



Session Three Hand-out

How Public Policy Shapes our Future

Purpose: The purpose of this session is to explore how public policy shapes the future. The trends we see in rural America today are not the result of irresistible forces of nature or laws of economics. They are the result of decisions made by people — especially policy choices — that can be changed by people. Policy choices reflect values. If the trends created by current policies do not reflect our values, we can change them. The following policies are only examples. This is not an exhaustive list of policies affecting rural America. This session will lay the groundwork for subsequent sessions focused on policy solutions to create a better future for rural America.

Directions: Read aloud the purpose statement above. Then read aloud Policy A, including the Pro and Con Statements. Take ten minutes to discuss the following questions:

- 1) What are the implications of scripture studied in Session 2 for this policy?**
- 2) How is the policy shaping the future of your community?**
- 3) Is this policy helpful or is it undermining rural community and family farm and ranch vitality?**

Repeat those steps for Policy B and Policy C.

Policy A. Farm Programs and Payment Limitations —

The federal farm program provides payments based on historical production and payments to compensate farmers when prices fall below a certain level. Theoretically, payments to large farms are capped by payment limitations, but very few farms are affected, both because the limits are set at a high level (\$340,000) and because loopholes allow even those limits to be avoided.

Pro: Advocates of this policy say that farms need to be big to be efficient. And free enterprise depends on growth and expansion. If we are going to compete internationally, we need big farms that can beat the production costs of international competitors. Farms should not be penalized by payment limitations for growing in productivity and efficiency. The current policy is fair because large farms get no more payment per bushel than smaller operations. The savings from a payment limitation could be directed to rural development. Proposals for such rural development are outlined in the next two sessions.

Con: Critics say this policy subsidizes large farms to bid land away from small and mid size operations — ultimately driving them out of business. Large expanding farms get more federal payment for every acre they add. As long as that is the case, farm program benefits will be bid into higher rents and land prices and does little to improve the income of farm operators. In short, the absence of effective payment limitations drives down the profit margins in farming by subsidizing large farms to drive up land costs. And studies show big farms are no more efficient than 600 -acre farms in the Corn Belt.

Policy B. Asset and Wealth Building Strategies – A proposal for the Farm Bill would provide incentives to live and establish businesses in counties that have lost at least ten percent of their population over the last 20 years. It would provide: forgiveness of college loans for recent graduates; tax credits for home purchases, new buildings, microenterprise business development/expansion.

Pro: Strategies that build both assets and wealth benefit both individuals and their communities. Individuals and families have the opportunity to decrease the effects of poverty and communities become stronger as opportunities are afforded across a larger base. In order to create a future for struggling, rural communities and their residents, a commitment must be made to enhance opportunity through the building of assets and wealth. Home and businesses ownership binds people to a place, thereby, building stronger rural communities

Con: The program does not afford these opportunities to all struggling communities. A program such as this would be very costly and difficult to administer. Given today's society and individual preferences this likely wouldn't be effective in repopulating or reinvigorating these communities. Focus for this program is too heavy on “bricks and mortar”, buildings, not opportunities.

Policy C. State Economic Development Policy – State economic development policy has focused on providing tax incentives for large employers to create or relocate jobs. Relatively little — in some states almost nothing — focused on starting small businesses.

Pro: All other states provide incentives to lure large employers. To deny such incentives would be akin to unilateral disarmament. Large employers provide the biggest impact on the local economy. They add to the economic base for a broad range of other local businesses. If the economic base grows, a broad range of small businesses will also grow. Small —typically retail businesses — don't add to the base. They just recirculate dollars.

Con: The current policy is profoundly imbalanced. Most states invest far more per job in large corporate enterprise than small business. Rural areas are largely left out of the benefit because large employers rarely move to small rural communities. Society is weakened because the policy leads to concentration of ownership in fewer hands and shrinks the number of self-employed people able to build assets, earn a middle class income and gain a stake in the future of their community. Control of the local economy is vested in companies with no commitment to the local community.