



Does the Market Make Mistakes and What Does That Mean for Small Town Survival?

June 13 // Bruce Sorte // Hermiston, Oregon

“Is the market ever wrong?” a fellow asked me one rainy evening in a rural Oregon community. I had just finished a presentation on the economic impacts of buying local. My answer was “No” as long as you only care about what market tries to do – match willing sellers and buyers to find a price that clears the market or gets sold what is produced. However, the market has no heart and if left to its own devices many rural communities would already be gone or may not have started.

What I care most about is that each person can live where he or she wants to live and that particularly includes small towns. As I travel Oregon, I visit with people who are at best confused and at worst irate. They have many concerns about government. They would like to solve their problems within the market with their own ingenuity and without government.

Yet, while they shake a fist with one hand, with the other hand they accept government agency expenditures or grants. Most rural counties have more dollars sent back to them than they send to government so going it on their own may be more of a struggle than they are currently making. “Well,” they say, “if government would just get out of our lives and land, we would do just fine and not need those grants or that help.”

In this blog and the next, I will suggest some ways to look at the future of rural communities with and without government involvement. Ultimately, I will get to the probability of small communities surviving and what steps might increase those probabilities.

From the 100th Meridian west to the Rockies and in many areas east of the Cascades in Washington, Idaho, and Oregon, farming, ranching and logging is problematic with 20 inches or less of rain per year. In the 19th and 20th centuries, many farmers, ranchers, loggers and communities got going and got through with support from people back East or the federal government. Government provided land, land/incentives for railroads, troops to fight Native American tribes, water projects, technological support (e.g. Agricultural Experiment Stations and the Extension Service), rural electrification to broadband, paved roads and forest fire protection. The Easterners received expanded production for food and timber products and lower prices. It was a complimentary relationship. Many communities and I would not be here without that support since my grandparents were part of the largest homesteading program in a single state (Montana) when between “...1909 and 1923 settlers filed 114,620 homestead claims on almost

25 million acres of land.” (Malone, Roeder and Lang, 232/Gloege 2007 p.9).

That’s the past – how about today? When I meet with communities someone will often remind me of how much better off they would be if the government land in their county was sold to private businesses.

So, we go with that idea a while. Farming, grazing and forest land is being bought and sold now and although not cheap it can be sold for as much as it can generate in income and usually not much more. If large areas of public land were converted to private land, the value of current private land would decrease significantly. More cattle and crops may be produced driving prices down. Many acres of the new private land would sprout *No Trespassing* signs and access would be less than under public ownership. Tourism would decline. Policy options to support rural communities through land management decisions would decrease.

If the land was private, the timber could be harvested, jobs would return, and taxes would be paid to local governments for services to benefit local citizens. That is certainly the case, however not to the extent most people anticipate or remember. Many of our experiences are dated before some pretty major market and technological changes.

One reason for the fist shaking is by many measures we have moved well beyond sustainable management and conservation of those public resources to preservation. Preservation to this extent is well beyond what I interpret Gro Bruntland’s commission meant in 1987 when it brought the term “sustainability” to the world vocabulary in *Our Common Future*. If the natural resources could be harvested at sustainable levels that would help slow the decline of rural communities. There is another economic stress looming for rural communities. The national forests are planning their travel management in a way that will reduce motorized access to national forests, maybe more than privatizing the public land.

Some government support for rural communities is important, however for the decline to reverse some changes need to be made in government management of public resources, how rural communities work with government and how they work with other communities.

As a commissioner said to me after hearing my ideas, ‘This is going to be a stretch for me because I would like to see the private sector do what you recommend.’ Unfortunately, the private sector, due to the low profit margin relative to risk and long payback time is unlikely on its own to fund what I suggest for small town survival. In the next blog I will discuss the prospects for small communities if they remain on their current trajectory and some changes to consider.

Take care,

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