Conclusion: One Hundred Years of Rural Development Policy

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The Country Life Era, 1900-1929

Programs in the early decades of the century were focused on farm life, at that time considered synonymous with rural life. Motivations for improving rural life stemmed from opposite assessments of the "rural problem," although holders of both views were part of the Country Life movement, a primarily urban-based articulation of growing concern about conditions in the countryside.

On one side were those who feared depopulation of the nation's farms would burden the Nation's growing cities and might cause food prices to rise dangerously. Many in this camp also feared the loss of rural culture, which was associated with the agrarian heritage of the United States. On the other side--by the 1920s--were those who wished to facilitate movement to the cities from farms. They believed the United States had too many farms, which led to inefficiency and rural poverty. Migration of marginal farmers to industrial jobs would free up land for more efficient farmers and would provide much needed labor in the cities. The former farmers and their families would benefit from better incomes and an improved standard of living.

The primary characteristics of rural policy and programs developed from these philosophies were the reduction of isolation--making the benefits of city life accessible to the country--and improving the education and skills of rural (farm) people. Programs such as rural postal delivery, improved roads, support of consolidated rural schools, development of community centers, and establishment of extension programs brought greater contact between urban and rural areas and brought the services and education available in rural areas closer to the level provided in cities. Agricultural extension programs helped the more progressive farmers improve their efficiency, raising their incomes and standard of living. These programs laid the foundation for much of the subsequent continuity in rural development policy. Infrastructure development and improved education have remained core programs throughout the century, as have programs to cultivate community cohesiveness and leadership development.

The impacts of these programs were mixed. Living standards on the more progressive farms did improve, but the urban population continued to grow rapidly, while rural population grew only slightly during this period. The pull exerted by increased access and exposure to urban opportunities (through such things as improved roads, mail-order catalogs, and consolidated schools) combined with the push created by increasingly efficient farms that needed fewer and fewer workers to produce at the same or greater levels.

The New Deal, 1930-1945

During the New Deal of the 1930s, rural development policy was part of the Federal response to the distress of the Great Depression. It remained focused primarily on farms and farm families, however. The major farm programs of the period, which formed the core of farm programs for most of the remainder of the century, included those administered under the Agricultural Adjustment Act (1933) and the Soil Conservation and Domestic Allotment Act (1936). The programs established acreage reductions with direct payments to producers and soil conservation technical assistance and cost sharing. Additional farm programs included Federal farm credit for operating and ownership loans and assistance to tenants and other landless rural residents in acquiring small homesteads. Other programs not directed specifically at agriculture included rural electrification and the Tennessee Valley Authority, which attempted to bring modern industrial development to rural areas through more traditional infrastructure development and a new strategy of comprehensive regional planning.

The programs of the New Deal had varied impacts. Large commercial farmers achieved some income stability through government assistance, which they used to invest in mechanization and other new methods to improve efficiency and profitability on the farm. The use of farm programs to provide capital as a substitute for labor drove large numbers of marginal farmers and former tenants out of farming. Efforts to stabilize these rural populations with subsistence homesteads, cooperative farming, and small rural industries were not successful. The outbreak of World War II drew large numbers of rural workers to urban factories, and also introduced young rural residents to wider opportunities beyond their home communities. At the same time, rural electrification and industrial development opened some rural areas, like the Tennessee Valley, to increasing nonfarm industry and successfully introduced employment alternatives to agriculture.

The New Deal represented the peak of Federal intervention in economic development planning. But this strong Federal role was not uniformly popular, especially in programs that might bring social change. Congressional opposition increased as the decade ended, bringing to a close those programs that strayed furthest from the already well-accepted Federal role of providing assistance to individual farmers. However, these programs provided useful lessons that could be put to use in designing later programs.

The Postwar Period, 1945-1960

In the early postwar period, under President Truman and Agriculture Secretary Charles Brannan, loans and technical assistance programs continued to address rural poverty and industrial development. Efforts were made to integrate Federal and local resources more than had been the case during the New Deal, in keeping with the criticism that had developed around some of the more direct Federal rural assistance programs. The Eisenhower administration established a new program focused primarily on disseminating economic development information to local communities. The few programs that received Federal funds were designed as demonstration pilots, intended to serve as examples for local leaders to learn from and adapt, based on their own resources and needs. USDA leadership considered local initiative and grassroots control essential to the success of rural development efforts.

One result of this focus, led by Agriculture Undersecretary True D. Morse, was the beginning of capacity-building and leadership development in local government and private organizations that continued to play a significant role in rural development policy throughout the rest of the century. Morse also established the foundations of a distinct rural development program focused on the needs of the nonfarm rural economy. Although much of USDA's rural development literature and pilot programs continued to address the needs of farmers and farm communities, a task force led by agricultural economist Donald Paarlberg identified several rural areas for which agricultural policy was not likely to provide solutions to persistent poverty and economic decline. Although the motivation for much of this concern continued to be the need of marginal and struggling farmers for nonfarm economic opportunities, the recommendation that USDA focus resources on explicitly nonfarm economic development was a turning point for the Department's rural programs.

The Kennedy and Johnson Years, 1961-1968

During the Kennedy/Johnson presidencies, Agriculture Secretary Orville Freeman and a cooperative Congress provided strong Federal direction in rural development policy through the Rural Areas Development program and Area Redevelopment Administration. The focus on developing local leadership continued, but the Department returned attention to regional planning and direct Federal involvement in program design and control. These rural development programs had a new, more explicit nonfarm component. USDA rural lending now included funding for community facilities and nonfarm rural housing, as well as for traditional farm credit programs. In addition, the focus within farm programs trended towards a greater emphasis on small-scale farms.

The Kennedy administration began to apply "trade" or "economic" delineations to rural areas, acknowledging the impact of improvements in transportation and productivity, and population migration. These changes gave rise to relatively large areas integrated with and served by the same central, often small, urban population centers. Local leaders became part of regional committees that considered rural development needs of these larger regional communities and secured Federal funds and implemented programs that integrated their own area development activities with these larger regions.

Johnson administration efforts took on a strong rural poverty focus, reflected in the work of the Rural Poverty Task Force and its report *The People Left Behind*. Federal program direction became stronger through the use of categorical grants that restricted funding to very specific approaches, and through oversight by both USDA and Congress. New programs reached rural areas through the Office of Economic Opportunity and the Economic Development Administration, which focused on economic development and poverty relief in urban communities, and the Appalachian Regional Commission, which provided programs exclusively to Appalachian States. All three were new Federal agencies that often worked outside traditional State government structures and established a direct Federal relationship with individuals and communities.

These changes had long-term effects on both the direction of Federal policy and on local capacity to implement economic development programs. Attention to persistent rural poverty was not new--some of the New Deal programs concentrated explicitly on that problem--but its connection to the nonfarm rural economy broadened its definition and the design of potential solutions. Federal program design and accompanying training and technical assistance also brought a new sophistication to planning and to the local vision of economic and community development. Various housing, welfare, and education and training programs established a direct Federal connection to individuals in poor communities, outside the traditional authority of local government.

The Federal orientation to regional planning and solutions also established direct connections between Federal programs and local communities and encouraged a wider vision of community and economic development. New Federal ties to local communities and individuals that bypassed State agencies and legislatures often led to strong opposition from local and State leaders, but also created new Federal constituencies hitherto unsuccessful in securing assistance from local and State governments.

The Nixon and Ford Years, 1969-1976

The period immediately following the Kennedy/Johnson War on Poverty witnessed a return to more limited Federal involvement at the local level. State control of development programs was partially reestablished through cuts to most Federal programs that had fostered direct relationships between the Federal government and local community leaders and individuals. The creation of block grant programs, such as the community development block grants and Federal revenue sharing, rerouted much rural development funding through State governments. Devolution of program authority through the establishment of Federal Regional Councils, with direct ties to State governments, brought regional planning, program funding, and implementation back within traditional political structures.

Perhaps in response to, or as an outgrowth of, the local capacity building of the Kennedy/Johnson years, a growing number of interest groups began to characterize Federal-level discussion of rural development programs. As concerns arose that rural areas were losing political influence, the Congressional Rural Caucus in the House and the Midwest Caucus in the Senate reflected the strength of rural constituents in demanding legislative attention to rural issues. Governmental and quasi-governmental interest groups like the National Rural Electric Cooperatives Association, the National Association of Development Organizations, the National Association of Regional Councils, and the National Association of Counties, lobbied on behalf of local authorities for funding and programs at the local level. Nonprofit groups like the Rural Housing Coalition and Rural America worked to increase attention to the development needs of rural communities and the welfare needs of rural individuals.

Within USDA, some small programs continued to feed local capacity development--Rural Development Leadership Schools and the creation of a computer database of Federal rural development programs were popular and enjoyed limited success. Organizationally, a restructuring of the Farmers Home Administration (FmHA) rural development loan programs into the Water and Waste Disposal, Community Facilities, and Business and Industrial grant and loan programs, would have long-lasting effects on the organization and distribution of USDA's rural development funding. Most significantly, it identified rural development programs as distinct from programs designed for farmers.

The passage of the Rural Development Act of 1972 marked the coming of age of rural development as a distinct policy issue. Although budget constraints and political disagreements restricted implementation of the Act's provisions, the political acceptance of the special needs of rural America served both to recognize the work that had been underway in these areas for decades and to acknowledge the remaining work to be done.

The Carter Years, 1977-1980

As the mid-1970s arrived, evidence had begun to show a surprising resurgence in rural population. Rural areas as a whole had begun to experience an influx of population from urban areas as Americans began to move to the country to escape urban decay and to take advantage of increasing rural employment opportunities.

Despite the population turnaround, many rural areas remained economically distressed. Several decades of both local and Federal rural development programs gave local and State governments an enhanced ability to initiate innovative economic development programs. Public/private partnerships in rural development projects became increasingly common and were encouraged by Federal funding agencies. State governments, whose budgets remained healthy, steadily increased their sponsorship and direction in the face of increased Federal budget constraints at the time that Carter took office. The Carter administration leadership worked to streamline existing programs in an effort to facilitate local and State implementation, and tried to target their limited funds to economically distressed areas. At the same time, as a crisis in the farm sector began to build, FmHA was forced to focus much of its attention and resources on farm needs. Funding for USDA's rural development programs increased during the late 1970s, though much of the increase went simply to keep up with inflation.

The Carter administration remained engaged as a partner in local and State rural development efforts, providing political support in Congress for rural development programs and acting to provide vision and technical assistance for local and State authorities. The commitment of the Carter White House to strong leadership and vision for rural development policy supported and invigorated the local and State development agencies that had begun to grow during the late 1960s and become significant partners with Federal agencies following the 1972 passage of the Rural Development Act. Innovation and renewed vision at the State and local level marked a new, mature partnership among the levels of government involved in rural development.

The Reagan Years, 1981-1988

With the Reagan administration's push to reduce Federal spending and taxes, budget constraints once again characterized Federal rural development policy and programs during the 1980s. This brought an end to Federal revenue sharing and led to reductions in many rural development programs at a time when many rural areas experienced particularly difficult economic conditions associated with the recession, the farm financial crisis, and the energy bust. Although Congress had mandated the establishment of an Office of Rural Development Policy (ORDP) in its 1980 Rural Policy Act, under the Reagan administration ORDP became an agency to monitor progress at the State and local level, rather than the visionary leader of innovative policy direction both Congress and the Carter administration had intended.

During the Reagan years, agriculture returned to center stage in rural development initiatives. State Rural Development Councils that had served as coordinating committees for the many agencies involved in rural development programs at the State level were absorbed into the USDA State Coordinating Councils, reducing rural development to one of many concerns among the agencies operating Federal programs at the State level. Likewise, the Departmental Rural Development Committee was absorbed into the Departmental Policy and Coordinating Council. The National Advisory Council on Rural Development appointed by the Reagan administration consisted primarily of individuals with direct ties to agriculture. ORDP reports described the state of the rural economy primarily in terms of the farm economy and generally reported good conditions and economic progress.

Rural development efforts continued in many areas as a result of State and local government initiatives. Founded on the planning and economic development experience developed by these governments in the 1970s, new and enhanced partnerships with private businesses and nonprofit organizations provided financial support for new initiatives where State and local budgets could not meet the needs and Federal funding was no longer available. As a result, State and local governments reestablished leadership in rural economic development, often through their national and regional associations. When the Reagan administration announced its Six-Point Rural Regeneration Initiative, recognizing the lingering rural economic distress, both on and off farms, it built on already existing programs and stressed the central role of State and local governments and private sector leaders.

The impact of Reagan-era rural policy was primarily an increasingly well-developed set of State and local rural development programs. In the face of rural economic distress during the 1980s, many rural communities used their own resources, along with State support, to fund programs to improve their economic health. As a result, local governments and the private sector became more assertive in their leadership of rural development partnerships. Although this new source of leadership and ideas enhanced the success of rural development programs in many places, the strategy was most successful in less distressed areas and communities, where local resources were available to finance those efforts.

The Bush Years, 1989-1992

Although Federal budget constraints kept Congress from significantly increasing the level of funding for rural development programs, the new Bush administration reestablished a national leadership role for USDA. A more balanced partnership of Federal, State, local, and private interests was institutionalized in the State Rural Development Councils (SRDCs)--voluntary State-level organizations of governmental, business, and nonprofit organizations participating in rural development programs. Unlike earlier versions of State-level rural development coordinating committees, the SRDCs were initiated by public and private leaders at the State and local levels, who also set the council agendas and determined program priorities. The Federal participants facilitated the council's deliberations but did not take leadership of the group. State and local leaders had already proved their abilities during years of Federal disengagement.

Although there had been much interest in Congress to pass new rural development legislation through most of the latter half of the 1980s, no agreement could be reached. In the end, advocates included a rural development title in the 1990 Farm Act that introduced some new directions for rural development policy. Reflecting new areas of distress as well as new areas of technological advance, the title included programs for forestry and telecommunications infrastructure. It also established a Rural Development Administration to consolidate USDA's rural development programs into an agency dedicated to rural nonfarm programs. Resistance to this new agency among members of the House Agricultural Appropriations Committee delayed funding for nearly 2 years. The objections were to the creation of a new nonfarm agency within USDA that would work through a new regional organizational structure rather than the traditional USDA county office structure. Ironically, other Cabinet departments had begun to recognize their own rural programs more explicitly, creating dedicated offices and programs, like the Department of Health and Human Services' Office of Rural Health Policy, to more directly address service in rural areas.

Reestablishment of a strong Federal partnership with enhanced State, local, and private leadership reinvigorated rural development programs in many areas. Federal sponsorship of State-level planning councils helped communities benefit from the enhanced leadership that had been developed in the preceding decade. The Bush administration's rural policy expanded traditional business and infrastructure development programs to include new technologies and to address new forms of rural economic stress in communities not historically in need.

The Clinton Years, 1993-2000

The years of the Clinton administration witnessed another explosion of new rural development initiatives reminiscent of the 1930s and the 1960s. The successful SRDCs were expanded and provided a stronger coordinating council at the national level, but the model of State-directed public/private partnership continued. The administration also favored development of new initiatives targeting distressed communities and regions. The Enterprise Zone/Enterprise Community program, the Community Development Financial Institutions, the Northwest Economic Adjustment program, the Sustainable Development/Livable Communities Initiative, the Water 2000 Initiative, the National Partnership for Home Ownership, the Delta

Initiative, the Southwest Border Initiative, the New Markets Initiative, and the Rural Economic Area Partnership (REAP), although not all exclusively rural, introduced new development and targeted-assistance programs for economically distressed communities.

A number of these initiatives were in response to new challenges, such as environmental sustainability and global economic development; others continued to address chronically distressed communities and persistent poverty. Although Congress refused to provide funding for some of these initiatives, many were funded. These programs were characterized both by their application of the public/private partnership model that had been developing over the previous decade, and by their use of strategic planning in the funding process, frequently with a regional orientation.

Congress used two major pieces of reform legislation as the vehicle to authorize rural development programs. The 1996 Federal Agriculture Improvement and Reform (FAIR) Act (farm policy reform) and the 1996 Personal Responsibility and Work Opportunity Reform Act (PRWORA) (welfare policy reform) each included programs tailored to assist rural areas. The FAIR Act, for example, included the Rural Community Advancement Program that allowed some State flexibility in using categorical funds if supported by a long-term strategic plan. It also authorized the Fund for Rural America, envisioned as a program to provide grants to support research and development of new innovative development programs. The PRWORA authorized funds to assist communities in providing mandated welfare-to-work services like transportation, child care, and education and training.

Congress and the Clinton administration continued to support modern infrastructure development, particularly for telecommunications (including the Internet) and for intermodal transportation planning and development. Responses to the increasingly global economy also received support in the form of the New Markets Initiative and trade adjustment assistance for workers and communities affected by loss of jobs through free trade. The New Markets Initiative, enacted at the end of Clinton’s term in office, promised to lend the same sort of support to developing distressed domestic markets as was being made available to developing new overseas markets. It emphasized tax incentives to businesses investing in underdeveloped domestic areas.

A comprehensive reorganization of USDA in 1993 created a new focus on rural development through the establishment of a Rural Development Mission Area, one of seven new mission areas organized around the primary responsibilities of the Department. The agencies that had previously administered rural development programs were reorganized into three primary agencies--the Rural Utilities Service, the Rural Housing Service, and the Rural Business-Cooperative Service--and the new Office of Community Development to oversee many of the new initiatives.

The Clinton-era initiatives seem to have furthered the development of the public/private partnerships pioneered under earlier administrations. The reorganized agency structure has continued for nearly a decade. The regional approach to addressing chronically distressed communities seems also to have continued in favor, with its emphasis on local strategic planning and flexibility in application of programs based on locally identified needs.

Into the 21st Century

Although there have been no major changes in rural development programs and funding since the turn of the century, some small indications of a new direction may be ascertained. Perhaps most importantly, the economic context has changed. Following the long-term national economic expansion of the 1990s, the economy has experienced first slowed growth, then mild recession, accompanied by a return of budgetary constraints. Recent reductions in authorized funding for some rural business assistance programs reflect these reduced Federal resources. In addition, the September 11 terrorist attack has increased security consciousness, affecting rural areas in several unexpected ways, including disruptions to air travel and to special access for foreign doctors willing to serve in rural areas.

Despite these new developments, provisions of the Farm Security and Rural Investment Act of 2002 (also known as the 2002 Farm Act) suggest much will remain consistent with the recent past. The National Rural Development Partnership (NRDP), which has been a policy tool for the past three presidential administrations, was formalized in this legislation. The NRDP supports State-based partnerships (State Rural Development Councils) for planning and development that include Federal, State, local, and tribal governments and private businesses and nonprofit organizations as equal participants in strategic rural development planning. Multistate regional development programs, such as the Appalachian Regional Commission, continue to grow with the extension of the Delta Regional Authority and establishment of the Northern Great Plains Regional Authority. Support for comprehensive strategic planning for rural development continues to be increased. Infrastructure development—from water and waste disposal to broadband Internet and local television access--remains a favored rural development approach. And, although rural development policy has come to be seen by many as different from farm policy, the farm economy's continuing role is evident in an expanded program to promote high-value and value-added agriculture for rural economic development.