

Building National Strategies for Rural Economic Development

A strategic approach is needed if rural economic development policy is to make a meaningful contribution to the future of rural America. Implementing such an approach will require attributes different from those we are used to: a stick-to-itiveness, even in hard times, a better understanding of what rural America is and needs, and a willingness to cooperate with others in defining needs and proposing solutions.

STRATEGY is not merely a fancy word. It is a way of doing business that differs from the ordinary. A strategy is a plan that links together the available resources—organizational, human, financial, and other—in reasoned sequences and combinations to achieve a desired objective. A real strategy therefore requires at least these elements: a clearly understood **objective**, a reasoned **plan** for achieving it, the ability to **mobilize and manage resources** in accord with the plan, and an **understanding** of how actions taken in support of the plan can be expected to interact with the context in which action is taken. A strategy that lacks these elements is more likely to be wishful than effective.

Elements of a National Strategy

What kinds of strategies might we use to address rural problems? Two appear to have promise: building new economic strengths and developing effective marketing.

Building new economic strengths. An obvious strategy to counter rural America's loss of comparative advantage in low-wage manufacturing and natural resource production and extraction is to develop new competencies. The objective of this strategy is to build comparative economic advantage in a new industry, or in a new product or service line within an existing industry.

Distance from markets remains a major obstacle to rural development. Rural producers are cut off from information about input and product markets and their goods and services are more costly or difficult to transport. By producing goods that have an edge over the competition—goods with especially high quality,

uniqueness, or that meet a specialized need—rural America can create a market for its goods that overcomes transportation costs.

One means of achieving this is by applying the Nation's investment in technology to create new goods and services whose technologically based edge cannot readily be duplicated by the competition. Technology can lead to this result in two ways. It can lead to the development of new products that, because they employ new technologies, have a creative edge. And it can be applied to develop advanced methods of producing low-tech products and services, thereby improving efficiency and cutting costs.

A focus on new technologies does not substitute for developing and producing competitive products. On the other hand, a focus on existing technologies, without thinking beyond the limits they impose, may preclude a wider range of economic possibilities. Technology has the potential to position the rural economy as a producer of goods and services that the world wants to buy, and is willing to pay well to get. However, to be effective, it is essential that we focus squarely on the outcome we desire—a competitive rural economy—and not on certain inputs, such as particular technologies or industrial products for which we would like to find uses.

Developing effective marketing. Producing more competitive goods and services will work only if rural areas also are able to sell what they produce. Rural areas will become better off when they develop the ability to sell to high-value markets. The second strategy, then, is to help rural America position itself to sell to these markets.

The essential ingredients to building an effective rural marketing response include understanding marketing strategies and opportunities, and having the ability to create and implement those strategies. I would like to

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emphasize that marketing is much broader than salesmanship. It is not enough to push a good product hard. Creative marketing involves analyzing emerging trends in the marketplace, and then designing products, production methods, and sales strategies to capitalize on profitable opportunities while they exist.

The first step in creating a rural capacity to respond to its economic opportunities is to persuade rural producers of the benefits of alternative approaches to marketing. Many producers continue to perceive their economic options in terms of lowering production costs for mass-produced, standardized commodities and other goods. This strategy ignores new, and often more lucrative, openings to sell specialized products and services in narrow markets. We are beginning to learn how to exploit these opportunities by targeting specialty products and value-added industries, but much more is possible throughout the full range of rural industries.

Market information remains an important barrier. Current rural market information is chiefly centered on agricultural and natural resource commodities. In other industries, rural producers must rely on the same information sources as urban producers, often to their detriment, given their generally poorer access to information. This shortfall signals a need for rural policy to target the improvement of market information and marketing assistance to producers in manufacturing, services, and other rural industries.

A second marketing barrier is rural America's institutional limitations in responding to new opportunities. Aside from the relative lack of information, rural producers face other obstacles that are less pressing in

urban areas. The difficulty in finding supporting services in the business community stems from the thinness of the rural economic base. The agglomeration of businesses in larger cities makes innovative economic activity more supportable there. In addition, a larger percentage of rural businesses are branch plants, meaning that control of rural economic decisions is more often in the hands of persons whose interest in rural well-being may be less than their interest in the firm's overall profitability. A rural development policy that seeks to link businesses across regional space and that targets locally owned firms would provide first steps toward greater rural capacity to manage effective marketing strategies.

Strategies That Are Not Strategies

Not everything that passes for a strategy is one.

Education. I have not said that education should be one of our chief strategies for rural development. This is not because I think that educating rural children and adults is unimportant. To the contrary, a high level of skills is critical to our Nation's future well-being. Knowledge and skill are also deeply embedded in the strategies I have suggested. And that is my point. Though education is a critical element in building the kind of rural American future that is possible, it cannot do the job by itself. It is not a strategy; rather, it is a tool that must be integrated with others.

Infrastructure development. I have also not argued that strengthening the base of physical infrastructure should be a strategy for rural development, though this, too, is an important national priority. Like education, infrastructure development by itself is devoid of



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strategic importance. Unless specific projects are connected with broader plans to enhance rural America's ability to compete economically, they risk being totally disconnected from helping rural America reach its potential. Like education, infrastructure development is a tool, not a strategy.

Business credit. Nor have I argued for an expansion of financial assistance to businesses. Financial capital is clearly a critical ingredient in the rural development stew. But it is just that: an ingredient. An expansion in business credit that is in a pot by itself will make a very thin broth.

Requirements for Effective Strategies

I am not under any illusion that adopting and adhering to a strategic approach will be easy, if in fact it is possible at all. Thus, I would like to suggest three elements that must be in place before a strategic approach can succeed.

The Political Will To Strategize. The first essential element is willingness to adopt a strategy and stick with it over enough time for it to bear fruit. This may appear to be the easiest requirement to fulfill. In fact, it is probably the most difficult.

I say this because there is a notorious absence of willingness in our political system to make hard choices and stick with them. This is especially true in the area of economic development policy. Since the beginning of the Republic, local development has been characterized as "pork barrel" politics. I do not mean to deny the impetus that some of these projects gave to local growth prospects. But many of these projects worked better as political paybacks than as development strategies.

The American approach to development has often been one of spreading the goods around, rather than planning a path and following it to its end. This proclivity stems from a dislike of saying no to anyone or any place. Understandable though it is, this distributive approach to policy results in programs that are better characterized by "look good" than "do good."

What it all comes down to is using public resources to tackle the challenge of creating competitive rural economies, and this depends on the readiness of our system to adopt and follow a new political ethic. Resistance to adopting a strategic approach will be strong and over time there will be enormous pressures to deviate from it in case after case. I do not know if a strategic approach can succeed in this country, but I am sure that it cannot without strong national leadership to press in this direction.

Understanding the Need. Wanting to apply a strategic approach and knowing how to do so are quite distinct. An effective strategy requires the constructive application of knowledge. Several kinds of knowledge are needed: knowledge of the context in which rural development occurs and how that context is changing, knowledge of the nature and causes of rural conditions (the hows and whys), and knowledge of the effects of specific policies and programs and how they will interact with rural conditions.

Understanding the Context. Each journey must start at its beginning. We cannot know how to get to our destination without first knowing where we are. The creation of a strategy for developing rural America must begin with an assessment of the current situation: what is happening in the rural economy and the rural population, and why.

This is not a requirement to take lightly. Nor is it one that can be easily solved by taking a few reports off the shelf. As a Nation, we have underinvested in knowledge about our rural areas. Our national statistical programs provide much less information about rural America than about the rest of the country.

Doing a better job of creating the knowledge base that is critical to intelligent action is a prerequisite to effective strategies. We can begin by strengthening our research program.

Understanding the Hows and Whys. We must also take into account how our actions will affect rural people and institutions to bring about the results we intend. We cannot do so, however, without understanding first how the rural economy and society work.

What we know now is surprisingly superficial and in many cases very spotty. We cannot, for example, state with certainty whether rural America's main competitor for manufacturing jobs is Third World countries or American cities. In part, this results from the gross imbalance in how we have invested our research dollars. The U.S. Department of Agriculture devotes only about 1 percent as much staff to understanding the rural manufacturing and services sectors as it does to the agricultural sector, even though manufacturing and services employ eight times as many rural workers and have far greater potential for future job growth.

Understanding Program Effectiveness. It is equally important to know our tools—our policies and programs—and when and how to apply them. Clearly, no program is appropriate for all situations. Nor will any program work equally well in all circumstances. Knowing when and how to address rural problems is critical to effective action.

Our knowledge about the effectiveness of alternative development programs can only be rated as poor. A recent review (Sears and Reid—see readings at end of article) of rural policy assessment research concluded that while the number of studies appears to be increasing, what exists is shallow, lacking in sensitivity to differences in rural context, applies a too-narrow definition of success in development, and faces severe limitations in methods and data. In short, it hardly represents a sound scientific base on which to rest a national strategy for improving the lives of a quarter of our population.

Applying Knowledge to Policy. Research that remains on the shelf has no value for policy. Unfortunately, the inability of policymakers and policy analysts to communicate is legendary. Nowhere is this more true than in the area of rural development. In part, it results from the ordinary difficulties of bridging the communications gap between those trained as scholars and those inclined to action. It also results from the lack of practical assessments that can be readily converted into action plans. And it is affected by the widespread belief that rural development is everyone's specialty. Effective strategies require that we rectify these shortcomings in communication as well as improve the quality of the basic knowledge on which they rest.

The Capacity to Cooperate. A final criterion of success is having the ability to work effectively with other organizations, both public and private, that can contribute to rural development. This is important because the world has changed. Although it seems to be very American to work individually, as though others were not trying to achieve the same goals, we cannot succeed through individual efforts alone. The scarcity of our resources alone demands cooperative approaches to rural development. We cannot afford individualism in rural policy.

Working with others demands a different style of operating than that to which we are accustomed. We are used to working individually, rather than in partnership. As we try to establish a new manner of acting cooperatively with other organizations we will have to learn new skills.

Among them are the ability to communicate with other organizations with whom we may have little in common, to listen to expressions of goals and means that do not mesh with our own experience, to share the rewards and the burdens of joint action, to put achievement of goals above personal rewards, to focus on the ends we seek to achieve in preference to the means that are familiar to us. This challenge, too, will not be easily overcome. But, unless we conquer it, we will have a difficult time in making our efforts worth the public's cost.



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Do We Have What It Takes?

My biases are quite clear. I believe a strategic approach to rural economic development is needed if public policy is going to make a meaningful contribution to the future of rural America. I believe that effective strategies can be designed to promote enhanced rural competitiveness. I also believe we have sufficient resources to carry out these strategies.

Next, we must create the institutional capacity to design, legitimize, and implement rural development strategies. This requires developing the political will to act strategically, building and using a knowledge base about rural conditions and policy alternatives, and reaching out to form effective new partnerships.

For Additional Reading...

David W. Sears and J. Norman Reid, "Rural Strategies and Rural Development Research: An Assessment," *Policy Studies Journal*, vol. 20, no. 2, 1992, pp. 301-9.