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**EMERGING THEMES IN STATE RURAL DEVELOPMENT:  
FINDINGS AND QUESTIONS**

**A Progress Report  
to the  
State Policy Program  
of the  
Aspen Institute**

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## Introduction

Unlike some other policy issues, state policies involving rural development do not lend themselves to clear definition. Indeed, the closer one gets to rural issues, the more complex and variable one realizes that they are. In a nation as diverse as the U.S., rural development questions confront variability by state and, in many instances, within states. It is challenging to find comparabilities between the frontier and mineral problems faced in Wyoming and the plantation heritage of the Delta of Mississippi. The rural populations of Oregon's timber areas and North Carolina's small towns share little with the urban or suburban residents of their states. While some regional patterns can be identified, states that are almost contiguous to one another exhibit very different problems, responses and programs. There are important differences between the economic and demographic conditions of the south, the midwest and the far west. But even the seemingly similar agricultural background of the midwest and current patterns of population decline produce states that define problems and solutions in very different ways. Iowa's tradition of decentralized local and community involvement stands in marked contrast to a centralized state-driven strategy employed by North Dakota.

As attention has been given to these issues over the past few years, some patterns have emerged. These patterns speak to increased attention to the problems of rural citizens in various settings: in state governments, local and community organizations and agencies, in the for-profit and non-profit worlds. But while one can find these emerging outlines, it is not clear yet what they mean or how relevant they actually are to those who attempt to construct programs and policies that address the needs of rural Americans. Indeed, given the variability of conditions and contexts around the country, it is not clear whether one approach is better than any other.

The State Policy Program (SPP) of the Aspen Institute's Rural Economic Policy Program has been a leader in the attempt to place rural development issues on the policy agenda. During its two years life it has sought to develop a program with dual goals: increased understanding of the problems of rural citizens within the U.S. and support of action to address those problems by players with "legitimate" roles in the public sector, particularly those found in state political institutions. The SPP has supported the activities of a diverse group of organizations who share these concerns. It has engaged in an array of approaches and strategies in that process, sometimes dealing directly with those with formal authority and sometimes using more indirect methods to influence policy.

As was described in its 1992 continuation proposal to the Ford Foundation, the SPP has directed a significant portion of its efforts toward the creation or nurturing of a rural development policy system. It has acknowledged that it is dealing with a policy issue that is complex, inchoate and formless and crosses many boundaries of issues, agencies and organizations. It focuses on the development of a formal or informal set of actors who increasingly share a common vocabulary, a common set of perspectives, and participate in established channels of communication. It engages these participants in both process and substantive concerns. It chose to intervene in that complex area by accentuating matters related to rural competitiveness and has played an important role in the dialogue over these issues.

During these past two years, we have been involved with the SPP program as somewhat atypical evaluators. Our role has been to provide rapid feedback to SPP through monitoring and assessment of several of its grantees and to relay findings that we have gleaned from our forays into six very diverse states. Our goal has been to provide information to the SPP that allows it to refine program strategy and develop any appropriate mid-course assessment or fine-tuning of its strategies. We have watched the SPP as it has been striking out new ground and taken steps to create a

new rural development policy system. Four of the states we have followed participated in the State Policy Academy on Rural and Community Development sponsored by the Council of Governors' Policy Advisors (CGPA) supported by the SPP program. In addition, through the contacts developed through the SPP, we also followed the intervention of the federal government through the establishment of eight pilot state Rural Development Councils. These Councils were designed to create a venue for collaborative activity involving federal, state, local, private sector and other interested parties within the participating states. Intervention sponsored or triggered by the federal government rather than by foundations or state-level officials or organizations provides another point of departure for analysis of rural development change efforts.

This report is based on the data collected through four interrelated analytic strategies: first, field work, interviews, and analysis of materials in Iowa, Mississippi, North Carolina, North Dakota, Oregon and Wyoming; second, monitoring of five grantees that were supported by the SPP; third, assessment of the SPP program as an entity; and fourth, monitoring of the eight states involved in the federally created State Rural Development Councils. Because this work is still in progress and will be continued over the next two years in a different form, this report has a somewhat tentative nature. We have titled this document "Emerging Themes in State Rural Development: Findings and Questions" because our work is not yet complete. These pages attempt to highlight the major findings of our completed work and suggest some emerging themes that will inform our future activities.

It is important to note at the outset that none of the states we have studied found it easy to develop programs, policies or strategies related to rural development. The demands of this task provoked complex policy and political responses in each of the states. A few of the states found that they could project a single voice of response; most, however, were challenged to deal with multiple definitions and approaches to

these issues. Some voices accentuated the rural dimensions of the task; others focused on statewide development. In all cases, we found that this issue could not be disentangled from other problems, institutions, and the economic and political realities within the state.

Our approach to data collection over the past two years has been to listen to the voices within the states. We attempted to avoid the imposition of a single model of success, recognizing that to do so would detract from our comprehension of the dynamics within the state. We conducted interviews during site visits, observed participants in the process, and analyzed reports and other written materials. While we have asked the same questions in each of the states, we have learned much from the diversity of the answers.

The report is organized in four sections. Because the context of the policy issue is so important, the first section focuses on the context of rural development as the essential point of departure. The context includes discussion of economic and social conditions, political cultures, and political institutions. The second section of the report highlights the variety of approaches to the rural development policy issue. It includes a discussion of definitions, approaches to change, and tools and techniques that have been used as instrumentalities of change. The third section of the report discusses the patterns, preliminary themes and remaining questions that have emerged from our first phase of analysis. The final section of the report includes short summaries of each of the six state case studies that have been developed as a part of this project.

#### **I. Context: An Essential Point of Departure**

There are two generalizations that can be made about the context of rural development in the U.S. in the early 1990s. First, rural areas in the country do exhibit certain common social and economic problems. Second, and conversely, the causes

and contexts of these economic and social conditions, political cultures, and political institutions are idiosyncratic to specific geographic areas and population groups.

Whatever the political agenda, wherever the speaker, a profile of rural America has emerged that paints a picture of problems "hidden in the hollows of mountains, out-of-the-way towns, and declining farms."<sup>1</sup> Declining and aging populations, weakening economies, and decreased reliance on agriculture are the point of departure for this policy area. Many rural citizens have moved away from their homes, leaving behind the aging and more poorly educated; rural employment and income growth continues to lag behind other populations in the country. With few exceptions, rural Americans face poor health, inadequate education, inferior services and limited life chances. At other times, one might have expected the federal government to play an active role in addressing these problems. However, during the past decade and a half, this has not been possible. Whether by choice or default, leadership for rural development has been handed to state governments.

But at the same time that these aggregate patterns can be discerned, they emerged from very different realities. The rural populations of Iowa, Mississippi and North Dakota, for example, are descendents of an agricultural economy and lifestyle. By contrast, Oregon's rural population relates to timber and Wyoming to energy and minerals. North Carolina's small town population pattern represents still another basis for problems. Some states, such as Iowa and North Dakota, can be characterized as entirely rural while others, such as Oregon, have pockets of rural populations in otherwise urban jurisdictions. In some states, such as North Carolina and Mississippi, rural issues are closely intertwined with questions of race and the inheritance of racial discrimination. Others states, such as Wyoming, have more homogeneous population patterns.

Although every state in the early 1990s is in the midst of budget crises and fiscal pressures, they vary in terms of their "threshold" for change. The Development

Report Card for the States, produced by the Corporation for Enterprise Development, provides a shorthand approach to document this variability. The Report Card rates economic performance (including employment, earnings and job quality, equity and environmental health and safety); business vitality (competitiveness of existing businesses, entrepreneurial energy, and structural diversity); development capacity (human resources, technology resources, financial resources, and infrastructure and amenity resources); and state policy (the extent to which a state has assembled tools needed to support economic growth).

The 1990 CfED Report Card provides a point of reference for comparing the six states that were studied in detail:<sup>2</sup>

	<u>Iowa</u>	<u>Mississippi</u>	<u>N. Car.</u>	<u>N. Dak.</u>	<u>Oregon</u>	<u>Wyoming</u>
Economic Performance	C	D	C	D	C	C
Business Vitality	D	C	A	D	B	F
Development Capacity	D	F	C	C	A	C
State Policy	A	C	D	D	B	D

Another element that makes it difficult to discuss problems of rural citizens lies with the problem of actually defining "rural". At one level, it is a relatively simply task for any state to define the dimensions and boundaries of its rural areas. The federally defined Metropolitan Statistical Area (MSA) classification provides a point of departure for the state; those areas that do not fall into the MSA categorization are -- by definition -- viewed as rural.

While all of the states that were included in this study did use this definition (or some variant on it) as the point of departure, all of them found the population-based

data source to be a necessary but not sufficient way to define "rural" within the state context. In effect, the states took ownership of the definitions and applied issues and realities within their specific economy and political culture to the definition. States imposed their own operating assumptions on the definition and looked at more than population patterns to keep idea of rural alive.

The state variations on the definition stem from at least four areas: (a) The pattern of population distribution in the state; (b) The location of rural areas within the state; (c) Patterns of political representation and leadership; and (d) The intensity of state economic and social problems. While these elements can be separated for analytic purposes, in reality they combine in unique ways to define the specific state "spin."

(a) Population distribution. In several of the states studied, it was not possible to devise a definition of "rural" that effectively differentiated between rural and non rural areas. In Iowa, for example, most of state is rural. In North Dakota, half of people live in areas under 2500; despite changes in the level of reliance on farming, it is still highly agricultural dependent. Wyoming has defined the entire state as rural while Mississippi defines it as everything outside of Jackson. As a result, Mississippi classified its counties in three ways: most rural, rural, and least rural. Because North Carolina is a state that is a collection of small towns with 40 per cent of the population living in non MSA areas, only a few areas are viewed as not rural: the Research Triangle/Raleigh/Durham, and Charlotte. These patterns of rural predominance are quite different than those predominantly urban states which have "pockets" of rural areas.

(b) The location of rural areas within the state. There is a strikingly different set of problems and opportunities for those rural areas which are located in urban corridors, providing them access to commerce and services, than those rural areas found in isolated areas of the state. However, most of the demographic data that is



collected is disaggregated by county. That means that data in some states with large counties or with isolated rural communities within counties may not provide the kind of information that gives the state the ability to target rural communities that are known to be in need of assistance. In some states, particular areas may become a symbol of a larger set of problems (e.g. the eastern part of Oregon and the Delta region in Mississippi). Definitions, thus, must be devised by the state itself.

(c) Patterns of political representation and leadership. Over the past few decades, reapportionment has diminished the traditional power of the rural and agricultural sector in many state legislatures. Because of Supreme Court decisions, there are fewer farmers and ranchers in legislatures both as members and in leadership positions. These declines have been difficult for groups within many states. While it may not stem from a conscious set of decisions, the effort to define the "rural sector" beyond population patterns may be a way to reclaim some identity in the face of those power changes. Conversely, if political shifts in the state have become institutionalized, it may be counterproductive to focus on a separate, rural identity. The "rural banner" may stand in the way of devising a coalition of support for particular program initiatives.

(d) The intensity of state economic and social problems. Those states which have economically distressed, isolated, and service-poor areas may have difficulty targeting those areas for support if the state as a whole is in economic duress. All of the states that were studied had experienced budget crises during the past year. Within that environment, it is difficult to support redistributive policies. Similarly, if urban areas within the state are also in need, the focus on rural issues may be divisive. Traditions of independence in some states also lead the decisionmakers to avoid targetting areas of abject poverty because they believe that labelling an area as poor means dependency. While few of these elements will be explicitly

acknowledged by the state, they may play a part in the way that the state defines "rural".

In North Carolina, Mississippi and Oregon, the voices of change in those states wrestled with the strategic advantages of separating a specific "rural" focus from other sectors within the state. In Mississippi and Wyoming, some advocates called for a general development strategy, arguing that economic improvements in the state as a whole would lift up all sectors. In Mississippi, North Carolina and Oregon, supporters disagreed about the efficacy of targeting on communities, special population groups or geographical areas, rather than focusing on something called "rural."

Some feared that the political advantages of coalition development might be offset by the programmatic disadvantages of muting the rural focus. They believe that rural citizens are assured more attention -- and hence increased services -- if the rural banner is maintained. While a case can be made that in some cases a focus on "rural" issues in states is neither analytically nor politically helpful, the experience in some of the states studied suggests that the "rural" label does have some level of political as well as programmatic salience.

As might be expected, the formal institutions of government within the states were the vehicle for the debate about the future of rural citizens. Although governors' offices (and executive branch agencies) were important players in most of the states, they were variably constrained by authority, political relationships, and the legacy of past practices. The most important competing force was the legislature. Of the states that were studied, only Iowa had a tradition of a strong governor and a weaker legislature. North Carolina's legislature, by contrast, is clearly the stronger of the two institutions, particularly in recent rural policy issues. A tradition of shared power between the two actors is found in North Dakota and Oregon. Oregon's legislature has played a very active role in rural development areas. Both Wyoming and Mississippi have relatively weak governors and, at the same time, legislatures that

historically have been less than active or, when active, resistant to development or change.

Institutional conflict between the legislature and the governor in a number of the states has been exacerbated by political conflict. Divided government is the reality in all of the states studied. Only Iowa appears to have been able to develop bipartisan agreements involving rural issues. Partisan conflict is related to racial politics in North Carolina and Mississippi. One of the results of state budget crises over the past two years appears to be an increase in the role of the legislature. Significant budget battles between the governor and the legislature have ensued in Wyoming, Mississippi and North Carolina.

In five of the six states studied, the major actor involving rural development was the state economic development agency. Only North Carolina's Rural Center was an exception to this pattern. At the same time, most of the states were faced with an institutional system characterized by fragmented authority; in no state did a single agency have all of the authority that was deemed necessary to meet the development needs of rural citizens. State economic development agencies also varied in the degree to which they differentiated between the needs of rural and nonrural citizens. While the Small Cities Community Development Block Grant programs were often located within the economic development agency, few states studied were able to mesh the programmatic strategies of economic and community development.

Two of the states -- Iowa and Oregon -- had traditions of strong local activity while North Dakota's regional planning councils were active. North Carolina's distrust of direct government led to rural policies and strategies that by-passed public agencies and went directly to the community level. Past relationships with local government and community groups appear to have determined the extent to which state and local development efforts were coordinated.

The rural development activities that were observed over the past two years built on a variety of past efforts within the states. Only North Dakota effectively began its activities during this period. Iowa and Oregon, particularly, had well-defined rural development efforts in place that served as a point of departure for current efforts. Educational reform activities in Mississippi and North Carolina were relevant to the rural issue.

## II. Approaches to Rural Development

Given the diverse contexts in which policy change is placed, it would be erroneous -- indeed foolhardy -- to attempt to fit rural development into a single unified mold. It is clear that these contextual differences create definitions and meanings that have very different constructions in the multifold settings across the U.S. While half a dozen states represent only a small portion of the universe, the six states that were studied provided substantial evidence of these conceptual limitations.

Beyond this, however, are further definitional traps. The array of voices that have been heard over the past two years expressing some level of interest in the rural development policy issue serves as the source for a greater understanding of the nature of the issue at hand. Over this period, it has become obvious that the boundaries for rural development are neither firm nor precise. While all of the states studied acknowledged the importance of providing new economic opportunities for their rural citizens, few were sure about the means to achieve this goal. In some settings, the term "rural development" has become a subset of broader economic development activities and emphasizes issues of loans, grants, infrastructure issues, and forms of entrepreneurship development. Value-added approaches to existing agricultural production are also emphasized in this approach. This emphasis is found in the efforts undertaken in North Dakota. In other settings, the term is closely linked

to community development activities, particularly leadership development and efforts to mobilize hitherto disenfranchised citizens. Some of the activities in North Carolina illustrate this approach. Still other states focused on areas of human investment, particularly education.

### **Change and Rural Development**

One of the original concepts that provided the underpinning for the rural development activity was what has been called the "Third Wave" concept. This idea, popularized by the Corporation for Enterprise Development (CfED), was based on the assumption that government, alone, will not be able to engage, support and operate the configuration of activities and relationships that are necessary to stimulate economic development at the end of the 20th century. The approach labels state-run industrial recruitment as the first wave and state government incentives related to concentrating efforts on business activity within their borders as the second wave. The third wave, by contrast, would involve a new role for government, working closely with the private sector and local government and focusing on areas of human investment (such as education and community development).

While there is rhetorical evidence that all of the states studied understood this approach and incorporated it into some aspect of their work, it appears that only Iowa and Oregon have made this strategy the centerpiece of their activity. At least at the state or governmental level, the tilt currently seems to be toward the community development strategy on the one hand and a reversion to the earlier "smokestack chasing" economic development approach on the other. It is not clear what has contributed to this--whether the intractability of economic development policy change has caused a swing to community development, whether this is an expression of a focus on procedural changes (rather than substantive), whether this is a reaction to the changes within the larger economic and political environment (e.g., fiscal scarcity

and political instability), or whether it is a way of dealing immediately with symptoms and avoiding approaches that purport to focus on problem causes.

The imprecise nature of the definitional boundaries of rural development makes it difficult to separate it from other problems (e.g., problems of urban residents) or to determine the relative centrality or marginality of various players. It appears that some states have found it useful to develop programs with a specific rural policy focus while others have decided to collapse the concerns into other issues (e.g. general development or specific problems such as timber). Still other states focus on specific problems of rural citizens, defined either geographically or demographically and including issues related to disadvantage or poverty. In still other jurisdictions, opposition to changing the existing power distribution overlays the entire rural question. For example, although the debate in both Wyoming and Mississippi might be overtly focused on rural issues, both states have strong forces that resist social or economic change.

Rural issues have strong distributional and equity elements within them. As such, problems of race, ethnicity and class are intertwined and it is difficult to know whether the appropriate target of intervention should be on "rural" rather than some other characteristic of individuals who live in rural areas. At the same time, there appear to be some common problems of rural residents that transcend differences of race, ethnicity or geography (e.g., access to health services and educational achievement).

The scale of change that is proposed or anticipated within the states also varies greatly. As experience has accumulated, there is no longer a belief that change will occur through a seamless web that ties together macro economic approaches, regional or state strategies, or community-based activities. Discontinuities of scale, rather than complementarities, appear to be more common. The focus on community-based activities tends to emphasize micro-level solutions that are

appropriate to a particular setting and meaning is found in individual discrete projects. Some of these activities emphasize the participation of local level business and commerce (e.g. banks and the local chambers of commerce) while others focus on nonprofit organizations and groups that advocate social change. The macro approach reaches toward issues of trade, competition and national or international questions. The appropriate scale of desired change at a state or regional level remains problematic, particularly in the environment of state level economic crises.

The past experiences and disciplinary lenses of the policy players continue to shape their approaches to the issue. Despite the attempts to disentangle rural development issues from more generic economic or community development approaches, there is a tendency to view rural as a residual category. Economic development experts emphasize the instrumentalities of plant location, technology, and value-added approaches. Employment and training experts call for attention to education and job training opportunities that produce a competitive labor force. Community development experts speak to the processes of community assessment and leadership development and emphasize the resources that are available through the Small Cities CDBG program and perhaps through the Cooperative Extension Service. Those who focus on the political system emphasize coalition development and bargaining skills. While each set of actors brings essential knowledge and understanding to the enterprise, it is not always clear whether the "rural development" issue is their means rather than their end.

And while the intergovernmental nature of the rural development issue is acknowledged, the role of the various players in policy change remains controversial. Similarly, there is not agreement on the appropriate role of the public sector vis a vis the private sector (whether the public role is active, supportive of the private sector, or relatively passive). Both the six states studied as well as the

federal-state Rural Development Councils indicated that rhetoric aside, it is difficult to find ways to encourage and sustain private sector involvement in rural development activities.

The multiplicity of potential actors, the fragmented authority in the policy field, and the variability of experiences and approaches tended to emphasize a process approach to rural development policy change. Few states sought to create a new agency or large-scale program. Rather, a number attempted to establish venues and environments that allowed the multiple actors to create a collaborative problem-solving environment or to establish new coalitions that supported policies or programs. This approach accentuated the role that the state government could play as a convenor/facilitator/broker, working with others with independent and separate interests in rural issues to define and accomplish shared objectives. In some cases the state would wear multiple hats, operating in some spheres as a government regulator while in others as a partner.

### **Intervening in the Policy System: Process and Focus**

The two years of the study have provided a rich vantage point and setting for analyzing the multiple activities that make up the state decisionmaking process through different institutional settings over time. For the purposes of discussion, the complexity of the process is defined in terms of multiple stages of the policy process and the functions subsumed within those stages: 1) getting an issue on the policy agenda, 2) formulating or designing the substantive policy approach, 3) assuring the adoption of the policy by those with authority to decide, 4) implementing the program or policy, and 5) ensuring accountability and evaluating the policy. Each stage of the process suggests predominance of different types of actors as well as strategic approaches.



1) Getting the rural development issue on the policy agenda. The invisibility of the rural development issue in many decision settings meant that a number of participants in the change process spent significant time and energy attempting to put some aspect of the issue on the agenda of policymakers. Although the specific dimensions of the issue varied (e.g., some emphasized the economic development aspects while others focused on community development), the agenda setting stage required proponents of rural development policy change to maximize their political power, organize support, and publicize the need for such change. The strategies that were most effective in this stage required visibility and, most frequently, demands from advocates who were able to influence the formal decisionmaking system. The type of information and data that was most valuable in this stage provided support for a particular position, allowing proponents to utilize it to persuade others to acknowledge that their proposals should be taken seriously. Actors who worked in the agenda setting stage valued and attempted to cultivate access to power and seek it via partisan political contacts as well as other means.

Advocates for change who focus on this stage are sometimes constrained by their limited access to resources of a type that will provoke the interest of individuals in positions of authority and influence. Convincing these individuals that the area should become a priority issue often requires a long time horizon and sustained activity. This stage also creates difficulties for individuals or groups who believe that data, alone, should suffice as the method which provokes attention to issues. They sometimes become frustrated when decisionmakers remain unaffected by the arguments substantiated by research and formal analysis.

2) Formulating or designing a substantive policy approach. Once the rural development policy issue gains some legitimacy as a possible agenda item, other actors come into the system with specific proposals for policies or programs. This stage of the process provides an opening for those who employ formal analytic work

-- e.g., academics and researchers who are able to document some dimension of the rural problem and make recommendations for change. The substantive approaches to the issue vary depending on the disciplinary biases, intellectual frameworks, or political agendas of the analyst.

While the formulation or design stage of the process can involve activities both inside and outside of the system, the functions of this stage provide the opening for groups outside of the system. Some groups have focused their activities on this stage, developing research reports, documenting problems, and designing alternative methods of providing services or opportunities for rural citizens.

3) Adopting rural development policies. The adoption stage of the policy process emphasizes the elements of formal decisionmaking and those actors who are anointed with authority and legitimacy to take public action. As such, it confronts the great variation of elected and appointed officials who operate within the confines of the state policymaking system: governors and their advisors, legislators and their staffs, program area specialists (e.g., in agriculture or education), and the national organizations who represent and serve the state officials. In addition, each of the "official" actors looks for support from those groups and institutions within its "attentive public"--those active interest groups and individuals whose support is essential to the modification of existing patterns and programs.

By definition, this stage of the policy process calls for strategies and actors who are comfortable playing the "inside the system" game. Changes in policies usually require a broadening of the base of support beyond that demanded by rural development advocates, often through coalition development and policy reformulation. Advocates of change may be required to seek the assistance of individuals and groups who do not support a particular proposal out of the same motivation or value set. Policy advocates are challenged to recast their issues in language and substance that gains acceptance of others without losing their original

constituencies. The definitional complexity of the rural development policy issue further muddies this process. Each of the alternative approaches to rural development has its own set of actors with authority to adopt proposed changes as well as its unique set of interest groups who broaden, modify or redefine the terms of the debate.

4) Implementing programs or policies. Some groups and individuals have focused their efforts on the actual operation of new programs or policies or, in some cases, on the opportunities available to utilize existing programs. This stage of the policy process calls for attention to detailed planning and the nuts and bolts of putting programs into operation. As in many other policy areas, these groups have often discovered that their carefully crafted policies confront difficulties when they are handed over to an existing bureaucracy to implement or when they are actually put into operation. It is not clear what happens in these circumstances: whether the groups attempt to "fix" the policies in a somewhat ad hoc fashion, whether they recognize the importance of other issues and groups and change strategies midstream, or whether they return to the formulation or adoption stage to redesign the policy.

The implementation stage requires the development of linkages between implementation actors who emphasize policy and management functions at the state or federal level and those at the "street-level"--local government, community groups, and private for-profit or nonprofit groups--who actually put the initiative into motion. At this point, these linkages are tenuous. Whether dealing with economic development programs or with community development initiatives, there is a tendency for those who work at the community level to discount the importance of the policy and management role. The two sets of actors look at the situation in very different ways, partially because the policy and management actors are often

bureaucrats who work inside the public system while the "street-level" cast draws heavily on groups and individuals outside of the system.

5) Ensuring accountability and evaluation. The evaluation and accountability stage of the policy process attempts to ensure that the goals of a policy or program are successfully met. The diversity of approaches and expectations included in the rural development policy area makes it extremely difficult to determine whether "success" has been achieved. Some players have modest expectations for change, assuming that change occurs at a low, incremental pace. For these players, success is often measured in terms of process--rather than substantive--changes. Yet others involved in the undertaking have very specific demands and expectations that relate to the improvement in substantive opportunities for rural Americans.

Despite this diversity, the evaluation stage of the policy process provides an opening for those who emphasize data collection and research about the effectiveness of programs and policies. Production of this information can emerge from various sources. It can take place inside the government (from legislative committees, auditing offices, or governors' planning and budget offices) or from outside sources (advocacy groups, academic institutions or research enterprises).

### **Tools, Instruments of Change**

The instruments of change that have been developed over the past few years involving rural development reflect the breadth of concern of change efforts. There is no single instrumentality that is appropriate to all settings. The specific instrument chosen depends on a number of elements: the substantive focus of the change strategy, the type of player involved, the power and resources of the player, and whether the "game" is being played inside or outside of the decisionmaking system.

Four types of instruments emerged within the states that are related to change efforts: grants and loans; leadership development and training; technical assistance;

and coordination, brokering and networking. Each of the instruments has its own strengths and weaknesses.

### **Grants and Loans**

The provision of grants and loans to government, individuals and to enterprises is a strategy that is most commonly associated with an economic development approach to rural development or to community development projects that focus on infrastructure (e.g. sewers, water projects). Grants and loans are most likely to be provided by government agencies (such as the Bank of North Dakota or Farmers Home Administration) or by foundations.

The crucial determination in this instrumentality involves the choice opportunity and the criteria that are used to distribute the funds. These criteria are not always clearly established or well known. The grant or loan giver does not know whether the applicant is pursuing the appropriate strategy or is able to deliver on promises made.

### **Technical Assistance**

Technical assistance can be provided by and given to many different players both inside and outside the decisionmaking process. It is appropriately utilized in both economic and community development approaches to rural development. It can be provided by individuals who are viewed as "experts" but can also be given by peers with past experiences similar to the assistance receiver.

Consulting firms, universities, nonprofit organizations and national organizations (such as CGPA and the Northwest Policy Center) have provided rural development technical assistance. In addition, federal agencies (such as Cooperative Extension) have frequently been the provider of this instrumentality. One can expect many providers to have ready-made "solutions" to problems and to bring their institutional, ideological and historical "baggage" to the process. Others, however, see themselves as facilitators without substantive agendas. It is not always clear whether situations that appear to be analogous are so; if not, the advice given may be faulty.

### **Leadership Development and Training**

Various forms of leadership development and training experiences have been provided to participants in the rural development policy area. These efforts are often defined as an investment in the future and most efforts have targeted at the local rather than state level. Some of these have been defined as a part of an economic development strategy (aimed at individuals in business in small communities) or as a part of a community development effort. Activities such as those supported by the Pioneer Hybrid Seed Company or by the Cooperative Extension Service attempt to create empowering experiences for a local community. Other leadership efforts are explicitly tied to social change and provide training for individuals who are otherwise outside of the decisionmaking system.

These instrumentalities have the potential of creating challenges to the existing power structure and, as a result, eliciting opposition from those in power. Conversely, they can simply focus on those already in power. Technical assistance and training efforts also require care in defining who is a "leader". Those who provide this resource must assure that there is some relationship between this long term investment and immediate demands for change.

### **Coordination, Brokering and Networking**

The complexity of state rural development policy change has created a demand for actors who focus on the process of change rather than its substance. Both the community development and the economic development approaches to the field have a multiplicity of players who are required to make change of any sort occur. As a result, one of the instrumentalities of change that has been employed has been the organization as well as the care and feeding of collaborative activities. These can occur through formal processes (such as that defined by the Policy Academy approach of CGPA) or more informally.

The players in the process have to acknowledge that their participation in a collaborative process is to their advantage. In addition, the organizer or convenor of the process must be viewed as a honest broker, not as an actor with a vested interest in the process who simply wants to manipulate it to serve predefined ends. There is the danger that the process approach becomes an end in itself and, as a result, the collaborative activity does not lead to substantive policy changes.

Most of the states that were studied chose more than one of these tools. Iowa emphasized grants and loans, leadership development and coordination. Mississippi provided technical assistance as well as leadership development. North Carolina utilized grants and loans, technical assistance and leadership development. North Dakota emphasized grants and loans and leadership development. Both Oregon and Wyoming had programs that evidenced all four of the instrument types. All of the states that engaged in leadership development collaborated to some degree with their Cooperative Extension Services. Iowa, Mississippi, North Carolina, North Dakota and Oregon all attempted to link the community development programs to their rural efforts.

In addition to the state-driven activities, four of the six states studied had been participants in the 1990 CGPA Rural Academy (Iowa, Mississippi, North Dakota, and Wyoming) and two were involved in the pilot Federal-State Rural Development Councils (Mississippi and Oregon). These externally driven initiatives did provide a venue for some of the states to address rural issues and, at the same time, to create a focal point for collaborative activity among multiple public and private players.

Iowa used the Academy experience to pull together linkages that had not been in place earlier. North Dakota utilized the Academy experience to develop a rural policy approach and to convene the actors required to move it to implementation. Other states, however, were less successful in these experiences. Mississippi's participation in the Academy and the Council surfaced a number of issues but neither forum was able to create a setting to address the fragmentation within the state and its political and racial conflict. Oregon's home-grown ability to develop linkages and establish networks meant that they were unwilling to invest in the Council. Wyoming's participation in the Academy resulted in the development of few policy initiatives or

network relationships. North Carolina was the only one of the six states that did not participate in either externally driven initiative; its response to the need for coordination and collaboration has occurred through the convening of "summits" on specialized topics, often with support from foundations. At this point, most of the activity within the state has been procedural in nature; a few of the states have established specific outcome or performance measures for their activity. Both Iowa and Oregon have attempted to monitor the implementation of their policy benchmarks.

### **The Role of Information and Data**

From its beginnings, the SPP linked the availability of information to policy change. It argued that building a knowledge base about rural development problems and solutions is an appropriate first step toward action. As in other policy areas which lack the attributes of a defined policy system or community, cultivation of research and formal information has been viewed as a way of devising a common vocabulary and set of perspectives. Information plays the role of legitimizer, facilitator and persuader.

During the first two years of its life, the SPP has supported a variety of approaches to knowledge development; it has been responsible for a range of products that include reports, pamphlets and short books. As the policy issue itself has been defined more and more broadly, it becomes increasingly challenging to establish a relationship between the information produced and the day-to-day world of state rural development policymakers. There is strong evidence that the closer one gets to the actors with formal policymaking authority, the less interested they are in any detailed, rigorous, research-driven analyses--be it economic development strategies or another subject. Publications may be useful to technical staff in state planning offices or academics and consultants who are asked to formulate policy alternatives. But in this area -- as in some many others -- it is not obvious whether these individuals or groups constitute the "core" of influence in this policy area. It is



probably easiest to defend the products in their "enlightenment" function, providing some diffuse sense that there are new ways to think about rural development policy issues.

There is also a chicken-egg problem related to the production of information. We know that information is able to be diffused when there are nodes, networks or communication links already in existence. When these links are in place, utilization of information occurs more naturally. In this situation, however, the SPP has had to create networks and linkages at the same time that it is in the information-producing business. There are different approaches to this problem: one can assume that the policy community as a whole is so diffuse and difficult to define that it only makes sense to organize it around substantive and technical sub-networks. Or, with the same assumption, one can decide to focus on specific actors in the broader policy system or on functions within that system.

### **Types of Organizations or Actors Involved**

The SPP has been successful in casting the net broadly to bring a great variety of organizations and players into the rural development policy discussion. The experience of the past two years acknowledges the legitimacy of taking a broad definition of the field, reaching beyond traditional intergovernmental dimensions (federal, state and local government) to include the for-profit private sector as well as an array of nonprofit groups at all levels. Depending on the way that the rural development is defined, different actors come onto center stage. For example, when economic development aspects are emphasized, the private sector, regional development actors and organizations concerned about state fiscal policy appear. When community development is the focus, nonprofit community-based organizations and players with links to other social policy issues are emphasized. The scope of these organizations also varies--some relate to activity on a national level, some on a

multi-state regional level, others with specific states or substate regions, and still others focus on local activity.

At the same time that they are important resources, many of these players have institutional, ideological and historical "baggage" to carry to the enterprise. It is clear that one cannot expect them to dramatically shift course to meet any externally defined set of expectations. Each of the types of players has strengths--and each has limitations. Each also has to worry about its own survival. The trick, of course, is to determine the appropriate set of expectations for each. There are a number of ways to categorize these players--and some of them operate within multiple categories. The following discussion of elected officials, advocates, and analysts is provided simply to illustrate one way of categorizing such groups.

Elected officials: Given the vagaries of elections and crowded policy agendas, it appears that the national and regional organizations which represent elected officials at the state level provide the only mechanism to deal with these legislative and gubernatorial officials. Although these groups offer a method of contact, they bring their own biases. They attempt to minimize conflict between jurisdictions and, hence, look for the lowest common denominator of policy among them. They are subject to the inevitable pressures of membership organizations: changing leadership, competing use of resources, and maintaining organizational coherence. As a result, these groups are probably most valuable in playing a behind-the-scenes role as a convenor or broker; when they have to take official or formal positions, these constraints limit their ability to be useful. In addition, competition between the groups--e.g., the NGA, CGPA, NCSL--is always at play. Thus while these organizations can provide access to their members, they do so through their own filters.

Advocacy organizations: Advocacy organizations in this policy area focus on the improvement of conditions for those without power in the society. While these groups have traditionally focused on issues of race or ethnicity, they are increasingly

concerned about problems related to income--hence rural citizens are a natural point of concern. The advocacy organizations involved with rural development are of two types: those who operate at the policy or management level, attempting to influence the allocation of economic and political resources to those underserved; and those who operate at the grass-roots level, focusing on the specific problems and perceptions of a geographically defined group.

Although these two types of advocacy organizations frequently share a common set of values, the differing contexts in which they work contribute to different sorts of emphases. Grass-roots activities are often a variation on community organizing--thus an emphasis on processes of leadership development and community involvement and a focus on solutions that deal with specific situations. Grass-roots advocates may look for collegial support from other similarly situated individuals, but they are likely to emphasize the uniqueness and idiosyncrasies of their context. While they may be concerned about "the big picture" (e.g., whether their efforts can ever go "to scale"), those questions are peripheral to their day to day operations. When they go to the government, it is to get resources for specific projects within the community.

By contrast, the advocacy groups that operate at either the national or state level focus on the design of policies and programs as well as the allocation of resources to particular client groups. A number of these groups entered the rural development scene because of past efforts with advocacy efforts for children, employment, training, or education. These groups are likely to operate in coalition fashion, shifting their substantive policy emphases to maximize support of other interests and groups. These shifting coalitions will follow the targets of opportunity created by ever-changing political circumstances. When possible, these groups attempt to mobilize the resources of the community-based advocates for support of particular agenda items. Some of the advocacy organizations in this category see

themselves as brokers and providers of technical assistance, serving as the intermediary between formal decisionmakers and community or other groups.

Analytic organizations: There are a variety of analytic organizations that have played a role in the state rural development enterprise, coming to the activity from different organizational locations and experiences. Some of the analytic organizations are based in (or in close proximity to) academic institutions and draw on faculty members or other researchers for their work. These organizations can be characterized in terms of the academic or disciplinary background of the participants--e.g., whether they are economists, planners or policy analysts. Other analytic groups resemble consulting firms more than anything else. While they may be nonprofit entities, they maintain themselves through contractual arrangements with public sector (or sometimes private sector) clients. Still other groups emphasize the relationship between their analytic ability and their value focus or relationship to a constituency group. All of the groups, however, rely on data, analysis, reports and documents as a significant instrumentality of change.

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See Figure I for a summary of the relationship between the players, the strategies, and type of information required.

**Figure 1**

<b>STAGE OF PROCESS</b>	<b>PLAYERS</b>	<b>STRATEGIES</b>	<b>INFORMATION</b>
Agenda Setting	Advocates Politicians Private sector	Publicity Influence Confrontation Outside the system	Making a case, arguments Persuasion
Formulation	Researchers Analysts Academics	Analysis Information Inside and outside the system	Documentation of problem Alternative solutions What's worked in other places
Adoption	Those with legitimate authority to decide Interest groups	Authority, speaking to power Political Coalition building Technical assistance Inside the system Behind the scenes	Information attached to specific positions Minimize complexity
Implementation	Two tiers: <u>Inside:</u> Bureaucrats <u>Outside:</u> Community- based groups Local private sector	<u>Inside:</u> Link to existing SOPs Protect discretion <u>Outside:</u> Organizing Leadership development	Operational Budget Detailed
Evaluation	Advocacy groups Academics Legislative or executive staff	Assessment Data as end in itself Inside and outside the system	Documentation of what is happening Monitoring data

## **Stimulus for Change: The Role of Non-State Actors**

During the past two years, state rural development activities have been supported and nurtured by three types of actors that are external to the decisionmaking process within individual states: the federal government (through the Federal-State Rural Development Councils), public interest groups (particularly the Academy activities organized by CGPA), and private foundations (in this case attention is given to the Aspen SPP funded by Ford and Kellogg). Although it is too early to determine the substantive impacts of the work supported by each of these sets of actors, it is clear that they play an important role in the continuing effort to put rural development issues on state agendas.

The eight pilot state Rural Development Councils were established by the federal government in 1990 to coordinate rural development efforts among federal departments and agencies and to establish collaborative relationships with states, local governments, and the private sector. Preliminary assessment of these Councils suggest that they provided a mechanism for the participating states to define the rural issues relevant to their unique settings and to work toward the accomplishment of state-defined goals. The process allowed federal officials in Washington as well as those located in the states to utilize the discretion available in the system to maximize collaboration and cooperation.<sup>3</sup>

The Council of Governors' Policy Advisors (CGPA) was funded by the Ford and Kellogg Foundations to conduct two rounds of the State Policy Academy on Rural Economic and Community Development. These activities were based around the organization of teams of senior staff from the governor's office, state economic or community development agencies, local elected officials or others from a rural community, a representative from the Extension Service, and private sector representation. Members of the teams were expected to participate in two Academy sessions and to complete an analytic and planning process that would produce a

rural development agenda. Technical assistance was provided to the state teams during these sessions as well as through some followup activities. The first set of Academy states focused on broad dimensions of rural development while the second emphasized issues related to rural competitiveness.

The State Policy Program (SPP) of the Aspen Institute has supported activities that work toward the creation of a rural development policy system. Its support of a diverse group of organizations who share a concern about the future of rural Americans has come through funding of analytical work and "best practice" publications (increasing the understanding of the problems of rural citizens) as well as projects that focus on action and change (e.g. the CGPA Academy and efforts of the Northwest Policy Center). It has served the role of an "honest broker" in this policy field, linking individuals and groups who might not otherwise be connected and luring new players to focus on issues related to state rural development policy. Its successful grantmaking strategy accentuated issues and programs related to rural competitiveness questions.

All three of these groups have stimulated activities that provide a valuable point of departure for future activities. They have stimulated activities and organization that created new evidence and data that, at times, evoked confirmation of hunches and, at other times, elicited surprises. While the jury is still out about the substantive impact of these efforts, it is clear that much of what has been learned would not have surfaced without these investments.

### **III. Patterns, Preliminary Themes, and Remaining Questions**

This discussion has indicated that we know much more today about the dimensions of state rural development policy than we knew two years ago. The states that have been examined in some depth over this period have, in varying degrees, attempted to address the problems of their rural citizens. During this period all of the

six states studied have experienced budget crises and fiscal pressures; as a result of state elections, a number of them have also dealt with dramatic shifts in their political environments. Despite these shifts, through this time we have watched several of the states focus on the design of new policies and programs that would improve the life conditions of those who live in rural areas; others have confronted the implementation of already existing policies and programs. Some of the states participated in national initiatives (through the CGPA Academy or the federal-state Rural Development Councils) while others have devised their own state approaches.

Our study has as its centerpiece state rural development policy. As we have followed the activities of the SPP, we have placed emphasis on that state aspect. Indeed, the rationale for the SPP emphasized the changing role of states vis a vis the federal government in both economic development generally and rural development specifically and also noted that states were just beginning to come to terms with the implications of a shift from *agriculture* policy to a broader *rural* focus. The SPP underscored three barriers to effective state policy: inadequate information, absence of a well organized policy system, and lack of a conceptual framework that situates rural development within a global context.

One of the "learnings" of the SPP program has been an appreciation of the incredible diversity of players, issues and venues related to state rural development policy across the U.S. It is clear that idiosyncratic state political cultures combine with contemporary political instability and economic pressures to make it difficult to know how to reach those actors with authority. At the same time, without constant attention to the political and administrative actors with formal authority, the state policy focus may be difficult to sustain. There is some evidence that governors and legislatures are becoming more concerned about rural issues -- but they approach those issues in ways that may try to link rural issues with other issues such as health or education rather than more traditional economic development initiatives.



The experience of the past two years indicates that one of the basic problems facing the rural development field is the inability of our current governance forms to deal with these issues. The problems of rural America require the creation of new collaborative structures and processes for issue identification and strategy development. The intergovernmental experiment that is found in the Federal-State Rural Development Councils provides one example of an innovative governance approach.

To this point, there has been little attention to the absence of "political will" around the rural development issue. It is not clear whether political support for rural development efforts is viewed as a secondary issue (growing out of a well organized policy system) or whether there are some special problems and opportunities that revolve around this policy topic. As we have examined activities in six states, we have focused minimal attention to the shift from agriculture to rural within the state context, including the role of agriculture commissioners and the Cooperative Extension Service.

As the activities within states are played out, it is not at all clear how community-based activities will be balanced with a strong state role. The "bottoms-up" community assessment approach looks to state government as a facilitator of local efforts, packaging existing resources or playing a largely passive role that responds to local government, the for-profit private sector or nonprofits. There is a competing perspective that looks to state government to play a more proactive role, either through the encouragement of horizontal linkages at the state level or as the major point of contact for federal efforts. The experience of the past two years suggests that both approaches are defensible and appropriate in individual state settings. However, the balance between the two is not at all obvious. There is an usually unspoken assumption about the importance of the local or community level in the change process. Certain aspects of policy change do require specific, localized

strategies in both community development and in economic development. However, if one is attempting to focus on the role of states in this effort, one cannot expect the state to play a secondary or passive role. The challenge is to find ways to integrate the micro-realities of the community or grassroots activities (e.g., leadership development and community assessment) into other levels of decisionmaking in a way that respects the realities and imperatives of those levels.

The demands of putting a program into place makes it understandable that states have emphasized the process of working toward rural development. These activities have taken on their own momentum and, to some degree, the process of change has become an end in itself. It is not clear how to move the effort toward the achievement of substantive outcomes and support activities that are likely to produce realistic, substantive policy changes that affect the lives of rural citizens.

The breadth of the rural development policy area is so large that there is a danger of being overwhelmed by its dimensions. At the same time, attempts to narrow the definition to aspects that seem to be "manageable" may produce narrow cuts at the issue that miss possible windows of policy change. This suggests that the establishment of priorities by external funding groups ought to be defined broadly. The SPP, for example, linked a substantive focus (e.g. narrowing the focus to competitiveness issues) with other emphases (e.g. emphasizing particular stages of the policy process, types of players, or particular strategies).

Although a case can be made that the term "rural" is neither analytically or politically helpful in some situations, there are competing circumstances that suggest that the focus on "rural" has the ability to generate forms of support that might not otherwise be forthcoming. There is the danger that "rural" would be viewed as a residual category if it is minimized and, as a result, efforts at change might not capture the special ability of the term to develop attention that might improve the life conditions of rural Americans.

Thus, although our understanding of this policy issue has increased exponentially, we continue to ask five familiar questions as we embark on the second phase of our work:

- What is state rural development policy?
- Can outside stimulus cause real change?
- Is rural development a meaningful and realistic state policy goal?
- Can state government play an important role?
- Does the rural "banner" help or hurt?

## Notes

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<sup>1</sup> John N. Cornman and Barbara K. Kincaid, Lessons from Rural America. Washington, D.C.: Seven Locks Press, 1984, p. 1.

<sup>2</sup> Corporation for Enterprise Development, The 1990 Development Report Card for the States, Washington, D.C. April 1990.

<sup>3</sup> See Beryl A. Radin, "Rural Development Councils: An Intergovernmental Coordination Experiment," Publius: The Journal of Federalism 22 (Summer 1992).

#### IV. Summary of State Case Studies by State

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## IOWA

Rural development in Iowa means targeted economic and community development efforts that overlay the broad array of programs the state has generated to help its farm-oriented economy compete with global changes. Since the farm crisis of the early 1980s, Iowa has attempted to overcome its dependence on agriculture and agriculture-related industries through programs that encourage economic expansion, particularly at the community level. In the past few years, focused attention has been placed on the rural sector.

This has occurred through a "bottoms up" approach that envisions that the rural sector can be revitalized through: 1) expansion of agricultural production and innovation; 2) development of rural community leadership; 3) improvement of government services and community infrastructure; 4) business development/retention through improving access to capital; and, 5) creating locally developed, viable health care systems.

Programs have been created in the past few years that support this rural focus; approximately 30 programs are aimed at enabling communities to achieve new forms of development. Iowa has built this strategy by creating a relatively open environment of ideas and perspectives. While the strategy itself was orchestrated by a small steering group of state officials and rural leaders, it was built by a series of subtaskforces and focus groups that engendered broader involvement. Issues relating to livestock production, for example, not only involved the major producer organizations, but key actors from the credit and transportation industry, as well as the science and technology field. In each of the five substrategy areas as wide a group of participants as possible was included, who were said to add critical dimensions to the discussion.

The legislative leadership was also involved from the beginning of the process. The result was a strategy that began to build pieces that will facilitate community-based bottoms-up approaches. The program itself was presented to the 1991 Legislative Session but ran into the state's severe budget crisis. Some rural items were reduced or eliminated, although a great deal of the strategy remained intact. Some portions that were eliminated are being kept alive through pilot projects. External funds are being sought for other unfunded components.

### PROBLEMS OF RURAL CITIZENS

Iowa remains afflicted with many of the same problems it had 50 years ago, and none more than the emigration of people. Farm prices fell sharply in the early 1980s, many farmers lost their land and tenancy became more common, and outmigration from the state was even higher than historic levels. Iowa lost more people in the last decade than any other state. The demand for new farm machinery also sunk toward zero, thus the cities were hit as well as the countryside.

Iowa's economy has been undergoing major structural change since the early 1980s. The change is primarily a shift in the economic base from agriculture and manufacturing to services. In rural Iowa, the shift has been predominantly from agriculture to services. However, the growth in services employment has not been enough to offset the losses that have occurred in the other sectors of Iowa's rural economy. As a result, total employment in rural counties fell by over 15,000 between 1979 and 1988, while total employment in metropolitan counties grew by about 50,000 over the same period. The current age structure in many parts of rural Iowa is such that the number of deaths exceeds the number of births in 25 rural Iowa counties. Given the age structure of the population that remains, it is questionable now whether some communities can sustain their population over the long term without achieving some net in-migration.

Economic and technological changes have driven demographic changes in rural Iowa that will be difficult to reverse. As Iowa's rural population has declined and become older, as farm numbers have decreased, and as shopping patterns have changed, it has become difficult for many rural communities to support their systems of retail businesses, recreation, manufacturing, health care, education, infrastructure and government. As a result, over time these rural communities have become less attractive as places to live.

Small rural communities that are declining in population are finding it increasingly difficult to support basic community infrastructure. A declining tax base, coupled with more complicated regulatory requirements, often makes it difficult for these small communities to individually continue to offer a comprehensive range of services in education, health care, and even sewer and waste water treatment. Losses in local retail establishments are also viewed by some as adversely affecting the quality of life in rural Iowa.

Iowa's declining share of young people is being felt in the labor force which, particularly at the entry level, will soon become tighter than at any time in recent history. In this tight labor market, the total demand for Iowa's well-educated, young people will increase. Iowa's outmigration from rural areas of the state could accelerate as competition for these quality workers intensifies. Rural Iowa may have difficulty in rebuilding its economic base to the extent it lacks a labor force. Alternatively, the same facts may work in the opposite direction. While for a number of years Iowa has suffered from people moving to places where there were jobs, in a tight labor market, jobs may move to the quality labor supply.

However, there are those in the state who feel that there are opportunities in rural Iowa as well. Advances in telecommunications technology will remove many of the disadvantages of rural remoteness. Existing physical infrastructure such as roads, water and sewer systems that are in relatively good condition represent a significant investment upon which to build. Finally, and perhaps most importantly, rural Iowa contains a valuable resource base in its well-educated people, a factor that is increasingly recognized as a very important factor for generating economic growth.

## APPROACHES TO CHANGE

Although the focus of activities in Iowa has been development at the community level, the formal institutions of state government have played an important role in the nurturing of this effort. Both the governor and the legislature have been supportive of these efforts, crossing partisan political lines as well as institutional differences. The key departments that have been involved in rural policy are the Departments of Management, Economic Development (DED), and to a lesser degree Health. The Department of Management, Planning Division, played a key role in performing data analysis, as well as formulating policy issues. Most rural policy activity emanates from DED.

Iowa's rural policy efforts can be seen as a continuation of activities that extend back to the early 1980s. While their portfolio of programs is large, the heart of their 1980s economic development efforts were direct outlays for industrial development. In 1988 the total was \$14 million, in loans, forgivable loans, interest rate buydowns, and grants that usually were matched by local government. The state chooses not to use as many tax concession programs as other states have. The state also spends a great deal of its own funds, as well as federal funds, for DED-sponsored customized job training subsidies to business. The state lottery has been used to pay for some of these programs; in 1988, \$10.6 of the \$36.7 million in proceeds were for business subsidies. The state was able to reduce the unemployment rate from over 9% in 1983 to around 4% in 1989. The state claims that two-thirds of the new jobs are in new firms or in companies doing business in the state for the first time. However, by 1991, projected deficits necessitated that lottery earnings also be devoted to meeting shortfalls, thus reducing developmental dollars.

Iowa's political and administrative institutions have been important to the state's strategies. Given Iowa's continuing economic problems, the political leadership has thus been competing in rural development. This has resulted in a careful bipartisanship that seems to work most of the time. Rural issues are definitely political in Iowa, but have not led to fundamental partisan cleavages.

The major actor in this process has been the Department of Economic Development (DED). Formed in 1986 as a part of the latest state agency consolidation effort, DED brings together programs in business development, community development, employment and training, and tourism. The agency administers a wide range of important programs: Community Development Block Grants (CDBG), federal housing programs, the state Jobs Training Partnership Act (JTPA), youth employment and training programs, and other workforce development programs. The department is involved in three major activities: workforce development, financial assistance, and technology transfer. The department sees its role in providing assistance to communities that are willing to work for themselves. "There are hundreds of solutions out there" and "we don't have a delivery system," according to a top official. They believe in "empowering communities" to make the right choices. DED sees its role as the developer of community leadership which, in turn, is expected to take a major role in executing programs. While industrial recruitment is clearly a part of the DED strategy, it is hardly an exclusive focus. The department also places emphasis on business expansion, increased agriculture production, human resource development,



and community development. Perhaps the greatest source of external assistance to DED is the Iowa State University Cooperative Extension Service which offers seven key programs.

While Iowa's strategy focuses on improving the capacities of rural communities, it is not a raw industrial recruitment approach but an attempt to make a difference in the way leaders in communities respond to the changing rural economy and rural sector. The specific rural strategy programs have to be understood as being part of a larger development strategy that includes many of the programs that other states have, e.g., Small Cities CDBG, FmHA, EDA. It is not an approach that "triages" or selects out potential winning communities, but makes the resources available to communities. As one highly placed official stated, "We have dozens of programs that are designed to help communities; they must come forward to seek our help and then they help themselves by availing themselves of our services." The fact that Iowa is investing in such areas as leadership, governmental cooperation, health care, infrastructure improvement, and telecommunications technology is evidence that there is at least recognition of linking problems with visions.

### **FUTURE PLANS, UNRESOLVED ISSUES**

In addition to enhancing DED's direct contacts with communities, Iowa's strategy will now include a more direct interaction with the federal government. Iowa has been designated to participate in the next round of Federal-State Rural Development Councils. State expectations are that the participation in the CGPA Academy team and program will be the basis of the federal Council effort; the Council will help to implement it and perhaps add new efforts to the five-part strategy. Thus, the basic approach devised by the Academy will be taken to the Council, hoping to enlist greater federal government cooperation in the state's development agenda. First on the list, so to speak, is to work with the Economic Development Administration to turn their programming in Iowa more to the state's rural needs in business expansion. It is not yet clear who will be on the Council, but Iowa is determined that this effort will build on the Academy momentum.

Most of Iowa's concerns thus appear to involve packaging and capturing bottom up efforts that will or have been enhancing their industrial development strategy. After all, they were able to successfully face the last economic crisis. Iowa has faced decline for long enough to have it both ways, spending for new development programs while the economy is bad, at least until the latest budget crunch hit.

Funding levels for the extensive array of bottom up programs seems to be the primary unresolved issue. Not only were the new, Rural Academy identified programs affected but many of the old efforts were reduced. This could easily be reversed if the economic picture changes. Moreover, since it is a bottom up effort, no one knows what the impacts of state cuts may be.

Sustaining the momentum and continuing the multi-faceted efforts is another question yet to be answered. Despite the severe DED cuts, the mood does not appear to be one of doom although two years of funding reductions are seen to jeopardize efforts. A great number of the "band-aided" pilot programs in health, infrastructure, and

business development will require a lot of sustained effort, particularly with no additional dollars or staffing. Can "will" and "drive" make for sustained effort? It is not clear when there are so many projects that require attention.

Another uncertainty involves the ability of these pilot and/or reduced projects to make an overall impact. Keeping the momentum going in all five goal areas is admirable. The issues can be kept alive to fight another day. But can one pilot health project, two commercialization experiments, and three product consortia make a rural sector difference? That concern remains to be seen.

## MISSISSIPPI

Policy discussion in Mississippi -- whatever the issue -- cannot be disentangled from the state's underlying political instability. For at least two decades the state has been engaged in a volatile process of change. Whatever and whenever an issue is debated, Mississippians are torn between those who defend the "old ways" and those who call for modernization. Race and economic development are closely intertwined in this conflict.

Rural development in Mississippi is no exception to this pattern. Despite the significant changes that have taken place within Mississippi over the past two decades related to enfranchisement of the African American population, the state is still plagued by poverty, low educational achievement and declining economic development. And while Mississippi as a whole experiences these problems, they are even more severe in the state's rural areas. For more than a decade, the Mississippi state government was a vehicle for change, attempting to address these issues. The gubernatorial campaign of 1991, however, signalled a dramatic shift away from this commitment and the election of Kirk Fordice was viewed as a swing back to those who resist change.

If this were not difficult enough, there is also a conflict within the ranks of those who desire change in the state. Some advocates both inside and outside the formal governmental system believe that the strategy for change should focus on efforts that lift up the entire state. Differentiations -- whether between rural and urban, rich and poor, African Americans and whites, or economic and social development -- are viewed as divisive and attempts are made to be as inclusive as possible in programs and policies. Conversely, other advocates believe that limited resources require targeting of efforts. Targeting can be defined in a number of ways -- by geography, by race, by income. The two approaches to change are illustrated by programs designed within the state as well as those by external funders (particularly foundations) who seek to support social and economic change in Mississippi.

The conflict between aggregate efforts and targeted approaches clearly affected the success of rural development efforts in Mississippi in the recent past. However, opposition to the policies of Governor Fordice has encouraged the development of new coalition strategies, suggesting that the pendulum may be swinging toward the aggregate approach because it helps to identify areas of commonality rather than differences. A coalition strategy was used to oppose Fordice's budget and both houses of the Mississippi Legislature voted to override the Governor's veto of a tax bill in May 1992, signalling a new era in Mississippi politics. The ascendancy of the legislature suggests that the political system may provide the venue for a reconciliation of the differing approaches to change.

### PROBLEMS OF RURAL CITIZENS

It is rare to pick up any document that describes the State of Mississippi that does not begin with some variation on the statement, "Mississippi is one of the most

rural states in the country." Similarly, it is also common to characterize the state as the location of one of the poorest and least educated population in the U.S.

Mississippi's population of 2.5 million lives in only seven counties that are classified as metropolitan statistical areas (MSA). The remainder of the 82 counties within the state are classified as non-metro or rural areas. In fact, only 175,000 of the 1.4 million rural residents in the state live in Mississippi's 310 Census-identified places; almost 70% of the places have populations of less than 1,000. Even the eleven counties within the state that contain municipalities of over 20,000 people have large areas with rural characteristics.

Because of these population characteristics, defining "rural" within Mississippi is not a simple task. The traditional definitional relationship linking "rural" and agriculture is not helpful since the large majority of people in the state who live in rural areas are not farmers nor do they work in agriculture related jobs. To many in the state, the term "rural" is a way of describing a low level of income, chronic unemployment, lower levels of education, substandard housing and restricted access to opportunities to improve the standard of living. Given these problems, it is not surprising that the population of the state living in the most rural areas of the state has declined continuously and dramatically throughout the 20th century.

In addition, it is difficult to talk about "rural" in Mississippi without attention to issues of race and the legacy of segregation within the state. Statewide, Mississippi has the largest percentage of African Americans of any state in the country (more than 36% of the population, compared to the national average of approximately 12%). Almost three times more African Americans live in non-metropolitan areas than in the metropolitan areas. There are many in the state who believe that many African Americans remain in -- or return to -- Mississippi because of the positive factors associated with its lifestyle, despite its accompanying problems.

Mississippi has the country's lowest per capita wealth, with a rate that was approximately 72% of the U.S. average in 1983. It has been noted that as a general rule, the more rural a county within the state, the greater incidence of people in poverty. Statewide, agriculture related jobs make up slightly more than 6% of employment; it has been estimated that less than 2% of the population is engaged in full time farming. At the same time, agriculture is and continues to be the largest industry in the state. The annual value of production is more than \$3 billion; about one of every four employed persons in Mississippi works in the food and fibre sector. Overall, Mississippi has one of the least educated populations in the country. But the problem is even worse for those residents who live in the most rural areas of the state.

Discussions of rural policy issues within Mississippi are closely intertwined with other questions related to equity and opportunity. The state has made much progress over the past 25 years since the civil rights revolution (now more than 70% of the African American population in the state is registered to vote and, as of 1990, there are 22 African Americans in the state legislature and 294 on city councils). At the same time, the social and economic problems of African Americans within the state continue to be severe. It is difficult to talk about social change of any sort within the state without confronting the inheritance of segregation.

There is no institution within Mississippi that has escaped from the conflict between those who advocate change and those who oppose it. Change efforts have been packaged in the guise of modernization, professionalization and economic and educational reform and have been a part of the political landscape for some time, expressing a commitment by many within the state to change both the image and reality of Mississippi. Along with these changes came the introduction of a two party political system within the state, setting the scene for serious political contests for both national and state elected positions. However, the formal authority structure in the state constructed a relatively weak governor and a legislature with limited ability to play a proactive role. Like many other southern states, the Mississippi governmental structure does not provide its governor with strong executive authority.

## ACTIVITIES

Despite its current economic condition, Mississippi has a long history of involvement with economic development activities. The tradition of the state has been characterized as "land rich and cash poor." Efforts to diversify beyond agriculture were present as early as the 1880s when the state offered property tax abatements for newly-relocated industries. With the advent of the depression in the 1930s, the state intensified its efforts to broaden its economic base beyond agriculture and lure industry to its borders. In 1936 it enacted the first tax-free industrial development bond program in the U.S. That program -- known as BAWI (Balance Agriculture with Industry) -- has been described as the invention of industrial recruitment, converting poorly educated workers, a low tax base, underdeveloped communities and public facilities, and lack of government oversight into assets. That strategy was responsible for the increase of the manufacturing sector and, by 1966, a movement in which total manufacturing employment outstripped agriculture for the first time.

However, Mississippi found that it, like other low wage areas in the U.S., was not able to compete with Bangladesh and other very low wage countries. By the mid 1970s, the kind of businesses that had been attracted to Mississippi began to look to other places and to leave the state when a cheaper place became available. The increases in jobs and wages that occurred during the height of BAWI began to slide; from 1979 to 1987 employment in Mississippi grew less than a third as fast as in the U.S. as a whole.

Attention to this problem intensified during the late 1970s and into the 1980s and governors and special task forces began to focus on the legacy of the BAWI approach: poorly skilled, poorly educated people. The approach begun in the late 1980s focused on an investment in human capital and included educational reform; coordination of federal and state dollars and programs; linking education and employment; public-private partnerships; and making basic human investments in health, day care, housing and other social services. One of the major actors in this effort was the Department of Economic and Community Development (DECD).

Predating the changes in economic development within Mississippi were efforts designed to reform education. In the early 1980s, an effort led by Governor William F. Winter resulted in the passage of the Education Reform Act, a multi-faceted program

calling for a restructuring of the State Board of Education and the state's school system. These efforts attempt to address the low ranking of the state nationwide.

Despite the rhetorical attention to rural issues related to economic and community development in the state, few top level policy individuals have made these issues the priority for their activities. It is difficult to develop rural issues as a statewide concern in Mississippi; for some, "rural" is still closely associated with an agricultural economy based on 20th century variations of plantation norms. For others, "rural" is a way of talking about poverty in Black Mississippi, particularly in the Delta region of the state. There are some in the state who believe that "rural" is a divisive term in Mississippi and that it is not an effective way to frame the real issues. As a result, rural development issues have had limited attention. During 1991, the major political and policy figures in Mississippi were preoccupied with a budget deficit of \$105 million, reelection imperatives, reapportionment, and other policy agenda items.

The fragmentation of the authority for rural issues and the multi-faceted attack on various aspects of the problems make it difficult to characterize the activities in the state. State actors are involved in issues but there is no venue for activity that provides a sense of "the big picture." Many state officials suffer from a sense of inferiority based on Mississippi's relative performance within the U.S.; much of the activity is premised on a belief that there is "no where to go but up" regarding rural issues in the state. However, there are some common values among the actors within the executive branch -- particularly a belief that if the state gives people hope for the future and helps them develop their skills, then development can occur.

Given the interrelationship between the incidence of poverty in the state and the location of the rural population it is not surprising that a major focus of the activities in Mississippi revolves around community development goals. Efforts to develop new resources and to redistribute existing resources tie into other areas of reform: education, health, and the process of community problem solving.

Economic development programs within the state during the recent past have emphasized a mixed portfolio -- a combination of recruitment efforts (including advertisements in national magazines for Mississippi based industries) along with undertakings at the community level (focusing on local chambers of commerce, bankers, and other existing businesses). At least at the rhetorical level, the advocates for change talk about the need to "create a society that supports a rising standard of living for all Mississippi citizens no matter who they are or where they live - - African American or white, urban or rural, from the hills, coast, or Delta. Our objectives are simple: to create competitive people, competitive businesses, and competitive communities." Much of the work that has been done in the state lays out the detail of a substantive agenda -- whether focused on health issues, education or local level economic development. Closely tied to this substantive agenda is a focus on grassroots participation -- a legacy of the programs of the 1960s. Advocates for change also point out the problems in moving the existing institutions to address the social and economic dilemmas in the state.

There is little indication that strategies have been devised that hone in on the operations of those institutions or the decisionmaking processes that define and

constrain them. Thus while a vision of change is clearly articulated by many in the state, there is scant attention to the institutional mechanisms that must be developed to make those changes. There is no "natural" institution or organization that has either formal or informal power to pull actors together. At the same time, there is some hope that the efforts of the past few years have begun to create venues for groups to convene and determine where they may develop methods of coordination and cooperation. The state's participation in the CGPA State Policy Academy on Rural Economic and Community Development and the Federal-State Rural Development Council represent attempts by the state to utilize external resources to create such venues.

## **FUTURE PLANS, UNRESOLVED ISSUES**

Despite the multiplicity of studies and reports that have emerged over the past few years, the fragmentation and resource scarcity that characterize Mississippi governmental institutions have rarely been addressed. There is, however, some indication that the budget crisis of the past year has pushed separate organizations and agencies to a less conflictual and more collaborative mode of behavior. Both the Academy experience and the Federal-State Council have assisted these developments as they have provided a venue for discussion of cross-cutting concerns.

The election of Kirk Fordice as Governor of Mississippi may prove to be the event that allows the advocates of change in the state to minimize their strategic differences and pull together on a united front. During the summer of 1992, a broad coalition is being organized called Mississippi Partnerships for Children. Although participants in the umbrella coalition are expected to disagree on some issues, a focus on children and families was viewed as a rallying point for African Americans, whites, corporate leaders, labor, parents and teachers to come together. This effort grew out of an ad hoc coalition to mobilize for a legislative override of Fordice's tax package veto. Because of the crisis situation at that time, a number of groups found themselves supporting a piece of legislation that raised the sales tax in the state. Although they recognized that the sales tax increase was regressive, they felt that there was no alternative to this measure. One of the reasons for creating a permanent group -- the Mississippi Partnerships for Children -- is to attempt to develop a less regressive tax package for the future, devising an incremental strategy that would eliminate some of the items covered by the increased sales tax and increasing corporate taxes.

It is not obvious how this strategy will affect some of the development programs attempted in the past. Past development strains were of several types: based on luring businesses to the state; focused on community and local development strategies; emphasizing issues of income distribution and human resources development; and targeted on questions of race. The coalition strategy that is now being attempted is a new variation on some of these themes. Although it does not focus on economic development, it does emphasize a set of issues that impact the entire state.

## NORTH CAROLINA

Rural development in North Carolina has three competing voices. The first approach to the policy area emerges from a general growth strategy; an increase in the aggregate economic conditions within the state is expected to improve the lives of rural North Carolinians. This strategy has relied on two instrumentalities: the "buffalo hunt" (luring businesses to the state) and cultivation of high-technology industries that utilize the educational and technical resources of the state (best exemplified by the Research Triangle.)

The second voice of rural development has a specific rural focus. It spins off of the history and culture of a state of small communities and past reliance on agriculture; it emphasizes the special needs and unique quality of the rural sector, particularly in terms of economic development strategies. This voice gravitates to a "value-added" emphasis, captured by a sign in a country store, "Live Bait and Fax." Within this strategy are two somewhat different approaches: one a comprehensive, long range planning emphasis; the other an incremental, issue-specific approach.

The third voice of North Carolina's rural development emphasizes the interrelationship between rural issues and questions of disadvantage, poverty and race. This approach draws an agenda that includes education reform, health access, creation of jobs and economic opportunities. It is likely to focus on policies and programs targeted on specific population groups -- e.g. African American citizens or children and families.

To this point, the pathway to the resolution of these conflicting approaches has been the state political system and the development of coalitions of forces that influence the system. North Carolina's tradition of nonprofit intermediaries -- often groups that work at the community level -- play an important role in the process as they deal directly with elected officials but tend to devalue both state agencies or local governments. The general growth strategy -- the first vision -- is closely tied to the current governor while the legislature has found ways to reconcile the second and third approaches through a process of political bargaining, coalition development and issue trade-offs.

For several decades, analysts have grappled with the task of defining the "reality" of North Carolina. It is the tenth largest state in the country with a population of more than 6 million individuals. It has the seventh largest population of African Americans in the U.S. -- a population that makes up 22.4 percent of the total state population. Half of the population lives in agricultural areas or small towns (many of which were built along the infrastructure of textile plants) characterized by a pride in traditional community values but also noted for low wages and recent economic decline.

### PROBLEMS OF RURAL CITIZENS

If one uses some of the usual indicators of economic health to describe North Carolina, the state does not appear to be experiencing great difficulty. The



unemployment rate within the state is low; the 1986 rate was 5.3 percent while the 1987 rate was estimated at 4.5%, both rates below the national average. Similarly, the percentage of the population on AFDC is below the national average.

Despite these relatively positive aggregate figures for the state, the picture is not as rosy when one moves beyond the surface and focuses on those residents in the rural areas of North Carolina. Beyond these figures is an even gloomier picture. The state is populated by large numbers of the "working poor," families having two or more full-time workers whose wages are too low to produce a poverty-level income. Rural North Carolinians are twice as likely to be poor as those who live in urban areas. And the problem and gap is increasing. In 1980, 17.8 percent of people living in nonmetropolitan counties lived below the poverty level, compared to 11.3 percent in metro areas.

Dramatic shifts are also occurring in the job market that indicate even more intense problems in the future. It has been estimated that 58 percent of the new jobs created in the state between 1979 and 1987 paid wages yielding an annual income below the poverty line for a family of four. A higher proportion of rural residents live in counties where manufacturing was the major industry. Approximately two percent of the total labor force in the state is employed in agriculture, with both traditional crops such as tobacco and new areas of development (such as aquaculture including catfish farming). Technology, however, is reducing the number of agricultural jobs that are available; migrant workers are filling low-skill jobs and the trend toward fewer but larger farms is expected to continue. Many families supplement their farm income with off-farm income. Ironically, it has been estimated that farmers in metropolitan counties are more likely to find such income than those living in rural areas.

Accentuating the rural dimensions of problems and opportunities in North Carolina is not always easy to justify. State officials ask the question: "Why should a state whose population is becoming increasingly urban care about rural development trends?" The answer that has been given has four dimensions: first, the state's overall productivity is closely tied to the health of the rural economy; second, resources in the rural areas of the state are valuable to all residents; third, a society that believes in equity should not accept the disparities that now occur between urban and rural counties; and fourth, rural problems can become urban problems through migration of residents.

## **EXPRESSIONS OF THE COMPETING VISIONS**

To a significant extent, the three visions of rural development within the state closely mirror the conflict between its institutions. Governance issues in North Carolina center around three interrelated struggles: the first involves partisan political conflict between Republicans and Democrats; the second revolves around the institutional conflict between a structurally weak governor and a strong legislature; and the third focuses on racial politics and the increasing role of African Americans in North Carolina's political life. In addition, the state has a tradition of philanthropy, strong community-based organizations, and distrust of direct government; this tradition tends to support policy designs that by-pass traditional bureaucracies or the use of state agencies to run programs. While this approach resulted in conservative, anti-regulation policies in some areas (for example, the limited safety inspection process that led to the Hamlet

chicken-processing plant fire), in recent years there has also been a tendency for the legislature to enact programs that support minority community-based activities.

The multiple approaches to rural development in North Carolina means that it is relevant to include a wide variety of public and private entities in an analysis of the issue. One cannot understand rural issues in this state without attention to the role of the governor and the legislature, as well as initiatives involving economic development, community development, agriculture, educational reform and ~~Despite~~ the modernization that has occurred in many institutions and areas of the state, the North Carolina governmental structure carries along many of the patterns of the southern political traditionalist. In terms of formal authority, the North Carolina government has what is perhaps the weakest governor in the U.S. The governor has no veto authority and must share executive authority with eight separately elected department heads, including a Commissioner of Agriculture. In addition, the lieutenant government is elected separately. During the past several years, as a result of the requirement for a balanced budget, the budget shortfall within the state has preoccupied the legislature.

## ACTIVITIES

In contrast to many other states, the problem in North Carolina does not involve a story of failed implementation. Rather, the debate in the state centers around a conflict of values and, from that, a controversy about policy design. Unlike many other southern states, the domination of agriculture in North Carolina shifted by the 1920s. Although most North Carolinians still lived on farms, industry (largely textiles) advanced so that the value of manufactured products in the state was nearly twice that of agriculture. Between 1920 and 1930, the state became the largest industrial state in the southeast and by the 1950s, employment in manufacturing surpassed that in agriculture. North Carolina's economic development strategy of the 1960s and 1970s centered around the recruitment strategy, what has been termed "smokestack chasing" or the "Buffalo Hunt." The wave of economic growth of that period occurred largely because many branch manufacturing plants relocated in the state. Policymakers believed that all residents in the state would benefit by using the "trickle down" approach. Industry was lured into the state with the promise of a docile, non-union, low wage work force that had a strong work ethic. According to some analysts, the product of this strategy has been the continuation of a society of "two North Carolinas -- one thriving, vital and prosperous; one poor, sick and troubled." This division coincides with the rural/urban dichotomy as benefits of growth have trickled only as far as the rural counties connected to nearby urban centers.

The realization that the low wage strategy had limited durability in a global economy began to surface in the 1970s. Another development strategy was undertaken that lured high tech, research and development, financial services and other information based industries to the state, primarily through the Research Triangle area between Raleigh, Durham and Chapel Hill. This approach emphasized the importance of a trained, sophisticated work force.

The struggle over the appropriate approach to economic development became entangled with the institutional conflict between the legislature and the governor's office in the late 1980s. During this time, the Department of Commerce -- the major state

agency involved in economic development -- had about 100 staff members who worked on industrial recruitment/foreign investment, international trade, business retention, tourism, small business development, and technology development. The department's main constituency was business, largely individual firms.

Dissatisfaction with the scope and emphasis of the Department of Commerce was clearly expressed in by the legislature in 1987 when it created the North Carolina Rural Economic Development Center (the Rural Center) to "produce creative ideas and practical solutions to help reverse current trends and stimulate rural economic growth and job creation." The Center stands as a counterpoint to the Department of Commerce in its community focus as well as its emphasis on the relationship between economic development and human resources, natural resources and infrastructure development. As a result of legislative activity, the Department of Commerce was reorganized to become the Department of Economic and Community Development. Despite the movement of the community development programs to the agency, it continues to emphasize the growth strategy while the North Carolina Rural Economic Development Center (called the Rural Center) illustrates the specific rural approach.

The original conception of the Center envisioned a series of projects that might be "incubated" in the organization and then spun off to operate independently. The agenda was diverse but there was a heavy emphasis on projects designed to stimulate or support small business in rural areas in the state: research and demonstration of markets for rural products, microbusiness loan funds, and the establishment of a North Carolina Enterprise Corporation to provide equity and near-equity financing for small business in rural North Carolina. In addition, the Center emphasized its role as a documenter of conditions within the state as well as a convenor of organizations and individuals who shared its agenda.

One aspect of the North Carolina political culture has been its tradition of public-private ventures. A great variety of nonprofit groups within the state work on rural development issues through demonstration efforts as well as on-going programs related to workforce and economic development, self-help efforts to help groups gain access to affordable homes, decent jobs, and a sense of economic security, and community economic development advocacy and training.

#### **FUTURE PLANS/UNRESOLVED ISSUES**

Given the diversity of values and conditions, one cannot expect North Carolina to easily adopt a simple strategy or pathway to achieve improvement in the life conditions of its rural residents. The general growth voice includes some of the "modernizers" involved in technology development as well as many of the "good old boys." The rural voice (as it is heard through the Rural Center) attempts to resonate to the small town and rural values of the "traditionalists" at the same time that it reaches toward social equity values. And in its analytic work, the Center clearly represents the skills of the "modernizers" -- planning, economic analysis, and reliance on information and data to make its case. At the same time, the Rural Center has attempted to define rural development in a broad fashion, including a number of community development as well as economic development approaches to the issue. But perhaps the clearest voice of the three is that which focuses on disadvantage, poverty and race. That is the voice

heard from the legislative Black Caucus and the collection of nonprofit community based organizations within the state. This approach has closely interlinked the empowerment and community development aspects of the issue with the creation of new economic opportunities. Communities and collectivities -- rather than individual entrepreneurs -- are believed to be the major beneficiaries of change.

In addition, the institutional conflict between a weak governor and a proactive legislature can be expected to continue to influence policy development as long as the institutional differences are also supported by political and value conflicts. If a Republican wins the gubernatorial race in 1992, one could expect the policy impasse to continue. Election of a Democrat could make some difference; however, the budget realities experienced during the past several years are likely to preoccupy any state official, whether in the state capitol or the governor's mansion. The election campaign should also provide some clue to the way that the issue will be handled in the near future.

## NORTH DAKOTA

Recent efforts to forge a North Dakota rural policy are bound up with attempts to improve the state's economy in general in this largely rural state. To the extent that competing visions exist in helping the rural sector, they have been manifested in differences in how to boost the primary sector economy. To date there has been minor interest in a "bottoms up" approach that involves building from within communities and there is not much concern for developing the rural sector from a non-business/agriculture perspective, such as building infrastructure, human resources or communities.

After years of minimal involvement in promoting economic activities, state government is now the anchor of this primary sector policy. New programs, adopted under the label "Growing North Dakota," focus on value adding around four basic needs for survival and growth: technology, human capital, marketing information, and financing. Now in its early stages of implementation, Growing North Dakota is a \$21 million program that is being financed by the earnings of a state-owned bank, the Bank of North Dakota. Although portions of Growing North Dakota are part of a specific policy focus on the rural areas, the rural effort cannot be separated from the state's general concern for its lagging economy.

Building on the experience through the CGPA Rural Academy and a state-design effort called Vision 2000, the Growing North Dakota strategy is based on the belief that rural sector goals will be met if North Dakota adopts a "value-added" primary sector business (including agriculture) development approach with three components: 1) new business starts from within the state, 2) expansion of existing businesses, and, 3) recruitment of new business from outside of North Dakota. The strategy is clearly focused on direct state to business or state to recipient assistance, although some state-wide capacity development is also a tactical component.

Although some consideration was given to alternative approaches in community development, it was felt that North Dakota's economy lagged so far behind other states, that a "quick infusion" of economic activity was needed. In a sense, the leaders who developed Growing North Dakota wanted to incorporate what they perceived to be successful primary sector strategies pursued in other states. However, it is not clear whether the state has the community base and infrastructure to support such a strategy.

### PROBLEMS OF RURAL CITIZENS

North Dakota is largely rural, containing only four cities of any size. The rural sector is divided along an east-west split, with the east being small-medium sized farming (and populist Democratic) and the west sparsely populated ranching (and conservative Republican). Energy -- coal and oil -- in the West is the other rural economic activity. North Dakota has the highest percentage of agriculturally related counties in the nation -- almost 75 percent of the state's counties are agriculture dependent. Most rural areas in the state have been hit with population decline, job loss and retail sales reduction in the 1980s. In addition to migration out-of-state, there

has been a migration to the economic corridors surrounding the state's four cities. The state's economy remains highly agriculture dependent despite a declining number of farms and farm workers; the number of farms are estimated to have decreased from 86,400 in 1934 to 33,000 in 1990. Agriculture contributes 43 percent of new wealth, almost \$2.3 billion in 1986. Other aspects of the economy include energy, manufacturing, tourism and the federal government. Energy contributes about 17 percent of new wealth and employs about 6,000 workers. However, two-thirds of the power generated is consumed out of state. Manufacturing contributes 8 percent of new wealth.

North Dakota's 1990 population of 660,000 represents a loss of 27,000 persons since 1983. It is an increasingly aging population. Since 1980 the only age groups that have shown absolute and proportional increases in population are ages 25 to 64 and 65 and over. The economy of the state has been sliding in the past few years. North Dakota's economic base peaked in 1981 -- a year of exceptionally high energy prices and activity. Agriculture dependent counties also experienced a 28 percent retail sales decline during the period of 1980-1987. In sharp contrast, taxable retail sales in the state's seven major trade centers rose seven percent during the same time period to account for 71 percent of retail sales in 1987. Most of North Dakota's population and economic growth occurred in its four largest communities. The establishment of new businesses and employment growth has also focused on urban areas.

Understanding North Dakota's rural culture begins with a look at its history and how relatively little it has changed amidst widespread national change. Few other states have an economy that essentially serves the same functions as it did 90 years ago." But agriculture is inherently volatile and uncertain: the demand for food is always there, but commodity prices in any market system are unstable -- they have to be, if the market is to keep suppliers informed about demand -- just as the weather is undependable. So entrepreneurs who must make their plans on worst-case analyses try to minimize their risks by calling on government. The resulting farm programs are so complicated, and the circumstances of the business so uncertain that there is almost always some sort of raging dissatisfaction with the federal government's farm programs.

North Dakota's rural culture is clearly at a crossroads. One analyst posits three possible scenarios. First, the Buffalo Commons thesis is that North Dakota, along with other Great Plains States, will not be able to compete as viable economic entities, and it will revert to its natural form, a grassland for a gigantic wildlife preserve. A second thesis suggests that North Dakota will survive as an economic entity but future struggles will be similar to the past. The third scenario posits that North Dakotans are historically resourceful and energetic people, will come to grips "with the realities of place" and aggressively take advantage of the technological revolution that lies ahead. The North Dakota Rural policy program is clearly an attempt to come to grips with a future that does not accept decline. It is an initial step in casting the state toward scenario three.

These rural problems match with the vision of expanded primary sector activity in Growing North Dakota. The feeling has been all along that North Dakota has not

kept pace because of the lack of impetus for stimulating non-agricultural growth. The heavily farm-dependent economy, for example, has never encouraged value-added agricultural manufacturing. Virtually every bushel of wheat grown in the state is processed elsewhere. There is a feeling that there is a lack of the entrepreneurial spirit in the state. The current initiative is an attempt to meet these problems. On the other hand, in order to compete in a global economy, it may be that the state must build its other components, e.g., infrastructure and human resources. That is not part of the strategy. Nor is there a front-line concern for the capacities of the communities that house its citizens.

## **EXPRESSIONS OF COMPETING VISIONS**

The unusually strong state focus found in the current North Dakota activities do not seem to be an obvious result of the structure of the state government. In many ways, North Dakota has a typical though somewhat less modernized system than many other states. The primary state agencies involved in rural development are the Economic Development and Finance Department, Agriculture, and the Bank of North Dakota. Of these agencies, only Economic Development and Finance is under the direct control of the governor, as it moved from commission to departmental status in mid-1991. The Bank of North Dakota is the "cash cow" that funds all of the new efforts. The Bank was established in 1919 to "encourage and promote agriculture, commerce and industry," and is envisioned as a major source of credit and capital and as a partner with other financial institutions in molding the economy. The regional Planning Councils are the vehicles for rural development. Councils consist of three representatives from each county representing counties, cities and the soil conservation districts. Even though these regional organizations focus on planning, their operations also involve implementation and providing technical services.

## **ACTIVITIES**

Several rural economic development strategies and developments preceded the Growing North Dakota Initiative. In 1986 the Greater North Dakota Association (the state Chamber of Commerce) appointed an organization known as the "Committee of 100" to investigate economic problems and recommend solutions. Endorsed and assisted by the Governor, this committee was formed in October 1986, and made its recommendations to the state legislature in January, 1987. A venture capital program and reorganization of the state's Economic Development Commission were two primary results of the recommendations.

The efforts that have lead to the development of the Growing North Dakota strategy experienced considerable top level support and leadership. The implementation of the Growing North Dakota strategy has been the primary task in the state and the first six months of 1992 have involved putting the various pieces into place as new personnel have been added, primarily at the Economic Development Department. The strategy that is integral to the Growing North Dakota effort reflects the "collapsing" of rural concerns into general economic development approaches, as is reflected in both the goals of the state's participation in the CGPA Rural Academy and of Vision 2000.

The Vision 2000 Committee -- a group of prominent business and community leaders who developed their own economic development report -- did not focus on rural development. However, its report outlined a clear set of goals for a strong, four-sector economy: strengthening programs featuring advanced agriculture and food processing, energy by-product development, exported services and tourism, and advanced manufacturing. The focus of programs was on primary sector businesses that will add value to a product or a service, utilizing resources that will assist the entrepreneur/manager. This work was blended with the Academy team into a committee of 34 to develop the Growing North Dakota program that was submitted to the legislature. That program was guided through the legislature by a "drafting committee" of nine, drawn from the two original groups and was designed as a bipartisan effort. The 1991 Session of the legislature enacted virtually all of the strategy, which is being implemented by the major state agencies. The only component of the plan that was not enacted was the creation of regional economic development service center. The Academy team's efforts added a rural component that was lacking in Vision 2000.

The combined Academy/Vision 2000 formulation effort contained representatives of virtually every relevant interest but those who will have an exclusive implementation role: governor's staff, legislative leadership, banking community, farm organizations, the Bank of North Dakota, the Economic Development Department, the Department of Agriculture, RECs, and Extension. Three state agencies -- the Bank, the Economic Development Department, and the Department of Agriculture -- now play major roles in implementation, as does Extension, RECs, and to some extent the Governor's staff. Implementing actors will also include Technology Transfer, Inc., planning districts, university researchers and local governments. Relationships among the actors are funnelling through the three major state departments. As the focus has shifted from agreement to implementation, the three major actors -- the Bank, the Department, and Agriculture -- have determined the next steps. This current phase involves new interactions relating to concerns over issues such as basic direction, rules, and areas of emphasis as well as procedures.

## **FUTURE PLANS, UNRESOLVED ISSUES**

Those who shaped the Growing North Dakota strategy are left with a key development strategy issue: will it remain intact as implementation is put in the hands of new people? The new leadership has been forced to make changes that encompass the original plan. Moreover, the governor's office is watching, guiding and fixing problems that have moved the program off course. The perception there is that the new leadership was hired to implement Growing North Dakota, not to set its own course.

Several unresolved issues emanate from the strategy itself whereas others are implementation issues. First, the primary sector business strategy element that places emphasis on industrial recruitment may be the most difficult issue. A related issue is whether the Future Fund will "jump-start" the rural economy. It is not clear that the network of actors can develop technical knowledge, business ideas, and prospective entrepreneurs to make it go - and to help the rural sector. A final strategic issue



relates to selection of the Science and Technology Corporation as the vehicle for development. The Committee of 34 understood the need for research as a support partner in global competition and high technology. The hope is that the Corporation will harness university research projects that will help the state: 1) commercialize products, and 2) tie the research community to the economic development delivery system, making it responsive to the technical needs of the university.

Implementation issues relate to the major actors in this next phase of the strategy. Some feel that Bank of North Dakota must become more of a risk-taker. It will need to fill more of the lending gap. The Bank is not only the major funder of the program but it also handles about \$4.7 million of the loan money. The newly formed Department is also an area of great uncertainty. Will its leadership be up to the task? The new law that incorporates the strategy requires that performance of the Future Fund be measured in terms of jobs created.

The strength of Growing North Dakota is in the new resources committed to the strategies. The package organizationally upgrades its state economic development vehicle, and gives it a few developmental and grants programs. These efforts can potentially make a difference. The lack of emphasis on some of the important ingredients in economic development can present barriers. The state wants to continue to be in the "buffalo hunt" for new businesses. There is also a focus on developing entrepreneurship and technology - whether it works remains to be seen. However, there is a notable lack of emphasis on human resource development and design and management of local activities. Some attention will be given to the latter, but it appears to be a "black box" of uncertainty, confused roles, and absence of program links to the strategy.

## OREGON

In rural development -- as in so many policy areas -- Oregon has sought to be an innovator. As its education and health care reform initiatives and its first-in-the-nation elderly driver counseling programs indicate, Oregon has attempted to "invent" new ways of dealing with the problems of its citizens. Thus it has approached development as a challenge that involves all resources in the community, not simply those of government.

Oregon has defined the role of state government as one which redistributes resources from the state to the regional and local level so that distressed communities will be able to develop the capacity to diversify, stabilize or perhaps grow economically. State government also seeks to develop the workforce, improve the jobs available to that workforce, and assist with improving the competitiveness and profitability of Oregon business.

While consensus on approaches to development is evolving, there is a major debate in the state as to whether there ought to be a distinct "rural" policy. There is a strongly held view among key actors that to focus on rural per se would produce needless political polarization. Thus, instead of defining the issues as "rural", some have argued that it is more appropriate to focus on specific geographical regions. Others allege that since the problems of rural citizens are so acute, "rural" needs its own identity. This debate has been played out in such a way that rural is largely subsumed into economic development policy, but it still manages to have its own identity. It has resulted in partial and overlapping visions. No single coherent rural development strategy has emerged but most policy actors understand the economic development implications of their preferred strategies. They also agree that community and human resource development are critical elements of this set of approaches.

The specific rural development approaches within Oregon include the Rural Development Initiative, Inc. (RDI), a not-for-profit corporation focusing on capacity building in rural communities; the Key Industries Development Program which includes the European import of "flexible manufacturing networks; a new Workforce Development Program; and Oregon Benchmarks, an effort to track progress over time.

The debate over the relative emphasis on "rural" is currently being played out in an environment of serious resource constraints. The major public policy issue facing the state is the long-term response to the tax cutting Measure 5 passed by the voters last year. Measure 5 is forcing severe budget cuts in state government and the uncertainty that attaches to pending cuts is a most important factor affecting all state policy arenas. To the extent that cutbacks limit opportunity, there is some degree of conflict over the shape and focus of these strategies, and key policy makers in Oregon do have some different ideas as to which direction to take with rural development.

## **PROBLEMS OF RURAL CITIZENS**

In Oregon generally, rural seems to mean smaller communities or groups of communities which lie outside the urban growth boundary of the state's Metropolitan Statistical Areas and which are dependent upon a single economic sector (such as timber or agriculture) for their viability. In 1989 the agricultural sector (which does not include timber) accounted for only 2.7 percent of the state's total employment, and 3 percent of rural employment. While Oregon's rural economy is not agriculturally dependent, it is timber dependent. Lumber and wood products accounted for 15 percent of rural jobs in 1989. Statewide this industry accounted for about 5.1 percent of non-agricultural employment in 1990, down from 6.7 percent in 1980. When paper and allied products are added, timber accounted for about one third of manufacturing employment in the state in 1990.

However one makes the urban-rural distinction, there truly are two Oregons --an economic division of the state into regions of haves and have nots. The so called "other Oregon," comprising much of the rural part of the state, has not fully recovered from the economic downturn of the early 1980's and is in decline. Most rural counties in Oregon are in the other Oregon and they have been officially designated by the governor as economically lagging areas. The efforts aimed at timber dependent communities, workforce development, community empowerment and improving manufacturing competitiveness are consistent with many of the problems of these areas defined in this section. The population of Oregon is largely urban, but 1990 estimates place 38 percent of the state's population in rural areas..

## **EXPRESSIONS OF COMPETING VISIONS**

The Oregon public institutions that play a role in rural development are strong, proactive organizations that compete for a leadership role. There is some relationship between institutional interests and differing views on a distinct rural policy focus; the legislature is more likely to focus on issues that minimize polarization between rural and urban while the executive branch emphasizes issues that focus on specific rural problems and economic disadvantage.

The key public sector actors and institutions in Oregon at the state level are the governor, the legislature (in particular the Joint Trade and Economic Development Committee and its staff), the Oregon Department of Economic Development (OEDD), the Oregon Progress Board, the Agricultural Extension Service, various units of the higher education system and the Office of Rural Health in the Oregon Health Sciences University. The governor and his or her executive branch agencies have traditionally played a very strong leadership role with respect to Oregon public policy. The major institutional limitations on the government's role lie in two areas: first, while the governor has full responsibility for developing the biennial budget, the legislature has unlimited power to change it. Second, the governor has the power to appoint officials to major offices, but power to remove officials from office is severely limited.

The legislature, largely through the Joint Trade and Economic Development Committee and its professional staff, plays a key role in economic development policy making. It was responsible for the creation of the Small Business Development Centers, bodies intended to help stabilize local economies by fostering

entrepreneurship, good management skills, and the creation of locally based jobs. The legislature has formulated and adopted policies which attack the problems of rural areas but often prefers to develop sectoral specific programs such as those for timber dependent areas. The differences between the legislative Joint Committee and the Department often revolve the best way to organize for the attack on the economic deficiencies of rural areas. Some actors in OEDD (and others in the state) would like to see rural highlighted in this way. The belief in the legislature is that a rural policy would produce needless political polarization between urban and rural interests.

Oregon has eight economic development districts (EDDs) which are locally chartered and controlled. Each is unique, but in total they offer loans and other forms of assistance in six areas: small business lending; new business and industry recruitment; economic analysis; economic development planning and technical assistance; assistance in securing funding for public works; and special projects ranging from international trade promotion to small business incubators.

## ACTIVITIES

Much of what has been done was begun by the Oregon Progress Board -- a group that grew out of a strategic planning effort begun in June 1988 by then Governor Goldschmidt. It produced two important documents: Oregon Shines (the state's strategic plan) and Oregon Benchmarks (a compilation of measurable standards for progress.) When created, the Progress Board (originally called the Oregon Development Board) was envisioned as "a forum for defining and communicating a vision for Oregon in the next century, measuring our progress in the achievement of that vision, and describing the work still ahead."

Oregon Shines: An Economic Strategy for the Pacific Century, issued in May 1989, was an important document in the state. Both the Progress Board and its benchmarks evolved from this process as did the Community Initiatives Program. The legislation creating the Policy Board required measurable goals and two year monitoring. The Board produced a set of benchmarks in 1991 and most were adopted by the legislature. Governor Roberts has embraced this concept and has built some benchmarks into her budget. Executive branch department heads have been assigned responsibility for implementation of 18 so-called "lead benchmarks." The Oregon Economic Development Department, through its programs and operations, has been the most important actor in rural development in the state.

While there may be no coherent single set of rural development policies in Oregon, the state's development efforts are focused and complementary. Public as well as private sector actors have engaged in an ambitious and highly entrepreneurial effort to empower rural communities through leadership training, technical assistance and strategic planning, to assist timber workers and timber dependent communities, to develop the state's workforce, to improve the competitiveness of key industries, and to measure progress toward stated economic, social and community objectives.

This is being done through the Governor's Human Investment Strategy, OEDD's community development (now being pursued in partnership with RDI) and Regional

Strategies approaches, and the Joint Trade and Economic Development Committee's Key Industries, Timber Response and Workforce Development efforts.

With the exception of the Rural Revitalization and Leadership Development Act which created the Rural Development Initiatives Inc. (RDI), the major economic development legislation produced by the 1991 legislature is not labeled as rural. It will direct significant resources to rural areas, however, because much of the economic distress is in rural areas of the state.

The state's rural development goals are conceptually very closely related to other policy goals such as those involving human resource investment. In the same way, strategies for the development of the rural sector are linked conceptually to the transportation, education, health, human service, and employment sectors. Guided by the state's strategic plan, the mission of the Department now includes building a competent workforce, protecting and enhancing the state's quality of life, and creating "an international frame of mind that distinguishes Oregonians as unusually adept in a word economy."

The RDI is a free standing non-profit corporation created by the legislature in 1991 to help Oregon's hard hit rural communities with strategic planning, technical assistance, and leadership training. In some sense it privatizes OEDD's Community Initiatives Program and will continue to provide many of the same services to localities. It is currently funded by \$1.8 million in lottery money, but the plan is to seek non-state funding through foundation grants. The purpose of RDI is to "help Oregon's rural communities manage transition [from a resource based economic dependence to an economic future that is not yet clear] and shape the development of their local economies...."

## **FUTURE PLANS, UNRESOLVED ISSUES**

Oregon's greatest strength undoubtedly lies in the ability of its rural economic development policy makers (principally those in OEDD and the Joint Trade and Economic Development Committee) to develop and implement imaginative ideas. Key actors in OEDD, the legislature, universities, and the private sector have collaboratively fashioned innovative responses to the economic crisis facing the state. The formulation of the initial round of rural development programs was facilitated by strong leadership from the governor and key individuals in the legislature.

Another major strength is the cooperative involvement of the private sector, particularly the Business Council, in shaping the policy agenda and influencing the policy formulation process. The willingness of state officials to use other sources of outside assistance such as the NWPC is also a strength.

The major weakness or barrier to success, aside from the scale of the problems of rural citizens, relates to the Oregon budget situation. At the present time, because of the shortfall in the lottery and the passage of Measure 5, future plans involving Oregon rural development efforts are uncertain. The budget situation created by these factors has required public as well as private sector players to face a reality in which funding for implementation of the state's rural development efforts is not forthcoming. Within

this environment, implementation of all the newly enacted economic development legislation will be difficult and OEDD's role as a catalyst could elicit suspicion. Similarly, long term commitment by public policymakers is problematic and there is some concern that "rural" is a fad, and that the legislature will "forget about it" in the interim between now and the 1993 Legislative Assembly.

The internal management and organization of OEDD also requires attention from a director who is attempting to balance internal and external demands on his time. Intra-departmental rivalry and a lack of departmental cohesion affects the ability of the Department to play a significant coordination role if it can't effectively coordinate its own programs. The relative lack of cooperation between the state and federal agencies involved in rural economic development is also problematic. State government's caution with respect to participation in the Federal-State Rural Development Council is somewhat understandable given scarce resources and energy, but it is troublesome, nonetheless.

One local level barrier to the successful implementation of rural development policies is a critical mass problem. The public sector leadership in many rural communities of the state is often of a volunteer nature. Many of those who do volunteer also are the same ones who volunteer their time to a variety of community efforts. The upshot is a lack of a critical mass of leadership and the potential for burnout of those who do get involved. The capacity building/community development activities of OEDD are intended to address the critical mass problem, but there is much to be done.

It should also be mentioned that the scale of the problem is a significant barrier. Some rural communities which are timber dependent are in danger of fading away. The state is faced with the very real social, political, and economic problem of whether to step in. There is no explicit triage, but some rural programs give a strong dose of reality so some communities select themselves out. For example, special public works money is project oriented and dying communities which seek grants will not get them.

The bottom line question is, what does it all add up to? What is the state doing to address the problems of rural areas? For some in the state, the Rural Development Initiative provides the mechanism for citizens to form a vision for their communities and create programs for change. Rural economic development policy in Oregon is aimed at improving community wellbeing. It is a comprehensive community development effort that has clearly made some gains.

## WYOMING

Given its size and culture, it is not surprising that rural economic development in Wyoming is interchangeable with statewide economic development. Neither, however, are priorities in the state. Wyoming maintains a cautious attitude toward economic development, fearing a repeat of the energy boom and bust cycle of the 70's and 80's and resisting an influx of "outsiders" into what is a relatively closed environment. The Western, almost frontier quality of life is highly valued in Wyoming, and this fear of outsiders is closely related to a desire to protect that quality of life from the compromises that development often brings. A culture of independence and the power of ranchers and mineral interests combine to thwart the creation of a common vision of economic development.

Among the voices for development are those who argue that economic diversification and expanding home grown business and industry are the keys to Wyoming's economic survival. They recognize that the present standard of living cannot be supported by current revenue but acknowledge a very strong resistance to tax increases in nearly all quarters. This vision is pursued in a programmatic rather than a policy fashion. Its advocates plan and conceptualize a strategic approach but adopt an incremental posture. They are more likely to pull a program off the shelf than take the risks involved in implementing their broader strategic plans.

Thus the competing visions of economic development in Wyoming involve no (or very slow and cautious) development versus more rapid growth through economic diversification. The latter is the official position of the governor and the Division of Economic and Community Development (DECD); the substantive and procedural strategies which are expressed in Wyoming's plans and programs reflect this vision.

### PROBLEMS OF RURAL CITIZENS

Because the entire state is nonurban, issues in Wyoming are not defined in rural versus urban terms. Indeed many consider the state to be frontier rather than rural. The 1990 census figures show that with a population of 453,588 Wyoming is the least populated of the 50 states; using population per square mile as the indicator, it is the second most rural. The two largest cities, Cheyenne and Casper, each have populations slightly below 50,000.

While the culture of the state is clearly nonurban, it is not a heavily agricultural state. Agriculture, services, forestry, fisheries, and "other" sector of the economy accounted for roughly one percent of total gross industrial product. Gross farm product, estimates of which reflect the value added by farms to the state economy, was about four percent of the total state product in 1988. The most important element of the Wyoming economy is its disproportionate reliance upon a single industry for its economic livelihood: energy resources and mineral development. Because young people are finding it difficult to obtain employment in the state, development officials hope to gain more support for the creation of jobs through diversification.

## **EXPRESSIONS OF COMPETING VISIONS**

The competing visions of economic development in Wyoming reflect a very basic conflict of political and economic interests as well as a conflict in philosophy of governance. To some degree, they also reflect a conflict of institutions in that the legislature generally mistrusts the Division of Economic and Community Development (DECD). This mistrust stems from the difficulty in pinpointing solid outcomes of DECD expenditures and the fact that the legislature has no coherent economic development strategy of its own. In addition, the legislature hopes to cut the size of government so as to avoid tax increases, and believes that local government and the private sector can do economic development on their own without the help of the state. The legislative attitude toward state government is "we could cut 50 percent of state employees because they're only 50 percent efficient anyway." In the face of the current budget crisis, DECD is simply a low priority item when compared to education and other state agencies. A political struggle over the final shape of the state's budget and over the need for long-term responses to the problems of the state have preoccupied both the governor and the legislature.

The key public sector economic development institutions and actors at the state level are the governor, the legislature, DECD and its advisory body the Economic Development and Stabilization Board (EDS Board), and the Cooperative Extension Service located in the College of Agriculture at the University of Wyoming. By formal measures, the governor is relatively powerful with respect to the legislature. The major institutional limitations on his capacity to control the policy making process lie in three areas. First, his appointment powers are somewhat restricted, although a constitutional amendment and recent legislation give him full power to remove officials from major offices. Second, he has full responsibility for developing the biennial budget, but the legislature has unlimited power to change it. The governor does have a line item veto, however, and with it he can remove restrictions on the use of funds imposed by the legislature. Third, his institutional powers are limited by the fact that his party is in a substantial minority in both houses of the legislature (10/30 in the Senate and 22/64 in the house).

There is a disdain for big government throughout the state. Interestingly, the legislature is willing to let the governor take the lead in most policy areas, in part, because of this dislike. As a result (and also because the legislature is a part-time citizen body), the governor and DECD are the policy leaders in the economic development arena. However, they do not seek major legislative changes in pursuit of their economic diversity goal but rather try to develop technical and administrative strategies which will bring it about. The legislature's role is most important in the budget process. While each house has a standing committee on Minerals, Business and Economic Development, it tends to defer to the governor to initiate programmatic change.

## **ACTIVITIES**

Prior to 1989, economic development programs were carried out under the auspices of the Economic Development and Stabilization Board (EDS Board). In 1989 the Board's functions were reorganized into the Economic Development and



Stabilization Department. In 1990, the Department was further reorganized as a Division of Economic and Community Development (DECD) within the newly formed Department of Commerce; the EDS Board became an advisory rather than a governing body.

There is a long history of economic development planning efforts in Wyoming as well as a programmatic history which goes back several years. None of these, with the possible exception of the Agriculture Strategic Plan, focused specifically on rural development. Some 39 plans and reports have been completed since 1973 but most of these plans have simply "sat on shelves" and there has been little implementation. The one plan which does guide economic development efforts is the Wyoming Economic Development Plan, a document which DECD is required to produce under the legislation which created the EDS Board. The first plan was completed and approved by the EDS Board in 1988, and yearly revisions have been produced since then.

### **TOOLS, INSTRUMENTS OF CHANGE**

The development goals articulated by DECD called for an increase of the manufacturing sector's contribution to the gross state product by some 450 percent by the end of the decade. This is to be achieved through attention to business recruitment, expansion, and retention; job creation, training and re-training for the labor force, and improving access to state-of-the art telecommunications. These strategies rely heavily on marketing, financial packaging, technical assistance and research.

A major economic development thrust of the state is diversification born out of a desire to avoid the devastating effects of the energy boom and bust cycle which hit in the 1970's and early 80's. Many public and private institutions in Wyoming seem rooted in the "smokestack chasing" strategy -- an exclusive thrust on wooing outside investment. The overall development goal of DECD is to pursue all possible avenues to assure that employment in the manufacturing sector or the service sector makes up at least 25 percent of all Wyoming jobs by the year 2000.

Because the federal government owns so much land in Wyoming (nearly half of the state), the Bureau of Land Management, National Park Service and the Forest Service wield considerable influence in the state. The most significant federal-state issues, at least as far as economic development is concerned, revolve around the multiple use of public lands. This is a very contentious matter with environmentalists, conservationists, developers, ranchers, hunters and hunting guides, and other recreational enthusiasts taking different positions.

The decisions made by federal agencies involved in this conflict can affect the state's economy in important ways. As an example, the decision to raise the fee charged to ranchers for grazing rights on federal land can have a deleterious economic impact when the rancher has to absorb the increase. Minerals exploration is also significantly affected by federal decisions. Environmental, archaeological, and endangered species considerations can inhibit mineral exploration and development. Decisions about public lands can affect tourism as well; the fire policy in Yellowstone

is such an example. Federal wilderness policy affects outfitters and guides and this also has economic ramifications. Finally, BLM sometimes decides it wants to "rest" lands independent of the operator's view. Some have argued that public sector decisions tend to ignore the economic needs of private sector operators (such as ranchers). Historic land use patterns can also affect development as evidenced by the checkerboard pattern of public and private land along railroad right-of-ways. This pattern of ownership makes development of new resorts difficult, for example, because access to land is blocked by this pattern of ownership; it is quite difficult to put together large parcels of land. Some state level believe that they must do something to make federal decision makers more aware of the localized economic impact of their decisions.

The decision to apply to participate in CGPA's Policy Academy on Rural Development was an example of the state's ability to seize opportunities to use outside assistance to plan and develop strategies. The Academy experience indicated that -- despite Wyoming's size, its concentrated policy making authority and leadership, clearly focused development goals, and comfort with strategic planning -- there appear to be the sorts of barriers to inter-agency coordination that one would expect to find in larger, more politically complex states. Although there may not have been anything concrete that has been implemented as a result of the Rural Policy Academy, Wyoming does have a economic development plan in place that is clearly related to its economic diversification goal. Officials continue to pursue the three priority activities of business recruitment and expansion, new business development, and business recruitment. Success in implementing the 1988 plan and its updates has been slowed by sundry reorganizations and the national economic downturn, but there have been some limited accomplishments. However, the state has not committed adequate resources to economic development, there are no mechanisms in place for on-going change, and economic development has not been brought to the forefront as a high priority issue, at least as far as the legislature is concerned. Additionally, state officials have done a poor job of linking economic development to related policy agendas such as health.

## **FUTURE PLANS, UNRESOLVED ISSUES**

In September 1991 it appeared that Wyoming, unlike most other states, did not have a revenue crisis due to the very high income it derived from a minerals severance tax. Things have changed rather dramatically in the months that have followed. The state now has a budget crisis brought on by falling energy prices, a drop in earnings for the minerals trust fund, an increase in demand for state services, reductions in federal Medicaid and Medicare expenditures that had to be made up by the state, spending in excess of revenue that had been covered by a reserve fund that no longer exists, and a legislature that is unwilling to seriously consider revenue enhancements. As a result, the legislature cut \$30 million from the governor's general government budget and has reallocated other monies. While the final negotiations have not been completed as of this writing, DECD stands to be hit with a 58 percent cut in state funding -- the largest of any state agency. This has already had an impact on business recruitment and assistance efforts since the entire promotional budget has been eliminated and travel to trade shows has been severely restricted. This is

the biggest unresolved issue facing the state, and there will undoubtedly be further impacts from these cuts.

Wyoming state government does have a clearly focused economic development goal -- diversification -- and it operates a set of related programs. However, it does not have the social infrastructure (education, health care and social services), to support new businesses. There is some feeling in the state that the current tax structure is at odds with economic development policy and that a personal income tax may be needed to pay for this social infrastructure. This is not only a politically unpopular issue, but some argue that state planners and policy makers have failed to recognize it as a problem.

Effective working relationships between program areas such as social services, health, education, agriculture and economic development require attention. The conceptual connections are there, and there are some linkages in place, but there could be additional collaboration in what is clearly common ground. The Academy experience brought home the need to focus on clear cut objectives that can be achieved through collaboration. The University and the EDS Board/DECD, for example, have gained an appreciation for each other and the atmosphere is much more congenial that it was before the Academy.

Unresolved also is the question of implementation. There is a history of a lack of implementation resulting from research and planning efforts. Currently there is a great deal of emphasis on the development of a strategic infrastructure, i.e., a way of thinking and a set of strategies which are intended to guide program implementation. Rural development programs are being operated, to be sure, but at this point the programmatic link between strategic infrastructure and rural economic development is still emerging.

Finally, there is the issue of whether the people of Wyoming really want economic development. Some officials are of the opinion that a lot of relative newcomers are attempting to pull up the drawbridge behind them. Others take the view that economic development is wanted, but only if most of it is home grown. Those holding this philosophy prefer to further develop existing businesses and existing human resources. Development clearly means different things to different people, but a lot of Wyomingites are "talking wet and voting dry." When it comes right down to it they like things pretty much the way they are.

The size of Wyoming's population is both a strength and a weakness. It is a strength in that it makes it somewhat easier to get things done. Critical mass is a problem in the state, however, and this makes economic development more difficult than in more populous states.