

Rural economic development and the location of government services

Off-farm income accounts for a significant portion of net farm income for the 91 percent of U.S. farms that are classified as small-to-moderate-sized family farms, those with sales of \$250,000 a year or less. In some cases the off-farm income even helps cover losses from the farming operation. Historically the off-farm income came when the spouse of the primary operator went to town and took a job as school teacher or working in an office. Today the primary operator may hold down a seasonal or year-round job as well.

Over the past fifty years, the non-farm rural economy has grown in importance as more and more farmers have become increasingly dependent on off-farm income. In addition rural communities have sought to stimulate rural economic development as a means of increasing the local property tax base, stabilizing the base of goods and services offered in rural communities, and providing employment for youth in the hopes of keeping some of them from migrating off to metropolitan areas.

A wide variety of strategies have been tried over the years with varying degrees of success. The initial approach was often for a rural community to build an industrial park with all the utilities in place under the belief that "if you build it, they will come." A ride through much of the rural prairie and great plains gives witness to that strategy as one passes one empty industrial development site after another. The fading lettering on the signs tells how long some communities have waited for someone to come.

As it became evident that these sites were not going to fill up on their own, communities began to be proactive in seeking out prospective tenants for the industrial parks. The inevitable result was that there were ten communities trying to woo each prospect by ratcheting up the incentive package. The result was often good for small industries that could play one community off against another. The benefit to the chosen community was not always as unambiguously apparent.

APAC researcher, Harwood Schaffer, has an interesting perspective on the rural development issue. He begins by asking, "What is the largest city in most agricultural counties?" The answer is, "The county seat."

As the frontier opened up in the nineteenth century one of the greatest controversies was often the location of the county seat. Rural histories are replete with stories of pitched battles and stolen records as small railroad whistle stops vied with one another over which one would be the county seat.

Those early pioneers understood that private money follows public investment and the newspaper publisher

and mercantile store proprietor knew they would grow faster if their community were the county seat than if it were not.

Based on that rationale, it can be argued that one of the most important things governments can do to promote rural industrial development is to invest in housing governmental offices in rural communities. Governmental service units that the public accesses by mail and phone could be located in any community in a state. The central office that processes all driver's license paperwork could be housed in one community while the office that reviews architectural plans could be in another.

As state and federal governmental units outgrow their existing facilities, some of the new office space could be built in rural communities (often at a lower per square foot cost) instead of concentrating it all in the suburbs that are often facing the need for massive infrastructure investments. In many cases rural communities have already paid for the infrastructure. They have classroom space for extra students; houses that otherwise might be abandoned can be occupied and rural-church parishioners who would welcome new members. New people in town would help keep the grocery store, hardware store and restaurant in business.

The combination of workers in the new offices and the resulting increased spending in existing businesses would provide employment not only for farm families but for those college and high school graduates who want to remain close to home.

At one time such decentralization of offices would have created bureaucratic nightmares, but, with modern electronics, teleconferencing can be used for the Monday morning staff meeting. With email, reports can be sent to an office in the next county just as easily as they can be sent down the hall.

While this may sound like a novel idea, businesses have been doing something similar for years. While the corporate office may be in a central city, the manufacturing plant may be sited in one location, the call center in another and the sales force in a fourth location.

So when state governments are searching for ways to stimulate rural development, perhaps one place to look is in the mirror.

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