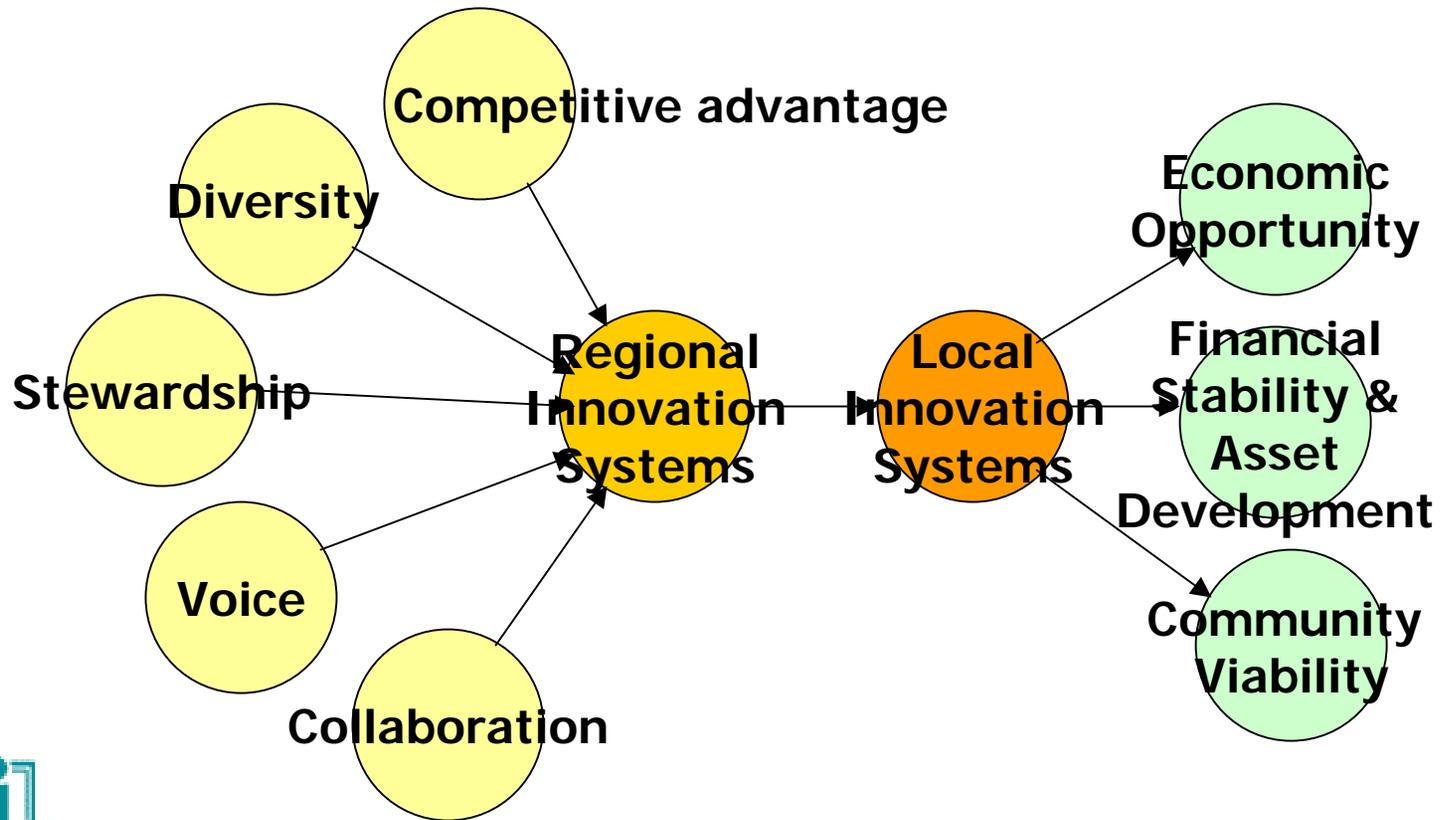
RUPRI & TSPA

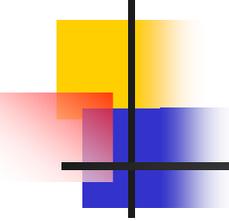
CFED 2005 **Montana** Assets & Opportunity Scorecard

- Overall grade – **C**
- Strengths:
 - Small business ownership **1st**
 - Microenterprise ownership **1st**
 - Sub-prime loans **3rd**
- Weaknesses:
 - Employer-provided insurance **50th**
 - Asset poverty **48th**
 - Households with zero net worth **47th**



Ways Forward



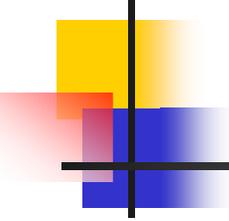


Local Innovation Systems

- Targeted at communities and families to achieve Rural Family Economic Success:
 - Economic Opportunity
 - Financial Stability & Asset Development
 - Community Viability



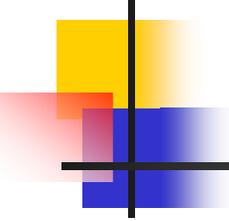
Rural Family Economic Success



- **Economic Opportunity**
 - Opportunities and capacities to access good jobs; removal of key barriers of transportation and child care
 - Information and means to access income supports and tax credits
 - Income and wealth creation through entrepreneurship

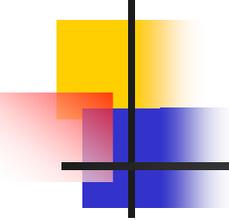


Rural Family Economic Success



- **Financial Stability & Asset Development**
 - Protection of families from predatory lenders
 - Infrastructure and opportunities for asset accumulation – homeownership, education, enterprise

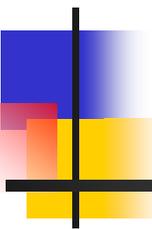




Rural Family Economic Success

- **Community Viability**
 - Positive business and entrepreneurial climate to create jobs and connect to markets
 - Safe and caring environment
 - Efficient and effective service and information delivery systems





For more information, please visit the following websites

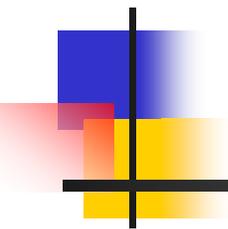
www.rupri.org

www.rprconline.org

www.cfed.org

www.aecf.org





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