Assessing the State of Rural Governance in the United States—Discussion

Moderator: Mark Drabenstott

Mark Drabenstott: Chuck, you have laid out a great overview and a terrific challenge to us. Thank you.

Let’s take time for some questions, as we did in the first round. Who has the first questions for Chuck?

Ken Reiners, AgStar Financial Services: In working with farmers a lot, a question that is often difficult to discuss in a public setting is the future of the government transfer payments to commodity agriculture and whether that should continue as it has been or whether—as some argue particularly when you get outside of production agriculture—it should be reallocated to other things including community-based rural development. What are your thoughts on how to get that on the table for discussion?

Nancy Berliner, New Hampshire Rural Development Council: I noticed in your list of national players across the country who are doing good deeds in terms of rural policy development that you did not mention the National Rural Development Partnership (NRDP). I wonder if you might have some comments about that entity as part of policymaking and regional governance.

Mr. Drabenstott: Chuck, there are two questions. One goes to the heart of your farm/rural chasm, and a second is about the role and the future of the National Rural Development Partnership.

Charles Fluharty: I think the ag/rural dialectic requires three framings. First of all, in understanding that 90 percent of income comes off the farm for the average farm household in the United States, the reality is a vibrant regional economy is more critical to sustaining farmers on the land than farming is to vibrant rural economies. Secondly, the challenge around the recent cotton decision by the World Trade Organization (WTO) is the first crack in the armor. When heat is applied to the armor, it is going to create what I fear could be a phenomenally contentious and not particularly constructive dialogue. My fear is that adults and serious, conscientious dialogue builders will rise up.

It is clear that a transition period for commodity payments must be taken into account. However, the greatest indicator of county economic lag in this nation is the extent to which your county is dependent on commodity agriculture. We need a new governance dialogue between the leaders of commodity agriculture, the private-sector supporters of commodity agriculture, the voices of new agriculture, and the voices of regional competitive advantage. If that does not occur, I feel we will head into a discussion of the next farm bill that could be phenomenally divisive, not helpful to any of those communities, and harmful to our nation. I believe that $26 billion per year is not sustainable. I believe the ag committees now understand that. Frankly, in the iron triangle of government, they are going to be seeking a way to sustain that portfolio. Natural resources, new uses, and new energy are wonderful occasions to figure out a way where that historic leadership on Capitol Hill doesn’t go away from the rural agenda.
The other thing I would say is that state ag chairs clearly understand it is broke. They clearly understand they want to link state policy more effectively in a federalism structure. They don’t have a dynamic right now. The federalism question gets raised.

President Bush had a phenomenal idea when he created the NRDP. However, there were two problems with it. It was essentially a federal-oriented program that was seeking to reduce transaction costs. The NRDP also was more about convening and doing away with what was bad than building what was good.

Also, the NRDP was constructed in a political dynamic, which killed it from the start because of its champion. Rural development councils are some of our greatest new governance examples. We must think about why that has not been replicable across the landscape of rural America, rethink structurally what is wrong, and recreate it.

Mr. Drabenstott: Let’s take the next round of questions.

Michael Reyna, Farm Credit Administration: Just as a follow-up on that, could you talk about the U.S. Department of Agriculture’s (USDA) role in helping forge that partnership or provide the leadership that is necessary?

David Eppich, Fort Lewis College: Chuck, one of the things that was not addressed in total is the state (i.e., governor, acquiescence to the new governance). When you get engaged in border crossings, there is a primary obstacle because there is no leadership that appears from the governors. I haven’t heard anything coming out of the National Governors Association on that. Could you comment on that?

Thomas Johnson, University of Missouri: Chuck, your presentation really was a “101.” There was so much that you could have gone into much more depth about. One thing I would like to hear you talk about is the constituency issue. It seems to me that the lack of a constituency has been identified for many years, but no one has really figured out how to deal with that issue. I would like to hear more about that.

Mr. Drabenstott: There are three questions. What is the USDA’s role in all of this, particularly as it relates to the rural development/ag chasm? How do you get governors to support border crossings? How do we build a new constituency of rural stakeholders?

Mr. Fluharty: The USDA is a very large building that will hold a lot of corn. If they are not careful that is what is going to be in it some day. We have phenomenal leadership now to assure that does not occur. I lifted up Gilbert Gonzalez’s program with rural development. I would also lift up some of the programs that Tom Dorr initiated to take a look at private-sector linkage. If you want to hear the horror stories about rural development in the USDA, Karl Stauber will be pleased to do a seminar shortly after this convening.

My question with the USDA is whether it is structural. Until mandates come from those ag committees to change, turf dependencies will remain. Until dollars move across the mall, we will do nothing. Until constituencies for both of those change and come together, I see no reason that path dependencies will change. However, that is why I underline the "aegis" of the dialogue. You represent a wonderful organization that could be a leader in doing that. I believe we are at a moment where border crossings can occur here. Those committees don’t want to give away that portfolio. Those bureaucrats don’t want corn stored in those silos. We have an occasion extramurally to begin a dialogue for doing something.

I want to lift up the work Sally Maggard has been doing to raise a community and economic development cadre in Cooperative State Research, Education, and Extension Service (CSREES) of the USDA—the organization for Extension and research—and link that to rural development, analysis, and practice. A constituency for that does not exist. Internal in the
beast, it is easy to turn it off. It is to the constituency question, Tom.

To answer the governors and government question, I believe governors are doing some of the more unique work right now in regional economic rethinking. I had a whole list I wanted to go through. If I mention one, I am going to miss others. Their ability to move an agenda is phenomenal. Their resistance to the rural component of that is real because of political dynamics in states. The challenge over the next three to five years for us as a community may indeed be how we take those 592 micropolitan communities, which are designated federal places now and suggest there should be a federal commitment to those. Now Commerce is going to have to add seven metropolitan statistical areas (MSA) and begin to think about a dialogue where those communities would not get block grant dollars. A region would for economic development. I believe that sending governors for action from the private and philanthropic sectors offers our best hope. We have done some interesting policy academies in collaboration with the Kauffman Foundation in our Center for Rural Entrepreneurship with eight or nine governors. They support it. We need to understand their power dynamics. Again, it is back to constituency.

The last question was about constituency. To me, this is our most critical question. We have phenomenal intermediaries in the room that are doing great work. I'll answer this question three ways. For economic development and community development, our strongest allies are our central city sisters and brothers, who have exactly the same indicators of need structurally, organizationally, from a funding standpoint, and from a capacity and isolation standpoint. Regional economic development is our greatest hope of linking that. The reason that health care works so well is everyone has to use it. The reason economic and entrepreneurship as organizing principles work so well is everyone can benefit from them. That would be the first thing. We are down to 25 percent. How do we leverage ourselves higher?

Secondly, how do we overcome the fact that 25 percent of the population is divided into about 60 interest groups, none of whom collaborate? Let me tell you why the Rural Strategic Investment Program failed with a billion dollar commitment by the federal government to self-designated regional entrepreneurship. It failed because a constituency in the rural development portfolio believed it was disadvantaged in that program. The constituency was effectively able to kill that federal commitment to rural America. Some of its concerns were real. The fact that we did not have a convening framework to resolve that constituency dichotomy harmed us all. The real question is how we build a governance framework where that dialogue can begin to allow that constituency, Tom, to emerge from the dirt. I believe it must come that way. I applaud the Kellogg Foundation and the National Rural Funders. The 8055 Campaign is an interesting campaign. Many of you know about that. The Center for Rural Strategies, Dee Davis' work in Whitesburg, Kentucky, is rather phenomenal. We are starting to see we need to do this.

We need to be careful because language means everything. The governance question needs to precede the constituency building question. If we get it wrong, we are going to go down the trail in negative ways, Tom. We are getting closer to having the ability to do that as a community in a lot of ways.

Mr. Drabenstott: Let's take this opportunity to thank Chuck for his outstanding presentation.