

“Rural Economic Development: Alternatives in the New Competitive Environment NE-162 2001 Annual Report: Oregon

Objective 3: Analyze the impact of public policies on rural economies.

The Oregon research addressed three issues this year under Objective 3:

- (1) the impact of shutting of irrigation water on a rural economy
- (2) economic options for diversification in an urbanizing county
- (3) the outcomes of welfare reform in rural and urban areas

In April 2001, the Bureau of Reclamation announced that there would be no irrigation water available for the Klamath Reclamation Project in 2001 in order to provide water for several endangered and threatened species. OSU economists were approached to provide estimates of the impacts of this decision on agricultural incomes and the economy of the Basin. The OSU Department of Agricultural and Resource Economics report provided a summary of available impact estimates and an original input-output analysis that served as input into local discussions and state government and Congressional decision making about relief payments to farms and businesses in the region.

Business leaders in Corvallis and Benton County have been struggling with how to educate local citizens about the import of the region’s narrow economic base. We provided an analysis of the structure of the local economy, estimated the regional impact of several possible developments, and identified alternative strategies for diversifying the local economy.

As Congress moves toward reauthorizing the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, there has been concern that people in central cities and rural areas with high poverty rates have not been as successful in moving toward self-sufficiency as their suburban neighbors. Several publications aimed at Congressional leaders and public opinion leaders have reviewed research on the rural dimensions of welfare reform. Among the partners involved in this effort have been the Northwestern University/University of Chicago Joint Center for Poverty Research, the USDA Economic Research Service, the Brookings Institution and the Rural Policy Research Institute.

Impact

Klamath County farmers and their representatives in Salem and in Congress better understand the economic implications of the decision to not supply water to the Klamath Irrigation Project farmers. The estimate of impact developed in this research was widely accepted as the most credible estimate of the potential impact of the Federal decision to not deliver water to irrigators in the Basin, and was used by legislators in the decision to allocate emergency assistance to the region.

Business leaders and development professionals in Corvallis are working with university economists and with the city council to develop an education program for local citizens on the issue of economic diversification. They are also working together to better understand both the implications of changing the structure of their local economy and some policy changes that would support economic diversification.

Congressional staff and policymakers better understand some of the barriers to working facing low-income adults in rural areas and the differential impacts of welfare reform in rural and urban areas. This impact has been realized in part through interactions with Senate Finance Committee and House member staff, as well as through the usual publications channels and through interaction with analysts at policy research organizations such as Brookings Institution, Urban Institute and Mathematica Policy Research.

Publications

Weber, Bruce, Bruce Sorte and David Holland, "Economic Diversity in Benton County: An Input-Output Analysis", Corvallis: Oregon State University Department of Agricultural and Resource Economics, June 2001.

Weber, Bruce and Greg Duncan, *Welfare Reform Reauthorization and Rural America: Implications of Recent Research*, Evanston IL: Northwestern University/University of Chicago Joint Center for Poverty Research, June 2001

Whitener, Leslie A., Bruce A. Weber, and Greg J Duncan, "Reforming Welfare: Implications for Rural America" *Rural America*, 16(3): 2-1, Fall 2001

Weber, Bruce A., "Welfare Reform Reauthorization: The Importance of Place," *Poverty Research News*, the Newsletter of the Northwestern University/University of Chicago Joint Center for Poverty Research, 5(6):14-15, November-December 2001
http://www.jcpr.org/newsletters/vol5_no6/index.html

Weber, Bruce A., Greg J. Duncan and Leslie A. Whitener, "Welfare Reform in Rural America: What Have We Learned?" *American Journal of Agricultural Economics*, 83(5):1280-1290, December 2001.