CHOICES

A publication of the Agricultural & Applied Economics Association

AAEA Agricultural & Applied Economics Association

4th Quarter 2016 • 31(4)

Rural Voice and Rural Investments: The 2016 Election and the Future of Rural Policy

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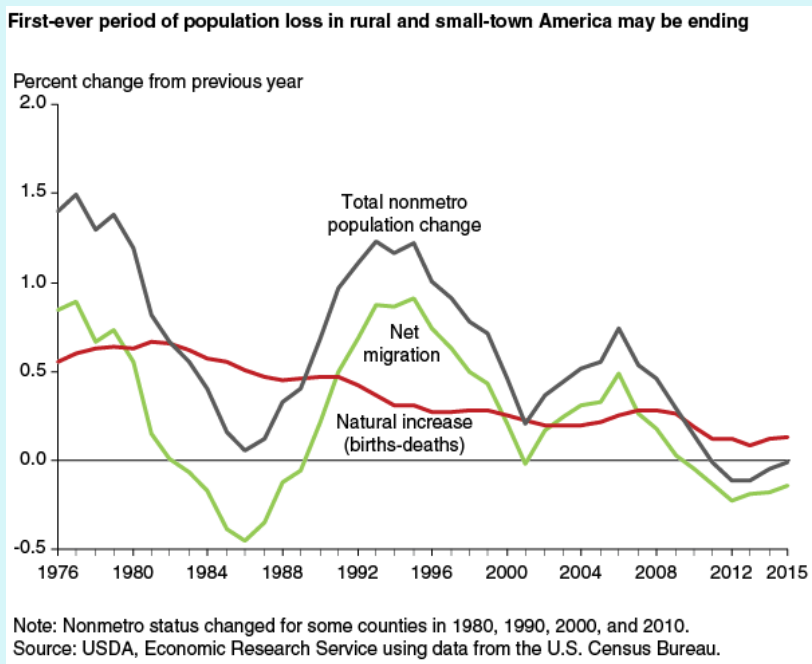
JEL Classifications: O18, R11, R23, R58

Keywords: Broadband, Farm-Dependent Counties, Infrastructure, Rural Development Policy, Rural Poverty

In the wake of the 2016 election, political observers have paid a significant amount of attention to rural Americans who, as a group, had a deep impact on the results. Commentators have been interested not only on rural Americans' role in the election but have also sought to determine why rural America voted the way it did. These two questions are best examined in light of some of the fundamental dynamics in the diverse rural economy. Given the electoral dynamics, the article considers what the results mean in terms of bolstering the "rural coalition" of agricultural and non-agricultural stakeholders and what policies might this coalition consider prioritizing to improve the rural economy and the rural quality of life? Finally, it is important to consider approaches that the federal government and other entities can take to ensure that rural people have a voice through increased civic engagement and the use of business models, such as cooperatives.

Figure 1: Components of Nonmetropolitan Population Change, 1976-2015



Source: Cromartie, 2016.

The Rural Electorate

While rural areas account for nearly two-thirds of U.S. counties and 72% of the land area, they account for a relatively small share of the population (See What Is Meant by Rural?). About 46 million people, or 14% of the U.S. population, live in areas classified as nonmetropolitan or rural areas. Compare that to 95% of the population living in rural areas in 1790 at the time of the first U.S. Census of Population—about the time that the Electoral College system was established. By the 1920 Census of Population, a majority of the U.S. population lived in urban areas. The trend toward urbanization continued, with population growth rates that have varied over time for both metropolitan and nonmetropolitan places; a new population milestone of sorts was reached during the 2010-2015 period when the total population of nonmetropolitan areas declined for the first time since statistics have been compiled (Cromartie, 2016).

What Is Meant by Rural?

There are numerous ways in which rural and urban areas are classified, in part, because it is a multidimensional concept and settlement patterns and development are really more of a continuum. In addition, rural and urban areas are often recognized in the development literature as having a shared interdependence. Nevertheless, in reporting statistics it is necessary to employ a specific definition that captures characteristics of rural areas, like remoteness and low population densities. There are two major ways in which official statistics are reported, based on the definition of the U.S. Census Bureau or the definition of the Office of Management and Budget (OMB) (Ratcliffe, 2012).

The U.S. Census Bureau defines rural areas as areas that are not urban, where urban is either an urbanized area of 50,000 or more people or an urban cluster of at least 2,500—with at least 1,500 outside of institutions—but less than 50,000 people.

The OMB defines nonmetropolitan areas as counties that are not metropolitan counties, where metropolitan counties are defined as central counties which contain a core urban area of 50,000 or more population and outlying counties that are economically tied to the core counties. The Census Bureau's urban areas are used as one of the building blocks in OMB's designation. Since the designation is based on county units, this means that metropolitan counties can, and often do, have parts that are designated as rural according to the U.S. Census Bureau.

Data users who are interested in time trends should keep in mind that population and development changes continuously over time and space, as population centers grow or decline. However, the designations as urban/rural or metropolitan/nonmetropolitan are not updated frequently to match this continuous development. Both official designations are based primarily on the decennial Census of Population. The latest census was for 2010 and designations were announced in 2012; these designations will continue until sometime after the 2020 Census of Population. Therefore, this means that if a rural area develops and increases in population—often the rural areas with the fastest growing economies—at some point it may be classified as urban.

It is not uncommon, regardless of definition to refer to both OMB's nonmetropolitan areas and the Census' rural areas as rural areas, as is done in this article.

In the constitutional system of the Electoral College, every state begins with two electoral votes regardless of its population size, although the number of remaining electoral college votes are allocated based on the population size of the state—with each state being guaranteed a minimum of one more, for a total of three. The winner of the state election takes all the electoral votes—except in Maine and Nebraska. Therefore, because of the guaranteed minimum number of electoral votes, regardless of population size, rural states continue to have significant influence—or as one commentator phrased it, as a result of the electoral college rural America "retains vastly disproportionate electoral strength" (Badger, 2016).

So how did rural voters exercise this strength in 2016? Two trends were abundantly clear: Over time (2008 - 2016), rural voters voted in greater percentages and numbers for the Republican presidential candidate, and in 2016 the more rural the geography the more likely voters were to choose the Republican candidate (Kurtzleben, 2016). In 2008, 53% of rural voters chose the Republican candidate, whereas by 2016, 62% went Republican. Further, using USDA Economic Research Service (USDA-ERS) “rural-urban continuum codes”, the more rural the geography, the more likely voters were to vote for the Republican candidate in 2016: In the most urban areas (counties with at least one million people), 40.1% voted Republican; in the most rural areas (counties with no town with a population more than 2500), 70.6% voted Republican. In close elections, such as 2016 where the Electoral College and the popular vote diverged, these trends can be decisive (Meko, 2016).

Many in rural and agricultural policy circles are pointing to the election outcome as one that will—or could, or should, or might—mean a greater policy focus on enhanced opportunities in rural America. Considering the election outcomes and the informal discussions about the future of rural policies, including within the Farm Bill context, it is a good time to consider the current economic situation of rural America, relative to urban America, and potential investment opportunities for the Americans who live in rural places.

Economic Well-Being of Rural People

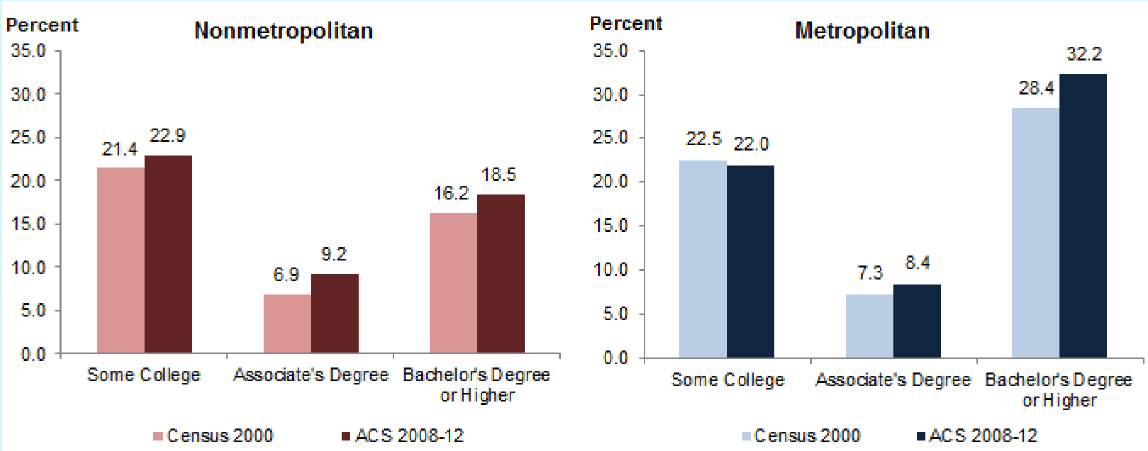
In 2015, the median family income in metropolitan areas was $59,528, compared to $44,657 in nonmetropolitan areas (Proctor, Semega, and Kollar, 2016). Yet low incomes in rural counties are not generally experienced by farm households in those counties, whose median and average incomes are substantially higher than those of non-farm households in rural areas. In 2015, the median farm household income was $56,516. When incomes are measured as averages, rather than medians, farm household incomes are disproportionately higher because of the large share of farm households with very high incomes, thereby raising the averages. The median income is the midpoint of the range of incomes, from low to high; in contrast, the average income is the income level at which all households would have an equal amount of the sum of incomes for all households combined. So, for example, in 2015, the average U.S. income was $79,263 while the average farm household income was $119,880. It is also worth noting that 80% of the total income of farm households was from off-farm sources (see Table 1 at USDA, ERS, 2016a). As in the United States, generally, rural parts of the country have experienced increased income inequality.

Income levels are closely related to educational attainment, where rural areas generally lag urban areas. For example, about half of the rural working-age population has at least some college education, compared to more than 60% of the urban-working age population (Marre, 2014). During the last decade, the gap in 4-year college educational attainment between rural and urban residents has increased. Moreover, for a given level of education, rural wages are lower than in urban areas, with the differential increasing as educational attainment increases. This differential in the reward structure for investment in education provides one incentive for rural residents, especially those with college-level educations, to migrate to urban areas. While education is one factor in migration, the issue is complex, including the preferences for certain amenity types and cost of living differentials.

Ever since poverty statistics have been reported, nonmetropolitan areas have consistently experienced higher poverty rates than metro areas. (However, it should also be noted that poverty measures other than the official measure that consider differences in housing costs, noncash transfers and other factors have found that poverty rates are higher in urban, compared to rural areas.) While the official poverty gap between nonmetropolitan counties and metropolitan counties was declining in the 1980s, 1990s, and early 2000s, since the 2008 recession, the gap has widened again. In 2015, the poverty rate in nonmetropolitan areas was 16.7%, compared to 13.0% in metropolitan counties. The persistence of poverty in some specific rural areas is also a longstanding condition. More than 15% of all nonmetropolitan counties are classified by USDA's Economic Research Service as persistent poverty counties, three times the rate at which metro counties are classified as experiencing persistent poverty (USDA-ERS, 2016c). Persistent poverty is largely a Southern problem—84% of all persistent poverty counties are in southern states.

Hertz and Farrigan (2016) have taken a closer look at rural child poverty and found that it increased between 2003 and 2007, even as the national economy grew. As expected, poverty rates continued to grow during the period of the Great Recession, but they also found that rural child poverty continued to grow through 2012, even as the national economy started to recover. Rural child poverty rates began to decline between 2012 and 2014, but its level in 2014 was still well above that of 2003. Moreover, rural children enter kindergarten underprepared, are less likely to receive preventative medical and mental health care, and are more food insecure—all of which have lasting impacts on life outcomes.

Figure 2: **Percent of Population with College Education, 2000 and 2008-2012, for Nonmetropolitan and Metropolitan Counties**



Source: Marre, 2014.
Note: Data from the Census of Population and the American Community Survey (ACS) for population ages 25 to 65.

Other key economic indicators tell a consistent story: Unemployment rates are higher and employment growth is lower in nonmetropolitan counties, compared to metropolitan counties, with the lower educational attainment of nonmetropolitan residents contributing to this situation. Rural employment has risen only modestly—an increase of 1.3% between 2013 and 2015—as the national economy has recovered since employment levels bottomed out in 2010. The rural employment level is still below the pre-recession level, in contrast to the level for urban counties. The recession impacted rural counties differently, in part, depending on their local industries. For example, while median household incomes fell for all USDA-ERS county types during the recession years, by 2014, the incomes in both farming dependent and mining dependent county types were up over the 2007 levels. Median household incomes remained below the 2007 level for all other county types, however, with residents of those most dependent on manufacturing experiencing the greatest declines in median income during the recession years (Kusmin, 2016).

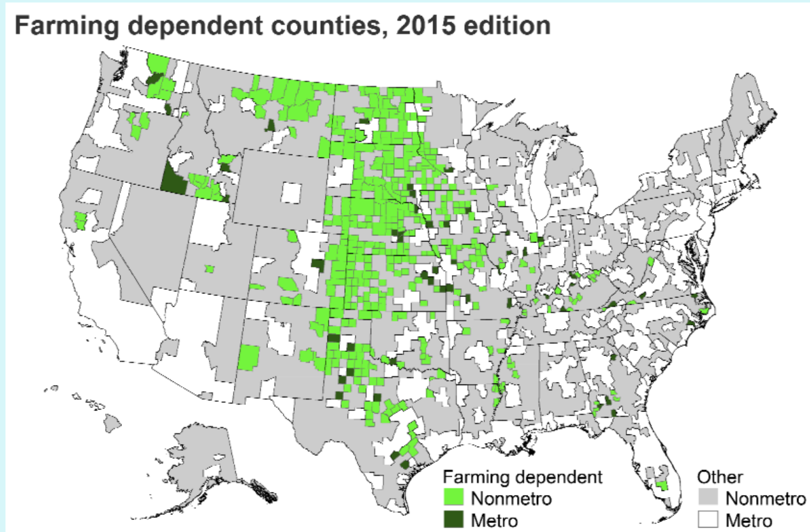
This quick review of economic indicators shows a rural population with relatively fewer employment opportunities, lower incomes, and thus a greater demand for assistance through a social safety net. In many parts of rural America, the number of better paying jobs in the manufacturing, mining, and agricultural-related industries has decreased. These dynamics have caused many rural Americans to be dissatisfied with the economy and their place in it.

A Diversified Rural Economy

The rural economy is much more diverse than in the past. At the time of the New Deal when the basic structure of our current farm policies was established, rural areas were dominated by farming, and agricultural policies provided much of the needed support and a safety net for rural America. Furthermore, it was widely acknowledged that the farm population was economically disadvantaged. New empirical analyses in the 1980s offered an updated and more accurate view of this perception of rural America. Bender, et al. (1985) offered a typology of counties that made clear rural counties relied on a diversified set of sectors and provides the basis for what is currently known as USDA-ERS' six economic dependence county typologies and demonstrates the diversity across rural economies (USDA-ERS, 2016c). The largest share (30%) of rural counties are now classified as "nonspecialized," indicating that they are not dependent on any one industry. Rural economies are more dependent on the goods-producing industries than are urban economies. For example, manufacturing jobs—which includes many food processing firms—represent 15% of earnings in rural counties, compared to 9% in urban counties. The latest economic base classification of counties identified 19.8% of all nonmetropolitan counties as farm dependent, with only 6% of the rural population living in counties classified as farming-dependent.

The second data-based contribution to the policy discussion was an analysis using new data showing that the farm population was generally not economically disadvantaged (Ahearn, Johnson, and Strickland, 1986). This analysis contrasted with a long-standing statistical series which portrayed the farm operator population as having significantly lower household incomes (USDA-ERS, 1982). As mentioned previously, farm households currently have household incomes at least as high as U.S. households—with the largest share from off-farm sources—and more than four times the wealth of the average U.S. household. Off-farm income sources are a more stable source of income for farm households, compared to farm income. Farm income is, in fact, highly variable. Most recently, the net farm income of the whole sector is down three years in a row, after increasing and even achieving record high levels in several years since 2009. For the last two years (2015-2016) the equity of the farm sector has declined, largely reflecting declines in the value of farm land and reversing the significant gains in equity from 2009-2014. Land values are largely driven by farm income-generating capability; and the commodity price declines which began in 2015 and continued into 2016 reflect a reversal of many favorable agricultural trends (USDA-ERS, 2016b).

Figure 3: **6% of Nonmetro Population Live in Counties Dependent on Farming**



Source: USDA-ERS using data from Bureau of Economic Analysis
Note: Farming dependent counties are those where 25% or more of the county's average annual labor and proprietors' earnings were derived from farming, or 16% or more of jobs were in farming, as measured by 2010-2012 Bureau of Economic Analysis, Local Area Personal Income and Employment data. The county boundaries are drawn for the farming dependent counties only.

A Potent Rural Coalition

The acknowledgement of the increased diversification of economies in nonmetropolitan counties and the relatively strong financial position of farm families does not mean agriculture, or agricultural policy, is economically unrelated to rural development goals. For some counties, such as farm dependent counties, farm policies that support farm incomes are very important to the local economy due to the multiplier effects of the economic activity associated with agriculture. At the macro level, an appropriate—subject to much debate—farm safety net is also important for our national security, food security, and contributing positively to our trade balance. Yet, the diverse economic profile of rural America, makes it clear that solutions to rural development challenges are going to come from multiple policy areas including, but well beyond, farm program income and price support policies.

This brief review of the rural electorate and the diverse rural economy suggests that there is an opportunity for rural stakeholders—both agricultural and non-agricultural—to join forces to advocate for policies that would have a positive impact in rural places. The agricultural stakeholders are well-organized and have a history of legislative success—particularly around the Farm Bill (Mercier, 2016). The non-agricultural stakeholders have a significant impact across broader swaths of the country—and many more Congressional Districts—and wield a significant number of voters. The combination of legislative strength with electoral numbers could result in policies that advantage rural citizens. While beyond the scope of this article, it should be noted that rural stakeholders' interests many times align with urban—whether on policies designed to grow interdependent regional economies or to address challenges related to poverty and inequality. Beyond the rural coalition suggested in this article, rural stakeholders should also look for ways to work with urban groups to advance common agendas.

The Mood of the Rural and Farm Electorate

While economic indicators of rural people and their places provide an objective backdrop to the 2016 elections, many political commentators have offered perspectives on relevant social considerations. Perhaps no book has been cited more often by observers than J.D. Vance's *Hillbilly Elegy*. In his personal story about growing up "dirt poor" in Appalachia, Vance (2016) shares his personal perspective on growing up in a culture in crisis and decline. Though Vance escaped the poverty and eventually earned a law degree from a prestigious university, in sharing his experience he noted how similar it was to what he had read about the Black experience in inner cities: "when the factories shut their doors, the people left behind were trapped...Those who could—generally the well-educated, wealthy, or well connected—left, leaving behind communities of poor people" (p. 144). Vance also observed that in a culture with few opportunities, he worried that people might confuse their own lack of effort with inability and lose the high expectations that they should have for their own life. Vance credits his grandparents for helping him leave this culture—his "hillbilly terminators"—who urged him to read and succeed in education. Although Vance's book sharing his personal life story has received considerable press, it is also important to remember to avoid stereotyping 46 million people. The reality is that rural America is incredibly diverse: economically, socially, and culturally.

In a different book that focused on small towns in rural Wisconsin, Kathy Cramer (2016) explains an observed "rural consciousness", shorthand for "an identity for a rural person that includes much more than an attachment to place. It includes a sense that decision makers routinely ignore rural places and fail to give rural places their fair share of resources …" (p.6). Cramer observes that through this lens, it makes sense that rural people would seek a smaller government imprint. It is noteworthy that many other observers are confused by this view since a rural population with low incomes would seemingly benefit from more robust federal government investments and human service programs in their communities since poverty and inequality issues are significant in rural places.

In 2012, national polls indicated that 70% of the population indicated that it was very, or extremely, important that the federal government have a role in enacting policies that increase the equality of opportunities (Pew Research Center, 2012). Piketty's (2014) economic analysis of income equality that supported a role for government in correcting inequities and Chetty et al.'s (2016) economic analysis of declining economic mobility have received widespread attention since the 2012 elections and became important topics that were featured in the 2016 presidential election. For example, research clearly showed that the probability of upward mobility was much greater for those born in 1940 than for those born in 1980 (Chetty et al., 2016). They concluded that reviving the "American Dream" of high rates of absolute mobility would require that economic growth be spread more broadly across the income distribution. Chetty et al. (2014) also found that rural areas, on average, tend to exhibit higher levels of intergenerational mobility than urban areas. Although their analysis emphasized that this is based on where children grew up, not where they reside as adults: for those that rose from the bottom income quintile to the top income quintile, 55% of children grew up in rural areas and live in urban areas by the age of 30. Chetty et al. (2014) concluded that, given that some places offer greater mobility than others—those with less residential segregation, less income inequality, better primary schools and greater social capital and family stability—there is a role for what regional economists refer to as "place-based" development policies.

This mix of feelings of resentment and lack of opportunity—coupled with the economic trends discussed earlier—are a potent formula for a rural electorate seeking change on issues related to the role of government, trade policy, environmental regulations, and immigration—issues all highly visible during the 2016 campaign. Add to this list some early public indications from incoming Administration and Congressional leaders that there may be activity around infrastructure, tax reform and Committee work on the next farm bill, and we see a policy environment that could have deep and wide-ranging impacts on rural places and the agriculture sector. While it is too early to predict how the new Administration and Congress will move forward on policies related to these issues, it is worth considering where there may be areas of common interest between rural stakeholders, both agricultural and non-agriculture, and the new Administration and Congress.

Impactful Investments in Rural America

Although “rural” and “agriculture” are not synonymous, many rural places continue to rely to a significant degree on the agricultural economy and the reverse is even more common: the vast majority of farm households rely on the nonfarm rural economy for off-farm income opportunities and for the essential quality of life factors such as health care, education, and entertainment. The traditional political strength of agricultural stakeholders combined with the electoral strength of the rural population within the context of a diversified rural economy presents the opportunity for the two stakeholder groups to work together on key policies that affect rural communities. Stakeholders and policymakers need to ask themselves, what policies are most likely to make an impact on the lives of rural families, in other words, what investment will yield the greatest societal return?

The relationship between economic well-being, place, people, and effective policies is complex and beyond the scope of this article—and regional economists are regularly generating new questions and insights about the importance of economic geography and place-based policies (for example, Partridge and Rickman, 2006; Goetz, Deller, and Harris, 2009; Kilkenny, 2010). But what is clear is that there is no single approach to effective public rural development policies, for all locations and all people.

Recent research on business survival and returns on investment in rural areas provide some encouraging results. On rural business survival, Deller and Conway (2016) found that the five-year survival rate for startup businesses is higher in rural than in urban areas and conclude by noting “…the promotion of entrepreneurial activity at all levels is vital for a dynamic and vibrant local economy whether it be a large urban city or a remote rural village. Communities that foster, nurture and support business at the point of start-ups and those all-important first five years of operation through networking, educational, technical and mentoring services will prove to foster stronger local economies and communities.”

The Organization for Economic and Cooperative Development (OECD) released a report entitled *Promoting Growth in All Regions* that had some surprising findings for thought leaders who had been advocating for an all-out focus on investments in metropolitan hubs where there is seemingly an overwhelming agglomeration of intellectual capital and higher quality of life (OECD, 2012). The report reflected quantitative and qualitative analyses of 23 case studies across the OECD countries in the industrialized world. The report found that on average, investments in rural regions yielded greater growth than urban regions, primarily because there is significant untapped potential in rural regions. The report did find that certain types of investments, such as those in human capital, tended to yield the greatest returns. Significant for U.S. rural stakeholders, the report noted that infrastructure investments can yield positive returns, but generally only if the investments were part of a broader regional economic development strategy—one that recognizes the interdependence of rural and urban parts within a region.

Infrastructure and Broadband

If Congress and the new Administration choose to dedicate resources to infrastructure, the implications for rural places could be significant. Policy makers will need to make choices on what types of projects are eligible, to what degree the projects are based on need versus which are able to repay possible loans, and what role the private sector will play. Rural stakeholders will be concerned about bolstering transportation systems—road, rail, and water—and modernizing utility systems: energy distribution, water systems, and telecommunications. Much of the greatest need in rural places for these investments lies in areas that are more remote or more sparsely populated—areas where there may be less of a business case to attract private investors, but if not for the infrastructure, the area may not be able to participate in the 21st Century commerce or meaningfully contribute to the national economy. An example of a hugely impactful investment of the 20th Century is that of the Rural Electrification Act, passed by Congress in 1936, that allowed the federal government to make low-cost loans to rural residents to create cooperatives for the purpose of bringing electricity to remote, isolated rural areas.

Looking at broadband in particular, inadequacy of high speed broadband coverage in rural areas relative to suburban and urban areas, is well documented—the so called digital divide. In 2015, residents of rural areas were less likely to report having broadband at home than suburban and urban residents—55%, 70%, and 67%, respectively—which represents a slight increase in the digital divide since 2013 (Horrigan and Duggan, 2015). It is widely accepted that broadband access is a necessity for productive economic development, a need shared by both farm and nonfarm rural interests. For example, precision agriculture and the move to "big data" tools will be an increasingly important agricultural technology and one that is only possible with improved internet connectivity through broadband (Whitacre, Mark, and Griffin, 2014). An American Farm Bureau Federation (AFBF) survey on "big data" showed that 50% of farmers indicated that they would be investing in new data technologies dependent on broadband connectivity (AFBF, 2014). In addition to agriculture and other rural industries, broadband access is an important tool for the delivery of human services in remote places, such as telemedicine.

Compared to 2013, there has been an increase in the number of rural residents who report having internet access from a smartphone only, and not home broadband. Lack of broadband at home disadvantages residents on a personal level, as well: In 2015, nearly 70% of Americans indicated that not having a home high-speed connection would be a major disadvantage in job searches and getting family-related health and other key information (Horrigan and Duggan, 2015).

In 2009, the Federal Communications Commission (FCC) began the development of a National Broadband Plan to ensure every American had access to broadband. Also in 2009, the American Recovery and Reinvestment Act (ARRA) provided funds to expand the national broadband system, but many rural places continue to lack access to affordable, high speed internet. Since then, federal resources have been dedicated through the Department of Commerce, Federal Communications Commission (FCC) and USDA, yet additional resources to continue to reduce the digital divide seem imperative.

Rural Development Investments through the Farm Bill and Other Federal Programs

Beyond the possibility that Congress may pass some type of standalone national infrastructure package, the federal government has traditionally invested in rural places through the Farm Bill and other programs. The rationale are two-fold; one economic and one equitable. Significant agricultural, energy and other natural resources exist in the vast expanse of rural America that can contribute to the nation’s economy and national security—this is an example of the interdependence of rural and urban places that is often overlooked. It is in the national interest to create the infrastructure so that the nation as a whole can utilize the rural assets. The equitable rationale points out that people who live in rural America should have the opportunity to participate in the nation’s economy and have access to the basic services provided to all Americans; for this to occur, public investments in infrastructure, human services, education and workforce development are crucial.

The farm bill has traditionally included a number of programs designed to invest specifically in rural America, offering an established structure for investments (Ahearn, 2015). Among the federal agencies, the USDA is charged with rural development. The bulk of rural development programs in the 2014 farm bill are in Title VI, the Rural Development Title (CRS, 2014). There are also programs of interest to rural communities in other titles, such as the Rural Energy for America program in the Energy Title, Title IX, and the Farmers' Market and Local Food Promotion Program in the Horticulture Title, Title X. Most programs administered by USDA's Rural Development are funded through annual, discretionary appropriations, while the farm bill and the other Acts provide the authority for these appropriations.

While USDA hosts many programs critical to agriculture and rural places, stakeholders should also look to other federal agencies as they seek sources for rural investments. The Department of Commerce features programs to build regional development capacity and support broadband infrastructure at the Economic Development Administration and National Telecommunications and Information Administration, respectively. The Department of Housing and Urban Development, despite its name, includes resources for community economic development and, importantly, provides Community Development Block Grant dollars to states, which in turn have the discretion to invest in rural communities. Other agencies, such as the Department of Energy, Small Business Administration and the regional federal and state partnerships of the Appalachian Regional Commission and Delta Regional Authority also do extensive work in rural places. Stakeholders need to consider the rural equities in legislative activity around authorizing and appropriating funds to these programs. It is critical that local and regional leaders think strategically about how to weave these resources together to make the greatest positive impact. Some resources exist to carry out that process, such as the Strategic Community and Economic Development section in the 2014 Farm Bill (Section 6025) that incents rural communities to work on projects together as part of a regional strategy as well as consider the larger menu of federal programs as it creates and implements economic development strategies. This notion supports what Deller (2014) calls “third-wave economic development strategies" that emphasize regional cooperation, public-private partnerships and a move away from a one-size fits all approach to development policy.

Oportunities to Empower Rural People in Their Businesses and in Their Communities

Many rural people feel that they no longer have a voice in the policies and businesses that affect their lives. The need for people to have greater opportunities to participate suggests a look at both old and new strategies to provide for their voices to be heard.

Cooperatives and Entrepreneurship

One proven and resilient strategy to empower people in their businesses focuses on utilizing cooperatives so that farmers and rural citizens can own, control, and benefit from the businesses they use. There are relatively well-known examples in agricultural marketing (the major farm cooperatives), finance (through Farm Credit Institutions and credit unions), and utilities and energy distribution (through the Rural Electric Cooperative system, water systems and telecommunication cooperatives). Rural people are also looking to cooperatives to answer some of the challenges they face because of gaps in local markets due to the lack of population density and remoteness, for example, health care cooperatives and locally-owned grocery stores. Cooperatives, a democratically controlled business with each member-owner exercising representation in the firm, provides its members a platform to participate in the major decisions of the entity and creates the opportunity so that rural households can band together to reach the scale needed to more effectively obtain goods or services, or market their products.

While cooperatives allow people to work together in a business, other entrepreneurial enterprises also provide rural people the opportunity to create their own businesses and participate in the local and regional economy. Entrepreneurship is related to income and job growth. While drivers of entrepreneurship are difficult to identify, entrepreneurship is known to be tied to, and can contribute to, rural wealth creation, such as financial, physical, human, intellectual and natural capital (Low, 2014).

As policy makers look at the next farm bill, tax reform, and appropriations opportunities, they should consider focusing resources on programs that build the institutional capacity to strengthen cooperatives and other businesses that empower and serve rural people. This can be done in USDA's Rural Cooperative Development Grant program and through other federal research and business development programs in the Small Business Administration, the Department of Commerce's Economic Development Agency, and throughout the federal government.

New Opportunities to Participate in Creating Local Strategies

While it is crucial for policy makers to make investments that help empower rural Americans in the businesses they work with, it may be equally important that rural citizens have a chance to participate in setting those investment priorities in ways that are both substantive and that rural people appreciate. At a community level, this means making sure that systems are in places to encourage robust community engagement for economic and community development plans, and that these plans inform federal decisions.

Policy makers could look to some recent examples of how the federal government engaged local communities. Recent examples of private-public partnerships with significant local input and which yielded positive results thus far include Promise Zones and the USDA StrikeForce initiative. The Promise Zone initiative established a platform for persistent poverty communities to create comprehensive plans to address their local challenges, and then created a formal partnership between multiple agencies of the Federal Government and the local communities to work together to invest in implementation of the plan. Seven of the 21 eventual Promise Zone designees were rural or tribal. USDA's StrikeForce initiative focused on assisting low resource, persistent-poverty communities to access resources available through the farm bill and elsewhere has now engaged with more than 500 rural communities. This focus on well-managed investments in human capital, strategic recruiting of private sector partners, and more efficient use of local resources are expected to have substantial positive general economic welfare and poverty reduction effects in both the short and long term.

Planning and Cultivating Local Leadership

Duncan (2012) emphasized that for any investment strategy to succeed, there must be an investment in leadership and capacity development in rural communities so that local leaders have the skills to bring about comprehensive rural development. Given the diversity of opportunities and challenges in rural areas, in particular, local leaders need the skills required to access and integrate federal programs and engage the community in planning. Some resources exist to carry out that process, such as USDA Rural Business and Development Grant program that provides resources to intermediaries to build capacity for planning and implementing economic development strategies, and funds from Department of Commerce Economic Development Administration and the Department of Housing and Urban Development. Flexibility in tailoring national programs to local needs is facilitated by the USDA's Rural Development agency’s approximately 400 local offices; although as is true with other local offices that meet the needs of USDA customers, the number of locations must be balanced against the costs of operation.

Extension and Higher Education

The role of higher education and extension in empowering rural people and supporting rural business development has a long and exemplary history, beginning with the Federal Land Grant College of 1862. These institutions and other higher education institutions now have an even greater opportunity and responsibility to be a source of support for rural America.

The Cooperative Extension is a partnership between federal, state, and county governments with a mission that has evolved to meet the needs of the communities it serves. The Extension Service continues to meet its traditional mission focused on increasing agricultural productivity and farm household income. In fact, the Extension Service has been remarkably cost effective in keeping farmers in agriculture (Goetz and Davlasheridze, 2016). In addition to continuing to do work with farm families, the Extension Service also works with communities around issues such as nutrition and leadership development (Loveridge et al., 2014). Recent experience has also shown the important role for Extension professionals in human capital development around new technologies, such as educational efforts to encourage the use of broadband in those rural areas where it exists (Barnes and Coatney, 2015).

Several extension rural development initiatives are noteworthy. Nationwide, there are four regional development centers at land-grant universities that possess the capacity to harness relevant results from public investments in social science research to help inform extension experts as they collaborate with local leaders in development activities. For example, the Stronger Economies Together (SET) program began in 2009 as a collaboration between USDA and the four regional rural development centers to assist communities to strengthen their planning capacity.

In addition to the land-grant universities, other institutions of higher education are critical for enhanced rural support and empowerment (Cordes and Peters, 2014). Many smaller regional universities and community colleges are playing significant roles in empowering rural people and supporting rural business development. In addition, policy centers—such as the academically-based Rural Policy Research Institute with nearly three decades of experience— provide analysis and information on the rural impacts of public policies and programs, with much of the work supported with federal funds.

Time for a New Look at the Landscape

The 2016 election put a spotlight on rural America: increased turnout and the structure of the Electoral College resulted in rural people having a significant impact on the election. The spotlight also revealed a region of the country that has not fully participated in the nation’s economic recovery and a group of people that are suspect and even resentful of decision makers and those in power. This new visibility has given rural agricultural and non-agricultural stakeholders a strong incentive to strengthen their traditional partnership to work together in what appears to be a very dynamic federal policy environment in 2017. Agricultural producer groups, in particular, have experience working with lawmakers on farm policy, and in light of the election have additional incentive to extend their leadership capabilities to rural development issues more generally.

The key for rural stakeholders, including policy makers, will be to determine what can make the most positive impact in their rural communities. Stakeholders could look to infrastructure, and in particular broadband, as a key investment for rural communities and will need to be cognizant of how any infrastructure proposal might apply to remote rural places. Given both the economic challenges and the feeling of disenfranchisement in rural places, policy makers should also consider supporting business models that empower local people, like the cooperative business model. Finally, policy makers need to look at old and new ways to develop leadership and provide meaningful opportunities for rural citizens to participate in the policy and investment decisions that affect their communities.

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