

Should Virginia's Rural People Care about Rural Development? Louis Swanson

The new welfare reform says, "Yes, any job is better than no job," even though it may put greater stress on the local social services than the current structure.

The most important part of a community's well-being is its economic base. If that economic base is doing well, the community will do well. How that economic base is organized will make a difference. Is it organized around family farms and household production or is it organized around wage labor? What has occurred in the rural south is a transformation from household production to wage labor as the primary form of employment. The economic base has moved from farming to a dependency on service, manufacturing, and government. There are more people in rural America employed in government than in all the extractive industries put together. When we think of government, we think of big government. People in Virginia and in the south often do not like big government. But the government locally tends to be the people who teach our children as well as those who provide some of the basic public safety provisions and take care of the smaller amounts of bureaucratic governance.

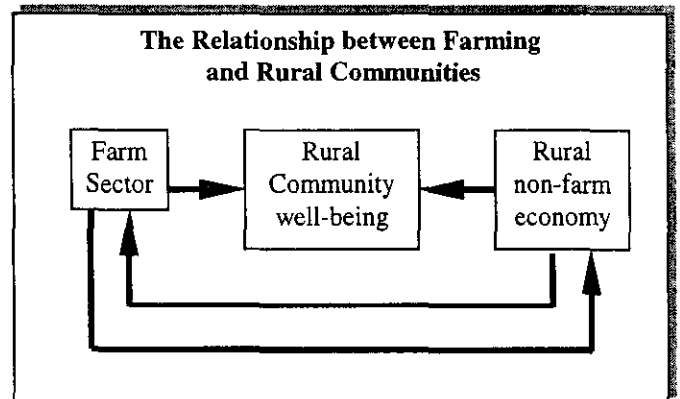
The relationship between farming and rural well-being is a dynamic one in which the farming sector has an important role to play. However, the non-farm sector of the rural economy is the new base driving the economic well-being of our communities.

Notice the lines that are going between the farm sector and the non-farm sector in Figure 1. The farm sector is important to the rural economy because farmers provide a significant portion of the labor force in that non-farm economy. The

Louis Swanson is Professor of Sociology at the University of Kentucky. Excerpts from *Virginia Farmers Adjusting to the 1996 Farm Bill*.

reason for that other line that is coming around is part-time farming. The argument is made that part-time farming is, in fact, a permanent characteristic of Virginia agriculture.¹ The majority of people who are engaged in farming and counted as farmers in the state are also engaged, or at least some member of the family is engaged in some way, in an off-farm job. While we have a lot of farmers who will say, "I am a farmer," when we look at their total net family income, we find that most of that income comes from the non-farm job. On 72 percent of all farms in the United States—72 percent—92 percent of the total net family income comes from off-farm jobs. The relationship is important. Farming does not determine, in most rural communities, especially in the southeast, the character of the economic well-being of communities, but farmers do represent an important sector.

Figure 1.



The farm economy has become a smaller portion of the income generated in counties. Yet, we see property taxes, the basic form of revenue in these counties, rise. Who is

¹ Stallman, Judith I., and Jeffery Alwang. *Permanent Part-time Farming in Virginia*. Va. Coop. Ext. Pub. No. 448-210/REAP R001, 1992.

increasingly carrying the largest part of that burden? It is the farm sector. Farmers have a real interest in knowing what is happening in that other sector. What is happening is going to affect the schools that our children attend. It is going to affect the revenues for our local governments. It is going to affect public safety. And it is going to affect the capacity of the rest of our communities to help us and our neighbors. Everyone needs to take a look across that fence at what is happening on the other side.

There is a great dependence on the non-farm sector, even by the farm sector itself. But people should not forget the importance of agriculture. Agriculture is extremely important, and a lot of times in rural development discussions, it gets lost in the mix. It should not get lost in the mix because farmers are the people who provide leadership in that community, provide the tax base, and can be the most important agents of change in making that community better.

Federal and state programs are important to us because oftentimes we do not realize that they are there. We assume that services are going to be provided because we have paid for them. That situation is going to change as we see changes in the Social Security system, the Medicare and Medicaid systems, and the welfare programs. We have to change. The federal budget cannot grow with all these entitlements and the United States continue to have a viable economy at the same time.

What this change has triggered is something called the "devolution of federal authority." This devolution is the passing of federal authority, and to a lesser extent federal resources—but no administrative resources—to the states through both restricted and unrestricted block grants. These block grant programs are going to come to our local communities soon. Those people who have been supported on some of these federal programs are not going to be supported in two or three years because they have to find jobs. It is a good idea, but if they do not find jobs in the southern part of Virginia or the western part or the central part in the rural areas, they are going to be sitting there as people who are unemployed without the old safety net. We need to think creatively about how to take advantage of the opportunities being offered. Devolution presents opportunities, but it is going to require some of the community agency that we have not relied on much in the past because someone else has been doing these jobs and performing these functions for us.

Since we should care, what should we care about?

First, we need to worry about jobs. Can we create enough jobs with the welfare reform in order to make up the

differences in lost revenue from the federal welfare programs? Industrial development may have been one of the worst tactic to take. Industrial development is the old smoke-stack chasing. In the southeast we used to call it "the screwdriver industries" because they could go in and take up the sewing machines with a screwdriver and move them somewhere else, and it kind of "screwed" the community. That is the kind of development we need to avoid, but that is the only way we are going to make jobs because we are now in a situation of "Any job is better than no job."

We must get on the telecommunications bandwagon. Rural America needs to be connected, and it needs to be connected in a way that makes us competitive with those metropolitan areas because the one thing we have that the metropolitan areas do not have—if we can improve the quality of life at the local level—we have a better place to live according to most surveys. If we want to grow and we want to draw entrepreneurs in, and more importantly to support the entrepreneurs who can really take advantage of the telecommunications revolution locally, we need to make sure we have programs at the local and subregional levels in the rural areas of the state that facilitate our being connected in a way that helps us and does not make us dependent upon urban-based vendors. And dependency is very likely at this point. In other words, we can be dependent upon urban-based vendors and they are the ones who provide the jobs, or we can make rural America an attractive place to be since much of telecommunications is not location specific. We can make a difference in that through public policy and partnerships with the private sector locally.

Second are community services—America's rural communities are strapped. America's rural communities do not have the economic base to be able to support the same kinds of services that the metropolitan communities can have. Metropolitan communities benefit greatly from having city planners who can make decisions and help them. Rural communities cannot afford this kind of important professional advice. One of the new missions of many of the land-grant universities is to help our rural communities understand what our options are and what the liabilities of the changing markets are for us in changing public policy so that we can begin to make effective plans in developing our own futures. As rural people, we do have control over our futures, but we do not have professional assistance at this time. It puts us at a disadvantage to our larger urban neighbors.

Third, quality of life is critical. Most quality of life indicators in rural America, and in the rural south in particular, are not favorable. The rural south has social characteristics similar to inner cities. When we look at the rural south, we do not think

of violent crime and property crime rates that rival and exceed the central cities. The crime rates and drug abuse in rural America are as high as in the inner cities. Our educational levels are as low as the inner cities. What we have been seeing in the American population since 1970 is a polarization between the inner cities and the rural areas versus the suburban public. In the last census, and certainly in the last election, the suburban vote carried the day. The rural vote did not carry the day; the inner city vote by itself did not carry the day. The United States Congress and most state houses are now dominated by the urban-fringe/suburban population that tends to have significantly higher levels of income, and therefore, support for their community services and quality of life.

The fourth part that is important is local autonomy. Local people need to be in charge of their own lives. We may be engaged in a global economy, but we live locally. **Our local community is important to all of us. If we are not interested in what goes on there, no one else will be.** Local society has always been important. It is where we live. It is the people we interact with. We may be very much influenced by our vertical linkages to the larger society, but we live locally. And whether or not that local society works is a common community concern. Local society is important and public policy is just now becoming interested in local society once again. Public policy, in the foreseeable future, will give greater flexibility for local control over the community's destiny but with fewer resources. We are going to have less money to spend on the main social programs and the economic programs that we have relied on in the past.

Thanks to a lot of industrial development in my county, I pay high real estate taxes; I can't hire farm labor anymore because the wage scale is based on what they're making at the factory; I'm faced with tremendous residential pressures that were unheard of ten years ago. I guess I'm trying to figure out what's the good thing in that and how do we preserve our sector.

One of the issues that the southern legislators are very concerned about is that real estate taxes are the only place that local communities can have any kind of authority in making judgments on their local community other than planning and zoning. What they are suggesting is that there should be more alternative forms of revenue that local people can have control over than currently exist so that the counties are not just dependent upon our property taxes. Right now, that is the only place they can get that revenue and it is strangling the

farm sector by increasing property taxes which reflect increased property values, but further reduce farm income.

We need to have a real partnership locally with planning and zoning. There is a juxtaposition between the farmers who want to convert their land to residential use because, as they leave farming and their children do not want to stay in it, it is the most profitable way for them to leave their children a legacy, and those farmers who want to remain in farming and are pressured by the nearby development. We need to develop innovative strategies for protecting the farm at the same time we are helping farmers not lose that source of income. There are some programs that are now being developed in the northeast and the middle part of the country that are trying to look at public-private partnerships to maintain a green area without penalizing farmers who want to convert.

What Local Infrastructure Do We Need?

There are three fundamental dimensions of our local society we should care about. First, we need to make sure there is an adequate physical infrastructure—water and sewer, power, transportation, and increasingly, telecommunications. If our children are not part of the larger telecommunications revolution, they are going to fall behind.

Second, we need an adequate economic infrastructure. We need to have a diversified local economy, just as we need diversified local farm incomes. We need above poverty-level jobs. Poverty-level jobs do not pay for those social services that we must give, and increasingly will be required to give, because the federal government will not give them under the welfare reforms. There are opportunities here, but there are also liabilities. We need to have access to capital. Most rural areas are now caught in a capital market in which they are competing with suburbs and central cities. The banking revolution and the concentration of banking during the 1980s is having an influence on the access to capital today. We do not have a capital crunch yet, but there are a lot of economists who are very concerned about financial markets and the capacity of those markets in the rural areas to have enough capital to generate growth.

Third, we must have an adequate social infrastructure—public safety, education, skilled labor force, and community agency. Community agency is the idea that we and our community can act on our own. If we cannot act on our own, we are going to be truly buffeted by the forces around us. We need to learn to bring people together who do not get along well. This is not the idea of a "warm fuzzy" where we have to all like each other. This is the idea that we have serious

differences in our local society that are legitimate from each stake holder's perspective, but we have a common cause in resolving those issues to make that community grow more autonomous and less dependent on the larger forces in the society. We need to have more emphasis on social infrastructure, particularly our private sector and voluntary organizations, and move away from government. We need to look at our churches and at our other voluntary organizations. These are very important institutions in local society. They are going to be called upon to provide even more leadership and resources in addressing the local well-being then they have been for the last 40 years. They were once a primary source of well-being; they will again become a primary source of well-being.

We need to come together in our rural communities and lay our concerns on a new table and begin to address them directly. We need professional help that gives us the necessary information and helps us figure out what is important and what is not.

Editor's note: Faculty in the REAP program and in the Department of Agricultural and Applied Economics at Virginia Tech are working with several counties to obtain matching funds from the Fund for Rural America to help these counties find solutions to some of their problems.

NOTICES

** The College of Agriculture and Life Sciences' Plan to Service Virginia is on the worldwide web at: <http://www.cals.vt.edu/agplan/> It is important to the entire state.

**The *Proceedings* from the November 15, 1996 conference, *Virginia Farmers Adjusting to the 1996 Farm Bill* is now available. Contact the REAP office for a copy.

***Gateway to the Market for Southwest Virginia: a Feasibility Study* will be available in early May.

**HOW TO REACH US: REAP, Department of Agricultural and Applied Economics, 0401, Virginia Tech, Blacksburg, VA 24061; telephone: (540) 231-9443; fax (540) 231-7417; email reap01@vt.edu; or on the WWW <http://www.reap.vt.edu/reap/reap.htm>

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