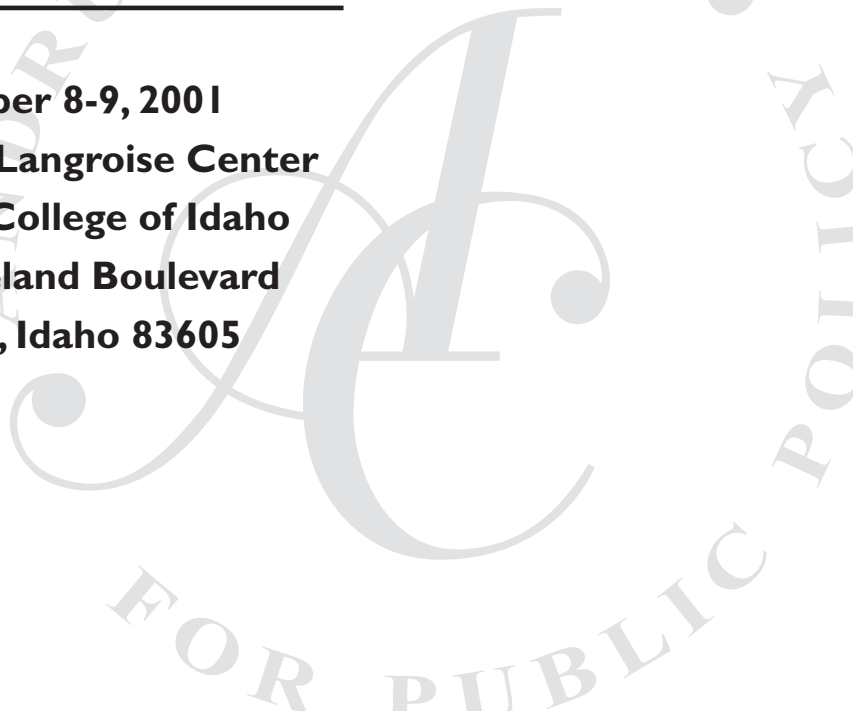


RURAL IDAHO:



Challenged to change

November 8-9, 2001
Recital Hall, Langroise Center
Albertson College of Idaho
2112 Cleveland Boulevard
Caldwell, Idaho 83605



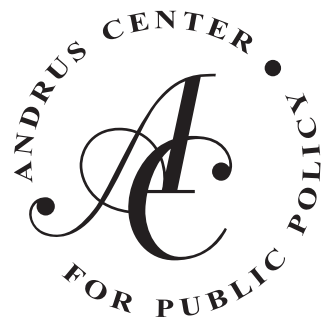
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Presented by
The Andrus Center for Public Policy



SCHEDULE

RURAL IDAHO: Challenged to change

November 8-9, 2001
Recital Hall, Langroise Center, Albertson College of Idaho
Caldwell, Idaho

Thursday, November 8, 2001

- 7:00 AM **Registration and credential distribution**, Langroise Center
- 7:30 AM **Continental breakfast**, Langroise Center
- 8:30 AM **Opening/Welcome**
 Cecil D. Andrus, Chairman, Andrus Center for Public Policy
 Dr. Kevin Learned, President, Albertson College of Idaho
 Carolyn Washburn, Executive Editor, The Idaho Statesman
- 8:50 AM **Keynote:** Karl Stauber, Ph.D., President, Northwest Area Foundation, St. Paul
- 9:30 AM **Rural Idaho: Hearing from the People**
 Moderators: Marc Johnson, John Freemuth
 Panelists:
 Pete Johnston, Retired District Ranger, Council
 Darrell Kerby, Mayor, Bonners Ferry
 Cassandra Kipp, Director of Economic Development, Nez Perce Tribe
 Paige Merrigan, College student, Paul
 Raymundo Pena, Attorney, Rupert
 Charlotte H. Reid, Rancher, Firth
 Paul Romrell, Farmer, St. Anthony
- 10:30 AM Break
- 10:40 AM **Rural Idaho: Regional Perspectives**
 Moderators: Marc Johnson, John Freemuth
 Panelists:
 J. Martin Goebel, President,
 Sustainable Northwest, Portland
 Patrick Murphy, Director,
 Community Connections, Northwest Area Foundation, St. Paul
 Priscilla Salant, University of Idaho,
 Department of Agricultural Economics
 Karl Tueller, Deputy Director,
 Idaho Department of Commerce
- 11:40 AM **Question and Answer Forum**
 Moderators: Marc Johnson, John Freemuth
- 12:30 PM **Luncheon: Simplot Dining Hall, Albertson College**
 “Rural Communities at the Crossroads”
 Kelly K. Matthews, Ph.D., Executive Vice President and Economist,
 Wells Fargo Bank Northwest, Salt Lake City

- 1:30 PM **National Perspectives**
Moderators: Marc Johnson, John Freemuth
Mike Crapo, United States Senate, Idaho
Max Baucus, United States Senate, Montana
- 2:30 PM **Rural Idaho: Journalists' Views from the Field**
Moderator: Jerry M. Brady, Publisher, *Post Register*
Panelists:
Rocky Barker, *Idaho Statesman*
Paul M. Emerson, *Lewiston Tribune*
Greg Hahn, *Idaho Statesman*
Lee McGuire, KTVB, Channel 7
Betsy Russell, *Spokesman Review*
Margaret Wimborne, *Post Register*
- 3:30 PM **Question and Answer Forum**
Moderators: Marc Johnson, John Freemuth
- 4:15 PM **First-day closing remarks:** Cecil D. Andrus
- 4:30-5:30 PM **Reception:** Lobby of the Langroise Center

Friday, November 9, 2001

- 8:00 AM **Continental breakfast,** Langroise Center
- 9:00 AM **Keynote: "Case Studies in Change"**
J. Martin Goebel, President,
Sustainable Northwest, Portland
Vaughn L. Grisham, Ph.D.
U. of Mississippi, Oxford
- 10:00 AM **The Challenge of a Rural Policy for Idaho**
Moderators: Marc Johnson, John Freemuth
Panelists:
Larry Branan, Vice President, University Extension and Dean,
College of Agriculture and Life Sciences, University of Idaho
Ken Harward, Executive Director,
Association of Idaho Cities
Representative Bruce Newcomb, Speaker,
Idaho House of Representatives
Con P. Paulos, Jerome businessman and member,
Idaho Rural Task Force
Kathy Skippen, Commissioner,
Gem County
Ernie Stensgar, Chairman,
Coeur d'Alene Tribe
- 11:00 AM **Question and Answer Forum**
Moderators: Marc Johnson, John Freemuth
- 11:30 AM **Summary of results from the online Rural Policy Forum Survey**
Patrick Murphy, Northwest Area Foundation
- 11:40 AM **Concluding Remarks and Adjournment:** Cecil D. Andrus

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RURAL IDAHO: Challenged to change

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Recital Hall, Langroise Center, Albertson College of Idaho
Caldwell, Idaho

Keynote Address

Karl Stauber, Ph.D.,

President, Northwest Area Foundation, St. Paul

CECIL D. ANDRUS: Thank you for being here today. We have joined together, for a few hours at least, to focus on the challenges that we face in rural Idaho and on the solutions that just might be available to us. Through the day here, you're going to hear some of the heartbreak, the agony, and the frustration in rural communities. You'll also hear about some successes in rural communities. They happened because a few people were willing to sit down together and resolve the problems.

The conference has been put together with a lot of help from a lot of people, and I'll get to that in a moment. But the Andrus Center for Public Policy has always tried to offer what I call a "solution page" at the end of the conference, a white paper, with the hope that the things you'll find in that white paper, things that you supplied, will bring about some of the solutions that may find their way into public policy and change it in ways that will help all of us in the future.

Our partners in this conference are some of Idaho's best newspapers and broadcast organizations, who have teamed up to issue a series of reports on rural Idaho and the challenges we face in rural America. Once again, the Andrus Center is pleased to join with the *Idaho Statesman* as well as the *Lewiston Tribune*, the *Spokesman-Review*, the *Post Register*, KTVB-TV, Idaho Public Television, and the Northwest Area Foundation in producing this conference.

We also enjoy the support of a number of generous sponsors, who have helped defray the costs in order that your registration fee did not have to be as much as it might have been. The sponsors are listed on the back of your program, and I hope you will take a look. You'll see some of the most prestigious law firms in the state of Idaho, Albertson's, Inc., the banks, utilities, and others. Take a look at that list. Those are people willing to

throw a few bucks in the pot to help bring this together. They recognize that a strong and viable rural America is very important to even the urban areas because money is a lot like water; it runs downhill. That's why Spokane has been so successful in utilizing the mineral profits all those years out of Shoshone County. That's just one example.

A little bit of bookkeeping for the attorneys that are here. If you want the C.L.E. credits that come from this conference, make sure you fill out that little stub in your program and give it to one of the ushers here. We'll see that you receive those credits.

Let me introduce to you an old friend of mine. I'm not even going to guess how many years I've known Kevin Learned, but it's been a long time. We're very pleased to take this conference outside of the city of Boise by coming here to Albertson College of Idaho. The President and his staff have been very helpful and gracious, and we thank them. My thanks go especially to Dr. Learned, an outstanding teacher and administrator, who has been very successful in taking this excellent institution to the next level. He clearly is the right man in the right place at the right time. I invite him to come to this podium and welcome you to his campus.

PRESIDENT KEVIN LEARNED: Thanks, Governor. We're so pleased you're here. I ought to recognize also that Governor Andrus served on the board of trustees of this institution at a time when it was struggling; in fact, he was chairman of the board for a few years. This college, not unlike rural Idaho, went through a transition, but it is now healthy and has found its way.

I think it's appropriate that a conference about rural issues would be here on this campus in the heart of Canyon County. When this college was founded in 1891 by the Presbyterian Church, Caldwell was just a year old.

Our first president, William Judson Boone, was a spiritual man, a scientist, a photographer, and a civic leader, whose vision for a liberal arts college has attracted some of the brightest students from throughout rural Idaho, including, I might add, our own Pat Takasugi, Director of the state's Department of Agriculture.

Reverend Boone was a hands-on leader and often hopped on the inter-urban railroad, which ran right down Cleveland Boulevard out here, and he would go east on the loop out to Lake Lowell where he would help his sister-in-law's family harvest the crops on their farm. This was second nature to Dr. Boone because he had been born on a farm in western Pennsylvania. He was an avid gardener and often brought his produce into the college to help feed the students. He had an orchard, and he brought in fruit from that orchard.

Sterry Hall, the four-story building out here in the middle of the campus, is the oldest building on the campus. During World War I, he plowed up the ground on both sides of it and planted potatoes for a victory garden. We have another famous Idaho politician associated with this school, Bob Smylie, who is an alumnus. In the Smylie archives, we have photographs that Reverend Boone made and that document the agricultural lifestyle of the region, including the development of Black Canyon Dam and Arrowrock Dam. In fact, Reverend Boone was invited to give the invocation at the Arrowrock dedication.

The college continues its involvement in rural issues. Our faculty, particularly our biology faculty, includes experts in the Great Basin ecology. We have on the campus the largest herbarium of the Great Basin region with plants that go back to the founding of this college by Reverend Boone in 1891. Our students have been active for a number of years in collecting oral histories of Canyon County under the direction of our anthropologist, Dr. Kathy Seebold. Our education students continue to be involved in the rural communities, including Farmway Village, where they tutor children in the use of the English language.

The college has an important role as the cultural center for the western end of Treasure Valley. We have not only this wonderful facility, but we also have an 800-seat main stage facility where Caldwell Fine Arts produces a number of events every year for the community. We have an art gallery. As a matter of fact, we have an exhibit of Chicana art in our gallery on the other side of campus. The college also served as host for the Canyon County Legislative Tour this fall when we invited the Idaho Legislature to come out to Canyon County and see what is going on out here.

So we welcome you, Governor Andrus, and we're delighted that you and your partners have brought this to us. This is a neat thing to have on our campus, and we're

pleased you're here. I hope you enjoy yourselves. We have the cyber café right in the lobby if you need access to the Internet. The computers are hooked into our wireless campus network, so please take advantage of that. Again, welcome to Albertson College of Idaho.

ANDRUS: I would like to introduce an individual who will represent all of our sponsors. The Andrus Center has been fortunate to partner with the Idaho Statesman in past conferences, and this one is no different. It sure helps with the publicity, and I thank Channel 7 as well. So let me introduce the Executive Editor of the Statesman, Carolyn Washburn, for her welcome on behalf of her newspaper and her colleagues.

CAROLYN WASHBURN: I am so appreciative that you are all here today for not the end, but I hope for just the next step in our effort to explore this issue. If you love and honor this state, no matter where you live, you have to care about this issue. It's that fundamental. That's where we started, actually almost two years ago, when we did something highly unusual and joined with people you might think of as our competition: the *Idaho Statesman*, the *Spokesman-Review*, the *Post Register*, the *Lewiston Tribune*, Idaho Public Television, and KTVB. We came together because we do love and honor this state, and we were hearing from people in our communities that we needed to be talking about this subject.

We came together to help make sure that folks in every corner of Idaho understood folks in every other corner of Idaho, and we came together to generate a common conversation in all of our communities. This is really my first public opportunity to thank all the partners. I'm really impressed and thankful that each of us was willing to put aside what we normally do to try a new way to serve our communities. I'm also deeply thankful to Governor Andrus and the Andrus Center for bringing us together to take the conversation to another level.

I wouldn't use the term "solutions" for what we hope to emerge with today. I would use the word "options." Even then, it's important to say that we recognize that not all options are created equal. Jobs in and of themselves, money in and of itself may not be enough. Our goal is to find options that not only bring jobs and money but that also honor the traditions and the people in each of our unique communities.

I'm here to listen to you today and learn from you. Thank you for being part of this next step in this long-term conversation.

ANDRUS: Now it's time for us to get to work. Let me reinforce Carolyn's remarks. Ray Pena said to me this morning, "What are we supposed to say?" I said, "Ray, first, I would never attempt to tell an attorney like you

what to say. Second, we want to hear from those of you who have possible options for helping other areas.”

We have brought to you this morning not only those of us who are Idaho citizens and people who care about this state but also people from outside. One of the most outstanding individuals in America in helping rural America is our keynote speaker, Dr. Karl Stauber. When we decided to tackle the challenges of rural America and the future of these rural areas, it was just absolutely natural to turn to the Northwest Area Foundation for advice and help. He is here with us today at a great deal of expense and effort on his part. We thank him for that and for the very generous financial support of the conference from the Foundation. The foundation is headquartered in St. Paul and has long been a national leader in finding solutions/options for communities.

Karl is president of the Foundation and is a former senior level official in the U.S. Department of Agriculture. He understands rural America and is very knowledgeable about the intersection of public policy and the future of the rural west. He holds a Ph.D. in public policy and serves on various non-profit boards. We've asked Dr. Stauber to give us his overview of the rural development challenge and to review with us the work of his foundation and some of their success stories.

Please welcome our keynote speaker, Dr. Karl Stauber.

KARL STAUBER, Ph.D.: In your green package, there is a copy of a paper I wrote for the Kansas City fed on why invest in rural America. If you're looking for a non-chemical alternative to Sominex some evening and are having trouble going to sleep, take it out and have a read. I'm going to try to hit a few points out of the piece.

First, thanks to Governor Andrus for inviting me to be with you. I'm blessed to be the president and CEO of the Northwest Area Foundation, which is a private foundation. The foundation has been around since 1934, and there were many years when we were the largest grant-maker in the state. Today, everything we do focuses on one thing: how to help communities reduce poverty. It's a huge challenge, and it's a challenge that we're happy to undertake every day.

I have a number of my colleagues here from the Foundation, including one of my board members, Humberto Fuentes, from here in Idaho. We have a booth set up out front, and we are helping to sponsor the cyber café and the survey. If you get an opportunity, please participate in that.

I'm going to talk about why rural America is in trouble and what we can do about it. I'm not going to talk a lot about Idaho because you know more about Idaho than I do, but I will try to create a context for you, one in which you can put Idaho, one that's both national and international.

Before I start, I really want to ask something of you. I get to do a lot of these speeches around the United States, mostly in the eight-state region I work in. One of the things that I'm constantly asked by the media is: Are there examples of success stories? So one of the jobs I've taken upon myself is to collect success stories, and what I would like from you are success stories. If you know of a rural community or rural area that you think is making progress, I'd like you to drop me an E-mail. My E-mail address is kns@nwaf.org. Please share your success stories.

If you have thoughts about this presentation that you'd like to share with me so that this gets better, I would appreciate that assistance also.

I'd like to congratulate Idaho on doing something that I'm not aware any other state has done. The way you've pulled together this media package is the best example of engaging the entire citizenry of the state in becoming more knowledgeable and more involved in finding solutions for Idaho. Idaho has the potential to be a real national leader in this because virtually every challenge that's being played out in the United States is being played out here as well. How you respond to it and how you cross the critical divide, which is to get non-rural people involved, will be an important model to all the rest of the country.

In my presentation today, I'd like to start with three caveats. First, there are no easy answers to the important questions we're struggling with. If you hear someone who is trying to promote easy answers, I encourage you to find a video store that has a copy of *The Music Man*. Remember that Robert Preston movie where the guy came into town and was going to solve all the problems, particularly all the problems related to young people? What the man was really doing was selling trombones and trumpets. Well, there are a lot of music men out there and music women. They're selling easy answers, and a lot of times, it's not the answer they're selling; it's the trombones. So my first caveat is be wary of the music man.

My second caveat regards one of the things I see happening in rural America: Rural people are looking for somebody to blame. They're looking for somebody to declare as the enemy. Well, folks, this is not an us-versus-them enterprise. We've already lost the us-them enterprise because rural America is down to about 20% of the population. It's got to be an "all together", a "one-Idaho" solution, not rural Idaho versus the rest of Idaho.

Finally, the federal government is not going to solve the problems of Idaho. It's not going to solve the problems of rural Idaho. If problems are to be solved, they will be solved within the state and probably within this room. I spent three years in Washington, D.C., not as much time as the Governor spent there, but I spent three

years, trying to get federal agencies to be more focused on how to actually assist communities rather than deliver categorical programs. It's a daunting challenge. It's a very important challenge but a daunting one. If you wait for Washington, you will wait too long. The solutions are here.

Why is rural America in trouble? There are lots of reasons, and we all have our own understanding of this. I'm going to talk about a few that I think are most important. The one I want to start with is a little bit abstract, and it's what I call the "social contract." There is no social contract between rural America and the rest of America today. A social contract is not a legal document. A social contract is a set of cultural norms and practices. It's the notion that I go to the blood bank, and I contribute blood even though I don't expect to ever use any of that blood, and I don't expect my family to ever need it. I do it because it makes the community better. I vote for school bond issues in my community even though I don't have kids in school. I see myself as part of a larger good. We have a long history in the United States of social contracts between rural America and the rest of America.

I'm going to use some dates in the next few minutes, and those dates are rough estimates. The times are probably a little bit different in various parts of the state. From roughly the time of the beginning of colonization in the United States through the Revolution, there wasn't any contract between rural America and non-rural America because there was only rural America. At the time of the American Revolution, Philadelphia was the largest city; New York was the second largest city; and Charleston, South Carolina was the third largest city. None of them was over 50,000 people. What we talk about today as Wall Street is called Wall Street because there was a wall there. The Stock Exchange is called that because the Dutch used to come together at the wall and sell cattle to each other. That's how rural we were. They were selling cattle in what we now think of as Lower Manhattan at the time of the Revolution.

From the Revolution to the 1880's, there was a real social contract, and it was a social contract that encouraged Americans and immigrants to move to rural areas. The frontier was what separated the United States from Europe. It's what made us different. If we hadn't had the frontier, we would just have been an extension of Europe. Some would argue that part of the reason we fought the Revolution was to establish our difference, and that difference was borne out almost every day on the frontier. Rural people were seen as the agents of civilization, which is really rather ironic because at the very time rural people were bringing "civilization" to rural America, they were also destroying civilizations that had been there for thousands of years.

Rural people were fulfilling America's "manifest destiny." That manifest destiny was to fill the continent, and rural people were really the shock troops. They were out there filling the country. Virtually every President during that period was from a rural area. Rural people were held in the highest esteem, and rural America got something in return. Rural America got exploration, and we're about to celebrate the 200th anniversary of Lewis and Clark. They got cheap land through things like the Homestead Act. They got protection from competition and military protection from hostile Indians, who were trying to protect their own civilization. The great debate of that frontier period was about how to populate rural America and, specifically, where to allow slaves to be. We had already solved that problem in the east, but it was only as we went west that the question came up, and that ultimately led to the Civil War.

By 1880 or 1890, the frontier was done. We had basically fulfilled the manifest destiny. The frontier was gone, and very quickly, the United States was becoming an industrial nation. The cities became quickly the dominant force in the country. But we soon created a new social contract. We went from the frontier social contract to what I call the "storehouse" social contract. Rural America provided cheap food, fiber, feed stock. Rural America provided hardworking, reasonably well-educated people. Rural America provided capital. One of the reasons that the Federal Reserve System was created in 1911 was actually to move excess capital from rural communities to urban communities in order to feed the industrial revolution. In return, rural America got transportation subsidies, access to federal land and water, export subsidies, and education subsidies. Most of the public institutions and publicly-subsidized institutions that we now associate with rural America are from this storehouse period. Land grant universities, the railroad system, the lock-and-channel system on the Columbia, commodity programs, access to national forest, western irrigation projects—those are all products of the storehouse social contract.

But by the late 1970's, the storehouse social contract expired. Now we are without a social contract. What did that expiration look like? We called it de-regulation. How many of us know of towns that lost their train service, their bus service, their plane service, their banking service, their health care service, and their local education? It started in the 1970's. Rural America is without a social contract, and without a social contract, I believe that rural-serving institutions will wither and die.

So in some ways, this shouldn't say "challenged to change." It should say "change or die." I know that's not pleasant to hear, but I think that's the reality. Some have argued that the new social contract is that "rural America

feeds the world.” You hear that fairly often. Guess what? More than 50% of the food consumed in the United States, when measured on a dollar basis, is imported from outside the United States. Rural America does not feed the world. Rural America does not even feed America. America buys food wherever it’s cheap and convenient. So the social contract based on “We feed the world” doesn’t, I’m afraid, hold up.

The second reason that rural America is challenged is that we’re now a suburban nation. I want to be careful not to fall into an “us-them,” but I think that one of the things that those of us that are rural advocates need to realize is that we have to work in a different way, politically as well as economically. In 1990, for the first time in American history, half of Americans lived in metropolitan areas of more than a million people. In 1992, for the first time in American history, the majority of votes cast for President, regardless of party, were cast in suburban districts. In 1994, for the first time in American history, the top five positions in the House of Representatives—three Republicans and two Democrats—were all representatives from suburban districts. For the first time in American history, not a single member from the top five districts was from a rural district or from an urban district. In 1996, only 76 of the 435 Congressional districts in the United States were predominantly rural. 76 out of 435. By the year 2000, the majority of Americans no longer lived in major metropolitan areas; the majority of Americans now live in the suburbs. We’re a suburban nation, and suburbanites don’t seem to care much about rural America. They don’t seem to know much about rural America.

Nicholas Leman, who is a writer with the *New York Times Magazine*, wrote an article a couple of years ago entitled, “The New American Consensus: Government Of, For, and By the Comfortable.” In it, he stated, “Any project that entails government acting in the broad national interest [and now I would say the broad, national, domestic interest] rather than the narrow interests of the suburban middle class, probably won’t get done.”

So how do those of us that care about rural America communicate to the suburban middle class, who are now the majority? We have to figure out ways to justify support from the suburban majority. I don’t know what the numbers are here in Idaho, but I would bet they are getting pretty close.

The other trend that you see is the suburbanization of rural Idaho. I’ve been driving from Boise to this end of the valley for 20 years, and it’s just astounding. I wish I had taken a picture every time I drove it. We are starting to suburbanize at least the portions of rural America that are within 50 to 100 miles of major metropolitan areas.

We don’t know how to sell rural Idaho to suburban Idaho. That’s one of the reasons I think this series you’ve done in the newspapers and on television is absolutely so critical because the audience is not simply rural Idaho. The audience is all of Idaho.

The third reason that rural America is in trouble is that we mostly focus on maintaining existing competitive advantage, rather than on creating new competitive advantage. Now, what do I mean by that? One of the things I did for the Kansas City paper in your packet was to review much of the development literature for the last twenty years—international development, economic development, community development. After reviewing that literature, I came to three conclusions.

(1) Communities and firms without competitive advantage, i.e. the ability to produce something that somebody wants at least as efficiently or more efficiently than anyone else, will decline. So start asking yourself, does your community have a competitive advantage?

(2) Nations and communities and firms that prosper over the long term constantly invest in creating new competitive advantage rather than in protecting old competitive advantage. As I read all of the stories in the series yesterday, flying out on the plane, one of the things that struck me is that Idaho is right at the nexus point. In those articles, you see the tension between protecting the old competitive the advantage and creating the new competitive advantage.

(3) Finally, competitive advantage is necessary, but it is not sufficient to sustain communities. For communities and firms to prosper, they must build social and human capital. One of the things I was struck by in preparing for today’s presentation was an analysis of college graduation rates for the total population over 25. Of the 22 states west of the Mississippi, only two states have a lower college graduation rate for the total population over 25 than this state does. If you’re going to participate in the information economy, one of the keys is going to be institutions like this one and the University of Idaho and Boise State University. If you don’t have people who are graduates of higher education, your ability to have human capital is quite limited, so it’s a big challenge to you.

So enough of the description side. Let me switch to the prescription side. As the Governor said, we want to talk not just about what’s wrong but also what to do about it.

Our work at the Northwest Area Foundation and a review of the literature in the field suggest four things that you can do to help rural Idaho prosper. I’m not suggesting any of these are easy; I’m not putting on my Music Man costume. These are tough, they take a long time, and they are not mutually exclusive. You can’t pick one and ignore the other three.

The first approach that we see pretty clearly is to de-commodify rural Idaho. Produce what consumers want and will pay a premium for, not what is easiest for you to produce. I've worked in agriculture for most of my life, and a whole lot of the farmers I know think marketing takes place after they have planted the crop, harvested the crop, and loaded it on the truck. Then they call the three local grain elevators to see which one is paying the best price. That's not marketing, folks. That's reacting to the moment of last opportunity. You must be able to produce what the consumers are willing to pay a premium for, not what it's easiest for you to produce.

Commodities, whether they are timber, potatoes, or silver, will always be a part of rural Idaho's economy, but if you can only compete on commodities, then you're only competing on price. In a global economy, it will be very, very difficult to compete on price with the 2x4's coming out of Siberia or Chile or with the silver coming out of Argentina. You know the rest of the story.

You've got to compete on more than price. We've got to stop being the low-price producer for the world, and we have to start building new market linkages. Agriculture and timber are both great places to do that, places where you can build more direct market linkages, and there were some wonderful examples of this in the materials. Agriculture and forestry and mining will remain critical enterprises in rural Idaho, but they will be minority enterprises. They will not be the dominant enterprises that support the communities.

Now, that leads to my second suggestion. Invest in places, not in sectors. For places to survive, they need to be special. Places need to be de-commodified, too. Communities are the source of social and human capital. Communities are what calls kids to stay, not just sectors. If you look at our investment policies in this country, whether it's at the federal level or the state level, we have invested much more money in the last 50 to 100 years in sectors than we have in places. One of the fundamental political challenges is making the shift from focusing on sectors—and sectors have lots of political power—to focusing on investments in places.

Third—and this is one of the keys to Northwest Area's work and is very, very difficult to do because it's almost counter-cultural—think regionally and act regionally. If there is one thing in our culture I could change, it would be high school basketball. I think high school basketball and maybe church league baseball set communities against each other in ways that continue to play out. You think about the community ten miles down the road that you ought to be doing all kinds of cooperative things with, but they're the ones that stopped you from going to the state championships in 1968. We've got to figure out how to develop competitive advantage, to de-commodify regionally, not single town

by single town. We have to figure out how to do it on a much more regional basis.

It seems to be fairly easy for us to do that on economic issues. People don't think a lot about 30, 40, or 50 miles to buy tires. People think less today than they did fifty years ago about driving 50 miles to see a doctor. But the response to driving 50 miles to work on a cooperative venture that's maybe not in your town but will benefit the region is usually "I don't want anything to do with that." If we are to succeed, we have to work together. The smaller the community, the more it has to work with other communities on a regional basis.

Fourth and last and, in some ways, the most important, look for and develop entrepreneurs in new places and in old places. I really believe that if there is a single key that has to be turned to change the future of rural America, entrepreneurship may be it. Rural communities must be much more entrepreneurial, and we have to be much more supportive of people being entrepreneurial. We must be willing to look in new places and old places. If you look at new business creation in urban America, guess who is most likely to be creating a new business? A woman or an immigrant, not a white guy over 50 like me.

How good a job are rural communities doing in looking to women and immigrants as a source of entrepreneurship? In a whole lot of rural communities, women and immigrants are seen as folks that take care of the cleanup when in fact they are the people most likely to create the new business that will produce eight new jobs five years from now. So we must be much more entrepreneurial, and we have to be willing to look at entrepreneurship opportunities in places we traditionally haven't looked before. That means we have to get our bankers to change the way they think. [Laughter] OK, another impossible dream.

From my perspective, the norm for the 21st century is going to be change. It's like the title says. Firms and institutions and communities that are good at change are going to prosper, and a lot of them are going to be rural. There are a lot of rural success stories out there. You're going to hear some of them today. Those that resist change or wait for it to go away are going to decline. There are successful rural communities out there. They are open to change. They welcome different people. They work on a larger scale, and they try new approaches. A lot of rural communities can do that, but to do that, they have to change the way they think, and the institutions that support them have to change the way they think and behave.

I'm going to stop, but I'm going to remind you of what I proposed as a social contract within this room. I would like from you success stories, and I would like from you additional thoughts so that this continuing struggle that

I've been engaged in for the last several years will go on and will get smarter. Remember you can contact me at kns@nwaf.org.

Thank you very much.

MARC JOHNSON: Ladies and gentlemen, I'm Marc Johnson, a member of the board of the Andrus Center for Public Policy, and I'll be helping throughout the day to facilitate some of the panel discussions. Dr. Stauber is willing to take some questions before we move into the first panel, so if you have a question, now is the time.

AUDIENCE QUESTION - Marcia Franklin, Idaho Public Television: I noticed in your article that one of the elements is the community's willingness to tax itself, and routinely we see communities in Idaho that do not pass bond issues. If the community doesn't have the capital to begin with, how can we overcome that critical element?

STAUBER: If communities are unwilling to tax themselves to create competitive advantage, then the communities are largely relying on others. I don't think that's likely to happen. I'm not commenting on any specific tax proposals because I suspect there are some really stupid tax proposals out there, but if a community isn't willing to invest in its future, why do they expect anyone else to?

One of the things people say a lot is that if we can just bring the information superhighway to town, then our problems will be solved. That's something communities can do and have done all over the United States. They have banded together and taxed themselves—sometimes through things like local telephone companies, sometimes through direct taxes—to create capital flow that makes that possible. That's absolutely critical; it's a form of fundamental infrastructure. Communities have to be willing to invest in their future because if they don't, no one else is going to.

AUDIENCE QUESTION - Al Ames, Economic Development Administration: In defense of these communities, our Legislature won't give the communities any authority. They believe in local control, but that local control is only at the state level because they won't give local communities authority to tax themselves.

STAUBER: I've worked at the local government level, the state government level, and the federal government level, and it's always been amazing to me how local control is usually about the level of government above you; it's not about the level of government below you. In a federal system, including tribal governments, you're supposed to be able to work

reasonably with all four. First off, I'm not about to say I understand the legislative problems you have in Idaho, and second, I'm not about to claim I have a solution for them. If that is a fundamental barrier, then it seems to me the communities have to figure out how to address that problem.

Let me give you an example. In Mississippi, the state constitution stated that it was basically illegal to have any business in the state that employed more than 100 people. That may have been very good legislation when it was passed in 1820. In Iowa, the state constitution stated that every citizen in the state shall be no more than a half-day buggy ride from their county seat. That may have been a great progressive idea in 1840, but with the automobile, you end up with about three times too many counties. Until states have the will to take on some of those fundamental structural issues, then you're right that it's very, very hard for well-intentioned people at the local level to address those issues.

AUDIENCE QUESTION: Doctor, looking around here at all these people, no one should have been let in unless we had our son, our daughter, or our grandchild between the ages of 14 and 20 in here listening to what you have to say. What we're talking about is not what we're going to do, but what they're going to do. I'm of an age where maybe I want to retire, and I want to listen to this, but they're the ones who are going to carry the torch.

STAUBER: They are, but I worry about our saying, "This is the next generation's problem." It is, but if we aren't willing to do what needs to be done now, why do we expect them to be that much better than we are? We raised them, and they're going to look at us and say, "It was good enough for you." If we want to make the sure that the next generation carries the torch, we have to light it.

JOHNSON: On that note, thank you very much, Dr. Stauber. Karl, you got us off to a very good start. We're going to take a very brief break while we re-arrange the stage a little. I would invite the members of the first panel to come up and join us on the stage. *A*

PANEL I: Hearing from the People

RURAL IDAHO: Challenged to change

Presented by the Andrus Center for Public Policy

November 8-9, 2001

Recital Hall, Langroise Center, Albertson College of Idaho
Caldwell, Idaho

Moderator:

Marc Lohanson, John Freemuth

Panelists:

Pete Johnston, Retired District Ranger, Council

Darrell Kerby, Mayor, Bonners Ferry

Cassandra Kipp, Director of Economic Development, Nez Perce Tribe

Paige Merrigan, College student, Paul

Raymundo Pena, Attorney, Rupert

Charlotte H. Reid, Rancher, Firth

Paul Romrell, Farmer, St. Anthony

JOHNSON: My name is Marc Johnson, member of the board of the Andrus Policy Center and frequently guilty of helping organize these policy conferences with the Governor. The way I'd like to begin this morning is to ask each of our panelists what life looks like in rural Idaho right now. I'm not going to spend a lot of time on introductions except to identify them initially because there are pretty complete biographical sketches of them in your packets. Then we want to invite you into the conversation. My role today and that of John Freemuth—senior fellow of the Andrus Center, member of the faculty of Boise State University, and, in his own right, a very knowledgeable and experienced person in the world of resource policy and particularly how those policies affect rural parts of the west—and that of Georgia Smith of the Idaho Department of Commerce will be to make that happen. In each case, these people are working in their own communities on some of the challenges that Karl so eloquently described just a few moments ago.

So let's begin. Pete, since you're closest to me, you get to go first. Pete Johnston is from Council, Idaho, a retired Forest Service district ranger, worked in many parts of the rural west. Pete, what is life like in Council, Idaho today?

PETE JOHNSTON: Well, over the last six years, it has changed dramatically. I say in six years because in 1995, our Boise Cascade sawmill closed, and that caused

some dramatic changes. But even before that, in the late 1980's, the handwriting was on the wall, and some forward-looking people in Council could see that the timber-based resource industry was going to decline in our area. They started to look at economic diversification. We worked with the Idaho Department of Commerce; we worked with Ida-Ore; we worked with independent consultants like Jim Birdsall and others. When our mill closed in 1995, we had a strategic plan on file at the Department of Commerce. A lot of people got together in 1995—state, federal, business, and others—and modified that plan.

When the mill formally closed on April 1, we were sitting in Governor Batt's office with a strategic plan of what we thought we needed to do. Now that's changed significantly, but it did lead to negotiation and a gift of the Boise Cascade property to the city. It led to half a dozen grants that were used to build a business park on that property, and it led to job creation. It also led to the creation of a new job at the city level, a city planner and economic development coordinator. That job is there today.

So we went through the first phase at Council and created some jobs, but they did not replace the high-paying mill jobs that we lost and the support jobs that came with them in the Council community. We did, however, make progress. The streets did not roll up, and a number of citizens began to participate in the process.

We're now in the second phase of economic recovery, and we're starting to look closely at a lot of what Dr. Stauber talked about today. We're looking beyond our borders, beyond our county even, and we've been helped by the Idaho Department of Commerce.

We've been looking for local entrepreneurial talent, not just in Council but also in Weiser and Midvale and Cambridge and Council and New Meadows. We're just starting this and had a training session last week that my wife attended. We did not want to compete with the existing economic development coordinators that are in Weiser and other cities. We wanted to find a niche that was not being developed, and that's why we went the enterprise coordinator route.

So we still have three things to do in Council: We need to maintain a high-quality educational system, which will require some thought and some change, as Dr. Stauber suggested, as to how our schools are structured in rural America. Second, we need to create jobs in our community that will maintain our youth in the community. We have an outflow of young people. We're the oldest county in the state with an average age of 47 years. We need to create jobs that maintain our youth and keep our young people in our towns. The third key component is that we need to maintain a local health care system in the communities that have one.

There are several things that I think we can do for ourselves, and I think there are things the federal and state governments can help us with. One is that the Idaho Legislature needs to stay the course, stay with Gary Mahn, stay with Governor Kempthorne because the recovery of rural Idaho is a long-term commitment. It's not going to happen overnight.

Last year, through the Rural Development Task Force, Idaho came up with some priorities, which Gary and the Governor asked the Legislature to initiate. With much debate, the Legislature did that, and I hope they will continue to support our enterprise coordinator and the other eleven that have been hired around the state. They allow us to explore new ways of doing business in rural Idaho.

JOHNSON: Let me interrupt you for a minute. I want to bring all of the folks here back to that question of what we need to continue to do or what we might look to do in the future. Mayor Kerby is from a timber-dependent community in the far north of the state, closer to Calgary than it is to Boise. Mayor, what's life like in Bonners Ferry these days?

DARRELL KERBY: Thanks for the invitation to be here. Bonners Ferry is not unlike other rural areas in Idaho. We're on the cusp of change. In my community, unlike some of the others, we still have the sawmill, and

it's reasonably modern. This is not a success story necessarily because we're in Boundary County, and two-thirds of Boundary County is national forest land. If there is any community in the United States facing the provisions of the Endangered Species Act, it's Bonners Ferry. We have caribou, grizzly bear, sturgeon, and on and on. The impact of all that is significant in the natural resource industry. As a result, Bonners Ferry still has some of those major institutions and job creation in place that the timber industry has traditionally provided, but we're unwilling to take that as the status quo. We have joined together in our community to form new coalitions and new partnerships for revitalization and changes in the economic environment to be more diversified.

In our community, we have broken down barriers that have traditionally been major barriers to those changes. We have joined with the city of Bonners Ferry, the county of Boundary, and the Kootenai Tribe of Idaho in a joint memorandum of understanding for economic development. The issue of sovereignty with our Native American community has long since been put on the back burner. It is recognized as a fact, and the tribe is embraced as a full partner in economic development in our community.

It has been nothing but a pleasure to see the new outcomes from these coalitions. We've actually even brought the local school districts into the coalition. We have a full voting member who is chairman of the school board, even though no money is coming from that agency to the effort. The Idaho Department of Commerce has funded an economic development position for a professional in our community, and we joined again in the region and started talking Canadian. So we're forming new coalitions and partnerships with our friends across the border, not the least of which was created by the September 11th disaster. The Canadians came down in droves with sympathy and support and formed new social partnerships through that tragedy.

So things are on the cusp of major change in Bonners Ferry, Idaho, and it's a very exciting time that we hope to capitalize on and not make it a long-term process.

JOHNSON: Thanks, Mayor, I want to introduce Paul Romrell from St. Anthony, Idaho. Paul is involved in the agricultural sector of the Idaho economy and has long been involved in community activities in that part of Idaho. Give us your view of what things are like in the Upper Valley.

PAUL ROMRELL: St. Anthony has become essentially a ghost town. Most of our businesses have closed; we're a bedroom community to Rexburg. Many of our people work at BYU-Idaho and commute from St. Anthony. It's been interesting to watch. We were a boom

town in the forties. The railroad came through on its way to Yellowstone Park. A large timber mill, the Idaho Stud Mill, was there, but it closed. So we've seen a real setback to the downtown of St. Anthony.

I farm west of St. Anthony about seven miles and have a farm also in Clark County. It's a dry farm, and I recently put about 350 acres of the dry farm into a conservation easement, which has been a real benefit to me. I personally hate to see development and cabins and buildings take over some of the pristine parts of Idaho. Because of that, we put the 350 in a wetlands program; we retain ownership and will be planting several hundred trees on the place.

When I heard the keynote speaker, I worried about why I was here. I'm over 50, I'm not a female, and I'm not an immigrant, so I'm not sure I can add a lot to what the future holds for us, but I know what my future holds. It's to spend a lot of time on that 350 acres and develop it perhaps into the way it was back when the Indians were there.

I don't know that St. Anthony is going to recover. We have good schools, and we recently voted for a \$10 million high school in St. Anthony and, just in the last few months, approved another \$10 million high school 15 miles north in Ashton. Our district has two new \$10 million high schools, so we're aggressive and trying to do what we can for our community.

JOHNSON: Charlotte Reid, you have a ranch down by Firth. Give us your perspective on what's happening in rural Idaho right now in your part of the state.

CHARLOTTE REID: What I'm hearing in our part of the state is that there is a lot of rural land that is being sold for development. What I'm seeing in our local area and with our friends and neighbors is not that as much as adjusting to be able to continue what they love best: working out on the land. I've been involved with our ranch, of course, and also with the grazing association.

We decided ten years ago that we needed to really look at what our impacts were on the land and what we could do to change those impacts. From that, actually on our own ranch, we have increased production through managing grazing and increasing the health of our riparian areas and our soils. We've done that enough on our local ranches that now we're expanding to the association and seeing what we can do there. It's been exciting. In my mind, it's exciting to be a part of this change from traditional ranching to the changes our whole nation is experiencing. We're changing from industrialization to looking more closely at what we're doing to our environment.

I see a possibility of that becoming a new social contract. Ecosystem health is a value-added product from

the agricultural community. So although it's an adjustment and a change that might be a real challenge for us, I think we all get stronger when we're invited in to participate in that challenge. So given what I've seen the past ten years, I think we can go forward and do quite well, other than the turmoil we've been handed since September 11th.

JOHNSON: Cassandra Kipp, I want you to talk a little bit about your perspective as the economic development coordinator for a tribal government in Idaho. We've already heard about it this morning, and most of us would acknowledge that tribal communities have so often been left out of these discussions, but clearly some of the best economic development in the west is happening in and around Native American communities. How do you see this question about what's happening in rural Idaho, and are you optimistic?

CASSANDRA KIPP: Well, I think that as far as what's happening in rural Idaho, especially in my neck of the woods, there is a lot of growth and a lot of expansion into developing our natural resources. I know that on our reservation, we have developed our strengths, meaning that we have gone beyond the feasibility studies of the 90's and moved into what we call the development stages. We work a lot with federal and state agencies to bring the towns on our reservations up to at least a standard where we can live in our communities and have safe drinking water, streets, and sewers that run every day.

Part of our development with dwindling forestry is to try to bring together some ideas on value-added products. We have a huge forestry department; we also have forestry enterprises that are separate from that. It's always been a real challenge to try to make ends meet in that situation with our forestry decline in sales in northern Idaho.

Orofino is on our reservation, also Kamiah, Lapwai, Sweetwater, and Culdesac. These are all small towns within our reservation boundaries, and we have five counties. Latah borders our reservation, and each one of them has unique problems. As a planner, I am in charge of all five of those counties because they are part of our reservation.

The huge challenge has been with some of our smaller political entities with respect to jurisdiction. Once we get through that hurdle, we will be able to collaborate and actually move to the forefront the economic development of our small rural communities. The tribe isn't going to wait; it's going to move forward with its projects.

I'm excited about our future, and it doesn't all have to do with gaming revenues. A lot of it is other kinds of development, and I think we can really become a partner. That's what I want to tell you folks today. If you work near

native tribes, they can be excellent partners for you because they can bring a lot of things to the table. Tribes are wrestling with things, just as you are. We're wrestling with taxation issues; we're wrestling with poor infrastructure; we're wrestling with schools that need better qualified teachers with higher pay. Everything that we have to do as a tribe are the same things that you have to do in rural Idaho. We have high unemployment and poverty, but at the same time, we are developing our housing programs and diversifying our economy. If we're going to be here and not be bombed or anything, we should go into the next millennium doing quite well. I'm hopeful that we can meet that challenge.

JOHNSON: Ray Pena is an attorney with long-time involvement in the Magic Valley area. He's from Rupert, a leader in Idaho's Hispanic community. Ray, give us your perspective from the Magic Valley.

RAYMUNDO PENA: October 18th of last month, I had to go negotiate a contract over in Twin Falls for a restaurant. It was my son's birthday. He had just turned 13, so I picked him up and took him with me to negotiate this contract. He sat through the whole thing, and at the end, he said, "Dad, why did you bring me with you?" I said, "Because, officially, as of midnight last night, you know everything. You're a teenager." I wanted to tap into that and make sure I didn't miss something.

I'm just a small country lawyer from Rupert, but I've had the pleasure and opportunity to be involved in different things, sometimes because I'm asked and sometimes because I've picked up the phone at the wrong time. One of the things that has been happening in Rupert that is quite exciting is that some of the local leaders have reached out to the community and have said, "We as a community are dying. We're not focusing on what we're doing. Our kids are graduating from high school, leaving, and not coming back. We're educating them, but we're not taking advantage of what they know."

We started with a small step. Judge Larry Duff was very active in creating a Renaissance Committee. It took us a while to figure out what Renaissance was, but we have an old theater there that was built in 1910. He convinced the city to purchase it from a private owner. It was in a state of disrepair, and we've had to raise about \$2 million to refurbish it. It's a project that involves not just one person or a couple of people, but he went out and recruited people from across the community: educators, teachers, farmers, high school students. He went to the Hispanic community and said, "We want you on our board. When we complete this project, it's going to be a community theater. If you're going to live here, you're going to be part of the community."

The theater is the cornerstone of downtown Rupert. Rupert is one of the few cities left in the country that has a square left downtown. Our other claim to fame was that we had only one stoplight in town. They put two more up last week, and now we're a city.

It's exciting to see that small project has brought in people from across the community, people who don't normally sit and talk with each other. We've put new street lamps downtown, and we've opened it up the way it was in the 60's when I was a kid. We looked forward to going on a Saturday afternoon to downtown Rupert, and we got to know your neighbors and to find out what their problems were. Sometimes you get to share in the solutions, and sometimes you just look at different options and at ways other people are handling things.

As far as the Greater Magic Valley area, it's nice to see that although Minico will always beat Burley in basketball, we have a community effort in the education system. They built a machine shop to the tune of a few million dollars over in Cassia County through their school district, and, in a cooperative effort, we're busing kids over there to use the facility, and they're bringing their teachers over to Minico to teach the kids there. It's nice to see them working together instead of pulling each other apart.

We have a long way to go, but things are changing. Sometimes it's very difficult if you're used to doing things and doing business one way, but it's nice to see that people are open to new ideas. They don't always agree with you, but sometimes just the discussion and the debate is helpful because we're not always right either.

JOHNSON: Thanks, Ray. You set up our last panelist perfectly. Paige, I kept you for the end because, as someone suggested, you may be the most important person on this panel. Paige Merrigan is a student now at Gonzaga University, but she graduated from Minico High School. Tell us what your perspective is about your home town.

PAIGE MERRIGAN: Burley just recently got a new school. We tried to pass a bond at Minico to get a new school, but it didn't pass. There was concern that it would cost too much for the community, and some people couldn't afford it. The other side of it was, "Well, if we don't do this, people are going to move out, and we won't be getting any youth in, which will cause problems in the future." So they're going to try it again, but one way they are trying is to move the 9th graders to the high school, so there will be four grades there. That's going to over populate the school, which will force it to rebuild or compensate somehow. I've talked to a lot of people at college and said, "You live in a big city, and I come from this little dinky town." They say, "Well, you missed out

on a lot that happens in a big city,” but I think they missed a lot in the little community I came from. I picked up on a lot of things growing up that they never got to experience. It’s a two-sided thing, but they don’t see it from that perspective because they have never been to a smaller town. Yet, as I grow up, I definitely want the excitement of a bigger city. I do intend to return to a small town eventually, but right now, I like Spokane.

I talk to a lot of people my age from my town, and they say, “I want the city experience as I grow up, but I want to raise my kids in a smaller community.” I don’t think people from bigger cities see that at all.

JOHNSON: We have a couple of microphones that will be in the audience here. If you have a question, John will be on one side, and Georgia will be on the other.

I want to go back to you, Pete. You started to say how pleased you were with the efforts of the Commerce Department and Governor Kempthorne’s initiative to provide some more resources in rural Idaho. Pick up on that thought and tell us where we ought to be going from your perspective.

JOHNSTON: I think the Governor’s Task Force on Rural Development did an excellent job of pointing out some priorities and some things we can do in rural Idaho. Really, the only point I was trying to make was that the Idaho Legislature funded the first step to the tune of \$3.9 million for the initiatives identified by that group. I think they need to stay the course. Some really good things are going to come out of this beginning. I saw some reluctance to pass the first step, so I hope we can show some success fairly quickly and show some success over the next ten years with this program.

JOHNSON: What message do you want legislators and federal and state officials to take away from this session and from your knowledge of the issues in your own community?

KERBY: The economic role of both the state and federal government is very important in Bonners Ferry. Al Ames with the Economic Development Administration and Gary Mahn with the Department of Commerce have made programs available to small rural communities that have been essential to maintaining some of the infrastructure that is necessary for continued growth and job creation.

For example, we’re never been able to come up with the necessary resources to fund a full-time economic development position internally without taking something away from the drug-enforcement activities our community is trying to do—meth labs and those kinds of things—or taking away from the fire department or from

emergency services. The budgets of local communities are not fat. The fat in government is not at the local level, so it’s essential that the necessary capital and seed money be maintained by the Legislature. As long as the Legislature continues to hold the purse strings of local government, we still need to depend heavily on partnerships with state government. The Legislature has done a wonderful thing in its initial step, and that will be one of the major engines in whether Idaho will be successful in rural economic development.

REID: I agree. Dr. Stauber talked earlier about developing entrepreneurs, and I believe we have a lot of them out there. From my perspective with public lands issues and also as chairman of our local watershed council, we need collaboration. We really have a good body of that, and my best example of that is that we’ve been evaluating streams. The Department of Environmental Quality has been doing its assessment, but another assessment that we’ve been doing is a Properly Functioning Condition. That takes an interagency team, so we’ve had all the agencies involved, walking with land owners on these streams, and it’s a great collaboration, exchange of information, and education. We’re creating together a plan for the impacts we see and what we need to do.

I believe with collaboration, we do invest in people. I would like to see agencies develop collaboration and also within agencies. Within some agencies, there is such a staff turnover that we aren’t able to keep that collaboration together. It needs to come from the agency.

JOHNSON: Cassandra, we hear a lot about collaboration. What does that mean, and how does it work?

KIPP: I can give you two examples of how it works and one example of how it doesn’t work. With the help of the EDA program and the Indian Block Grant program and other programs, the Tribe has been very instrumental in our area in developing collaboration between the Nez Perce Tribe and the city of Lewiston in bringing their sewer line out to Otwai Plaza, which is where the Clearwater River Casino is and where other businesses are planned. It will include a full four-star restaurant, a hotel facility, and an expanded entertainment center. That’s an instance where collaboration really worked because the county commissioners gave us a lot of incentive and worked with us very well in getting that development started and helping us come up with the funding. Now there is a really good working relationship, and a lot of it is because our enterprise employs 300 people, and 50% of them are non-Native. That means that the people that are being employed are coming right

out of Nez Perce and Latah Counties, so we're providing employment there and not just service industry employment. There are management positions as well with pretty good wages. So we're excited about that. We're also pleased to be able to say that we buy most of our products locally.

In Orofino right now, we are collaborating with the Clearwater County folks to develop a regional sewer system, not only for reservation residents but also for the city. That effort has just begun, and I have been attending meetings with them, talking jointly about the types of grants that they can apply for and that we can apply for. When we join those together, we can develop a really good system that will meet the needs of the population there and, at the same time, not drain the assets of Clearwater County.

In Lapwai right now, we have improved the water system there. It was an ICBD grant that came out of an Indian block grant. That was over \$400,000 that fixed the water system there. We're working on a grant right now to increase the sewer hookups so we can have more development in Lapwai Valley. Our biggest plan there is to develop a regional wastewater treatment plant that will cover parts of Culdesac, Sweetwater, Lapwai, Spalding, and the tribal communities that are also there in that valley.

We have also done the same thing in Kamiah, where we had developed a Memorandum of Understanding and received money through Indian block grant monies and rural development monies to expand sewer services in east Kamiah. Unfortunately, within the last eight or nine weeks, that has fallen back, and there are some issues related to the tribal employment rights office. As most of you know, we have had some difficulty with the politics in those smaller regions, and it has made it difficult to collaborate. I know that some people have problems with regard to our sovereignty and to the policies we have. That has made it difficult to sustain that relationship. However, my understanding is that with increased meetings and with increased compromise, I think that project will go forward. This short setback will work itself out in the next week or so.

But those are projects that have improved the standard of living in our small communities on our reservation.

JOHNSON: Karl, I want to ask you a question. Take us back to your remarks at the beginning. It seems to me that you're hearing some stories here that relate pretty directly to at least a couple of points you made. Ray's story about investing in a place, fixing up the old theater in Rupert, the mayor's story about collaborating even across a national border in northern Idaho with our friends on the Canadian side, Pete's example about Heaven forbid-Adams County actually cooperating with Washington

County on economic development—those are the kinds of things you're talking about.

STAUBER: They are very much examples of the kind of “think-regionally-act-regionally” approach I talked about. The only way a lot of rural communities are going to get to economy of scale is to cross boundaries. So we have to ask, “How do we get the work done?”, not “Who beat us at football five years ago?”

AUDIENCE QUESTION - Robert Cope: I'm from Lemhi County. I'd love to give Dr. Stauber a success story, but the closest I can come is that Lemhi and Custer Counties work very closely together. Geography dictates that. Essentially, the two counties are conjoined twins. They are each the size of Connecticut with a combined population of less than 15,000, and 93% of that country is owned by the federal government. Therein lies our problem. Our problem is unique, although it is a shared uniqueness.

Over the last quarter of a century, the federal policies that began in the Carter Administration, as you said, when the social contract expired, has led to more and more closures of public land usage, more restricted use of it. We're isolated over mountain passes; we have no railroads, no bus service. We are pretty much committed to a resource-based economy because there is very little else there. The restrictions have taken almost all that away from us. The mills are all closed; the mines are all closed down. Agriculture is on the decline. At the moment, over the last 25 years, I've watched the economy spiral downward. I've seen a declining population, and I've seen the degradation of the ecosystem due to the lack of management ability from those policies the federal government has instituted. That culminated in the burning last summer of 200,000 acres that should have been logged, should have been thinned, should have been maintained. Instead it was just left to stand dead until it caught fire.

The Endangered Species Act was pretty much the coup de grace. We have bull trout, salmon, and steelhead. We have wolves, and they want to bring us grizzly bears. The lynx is next on the list. The last plan we had was to promote the tourism. We thought maybe we could increase the winter economy by adding snowmobile clubs. The latest proposal is that there will be no new groomed snowmobile trails because they would allow predators to compete more closely with the lynx.

Essentially, the best analogy I can give at this point as we attempt to diversify the economy—and that gets closed down, too—is from the movie *Goldfinger*. In the classic scene, Sean Connery is tied down to the table as a laser starts up toward him, cutting through the table. James Bond says to Goldfinger, “I suppose you expect me

to talk.” Goldfinger says, “No, Mr. Bond, I expect you to die.” At this point, the population of Custer and Lemhi Counties have been strapped to that table by the restrictions on federal land. The Endangered Species Act has become the laser moving toward us. Our question for everybody here is: Just exactly what is it we’re expected to do?

JOHNSON: Mayor? [Laughter] You have 40 seconds.

KERBY: Are you the weakest link? I can tell you that we’ve been under that laser beam called the Endangered Species Act for over 20 years, and the noose has gone past the tight point and has broken the neck. Not only have we faced all those issues, but we have additional species that you probably have never heard of nor do you want to. What we have done in the past hasn’t worked. What we’ve done in the past is to say, “We’re damned mad, and we’re not going to put up with it anymore.” That hasn’t worked. We’ve found no solution out of negotiating with the environmental community on some of the aspects because the local environmentalists were often sideswiped by their state or national coalitions, once it came down to making cooperative agreements.

What we’ve done is to say that if we want to have what we’ve had in the past, we’re going to have to get out of the box. What we’ve decided to do is a controversial thing to do as a local government with a timber-based economy. Say, for example, where we have grizzly bears—and we do have grizzly bears, and they have killed more people than anthrax has—we’ve decided to honestly and openly participate in the process to recover the species. Rather than fight, rather than kick and scream, rather than drag our heels, we’ve decided to form committees and groups and ask the federal government through the Department of Interior to actually allow local government consensus-building groups into the management process to recover the species.

One of the greatest limiting factors in recovering the grizzly bear is human depredation, killing grizzly bears. If we can engage our community in actively supporting the recovery and if, as a result, management decisions on the land may become less restrictive, then we can all win. That’s the new approach we have taken within our community. It’s a locally-based group, and we’re spent about four hours with the Assistant Secretary of the Department of the Interior this summer in Coeur d’Alene and offered up Boundary County as a test location. We’re here; we’re willing to listen. We’re not damned mad anymore; we’re dead. We want to start a new fresh relationship, and we want to co-manage and participate in the process rather than have a top-down management, one size fits all.

JOHNSON: Ray?

PENA: I’ll never succeed in politics because when people ask my opinion, I tend to give it to them. One of the things I’m hearing here is that we don’t like the rules the federal government is shoving down our throats. We want to cooperate with them, but unfortunately, every time we invite the federal government or agency to come into our neighborhood, they bring a lot of rules and restrictions, and they tie our hands as to what we want to do with our communities. It appears to me that one of the recommendations that is going to come out of this seminar is that we need to identify what our goals are. Obviously, they are different in the Magic Valley than they are up north or in eastern Idaho. But once we’ve made the determination of what we want to do with our communities, then we need to do a little bit of political planning. In that arena, we need to identify what the goals are and what measures we need to take to achieve those goals.

From what I’m hearing, one of the things we need to do—and remember, you just need to have one more vote than they have—is organize your local folks with the other local folks to say, “OK, let’s go to the four legislators we have from Idaho and tell them we want them to take this back to Washington.” It’s a small state, but it’s broken down into two parts: Ada County and the rest of Idaho. We need to get the rest of Idaho to get Ada County to pay attention to us.

Politically, you don’t need to get every vote, but you need to put pressure on the politicians and say, “These are the policies you have instituted against us and not for us.” Figure out a way to make it attractive for the person casting the vote to vote your way. The way you do that is to say, “If you don’t vote for what we want, you won’t be there next time around.” That’s a long term answer because we only have those elections every four years, but what I hear is that we have a lot of good ideas in the local communities, and we have a lot of good people who are very frustrated because they can’t do what they need to do. They can’t react to a change in the economy in their small community. Maybe I’ve just posed a bigger problem, but that’s the way I see it developing here today.

JOHNSON: Charlotte Reid.

REID: I see two possibilities. One of them is, rather than using regulatory mandates, use incentives. One incentive that has been suggested is giving credits for supplying clean water or wildlife habitat or carbon sequestering in grasslands or timberlands. Those credits could be given by something like this interagency team, going out and evaluating areas. Then possibly the buyers would be, say, DEQ in water quality.

I was just involved in the assessment by DEQ, and they came out with a report. I would rather have seen the money that went into that report go to credits for people who are actually supplying clean water. EPA might be a buyer or Fish & Game. In Washington, I believe the counties are given a choice as to each citizen being able to determine what their highest priority is for where they would like their taxes to go, whether it be clean water or open space, etc. Part of that property tax can go to that. Special interest organizations might be another buyer of these credits given to people or places that are providing some of these new value-added products.

JOHNSON: Paul, I want to bring you back into this discussion. The gentleman from Lemhi County articulated a viewpoint. You don't have to be in Idaho more than 15 minutes to hear that viewpoint. It is very widely held that federal policies are drastically impacting rural communities. You started out this conversation by saying you're taking advantage of a federal program, the conservation easement program.

ROMRELL: There were a couple of reasons. One was an economic reason; the other was a personal reason. I believe in the concept of restoring the land and protecting the land. As I have sat here and listened, the thought, as a farmer, that comes to my mind is that much of the problem we face is the result of low commodity prices. I heard earlier that we, as American farmers, only produce 50% of the food for America. I guess my question is, why? On a level playing field, we can compete with any farmer in the world, so I don't know whether it's because other farmers are being subsidized at a higher level.

As a farmer, I don't want to pick up my check at a conservation office or a government office, I want to pick up my check at a grain elevator or a livestock auction or a potato warehouse. I don't want government subsidies. I think the Freedom to Farm bill is a sound bill, but at the same time, we introduced NAFTA and free trade agreements with other countries and opened our borders. To me, that's the issue.

On the way over here, my wife read me an article that said Washington State had done a study of the impact the potato industry had on their state economy. It was significantly more than anyone had thought. I think that when commodity prices are high, our state is more successful. We have more surpluses. That money goes around to everyone.

We've experienced extremely low commodity prices the last few years. In the 80's, my only son joined me, and the two of us with my father on our hundred-year-old farm tried to survive. We failed, and my son ended up at Utah State University, teaching in the economics department. My father retired. He's still there. It's been a

struggle in the 90's to survive on the farm because of low commodity prices, and I realize that we have to address that issue and look for things we can provide at a lower price.

Americans are well off. They have snowmobiles and 4-wheel drive vehicles in their driveways because they have cheap food. I have some statistics here that show what food costs throughout the world. America is where the food is the cheapest. Because we have cheap food, we have recreation opportunities other countries don't have.

Farming is a wonderful profession. I enjoyed being a farmer. I enjoy watching the new calf crop come on. I enjoy watching the grain come out of the ground and ripen. I don't want to change. I want to grow old doing what I'm doing. So that's why I'm a farmer, and I don't know whether I even got close to that question.

JOHNSON: Unfortunately, we are about out of time, but I want to leave one last thought here to Paige. I'd be willing to bet that there is not a person in this audience who wouldn't agree that our smaller rural communities in Idaho and across the country depend on people like you coming back to those communities after you go away to college and get well educated. Do you ever entertain the thought of going back to Paul or Rupert?

MERRIGAN: Yes, I definitely plan on going back. One reason is that my family is there. Another is that I like it. There's nothing against my small town, now that I've been to a bigger town. One thing is that I didn't really realize the problems with rural Idaho until recently when it affected my family. I think it's that way for a lot of us. We don't realize there are problems we need to face, and when we graduate, we move on, not realizing what we're leaving behind and what the effect is on other people. I plan on going back, but in the meantime, I think it would be productive to make the youth aware of what's going on and what may happen to their families and their land if they do leave.

JOHNSON: On that note, thank you very much. We have four newspapers here from all corners of the state. Maybe they can help carry that message back. I'm struck by the thought that we can't be in too bad a shape in rural Idaho if people like the seven of you are living there. We're going to take a short break, but please join me in thanking the panel. *A*

PANEL II: Regional Perspectives

RURAL IDAHO: Challenged to change

Presented by the Andrus Center for Public Policy

November 8-9, 2001

Recital Hall, Langroise Center, Albertson College of Idaho
Caldwell, Idaho

Moderator:

Marc Lohson, John Freemuth

Panelists:

J. Martin Goebel, President,
Sustainable Northwest, Portland

Patrick Murphy, Director,
Community Connections, Northwest Area Foundation, St. Paul

Priscilla Salant, University of Idaho,
Department of Agricultural Economics

Karl Tueller, Deputy Director,
Idaho Department of Commerce

JOHNSON: I've known so many of you from past experience in state government and other endeavors I've been engaged in – television and other things over the years. I know that there are hardly any shrinking violets in this crowd. So I want to encourage you to speak out. We need your participation here. There is a lot of expertise in this room, and while I am not going to encourage people to make speeches, I would encourage you to make cogent, succinct observations and to form questions for our panelists and speakers throughout the rest of the day.

We really want this to be a dialogue. The Andrus Center has always prided itself on bringing together lots of divergent views in the same place at the same time so we can talk about important issues that we all care about. It's not that we all have to go away from here agreeing with what everyone has said. That would be impossible. What we do want to encourage is an opportunity for some real discussion and exchange of ideas that does lead many times to greater understanding and maybe even some common purpose.

This next panel is somewhat inaccurately described as "Regional Perspectives." We do have some regional perspectives on this larger subject, but we also have some very specific Idaho discussion. We have asked our first speaker, who is on the faculty of the Department of Agricultural Economics at the University of Idaho, the great land grant university, to lead off this discussion with

a bit of a presentation on how things have changed from a demographic standpoint in rural Idaho. So please welcome Priscilla Salant.

PRISCILLA SALANT: I'd like to extend my appreciation to the conference organizers. This idea of using public journalism to raise important public policy issues is a wonderful strategy for getting issues on the table, for engaging citizens and policy-makers in an important discussion.

I'd like to start with a point about the importance of rural Idaho. Karl Stauber mentioned in his keynote address that one in five Americans lives in a rural area. I've been working in the field of rural development for about 15 years, and the question on the table has always been: How can we make urban people care about rural areas? Why should urban people care? But in Idaho, things are a little different. In Idaho, rural communities really matter because two out of three live in a rural place. The federal government classifies counties according to whether they are metropolitan or outside metropolitan areas. In Idaho, two-thirds of its citizens live outside metropolitan areas.

So the answer to the question of why urban people should care about rural Idaho is not rocket science. The answer is that most of the state's population live in a rural area. There are only four states in the country that have as large a proportion of their population in rural

areas, and those states are Vermont, Mississippi, Wyoming, and Montana. Other than those, we have the most rural population in the country.

What does that mean for state policy makers? It means that rural Idaho is a critical policy issue. The work force of the state is largely rural. The land base is largely rural. The rural land base matters because so much of the land is outside the cities.

The second point I want to make complements what Karl Stauber said in his keynote address. There is a great variation among rural communities, especially in Idaho. There really is no one rural Idaho, and the conversation in the previous panel really showed that. The gentleman from Lemhi County has a far different set of issues to deal with than people in other rural parts of Idaho.

I thought I'd show you just a few maps of the state and demonstrate just how much variation there is across rural Idaho. This map shows the counties that grew the fastest during the 90's, and the counties that grew the least or actually lost population. The funny thing about it is that the fastest growing counties were all rural, except for Kootenai, and the slowest growing counties were all rural. So when you hear "rural" and "poor" or "rural" and "declining" in the same sentence—as we often do—stop for a minute and think about rural places that are growing so quickly that the challenges they face are more like those faced by cities. The rural counties that are declining, that are really remote, that are dependent on a single industry are a whole different kind of rural community.

We're hampered by talking about rural development at this conference because we just have this one word, "rural." Native Alaskans have many words for snow. We need many words for "rural" in Idaho because there is such variation across the state.

This map shows child poverty rates. Again, the worst conditions are in rural areas, and the best conditions are in rural areas. The highest rates are in Shoshone, Owyhee, and Idaho counties. The lowest are in Camas, Blaine, and Teton. Again, you can't generalize about the economic fortunes of rural Idaho. There is a lot of variation across the state.

What does that mean for policy makers? It means that no one development policy will work in all rural communities. That's probably something that's obvious to all of you, and I didn't have to point that out. You know that where you live is different in some ways from other parts of the state.

I would like to talk for just a minute about the rural places that are doing well. They tend to be the more scenic areas that have attracted in-migrants, second homeowners, and higher-paying new economy jobs. In some rural communities in Idaho, that's the case, and

those places are actually doing better than the cities. Their wage rates are growing faster, and their populations are growing faster.

My third and last point is a tough one to make. I work in the College of Agriculture, and the Dean is sitting right there, looking at me, so this is hard. The point is that industries on which rural Idaho has traditionally depended—and on which rural communities across the countries have depended—don't drive our state's economy the way they have in the past. It doesn't mean those industries are unimportant; it doesn't mean we can ignore agriculture, forestry, and mining; but we have to look at those industries in a different way.

This graph shows the gross value of products from agriculture, forestry, and mining over the last twenty years or so. Taking out the effects of inflation, that's the real value of the goods and services. That bottom blue line is essentially flat. Even when you add in the value-added for our natural-resource-based industries, that line is flat. It is not propelling. Those industries don't propel our economy the way they used to. They were about 12% of the economy in the early 80's; they're about 6% of the economy today. Meanwhile, the red line is the rest of the economy. It is other industries, led by manufacturing and services, that have really enabled this state to take off in terms of growth.

The question for rural communities is: How do you get a piece of that action? What do you do to be part of the growing sectors of Idaho's economy? It doesn't mean that we can ignore these industries. There are many small communities whose economy today depends on agriculture, forestry, and mining, so the health of those industries is still a very important policy issue. But I would argue that those industries are important in another way, and several of our speakers this morning—Paul Romrell and Charlotte Reid—alluded to the fact that the people who farm, the people who log are the stewards of Idaho's most valuable natural resources. I think those natural resources are what draw people to this state, and the better stewardship we can provide for those resources, the more we can grow.

So what does the Dean say? That's the question.

JOHNSON: A very provocative start to this discussion. Thank you very much. We won't let the Dean talk until tomorrow, so maybe you can be safely out of town.

I want to begin with my good friend, Martin Goebel, from whom you'll be hearing more tomorrow, about his organization, Sustainable Northwest, which Governor Andrus had a hand in launching some years ago. Martin, tell us just a little bit about what you are doing with Sustainable Northwest.

MARTIN GOEBEL: I'm maybe the luckiest one up here because I do get to speak again tomorrow and will go a lot more in depth into what we do and into some of the success stories that we are beginning to see emerge in the region. This is a quick overview, especially for those who may not be able to be with us tomorrow.

Sustainable Northwest is just seven years old. It was founded by a group of regional leaders like Governor Andrus, who was our founding chairman, to try to resolve three basic issues. One is the rural-urban divide, which seems to be plaguing our region. The second is the acrimony, which we heard a little bit about this morning, between environmental groups and rural industries and communities. The third is the corollary to the first two, which is: How can we begin to focus on solutions rather than endlessly bicker over the analysis of the problem.

We started in a very slow way in one community, which I'm going to tell you a lot about tomorrow, and that has turned into a major success story. The community is in Wallowa County in Oregon, which borders Idaho. It's the Oregon gateway to the Hells Canyon region. The community has really made a turn-around because we have invested—and more importantly, they have invested—in that human capital and natural capital that was and is the mainstay of any community, whether it's rural or urban. It has turned around from a situation in which, eight years ago, environmentalists were being hung in effigy. Now we have a real partnership developing among environmentalists, the local community, and industry at the same time.

We define ourselves as an organization that focuses on community sustainability of partnerships. But we also need to get the story out about success in the region, the early success stories that are beginning to emerge, not just in our projects but many other projects that are being spearheaded by folks like Paul, as we heard this morning.

When we first started Sustainable Northwest, I was dumbfounded that there were so many people, businesses, and communities doing the right thing for the environment, for their economy, and for their communities—all at the same time. So we decided that one role we should play was to tell those stories. Out on one of the tables in the lobby, there are books called *Founders of the New Northwest*, which is a very modest effort on our part to tell those stories. Please take one, and if we run out, I'd be happy to mail you one. There are at least three versions of this book. We've published four, but one is already out of print.

The third thing we do is based on the first two things we do: Community Sustainable Partnerships and *Founders of the New Northwest*. We try to leverage these things by sharing these lessons broadly throughout the region.

These stories now are the mainstay of something we do annually or will be doing annually from now on: a large sustainable development conference. It started with a very simple lunch several years ago with Governor Andrus presiding. Now it has turned into a conference that received this year 833 people from nineteen states throughout the country, mostly from Idaho, Washington, and Oregon. Again, it is centered around success stories. We were flabbergasted and very pleased with the turnout we got in Portland with people from both urban and rural northwest, suburban northwest—all hungry to learn what can be done versus what can't be done. With that, I'll stop and let some of my colleagues have the floor.

JOHNSON: I want to introduce Patrick Murphy, who is heading up the Community Connections program with the Northwest Area Foundation. Patrick, unlike Priscilla, your boss has left, so you have almost complete freedom to say what's on your mind here. Tell us a little bit about your program and why you're interested in being here and being part of this conference.

PATRICK MURPHY: Thanks, Marc, for your introduction and the Andrus Center for inviting the Northwest Area Foundation here. The Northwest Area Foundation, as Karl said, is located in St. Paul, Minnesota, and although I am not a Minnesota native, if my accent confuses anyone, let me know, and I'll change the way that I'm talking.

To piggyback on Karl's simile of the *Music Man* and also to pay a little homage to one of our sponsors here, we are not the Music Man, but we could be considered the Wells Fargo Wagon. What we are charged to do in the Community Connections program throughout our eight-state region is to meet with communities in whatever fashion we can do that, whether by doing surveys, by market research, or by going into individual communities and finding out where they are in their development process. As we learn that, we find out what their particular needs are. The needs can be anything across the board, whether it's simple assistance on financing or finding capital or leveraging capital, instruction on how to form a non-profit board of directors, or learning how to put together a strategic plan. It may be to do a visioning exercise or to provide access to conferences like this. It may be wanting to share the success stories of people in other regions. All of those can be considered resources, and our charge is to put those communities in touch with the resources they need to do their development work.

Now it sounds like one of those simple tasks, but it's an almost impossible one. We have over 860 counties in the eight-state region in which we work and a couple of thousand communities of varying sizes, some with far

more glaring needs than others and, in most cases, a lot of different needs, needs that range across the spectrum. So it's not as easy a task as I describe it, but at the same time, it's necessary and really takes advantage of the combined knowledge and experience that exists in this region.

Let me give you an example. One of the projects that we're pursuing in Minnesota is a series of conversations with the higher education community to do two things: to give the Foundation a pipeline into rural communities to provide information and knowledge about development issues and also to engage the extension educators in all 87 counties of Minnesota to provide existing or proposed curricula that actively focus on community rural development and to take it beyond the borders of all the community and technical colleges and all the extension campuses across the state into the communities where it needs to go.

We're trying to establish a partnership with the higher education system and the ag extension through the University of Minnesota to see whether we can serve people who have asked us and told us in our community reviews that the number one need they have is expertise. For us to provide that to them means for us to engage as many partners and institutions as possible to deliver those services, to provide the education and training they need, and, more importantly, to start the very fundamental process of sharing knowledge. That's an example of the work that we do.

Another is our presence here and at conferences like this. I was having a conversation before the meeting with Martin and told him that in September, I had attended the Sustainable Oregon conference with the same objective in mind: to meet as many people as possible and to learn from them both sides of the issue. I wanted to know what their successes were and what their challenges were and to be able to take that back with me so that the next time I go into North Dakota or into Iowa or back to Montana or into Washington and someone says, "Gee, we need to figure out how to do some sort of alternative project through our traditional economy," I can use my favorite line: "I know a guy" or "I know a resource, and I will put you in touch with him." They will at least share their knowledge, and if you can derive some benefit from it, so much the better.

Everyone in this room is going to be a resource for me. I'll ask you, either publicly here now or one-on-one through e-mails or phone calls, to give me your help. I may need you to share your knowledge, your experience, your contacts, and everything you know sometime in the future with a group in southwestern North Dakota with specific value-added product development. Can you help me with it? Or, would you be a speaker at a conference I'm putting together in Iowa to deal with ag economy issues?

That, in a nutshell, is what we do at the Foundation and in Community Connections.

JOHNSON: Well, there were at least two methods to our madness in inviting you here. We knew you had all of this expertise and a regional point of view, but also we wanted to expose the Northwest Area Foundation more completely to some of these folks who were on our first panel this morning, for example, to conduct just that kind of networking. We're delighted to have you here.

You'll be interested to know that the Foundation also has a certain amount of money they can devote to these things.

MURPHY: Marc, it all goes to salaries.

JOHNSON: We're truly delighted to have the director of the Idaho Department of Commerce, Gary Mahn, with us this morning. Gary had originally thought that he had a conflict and could not be with us, and I'm delighted that was resolved and that he is able to join us today.

Gary, spend just a minute or two reviewing with us where you think rural economic development is in Idaho. You had a big package of initiatives before the Legislature, a good deal of which was supported by the Legislature, some of which was not. Governor Kempthorne has devoted a lot of time and attention to this issue since he took office. Give us a thumbnail update and a report card. How are we doing?

GARY MAHN: Thank you, Marc. I had to fight Karl Tueller to take this spot up here today. Karl is Deputy Director and does a great job, but I did win out, and I'm here to report on rural Idaho. I do want to recognize a couple of my fellow directors: Rod Sando from the Department of Fish and Game and Pat Takasugi from the Department of Agriculture. Also, I want to recognize Con Paulos, who is chairman of the Economic Advisory Council, and Jack Shaver from Pocatello, who is on the Economic Advisory Council. These people do a great deal of work, an I'll talk about that in just a minute.

First of all, I'd like to recommend that you pick up a copy of this article from the *Horizon In Flight* magazine for October. It's about Idaho and its innovations. If Dr. Stauber is looking for success stories, there are some great stories in this article, which was authored by Alan Minskoff.

I would like to make a couple of comments about statistics because I think it all depends on your perspective. For someone in Washington, D.C., this entire state is rural, including Ada County. Out of our 44 counties, 36 are, by our definition, considered rural, i.e. they do not have a city in them that has a population greater than 20,000. Eighteen of those 44 counties have

unemployment rates greater than 6-1/2%. Another eighteen have personal income less than 80% of the state average, which is \$22,000. We have some counties with an average income down around \$13,000. We have eight counties that have both unemployment rates greater than 6-1/2% and personal income of less than 80% of the state average. So there's a lot of hurt going on in rural Idaho.

One of the first assignments I had when I took this job three years ago was to get into this particular issue. Another statistic that I think is interesting is that out of 201 communities in the state of Idaho, 186 have a population of less than 10,000. Out of those 186, 157 of them are out there all by themselves. The other 21 are in the commute area of one of our larger cities, so there are 157 all by themselves.

What I'd like to do is bring you up to date on what has taken place in the state as far as rural initiative. We all know what the problems are, and Governor Kempthorne put together a couple of years ago the Rural Task Force, made up of 65 Idahoans from all walks of life throughout Idaho, from rural and urban areas, from academia, from local governments, and from business. We had tremendous sessions identifying what the real issues and problems were in rural Idaho. They came up with a report, which was submitted to the Governor about a year and half ago.

It identified five critical issues that rural communities need to get their arms around if they are going to diversify their economies and create a stable economic unit in their community. Those issues were:

- (1) leadership, strong, local, visionary leadership in the community;
- (2) a work force and an educational system that can train a work force;
- (3) high-speed, broad-band communication capability;
- (4) infrastructure, which can mean schools, hospitals, air service, highways, etc.;
- (5) economic development.

You must have an economic development program in your community. You can't expect that businesses will just come into your community on their own volition. You have to have a salesperson in your community, getting that job done.

That report was very timely and right on point. We didn't spend hundreds of thousands on this report, and it didn't have a glossy cover. Most people who are familiar with it think it was more direct and got the job done better than most reports that have come out of government in years past.

We presented it to the Governor, and he embraced it 100%. He said, "This is right on target. I will craft my State of the State and budget messages on what is in this report." So he came to the Legislature last year with a

number of tax incentives that would apply to rural Idaho, and he proposed a \$3.9 million package for rural Idaho. This document, which you can get on the table out front, is a report card on this particular program. There are three aspects to this program: a \$3 million funded Community Block Grant program, which grants up to \$500,000 to communities for economic development that will create jobs. This whole package is oriented to job creation. As of this date, we have committed \$2.6 million, four months into the fiscal year.

Another portion was \$500,000 for economic development specialists, those salespeople I talked about. We now have twelve salespeople in twelve parts of the state with \$45,000 grants each year for three years. As the Mayor of Bonners Ferry said, they were unable to afford this before, but now they can. They have an economic development specialist to be the salesperson for their community.

The last portion is \$400,000 for the Gem Community Grant program, \$50,000 grants for engineering and architectural studies. Sometimes it's for the end product. In small communities, \$50,000 can go a long way. So the bottom line is that we have committed \$3.4 million of the \$3.9 million. We have commitments for 311 jobs, and that's before you figure the multiplier effect of those jobs.

First of all, I want to commend all the people who were involved in this program, from the staff of the Department of Commerce to the Economic Advisory Council to the communities out there that came in and applied for this money. It's hard to spend \$3.4 million, but we did it, and we did it in a quick way. We wanted to do it in a quick and productive way because we wanted to send a message, loud and clear, to the Governor and to the Legislature that this program is a worthy program and is working out there.

These problems in rural Idaho didn't happen overnight, and they're not going to be solved overnight. They won't be solved by \$3.9 million, but they may be solved by ten years of \$3.9 million, or at least they will be helped by that. By the way, that \$3.9 million is leveraged out there, so it has produced many more dollars than what we are talking about here.

I would submit to you that if you like what you see in this report card, then you need to talk to your legislators about this program and how important it is in the state of Idaho. We need this tool out there, one tool of many, that needs to be utilized in rural Idaho to get the job done, and it's a very, very valuable tool. In this time of budget constraints, this program will be looked at closely this year, and we need it out in rural Idaho. I will appreciate your support on this, and rural Idaho appreciates it. Thank you, Marc.

JOHNSON: Questions are appropriate at any time, so John has a microphone on this side. Georgia in the red blazer has a microphone on the other side. I have a question first. Priscilla, when you showed the graph in your presentation with the traditional resource industries flat and manufacturing and technology industries driving the growth of the economy, you said that rural communities have to figure out how to get on that upper line on the graph. That's what this is all about, isn't it? Martin?

GOEBEL: That's what it's all about. If I had been part of your committee—and this is based on my modest experience of the last eight or so years—I would have added a sixth element. If the five key elements are as you listed, what are they for? Every good experience I've had is one in which people say, "Yes, we need all these things, but for what?" The most successful stories I'll be telling you tomorrow will show that generally businesses and communities had a vision of what they wanted. They knew what their assets were, either in their business or their community, and they were able to parlay that into a vision of what they wanted. As Ray said this morning, they had goals. If you don't have vision and goals, you're not going to have leadership; you're not going to have that social capital that Karl Stauber talked about; you're not going to be able to point to something that you've accomplished in the long term. So I would say that there are an emerging number of success stories, but the common denominator for most, if not all of them is a sense of shared values and therefore a long-term vision of where they want to go, based on their assets.

AUDIENCE QUESTION - Lin Hintze, Custer County Commissioner: I'm confused. Ms. Salant, you talked about being rural, and you're saying that a rural area is moving up from the urban area, and Director Mahn, you're saying that 36 counties out of the 44 are rural. Now if most of the people from metropolitan areas are moving away but going back to cities to work, what about people like us who are 100 miles from anywhere, what are we called? Please define what rural is.

One more question, the National Association of Counties has the Rural Action Caucus. I'm confused there, too, because our Rural Action member comes from Pocatello.

SALANT: It seems that "rural" is however people want to define it for their purposes. The federal government has one definition, the state of Idaho has another, and the four newspapers that collaborated for this project have another definition. There is a big problem there. Everyone uses that word a little differently, and often they use it to accomplish whatever it is they are trying to accomplish. I can't reconcile those definitions.

JOHNSON: It's kind of like "middle class" or "above average." Gary?

MAHN: Other than maybe there is some government program that you would be entitled for if you are classified as rural. I think it's irrelevant. We know what we're dealing with. Idaho Falls is not rural. OK? Pocatello is not rural, but what does it matter? We know the cities and counties that are hurting, and that's where these issues need to be addressed.

MURPHY: I'd like to just add to that a little. From our perspective, we like to promote in our literature and presentations that we're concerned with rural development as opposed to urban or suburban development, which is a completely new phenomenon. I would agree with Gary that the definition, especially in Idaho, is irrelevant. In fact, if you accept the notion that it's not just a community or a small town, whether you're thirty miles away from Pocatello or a hundred miles away from Pocatello, how you see yourselves really needs to expand. It's not just your small town; it's your network of small towns. It's necessary for communities to work with and partner with larger areas like Pocatello or Boise and with institutions like the University or Idaho State.

If you expand from Idaho to the region, the corridor starts somewhere in Saskatchewan and Manitoba and runs down almost to Oklahoma and Texas, and you find that people in Montana, the Dakotas, Kansas, Nebraska and Oklahoma are facing the same challenges that rural communities are facing here: jobs are going away or they're gone; the distance that you have to drive to work is getting greater and greater; the distance that you have to drive to a hospital or to a theater or to an airport or to a bus station is getting greater and greater. The only way to solve that is to move closer to the train station or the theater. If you hold to the idea that we want to move the systems and the services and the amenities closer to where we are as opposed to vice versa, then the whole notion of whether we're rural or suburban or urban takes on less importance.

The definition of a community—another one of those labels or concepts that everyone struggles to define—comes down to such questions as: Am I going to have a nice place to live? Will it be close to the things I need? Am I going to have some sort of sustenance or some feeling of consistency that I'm going to be here in ten or twenty years? In the end, that's what everyone wants. It's collecting all of that and figuring out what we want that we don't have and how to get it? That's where the whole notion of distance starts to fade. We may be a couple of hours away from the state capitol. We may be a couple of hours away from an institution of higher education. We may only come to these conferences once or twice a year,

but the information and knowledge that we have are still there, day after day. How do we put those to the best use in the community we're in, taking advantage of the talents and capabilities all of us have? Distance really does become irrelevant. Even if I'm in St. Paul or here, what does location matter as long as I'm a competent resource and have something to contribute to whatever the needs of this place are to get something done.

MAHN: I'd like to make this point. It's not high tech against rural; it's not urban against rural in this state. The science and technology industry is just as important to rural Idaho as it is to urban Idaho. It's important to all of us, and we're all in this together. I just want to give you a couple of examples. Half a million dollars is awaiting the Governor's approval for an economic development grant to St. Anthony out of this \$3 million for ML Technologies to come back in and open up a major operation there with over 100 jobs. ML Technologies is a high-tech consulting firm, and the owner of that company grew up in St. Anthony. He has a fondness for St. Anthony, and he wants to come back to that community and do something for it. He will be the largest employer in St. Anthony. \$500,000 of that money has gone to Jerome for a technology business park.

Certainly, we want to nurture and help our old-line industries, but they can be helped a lot of times through high tech. We want to get diversification, and a lot of that diversification can come from high technology. We see businesses coming out of Boise that are opening up satellite offices in rural Idaho. Council is a good example of that, Pete. Visionary leadership did something about the fact that their backs were against the wall. Just like Silver Valley. Silver Valley had its back against the wall, and we're opening up next week a TSI Teleservicing Call Center up there in Smeltonville. There will be over 100 jobs there. So it's happening out there, and we may not see the mining and timber industry take the spike you show for the rest of the industries, but you're going to see some improvement in those industries. We just want to see that spike going up for rural Idaho.

AUDIENCE QUESTION: Gary, you mentioned the kinds of business we want to attract. Maybe it would be helpful to have a more specific list. We hear a lot about call centers, but what specific kinds of businesses are we talking about?

MAHN: Well, I think it depends on the community. First of all, you have to look at your resources and ask what kind of work force you have. What kind of capability do you have in telecommunications? You have to be realistic. You're not going to get Microsoft to come into some of our communities in rural Idaho. Take stock

of your resources and capabilities, and then come and talk to us at the Department of Commerce if you haven't done so already. That's what our job is; we're facilitators, motivators, and communicators. We're there to pass along information.

The mayor of Star is here today and asked about developing a strategic plan. I asked whether she had talked to Kuna. They have applied for a \$500,000 grant to develop a business park in that particular community.

To answer your question, we clearly want higher paying jobs in the community. Call centers aren't the answer to everything, but I can tell you this: A \$20,000 or \$30,000 job in a call center, if you're a miner in Wallace or Smeltonville, will at least keep the mortgage paid and food on the table and beats moving out of the state and starting up new somewhere. We're not saying cover the state with call centers. We want manufacturing jobs, little software companies, but you don't want to forget about the existing businesses. They're the most important customer we have, our existing businesses. How can we help them survive and prosper?

GOEBEL: As a corollary to that, some of the communities we work with in the northwest have really discovered that they can hitch a ride on the knowledge economy through the natural resource industries that they have been a part of in the past but that have dramatically changed. Specifically, I think Charlotte hit it right on the head when she said we may have the emergence of a new social contract developing with ecosystem health. Let's not forget that we have a lot of environmental regulations and a lot of protected areas in our region, but they are still a very small part of the overall picture.

There is a lot of land, both in those areas and outside those areas, that has been degraded, and there is a huge opportunity for rural folks who have worked with their hands and have an immense amount of knowledge about how to work on the land to put that knowledge to work on the land again and be part of the knowledge economy. We can restore those areas, and we can export that knowledge, once we are successful in restoring a lot of land that provides grizzly bear habitat or whatever it might be, but it is going and it is going quickly.

Federal and state land agencies are beginning to reinvest in that activity. Unfortunately, very few isolated rural communities benefit from the contracts that the Forest Service, BLM, and others put out. We recently did a survey in Lake County, Oregon and found out that 11% of Forest Service contracts for culvert replacement, road rehabilitation, and so on are given to folks that live and work in that rural community. That is appalling, and we have to change that. There are little tiny tweaks that can be made to Forest Service administrative policy and

regulations that allow them to give more of those contracts to local communities. There is a growing industry in ecological restoration, and that is a very important part of the future economy of the northwest. We ought to recognize that as part of the knowledge economy, and it has the potential of being exported, not just throughout the United States but throughout the world.

SALANT: I'd like to comment to tie together things that you two have said. The Governor's Rural Development Task Force was a great effort, and I applaud the report that came out. What I saw missing from that were the environmentalists. I think that we heard from folks in Lemhi County this morning that environmental issues are tearing rural communities apart. If we're going to talk about rural development, we have to somehow find a way to bring development people and environmentalists together. The Rural Development Task Force needs people who are talking that kind of language at the same table. Otherwise, it will be us versus them forever, and we will never get anywhere. So that's just a suggestion for moving forward.

AUDIENCE QUESTION - Hank Ebert, Department of Commerce: I have a brief question for Mr. Murphy. Would you please characterize the financial assistance your foundation has to offer, especially here in Idaho?

MURPHY: Let me respond first by giving a very brief history of the Foundation's participation when we were a grant-making organization and explain a little about how we do our work. Up until 1998, the Foundation was a traditional grant-making organization. We had a grant managers; we took applications from anybody in our eight state region; we had categories of grants: resource development, social issues, arts, education, etc. We provided grants from one year to five years and made them directly to non-profit organizations. In the last ten years of grant-making, just specifically in Idaho, between 1986 and 1996, the Foundation distributed over \$20 million in grants. Those went to institutions and non-profits, whether it was universities or the Idaho Community Foundation, and in areas ranging from housing to tourism to rural revitalization. Those were all focused grants, and after a study we did in the mid-90's, it was determined that type of approach for our foundation needed to change because we were seeing very focused improvement, but it often didn't last much longer than the grant.

We went through a fairly long process of refocusing and came to a new vision of community development, sort of a broadly-based development. The programs we

have now—and Community Connections is one of them—really approach communities as a whole. We try to provide some financial resources but more in terms of human and social capital resources to help communities do the development work that they're after. Community Connections, for instance, is budgeted for approximately \$20 million over the next ten years. You could say \$2 million per year for however many thousands of communities that we have in our eight-state region, so I tend not to even try to break that number down into individual communities or individual projects.

My work really is to try to be appropriate to community needs and to try as much as possible to provide what it needs, not so much as a supplier because I don't have the expertise to come into a community and say I can teach you governance or I can teach you fund-raising or I can teach you volunteer management or I can teach you how to bring communities together. The skills I have are more in brokering that, in finding individuals, perhaps at the Idaho Department of Commerce for instance, who know capital leveraging, or finding someone at the University of Idaho, who can do the research your community might need to map assets or who can provide a system of indicators to tell you how healthy you are as a community. We will try to put as much as we can of our own resources into the community and work with you to try to leverage resources to get the job done, but we are limited by the amount of money we have. How much any individual community would get is as much based on need and capability as on anything else.

AUDIENCE QUESTION - Paul Emerson, Lewiston Tribune: Last session, the Legislature passed \$3.9 million for the rural development program, but it also passed a \$12.4 million exemption for farm equipment, which came out of tax revenues. Given what's happening with the Idaho economy and the agriculture economy in particular, is the ag industry over-represented in this Legislature? Is this also true at the national level, given what's going on with the farm bill and extension of the subsidies?

JOHNSON: Who wants to take on that easy question? Gary's mike just died, I think.

MAHN: I think the representation in the Idaho Legislature is what it is. It is the grassroots of Idaho, and it represents the political entities out there in Idaho. Obviously, there is a shift in what's happening in our economy from the old days. That makes it just that much more challenging for us. We had challenges last year in getting the \$3.9 million through basically a rural Legislature, and now we're looking at trying to get some programs through on science and technology in a tough

budget year. It's going to be a real uphill battle, just looking at what we did last year and what needs to be done this year.

My thought is that we, as a community, need to figure out what issues we need to get behind and talk to the legislators. For example, on science and technology, we have some critical issues that need to be addressed if we're going to be players in the next five to ten years. When this economy turns around, we all want to see Idaho, including rural Idaho, be in a position to really take advantage of the turnaround. To do that, we have to have venture capital. We didn't have any two years ago; we now have about \$40 to \$50 million. PERSI has invested in some venture capital companies.

We need to make sure we have more engineering students graduating from our universities. We need to make sure we have more research and development. We need to make sure that tax incentive programs are in place to make a lot of this stuff happen, and that's going to take a sales job with this Legislature, no question about it. Looking at how hard we had to work to sell them on rural Idaho, this is going to be a really tough one. We need all of us to understand what's at play here. We have this really great track record in science and technology in this state, particularly in the Treasure Valley here, but if you look at how it happened, a lot of it was just that we were in the right place at the right time. We had a great Governor back then, and he did play a big role in this. But we have serious competition in science and technology. We have states that are funding their science and technology corporations in their states with some serious dollars.

We have venture capital of \$100 million south of the border in Salt Lake City, and we need the capability within this state to do the same. That's why all of us in this room—not just in the Treasure Valley but statewide—need to be players in this next evolution of science and technology. It's coming, and we're in a great position in this state to take advantage of it.

We will have some battles in the Statehouse, but I think we can prevail if everyone carries the same message and talks to the legislators.

JOHNSON: Priscilla, I'm going to give you the last word. I saw you nodding your head in agreement.

SALANT: The last word I would have is that we need to make rural Idaho a place where people want to live. A lot of rural Idaho is doing the right things because there are rural success stories and rural places that are growing, and they're already getting onto that curve that's going up. They are figuring out how to diversify their economies, and what we need to do is preserve our natural resources and steward them so that this is the

place where people want to come to live and where Paige can come back after she sees the world.

JOHNSON: After the bright lights of Spokane. I'm going to hand the microphone back to the chairman of the Andrus Center in just a moment, but please join me in thanking the members of our panel. We're about to adjourn for lunch, but Governor Andrus has a few words.

ANDRUS: Thank you very much Marc, and let me express my appreciation to Marc Johnson as moderator. I've taught him everything he knows. You've done a great job, Marc. *A*

RURAL IDAHO: Challenged to change

Presented by the Andrus Center for Public Policy

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Recital Hall, Langroise Center, Albertson College of Idaho
Caldwell, Idaho

Moderator:

Marc Lohson, John Freemuth

Panelists:

Mike Crapo,

United States Senate, Idaho

Max Baucus,

United States Senate, Montana

JOHNSON: Some of you may know that we had hoped to have the Senate Majority Leader, Tom Daschle of South Dakota, with us today, but for obvious reasons, he was not able to participate. Then we invited Senator Max Baucus, Chairman of the Senate Finance Committee, and unfortunately, his schedule at the last minute precluded his participation. But I'm delighted that Senator Mike Crapo, junior senator from the great state of Idaho is with us. He has been a strong supporter of this conference. He and his staff have helped us enormously from the beginning of the planning, and he committed early to be part of this discussion.

Senator, we're very pleased to have you with us this afternoon. You have a lot of friends from all over Idaho in the hall this afternoon. I know there will be some questions for you, but I want to give you an opportunity to give us some of your thoughts about where we stand with rural economic development issues in Idaho.

SENATOR MIKE CRAPO: Thank you very much. First, let me give my thanks to my good friend, Cecil Andrus, and to the various other sponsors of this program today. Certainly, there are few issues that are more timely. We must address these issues quickly and effectively.

I wish I could be with you in person, and I hope you understand how much I really mean that. I would much rather be out there in Idaho right now. One of the benefits of being here and doing it this way is that nobody can hit me with a tomato from the audience, but I would rather be out there with you.

I find that the work here in Washington is getting busier. Following the attacks of September 11th, we have had a little bit of the doldrums, during which we worked only on issues relating to the terrorist attack and the United States' response. Now we are getting close to the end of the year when everything else is coming back on line, and we're getting extremely busy, so please excuse me for not being out there in person.

I should also warn you that all of the best-laid plans have a potential glitch, and it's possible that a vote will called on the floor of the Senate right in the middle of our opportunity to be together today. If that happens, I'll let you know when the buzzer goes off to tell us that there is a vote. I'll have about ten or fifteen minutes from that point to wrap up, so we should have an opportunity to finish up.

When I think of rural development, what comes to my mind is the entirety of the rural economy. That's farmers, ranchers, timber producers, county and city governments, small businesses, and rural communities. We have to be mindful that all of these groups combined create the mosaic that is our rural economy. The fact is that our rural areas in Idaho, almost without exception, are in trouble. This is not anything new. The overall economic good times that the country enjoyed in the 1990's actually masked the fact that rural America, even then, was in an economic decline.

A consortium of Idaho's major newspapers in a recent special report on rural Idaho found that, since 1969, the percentage of the state's rural work force has declined from 43% to 32%. The rural citizen's ability to make a

living from the land, whether it be in timber, mining, or agriculture, is more difficult now than ever. As a result, many in our small communities who traditionally made their living servicing these industries are also under pressure. From the farm implement dealer to the local barber, things are not as good as they once were.

Clearwater County, which you may have talked about today is a good example. With the closure of the JP Mill in Pierce last year, the situation in an already-depressed economy was made even worse. Unemployment rates rose to Depression-era levels, and school enrollment dropped, creating tremendous problems with funding and providing the broad education that our children deserve. Housing prices, which for many Idahoans is their major source of savings, dropped dramatically. Some people who chose to live in Clearwater County and who wanted to remain there and raise their families there were forced to leave. Not only has this mill closure affected Pierce, but most other communities in the county have felt the impact.

To complicate matters even more, the overall economy is changing. The fact is that many of the jobs that have been lost over the past decade might not return. We have to be creative in capitalizing on new opportunities for rural communities while continuing to support our traditional industries.

I'm going to be very direct with you because from the input I've received from the many different perspectives about rural Idaho over the last couple of years, it's become evident to me that we actually have a division starting to develop about how we approach rural issues in Idaho. There are those who are very concerned that the traditional resource-based industries—agriculture, mining, timber, and other related industries—are being dismissed as old-fashioned, something that is a part of the past and not necessarily forgotten but put on the back burner as we try to move our rural communities into something new. Those who have made their livelihood for generations in those industries feel frankly betrayed and are extremely concerned about the policy decisions that are being made about how we should deal with rural America.

On the other hand, there are those in those industries who have very big concerns about the troubles their industries are facing, and they are very concerned that the pressure from federal, state, and local policies is causing some of the declines in their traditional ability to generate a livelihood. On one end, we have folks contacting us with comments like, "We don't need to have farming. We don't need to have mining anymore. We can let that happen in other countries and not have that in America." On the other end, we have folks who say, "All we have to do is fix the farming problem, and we won't have any more trouble in rural America." As I'm

sure you all know, the reality is that neither of those extreme positions is true.

I know I am supposed to talk about the farm bill and what's happening here in Washington today that relates to rural America, and I will do that. First, though, I want to share with you a few of my feelings about the principles by which we will approach rural development in America. The first couple of principles we need to focus on are (1) we must not forget the base of the economic activity that has been the core of rural economies for so long, and that is our traditional resource-based industries. They are still the base, and even though there may need to be some adjustment in how we approach them, they will continue to be a big part of the base if not the largest part of the economic activity that we will need to generate and strengthen in rural America.

Second, we must also recognize that we can't rely solely on agriculture or solely on our resource-based industries in rural America in order to bring together the strength necessary to revitalize those communities. It's important, in my opinion, that we create an environment that will attract private investment.

One of the most important things we can do in that context is to build the infrastructure of our rural communities. I'm using the term "infrastructure" quite broadly. Let me go through some of the things we need to pay attention to in terms of broad concepts. I'm not going to be discussing necessarily whether this is a federal role, a state role, a local community role, a private sector role, or a combination, but just to identify some of the infrastructure needs that we need to address as we strengthen rural America. At the outset, let me say that most of these issues are things that will benefit both the traditional resource-based industries and the expansion of our portfolios of economic activities in rural areas.

The first one that comes to mind is communications. We are undoubtedly in a global economy, and we must have the ability to connect our rural communities to the rest of the economy. Today, although transportation is going to be another one of the infrastructure issues I talk about, communication is one of the most significant keys we have to focus on. Our infrastructure must be built up to connect our rural communities to the worldwide markets. I'm talking about efforts that are already underway to build broad-band connections in our rural communities and to make sure that access to the internet and telecommunication is effective and swift so that the same quality of technology can be available for all of our rural businesses and for those who want to start up rural businesses or encourage rural businesses to come to their communities as we have done in urban areas.

Second is research and technology, whether it's research into agriculture or other traditional resource-based areas or research into the many other arenas that

we need to pursue in this country in order to remain on the cutting edge. We have to focus on that as a nation and remember our rural communities as we do that research and build the technology that is necessary for us to continue that connection with worldwide markets.

Third is transportation. Those communities that have air service usually need to have it strengthened significantly, and we are working on that. The same with regard to our roads and bridges. We have to have that critical link to connect us to the outer world, whether it is through communication or transportation of goods and services. We're finding that the transportation advantage, particularly between the United States, Canada, and Mexico, is often the critical advantage, depending on who is able to do it the best.

A lot of other infrastructure needs are critical in terms of making sure that we provide that access for our communities to the worldwide markets and encourage those markets to come to our communities. They include making sure that we have clean water, strong educational systems, strong health care systems, and the kind of quality of service that we need in all of our communities that will help to infuse confidence in those who are there doing business and in those who are considering coming there to do business.

In my opinion, one of the most significant aspects of this is that if we build up our infrastructure and recognize that getting the infrastructure in place will then help the economic activity to be strengthened and increased, we will also increase the ability of our rural communities to access capital. Right now, one of the more difficult things we face is finding ways for our communities to access capital.

Getting back to the conflict that is out there, rural development is a buzz word that has, of late, become so widely used that there is confusion over what it actually means. Some Idahoans have told me that if we focus on agriculture producers effectively, the rest of the rural economy will take care of itself. Others have said that all we need to do is find ways to get our mills and mines back in business, and we'll solve our rural economic problems. Still others think we should abandon our traditional industries entirely and move to a "new" economy. Frankly, I believe that we have to get past these perceptions that there are those out there that would like to re-create rural America in their own image of what it should be or that there are others who would not let any new developments take place and who want to go back to what the old way was. We have to work together in a more collaborative fashion to build strength and rapport among all of the stakeholders in our rural communities.

Another thing we have to do effectively is to educate and coordinate our efforts among all stakeholders. Right now, I consider the stakeholders to be sufficiently

broad that it should include those who live in urban communities. As I said, I will talk about the farm bill in just a second, but it seems to me that we have a real and unavoidable connection between our rural and our urban communities.

Take the farm bill as an example. Many people believe that the farm bill is just a bill by which we at the federal level develop our domestic commodity policies for rural agriculture. They don't recognize that the farm bill is a very broad bill with at least nine titles, which govern things as diverse as our nutrition programs, energy, food policies that will necessarily help us maintain the low prices for food that we have in this nation, rural development policies, and conservation, which, in my opinion, is probably the most significant piece of environmental legislation that this Congress considers on a regular basis.

The breadth of the farm bill is something that we must understand is critical to us in both rural and urban areas. If those living in the urban areas realize that their access to reasonably-priced food and fiber and their ability to get the chemicals and minerals needed for things like the operation of their computers and cars and other things they rely on in the urban setting, their connection to rural America will be stronger and will have much more ability to build those common supports that are necessary to make rural America the strong economic place that it should be.

We need to develop and coordinate strong collaboration among the stakeholders in terms of who will provide supports for our rural communities. Right now, there are a lot of things that can be done at the federal level and can be done at the state level. I know Governor Kempthorne is developing a rural initiative for the state of Idaho, and we are working on the same thing here in Washington.

We need to work closely with the private sector and develop a collaborative approach, as between urban and rural, to how we solve problems in our rural communities. We don't want to evolve back into the kinds of conflicts that I described earlier, ones that simply impede our ability to develop the strategies necessary to strengthen rural America.

Let me conclude with just a little bit about the farm bill here in Washington. The farm bill is very broad and is not just the development of our policies with regard to farming. It is something that will help us really address the breadth of rural America and a significant number of issues that face urban America. The House has passed a farm bill, which is now awaiting action in the Senate. In the Senate, we are moving aggressively through markups, and we have had markups for the last three days and will probably work into next week, trying to put together a proposal that will gain sufficient support in the Senate to get a majority.

As you probably know, however, if you've been following this debate, there is a significant level of debate with regard to what the content of our farm policy and basically our agriculture and rural policy should be. The Administration has rejected the approach that is contained in the farm bill. They believe that the focus on commodities was too high and that we need to focus more on some of the other aspects, such as rural development supports, conservation, energy policy, and research.

There has been a lot of criticism of the previous farm bill for not necessarily meeting all of its objectives, for creating an oversupply, and for affecting price in a negative way. We want to determine whether that criticism is valid and to make sure we develop policies that will not continue to encourage overproduction but will provide a safety net for our farmers.

The bottom line is that, over the next five or six days, the Senate will come together on some kind of a compromise that seeks to promote a strong safety net for our farmers as they face very predatory conduct in the global environment in which they are operating, conduct by federal governments that subsidize their producers and create barriers for our producers by importing products. That will be in the farm bill in one way or another.

We will also have a strong commitment, a significantly increased commitment, to the conservation programs that will make our environment strong and will help our agriculture producers to be financially supported in their efforts to strengthen our environment and to meet the quality of life issues that we would like to see resolved in our local resource areas.

I think we are also going to see a strong increased commitment to research and a very powerful new rural development program that will focus a significant number of new resources on efforts to help strengthen rural communities in these very areas I've identified: building up the infrastructure, making possible the ability to gain the additional capital and confidence necessary to build up our rural communities.

There is a lot more I could say, but I'm going to forego that right now and just throw it open for questions if any of you have any. Again, thank you for letting me be with you today.

JOHNSON: Thank you, Senator. Can you hear me OK? We have a little bit of a Rube Goldberg setup here, but actually that's not true. We're doing it the Idaho way and innovating with technology.

CRAPO: Well, I can hear you so far.

JOHNSON: Good. I appreciate that. We do have some questions lined up, but let me ask the first one. There was a report on the front page of the *Idaho*

Statesman this morning about the farm bill and the markup that you alluded to a moment ago. One of the observers said, "We need 11 votes in the committee to get a bill out, and right now, we have 11 different approaches." Is that a fair summary of where the process stands?

CRAPO: Well, that's pretty accurate. As I indicated, there are nine titles in the farm bill, and the various members of the committee all have weighed in. I haven't put forward an entire farm bill myself, but I have proposed a conservation title, which would dramatically increase the support for our agriculture producers in terms of meeting environmental objectives. Everyone has weighed in to a certain extent in that way, so it may be many more than 11 proposals in terms of the mixture of impacts throughout the entire bill.

But let me just lay out what we have. We have the House bill before us. We have a bill by the chairman of the committee, Senator Harkin, which moves significant dollars out of the commodities title and into the conservation title and some of the other titles. We have a bill from the ranking member of the committee, Senator Luger, which totally changes the entire approach to the commodities section and moves away from traditional commodity programs to an insurance-based system of creating a safety net for our farmers. It also moves significant resources into conservation, research, and the like. We also have a group on the Democratic side that is trying to put together a compromise among several of those approaches and a group on the Republican side that is doing the same thing. So I think I'm counting five different bills there right now. None of those full-blown bills has eleven votes in the committee right now.

I'm working with a group on both sides of the aisle to see if we can't find some way to craft a compromise and get a bill to move forward. The hang-up is this. As I indicated earlier, we have a very serious problem with regard to our agriculture producers in terms of the threat they face from foreign governments in international trade arenas. They face subsidies of their competitors in other countries and barriers to their products getting into those countries even outside the subsidies. Our efforts to reduce and solve that problem in international trade negotiations have not yet succeeded, though we are making some progress. Because of that and a lot of other factors, we have seen our price structure for commodities just get hammered in the last four or five years, and we have to have a safety net in place there to protect our producers against this predatory impact that is coming from global markets. That requires a significant amount of resources.

On the other hand, there are those who criticize that approach to farm policy and who believe that we should be focused more on trying to do things that don't support overproduction and to develop that safety net in a way that will work to protect our farmers but not create other undesirable impacts in the marketplace. Allocating resources between that safety net or commodity title and the conservation title, the research title, the energy title and the rural development title is becoming a very difficult thing in the stressed budget climate that we face since September 11th when so much of our resources have been drawn off into responding to the terrorist attacks and prosecuting the war in Afghanistan.

I'm hopeful that, next week, we'll be able to put together some kind of compromise approach that will get 11 votes. Even when that happens, we will then have to conference that approach with the House and with the Administration, which has not yet weighed in with its own specific proposal.

JOHNSON : Sounds about as confusing as things usually are in Washington. Senator, a number of your constituents are here to ask questions. The first is Pat Takasugi, Director of the Idaho Department of Agriculture.

PATRICK TAKASUGI: Senator, I've never seen you on a 50-foot screen before, and I have even more respect now.

CRAPO: Just don't get in my way.

TAKASUGI: My questions were asked really by Marc and answered by you in explaining the farm bill, so I have ventured off into another area. In discussions we've had in the past, I feel that there is more than just the farm bill that will help rural Idaho. The tax policy is one that's been discussed even here today, but also there are other efforts that go beyond that: the exchange ratios between countries, for instance. I know that you sit on some pretty influential committees. Can you give us some insight into these other areas, besides the farm bill, that we need to look at in order to help rural Idaho?

CRAPO: Yes, I appreciate that question, Pat. As you know from our discussions, I very strongly agree that tax policy is one of those areas that we must address. Let me digress just briefly and say that when we passed the Freedom to Farm legislation in 1995 or so, one of the things that we all understood was that if we were going to pursue this effort to try to move agriculture into a new arena in which we didn't have so much oversight, we were going to have to address some other critical issues, namely tax policy, trade policy, research, and regulatory

reform, to name just a few. Well, tax policy is one that we have addressed a little bit, but we haven't finished.

In that context, we are now considering what has been called broadly the economic stimulus package, which is an effort here in Washington to see if we can't somehow give a shot in the arm to the economy to get it out of the doldrums, which stem not only from the terrorist attacks but from other problems as well. In that debate, a significant part of the effort to provide a stimulus will be to provide a stimulus through tax policy that will help stimulate activities in specific industries that are now not given an incentive because of what many of us consider to be poor tax policy. I won't go into all the details, but all the different proposals that we have been discussing over the last three or four years with regard to tax policy as it relates to agriculture and with regard to other types of investment opportunities in rural America will be considered.

I want to toss out another little piece of this as well. I told you there is a rural development section in the farm bill. The Finance Committee, which is putting together the economic stimulus package, is also including a rural development section and is lifting many of its ideas for rural development support from the farm bill. So in addition to tax policy efforts, we are also hoping to see some specific stimulus for rural America put into place also.

JOHNSON: Senator, the Mayor of Bonners Ferry, Darrell Kerby, is here and participated in a panel discussion earlier this morning. He has a question as well.

KERBY: Senator, you are pretty imposing at that height. One of the issues we were talking about in natural resource-based communities like Bonners Ferry is a concern over the continued federalizing of currently private property back under federal control, such as wildlife refuges. Also conservation easements seem to always be on the table as well. Is there any consideration given in the conservation side of the bill to the volume or amount of federal property already under federal control or ownership so that the local communities can participate in that process?

CRAPO: Actually, in the conservation section of the farm bill, that issue is not addressed in any way. There are pieces of legislation where that issue is being addressed, and I'll get to that in just a second. But in the farm bill, the conservation title primarily focuses on those existing conservation programs, such as CRP [Conservation Reserve Program], the Wetlands Restoration Program, the EQIP legislation [Environmental Quality Incentive Program], and several others that are already well underway with regard to the local communities' and

particularly landowners' efforts to strength the environmental protection in their areas.

There is also a proposal for a new conservation incentive program that is not specific but in which we will have local support, which is what you're talking about, for a more free flowing, broadly-based approach for identifying at the local level those things that need to be done and then getting the support for them through incentive payments under the farm bill. In that arena, we may be able to get more local involvement in the decision-making about what happens with regard to environmental stewardship.

We also have legislation in another arena. I was in another markup session earlier today in the Environment and Public Works Committee, and it dealt with the question of providing federal resources for easement purchases or for outright land purchases and for some type of management approach to the issue that has been debated for years: whether the federal government should move in and try to purchase certain needed lands.

I agree very strongly with you that those decisions need to be much influenced by local leaders. One of the things we're been trying to do is to move those programs into a voluntary circumstance where not only local leaders but private property owners themselves have the ability resist some of the pressures that could be brought to bear by very aggressive federal buyout programs.

We in Idaho recognize that a tremendous part of our state is already owned by the federal government, and we don't have any problem with consolidating ownership and making sure that we clean up the mosaic of ownership that might be in the best interest of natural resources, but we have to do so in a way that protects private property rights and the strength of our natural resource-based economies.

I didn't hear all of your question because it was a little fuzzy, but if I haven't hit it directly, then come back at me.

JOHNSON: I think you got it, Senator. Thank you. Con Paulos is here. He is from Jerome and is someone you know well. He was the co-chair of Governor Kempthorne's Rural Task Force, which came forward with many of the recommendations that we've been talking about. Here is a question from Con.

CON PAULOS: Good afternoon, Senator Crapo. I would first like to say congratulations on your vision and your approach, and I think you're exactly right in where you're taking not only the federal government but the future of our state as well. Having said that, I would pose a two-part question. Part of what I heard this morning in the conference was what I call "the next town syndrome." That's how we keep communities in Idaho from feeling like their competition is the community next to them in an economic sense.

Second, I'd like to know where you think we are on the federal budget as far as funding. A lot of our communities in Idaho rely on those federal dollars to trickle down, and I'd like your thoughts on that.

CRAPO: Could I get Marc to restate that? I didn't hear it very well.

JOHNSON: I think the second part of the question was what is the state of the federal budget as it relates to money that so many rural communities in Idaho depend on? The first part of the question was the "next town syndrome," that is, when rural communities feel like their main competition is the community next door. How do we solve that problem?

CRAPO: You ask tough questions, Con. One of the things that I talked about in my earlier remarks was the fact that we need to collaborate. One of the areas of that collaboration has to be among our local communities that are often vying either for the same companies to come in or the same type of economic expansion, and they can't both do it. I don't have any easy answer for it, frankly, because right now, we are trying to work from our office to get the most significant amount of resources as possible to each community, but we've already run into circumstances where we have multiple communities--not even those next door--across the state that are vying for the same type of economic development advantage when only a certain number of them can be developed. Other than saying to you that we're going to have to expand the collaborative effort so that we mutually support each other's efforts, I don't have a very good answer to that.

Your second question, in regard to the federal budget and how it will be getting resources to the rural communities, I personally believe that this year's budget will probably be more focused on that issue than any budget I've been involved with since I served in Congress. That's probably because the plight of rural America is one that is becoming much better understood. Frankly, it's because the urban areas in America are starting to get a much better understanding of their dependence on and interrelationship with the economies of rural America. Whatever the reason, I think the farm bill is just a good example of one area of what is happening in many areas across the board.

Let me just use that example. In the farm bill, the rural development section is basically a new section that is going to be increased significantly in terms of the resources of the federal government devoted to strengthening and bolstering rural communities. The grant programs that we have in place are going to be increasingly focused on rural communities.

Let me give you one success story that we've seen right in Idaho. The Small Business Committee, which I sit on, recently created what we call "Hub Zones," which means rural zones where we saw that access to federal contracting opportunities was virtually nil. So we created hub zones for communities in rural areas and indicated that we wanted a focus on getting federal contracting dollars into these communities as well as those communities that were much better at competing for them. We have been implementing this over a period of time now, and I think that the latest statistics I've seen were that we had something like 149 or 179 communities where we have hub zone businesses operating. That has meant something like \$17 million in contracting moving into those rural communities.

So whether it's the small business opportunities, the farm bill, the energy title in which we focus on things like wind power development, support of biomass development for generation of electricity, and other things for rural areas, there is a very significant renewed focus in Washington on doing what's necessary to get resources and other help out to rural communities.

JOHNSON: Senator, I think you may have touched already on our next question. The next question is from Gerald Fleischman of the Idaho Energy Division.

GERALD FLEISCHMAN: Generally, the industries that are supported with a lot of involvement from the government are not internationally competitive, and I was wondering whether the proper role of government is not subsidy but incentive. I was wondering whether your farm bill is more focused on incentive than on subsidy.

CRAPO: In the energy arena?

FLEISCHMAN: No, all arenas.

CRAPO: That also is a tough question. The word "subsidy" is an interesting word because if a payment is being provided by the government for a particular activity, in one context you could call it a subsidy; in another context, it can be called a defensive mechanism against some type of predatory action overseas. Often, we don't recognize the balance that Congress is trying to create.

I'm told we only have three minutes, so I'll hurry this up.

I believe we're in a time when the subsidy approach in Washington is being diminished but it won't be totally eliminated. We're going to be focusing more on incentive programs and trying to give incentives to the private sector as well as state and local governments to promote those things that give us the best bang for our buck.

We aren't going to make every rural business competitive internationally, but we are going to try to do what we can to make sure we have that access to global markets and develop the best strength we have in rural communities to be competitive as possible.

JOHNSON: A quick question from Humberto Fuentes.

HUMBERTO FUENTES: Good afternoon, Senator. On the farm bill, is there any consideration for farm workers? As you know, farm workers in this country have the highest unemployment and highest poverty rate. Every time we hear about a farm bill, there is never any discussion or consideration for the hardest working Americans in this country. Could you comment on that?

CRAPO: Yes, I will. Let me also say that I can see by the clock here that we have two minutes and 45 seconds. If our satellite clicks off in the middle, let me just say thank you for inviting me, and now I'll try to answer this question.

Traditionally, Congress has relied on the states to develop the kinds of policies they want to have for their farm workers. The farm worker policy has been more of a state issue than a national one. There has been, frankly, a reluctance to nationalize the issue of farm worker policy for the reason of states' rights. Having said that, there is a very significant concern about the rights of all workers, not just farm workers. In the farm bill, there will be efforts to try to provide incentives for the states to be able to improve working conditions and to provide the kind of support for their farm workers that they want to do.

As you know, another part of the farm bill is the nutrition programs. The nutrition programs themselves help those who are less fortunate and need to have assistance through the Food Stamp Program and others. I think you were more significantly focused on the actual policies relating to worker rights, and as I said, most of those worker rights are in the states. I am not familiar at this time with any significant change in that regard in the farm bill.

JOHNSON: Before we have you slip off into the ether, we will just express our deep appreciation. I know I speak for Governor Andrus and all of us here in thanking you, Senator, for taking time this afternoon to be with us. Go vote and be happy that you're not sticking around for the next panel because we're about to invite seven Idaho journalists up here. It's dangerous territory for any public servant. Thank you, Senator.

Ladies and gentlemen, we'll pause for just a minute or two while we invite the next panelists up here. If you absolutely must make a trip to the facilities, be quick. *A.*

RURAL IDAHO: Challenged to change

Presented by the Andrus Center for Public Policy

November 8-9, 2001

Recital Hall, Langroise Center, Albertson College of Idaho
Caldwell, Idaho

Moderator:

Jerry M. Brady, Publisher, *Post Register*

Panelists:

Rocky Barker, *Idaho Statesman*

Paul M. Emerson, *Lewiston Tribune*

Greg Hahn, *Idaho Statesman*

Lee McGuire, KTVB, Channel 7

Betsy Russell, *Spokesman Review*

Margaret Wimborne, *Post Register*

JOHNSON: Now we'll head into our last panel discussion before the social hour. As you probably know from reading your conference materials, this conference came about largely as the result of the reporting job that was done by a number of Idaho newspapers, Public Television, and KTVB, Channel 7. Here in southwestern Idaho, a series of reports that all the newspapers carried and Channel 7 broadcast, focused on most of these very issues we've been talking about today. We thought it appropriate to end the discussion of this day with the observations and pungent comments from some of the reporters and editors who supervised and participated in that reporting project. It really is a ground-breaking effort for all of these usually hopelessly competitive news organizations to team up on one project with state-wide scope.

I'm delighted to turn the microphone over for this panel to an old friend, Jerry Brady, the publisher of the Idaho Falls *Post Register* and one of Idaho's distinguished journalists. Jerry.

JERRY BRADY: Thanks, Marc. We're going to break this into four parts. First, we'll briefly explain how we got to this point. Second, we'll ask the journalists for some of their favorite stories. We all like stories, and they can be highly instructive. Third, we'll ask them what they took away from the project in terms of policy observations and thoughts about going forward. Last, we will ask you where you think we should go in the future

and what topics you think would be appropriate to be covered. Other questions and answers can also be offered at that time, and I reserve the right for a few concluding comments. I'm going to ask Paul Emerson from the *Lewiston Tribune* and Margaret Wimborne from the Idaho Falls *Post Register* to tell us briefly how we got here.

PAUL EMERSON: The roots of this project actually go back to the early 1990's when we got together with the Idaho Falls *Post Register*. Our meeting took place in Missoula, Montana, which is the mid-point between Lewiston and Idaho Falls. After our discussion, which was mostly business plans, we were sipping, I think, Diet Cokes, and I mentioned to Jerry that I'd always wanted to do a story about what the Snake River means to the state of Idaho. Since we were on each end of the Snake River, it would be fun to do it. He said, "Let's do it together." So we launched the project and worked together as a staff. Their reporters came to Lewiston and reported on our end of it. We went to Idaho Falls and Twin Falls to report and published the stories jointly, and I thought it was a great success.

Some other folks around the state took notice, and the *Idaho Statesman* called us and said, "How about doing something on Idaho prisons and the amount of state money that is being dedicated to prisons and not going into education?" We then joined with the *Statesman*, the *Post Register*, and the *Spokesman Review*. Dennis Joyce,

who was an editor at that time, was the lead person on it, and we did a very valuable project then. It actually won a pretty prestigious national journalism award.

Then came 1999, we decided to take another shot at it in rural Idaho, and I'll let Margaret talk about how that developed.

MARGARET WIMBORNE: At that time, there was a lot of discussion about the changes the state was seeing. Boise and Ada County were exploding with growth, and some of the rural communities were having a hard time. Ag prices were low, and there were a lot of changes resulting from the international marketplace. So there was a growing divide between urban and rural Idaho, but as a couple of people have said today, we're all in this together.

We wanted to look at what was happening in rural communities and to try and get a sense of how the territory had changed. We also wanted to look at what success stories were out there. What were small communities doing to try to improve their economies? What were these changes doing to Idaho families?

We started the project in 1999 and did some polling around the state to try and get a sense about what people's priorities were, where they wanted their money spent, and what issues they were most concerned about. We started doing some of the reporting on the project, and then the state caught on fire. We put it on hold, picked it up again this spring, and focused on some of the communities that were being hardest hit by some of these changes. We also looked regionally and nationally for some of the solutions that some communities were pursuing. We took a good hard look at money, at the kind of money coming to the state, and how that money was being spent.

As part of those discussions, we wanted to bring people together from all parts of the state to talk about their experiences and to learn from each other. That's how we happened to come together today.

EMERSON: Jerry, I neglected to mention that we also partnered with KTVB and Public Television, who were involved in the planning process.

BRADY: Also, we had a small grant, the last two times, from the Pew Memorial Trust to support this project and the prison project, and we're very grateful to them. They have done a lot to help us advance in this direction.

I might say in regard to this little overview that we sometimes think of newspapers like television to some extent, i.e., as communication between individuals in their isolated homes. This is an attempt to show that newspapers are more of a community and social instrument than an isolated community entity. To the

extent that we move in that direction, we are more successful.

Next, I'm going to ask the journalists who were out in the field to tell us a story about something they thought was moving or significant that we ought to know about. To begin with that, let me start with Greg Hahn from the *Idaho Statesman* and then move to Rocky and Paul. Greg.

GREG HAHN: Well, I was lucky enough to go everywhere. We had five meetings around the state, and a few of those folks are here. I went to all of them, so I got to meet Paul and Ellen Romrell. It's too bad she wasn't on the panel with him because they're good together. She finishes half of his sentences. I ran into people from all over. Pete Johnston was another one. Met Darrell Kerby in Sandpoint.

It's story after story after story. We focused on five different families that reporters from each of the newspapers interviewed. Tim Woodward from our newspaper helped with folks from Council. We've put long versions of all the stories on line, and they are all worth reading. You can get onto the web page through any of the newspapers. Check out these longer stories. It's hard to believe how substantial the package was. There was an awful lot left on the cutting room floor that would be fun to read about those other families.

One of the things that stuck with me was in Paul, Idaho where I spent a lot of time with the Conners, who own Conners' Café, and you've probably had pie there as you went to and from on the Interstate. If you haven't, stop there on your way home to eastern Idaho.

The water tower in Paul is kind of a symbol of rural America, and it is now a cell phone tower. They just adapted it to that use. That got me thinking that a hundred years ago, the idea of putting a water tower there in the middle of the desert was probably a pretty incredible thought. It's kind of taken us to this other level. How do you adapt to new and different circumstances and still keep community and traditions alive? That, to me, was sort of a nice symbol that Paul is still Paul but it will be different from what it was 95 years ago.

ROCKY BARKER: I want to add a little to the history. We started when we did *Snake: The River Between Us*. When I was at that other newspaper, we worked with the Andrus Center, and that was a wonderful partnership. Last year, when Idaho was burning, the *Idaho Statesman* went back to the Andrus Center for the December conference on wildfires. That's how civic journalism is supposed to work, and that's an important part of talking about this partnership. Civic journalism is supposed to look for partners to try to get these conversations going. I think that has worked out well.

I'm an environmental reporter, and I've spent most of the last fifteen years running around rural Idaho. I've been in most of these communities, usually in the middle of big fights over wolves or grizzly bears or forests. I came in looking at federal money because one of our projects was looking at money. There was some discussion early on that we really didn't need to look at farm programs because they really aren't that big a deal here. It didn't take me long to find out that one-third of all farm income in Idaho in 2000 came from the commodity programs and conservation programs in the form of direct payments from the United States government to people's pockets.

The reason a lot of people didn't see it in their communities is that 7% of the recipients get 51% of the money, so my role was to take that and to follow it back. Those numbers make you think that there must a lot of fat cats getting all this money. There certainly are some fat cats that get some of the money, but the number one family that was listed by the environmental working group as receiving money was the Thompson family in Blackfoot. Yes, they own a lot of land, they are a large farm family, but they do not look like fat cats. Darrell lives in a farmhouse that is pretty similar to the one I grew up in, and he has been suffering like all of rural Idaho for the last three or four years because of commodity prices.

So part of the story I came away with was not that someone is getting rich on our tax money, but that even though the government has invested a lot of money in rural Idaho, it's still not resolving the problems that many of these communities and the farmers themselves are facing.

EMERSON: What I'll remember most is a meeting we had in Orofino when we invited 20 or 25 people, and they all came. We sat around and talked about what life was like in Orofino and Clearwater following the closure of the JP Mill. There was a young high school teacher there named Cindy Wilson, who is the kind of teacher you pray your kid gets when he goes to high school: vivacious, intelligent, articulate. I saw her with tears in her eyes when she said she didn't know that she would be able to stay in Orofino because her husband works in timber products. He can't earn a living anymore, so they will probably have to relocate. She feels as though she is deserting those kids in that school. She loves living there and raising her family there, but she is going to have to move. That's when I thought, "This is an important story." We may not solve Cindy Wilson's problems, but I hope at least we have opened the dialogue and let people who may be in a more comfortable situation know what's going on in some of these towns.

BRADY: Lee McGuire of KTVB.

LEE MCGUIRE: One of the challenges that a reporter has is that whenever you tackle an issue like this one, you're telling a story that the people involved already know.

I'm from Massachusetts, and I've lived in Idaho about a year. I was learning about rural Idaho as I was reporting on it, which is a hard way to do it. One of things that stuck out most for me was that when we were up in Council, we stopped off at a coffee shop/bookstore up there on Main Street. I talked to the woman who runs the place about the project, and she said, "Oh, yeah, we've already talked to five *Statesman* reporters, and three photographers were here a few weeks ago."

The scope of the project is what got me every single time. There were so many people involved in it, telling the stories of people that previously had been disjointed and told over a series of years in a series of stories. Now here we are, bringing at least some of them together so the people involved can say, "Oh yeah, this is happening to me, too, and that's happening to that family, and the same thing is happening in Council that is happening in Cascade." So one of the things I came away with was the grand scope of the entire project.

Another part of the project was that Greg and I had been talking about Council before I went up there because he had spent a lot of time there as had several other reporters. When I was up there shooting it for Channel 7, we stopped at the elementary school and talked to the principal there. He agreed to do an interview with us, and we talked about the students, the quality of people that lived there, the quality of students they had, and the drive people had to want to stay in that city. He said, "Years ago, we had thirty kindergarten students, and this year, there are ten. Next year, there will be eight, and the year after that, there will be six." So the prospects that he had for more students coming in was very low.

We can't fix the problem by doing a story on it, but we can say, "Here it is, everybody," and maybe we can try to tackle it together.

BRADY: Betsy Russell of the *Spokesman Review*.

BETSY RUSSELL: My role in the project involved digging into lots of figures, looking at state and federal programs, talking to lots of officials. I think that what really brought it all to life was the human stories we encountered in reporting this project. Each of our papers profiled a family in our region, and in the family that my paper profiled, the dad was a miner at the Lucky Friday mine. His dad had worked there for thirty years before retiring, and as we all know, those jobs weren't going to last much longer. So when it became apparent that he was going to be laid off, his reaction was to dump shifts,

to take his daughter fishing, to take his grandmother huckleberry picking, and just to try to enjoy the place where he lived.

In order to continue their line of work, a lot of the miners in the Silver Valley have been forced to take jobs in Stillwater, Montana, which is about a seven-hour drive from the Silver Valley. What they do when they work there is to work what they call “seven sevens.” That means you work seven straight days, drive seven hours, stay at home for five days, and on the seventh day, drive back to work. The gentleman in the family we profiled went over there, interviewed at Stillwater, and just couldn’t bring himself to attempt that lifestyle. He threw the interview on purpose, told them, “Don’t give me any tough jobs,” and didn’t get the job.

Now he is working construction and hoping something else will come up. He has two kids, 15 and 13, and his wife’s job at a hardware store, even after ten years, doesn’t pay much. If those kids want to go to college, how are they going to pay for that? What kind of future is there for his family in the place they love and where they want to stay? That, for me, typified what we’re hearing all over the state, the kind of connection people have to their rural communities, and the kind of challenges to continue a lifestyle there that perhaps can’t be built on the same economic basis on which it was built even back generations in the same family.

BRADY: Margaret.

WIMBORNE: Betsy, the story that struck me was the piece we did on one of the families that lives in Fremont County, the Romrells, who are here with us today. When I got out of college and joined the *Post Register*, I covered agriculture. I knew nothing about potatoes or cattle or anything else, but I met wonderful farmers who taught me a lot about the country and the land and what they did. I covered St. Anthony, and my husband spends a lot of his summers on the Henrys Fork and the Chester Backwater, and one summer we camped with our kids near Kilgore, where the Romrells have the piece of land that they put in the conservation program. So I think I have an appreciation for the land that they have worked so hard to keep in the family and work.

Working on the story with our reporter, Brian Davis, who wrote it, I was filled with admiration for the family, the traditions, and history. They’ve made so many changes. Mr. Romrell has a diversified operation; his dad talked to him about needing a little bit in lots of different places so if potato prices go bad, you’ve got something else. He’s done that. He’s taken advantage of some of the new programs to keep the land in his family. He said this morning that he wants to do what his grandfather and great grandfather did, to make something of that land and to keep it in the family. I hope that happens.

BRADY: One of the things we found in this survey was that people were struggling, were having a hard time, but were happy where they were. The level of satisfaction of people who live in rural Idaho is pretty high. A lot of people are struggling just to stay above water, and thus they don’t participate very much in the decisions that eventually affect them. But they are tenacious about wanting to stay where they are, and it’s hard to blow them out of there. It takes something pretty serious to do so.

I’m going to ask the journalists one more question, and then we’ll turn the floor over to you. We are city people who went to look at the country, so you have to take all this with a grain of salt. But we did spend a lot of time studying it, and we’re fairly astute folks. That said, if you could just give us a sense of what you found as hopeful or discouraging. What did you say coming out of it along the lines of “This is what we ought to do.” Does anything spring to mind, Greg?

HAHN: I think one thing that’s been touched on a lot today is the idea of cooperation. I went to Minnesota as part of the project, and there’s a group called IRRRB, Iron Range Recovery and Rehabilitation Board. They have a \$30 million budget every year for an area of 140,000 people, an old mining area in northern Minnesota. Someone says, “We don’t have broadband here.” So they say, “Here’s a couple million dollars to put broadband here,” and they will pay it back over time. It’s amazing what they can do. “Can we have your call center? We’ll give you \$2.5 million to put it here.” So obviously, that’s far beyond anything that we can or would want to do in Idaho. It’s a different way of government.

The fellow that drove me all over the area said the most important thing is to get community cooperation. You have these two areas, and they have to realize that they are not against each other; they should be for each other. When I was working in Burley for John Thompson, who is now with the Farm Bureau, there were all sorts of struggles. Early on, they were working on economic development, and they were going to bring in Minidoka and Cassia Counties, Rupert, and Burley, and getting them all on the same page was like pulling teeth. They finally did it and made that step to say, “We’re an area, and let’s move ahead together.” That’s what a lot of other communities are doing now with that state money. To me, that’s an encouraging sign.

But as Paul said, meeting folks like Cindy Wilson and hearing what she had to say can be discouraging. It was a turning point in the community to hear what she had to say. The same thing happened in Council with Mark Mahon, who is about a 30-year-old logger. He said, “You know what? I own a company. I have about fifteen employees. I’m going to have to leave in five years.” I think a lot of people in the area didn’t realize that.

When Cindy Wilson said the same thing, a lot of people in Orofino said, "Really?" The tying factor through all these meetings is that so many of the children are gone, and the young people aren't there. They're getting to that step, though, when they start working together to turn that around. It's happening, and probably Silver Valley is a great example after 20 years of being in the dumps. You run into people there who have high hopes and feel good about the way things are going. It's heartening to see that.

BRADY: Last month, the Ford Foundation gave away a fair amount of money to social advocacy organizations around the country that had done important things. One of those went to a group from Silver Valley. There are hundreds and hundreds of competitors, and one went to Silver Valley, so something has been pulled together out of these concerns. Rocky?

BARKER: I come at it a little bit different way, but it's really the same issue. As I said, for the last fifteen years, I've covered the environmental wars of rural Idaho, and in the middle of all of these have been these little shining efforts by people on both sides, people like Charlotte Reid, who has worked very hard in her own community to really look at new ways of examining what they do. Are they looking at simply accumulating wealth or changing their lifestyle? She has made them look at the impact on the land.

At the same time, there have been endless battles, but a lot of people are tired of the fight. There seems to be this rising potential for consensus around many of the same issues that used to be the fight. I think that we're seeing it in Bonners Ferry, and no one can say it's easy there. As he says, a new endangered species is being proposed every week there.

But what we see in Owyhee County right now is ranchers and environmentalists going out on field trips together and starting to talk about some of the issues they fought very bitterly over. The farm bill includes conservation money. They're looking for ways to say, "OK, urban America. You want rural America to clean up its rivers and protect your open space land and recreation land, put your money where your mouth is." In the Silver Valley, we have, thanks to Senator Crapo, \$250 million in cleanup funds. That's going to help put a lot of miners back to work doing something.

I've been covering fires. There is a consensus that came out of the Andrus conference last year that we need to do some active management to deal with the problems around forest communities and to deal with issues like thinning. Those are government programs that can also encourage private investment to do some of the things urban America says it wants out of rural Idaho. I think

rural Idahoans are ready to do that. I know they are because I've watched old loggers become some of the best people at destroying roads, and I see county commissioners with far more guts than Forest Service people in picking which ones should be closed and which ones should be left open. So I think we may see a completely different decade in rural Idaho.

EMERSON: I think that's going to happen, Rocky, but only if we can get over the attitude that says, "We don't need change." I don't want to pick on the gentleman from Custer and Lemhi Counties who spoke this morning. I understand his frustrations, but I also have heard that all over the state. That is, if the federal government would just get off our back, everything would be OK. That ain't true, and it ain't going to happen. We can't expect that to happen. We're going to have to adapt; we're going to have to change; we're going to have to work within those parameters.

Let me give you some context. My grandfather came to this state in 1912 to mine silver. My brother is one of the last working silver miners in the state of Idaho. He works at the Galena Mill. My grandfather on the other side came here to escape the Depression and farmed. I spent last week with four of my brothers-in-law, who are all farmers. I think I have a pretty good grasp of what's going on out there in rural Idaho. I argued with my brother because he said, "We want the EPA out of the Silver Valley." There are signs all over the valley in front yards that say, "Get the EPA out."

The EPA wants to come in and spend \$250 million to clean up the Silver Valley, and here we have the state of Idaho talking this morning about the \$3.9 million that the state is putting into rural economic development. I don't understand it. That looks like rural economic development to me, and we need to realize it's time to change.

The farmers that I spent time with that impressed me most are the ones that understand that. There are some very bright, progressive farmers out there who understand international marketing, who understand what's going on globally and how it affects them, and they're talking about how to do a better job of marketing their products and finding niche markets. Those are the folks who are going to help lead us out of this.

BRADY: Lee.

McGUIRE: I heard a lot after we started working on the project when we really got ramped up. There was a big difference between what I heard before and after September 11th. When we talked to people in Idaho about how they think the future of this state will evolve, there was a big difference. Before September 11th, they

were talking about bringing in more call centers and other things we've been hearing about for a long time. Afterwards, folks were saying, "People want to move out of the big cities. Maybe Idaho is a state people want to come to, a state where we are still in touch with the land, where we don't have high-rise buildings." So maybe there is something to that. The Governor was certainly saying that in our interview with him. Maybe the shift will be toward rural Idaho and rural America once again after the events of September. I don't think we'll know, even in our lifetimes, whether that's true or not.

One major thing we all noticed is that the work ethic in Idaho is different from what it is on the east coast. I'm from the east coast, so I can say that. We did a lot of work in Jerome, where they spent years and years trying to build up their economy and coordinate with the state and federal agencies and other communities in the area to try to bring in new industries, build the infrastructure for that industry, and apply for and receive the grants that are out there to do just that. One of the reasons that businesses are attracted to Jerome and to Idaho in general is the work ethic in this state. It's amazing. They show up at work; they like to go to work; and they don't quit all of a sudden as they are likely to do in some other parts of the country. If that could be tapped into, it could help Idaho in general, but it doesn't help a lot of other problems like the decline in agriculture. We may never see the answer to that, but we've all noticed in doing these stories that the more vision people have, the more likely it is that whatever they want to do will actually happen. The more willing they are to cooperate with other folks, whatever that vision is, the more likely it is to happen.

BRADY: Betsy.

RUSSELL: One thing that we did in the course of this project was to take a look at government spending on rural Idaho at the state and federal level. Of course, the big bucks are at the federal level. Actually, there is a ton of federal money that is spent on rural Idaho, but obviously it's not being spent in ways that are sustaining rural Idaho's communities. Our communities are suffering. We looked at economic development programs, and there turn out to be three major federal economic development programs: the Economic Development Administration, the Community Development Block Grant Program, and the U.S. Department of Agriculture Rural Development Program. All of them do some of the same things, have some of the same aims, but are targeted in different directions. They do overlap; in some cases, they duplicate. None of them is enough, according to the people who access them and according to the people who run them.

I met a hero when I met Uncle Al Ames because Idaho gets two to three times the amount per capita of federal EDA money as any other state. That's because he's been trying to get it here. Still, it's a drop in the bucket. It's about \$10 million a year. We did also look at spending for farm programs, and those are \$600 million per year in the state of Idaho. That's not to say you have to stop one to do the other, but in looking at how we're spending our money and how it benefits rural Idaho, maybe our system of federal agencies and programs is not the most well-thought-out.

Of course, there is an explanation for that because every federal program was created by a bill that was proposed by a member of the House or the Senate and targeted at a specific problem in that member's district with the best of intentions. No doubt it really helped that problem. That's what we've had in the ten, twenty, thirty, or forty years since that program came about. What we have is a big web of different programs created for different reasons.

Maybe it's not possible, maybe our system of government is just too messy to have a comprehensive, well-thought-out system that could target all those millions in the very best way to help rural Idaho, but it seems as though there could at least be some improvements. We've heard from our Congressional delegation quite a bit of interest in making some of those improvements, so it will be interesting to see what comes out of Congress along those lines.

I enjoyed what the Mayor of Orofino, Joe Pippenger, said to me about the federal programs. He said, "There is money out there, and they say it's out there, but it's almost like mining for gold, trying to find which stream that money is running down." So someone is making money from mining it.

BRADY: Margaret.

WIMBORNE: I agree with what Betsy said. We have to take a look at consolidating some of those programs so that a town can access the capital that it needs to improve its infrastructure, bring in telecommunication lines, improve roads, and all the rest. We definitely need to take another look at that.

I also agree with what a couple of panelists said this morning. Communities need to figure out what they want because before you invest in broad-band telecommunication lines, you have to figure out whether your community really wants that. Are those the kinds of jobs the community wants? For this to work, the community has to come together and agree on what it wants to be, what it wants to become. Or does it want to stay the way it is?

I worry a little bit that even if a community does make those investments and takes advantage of some of the programs that are already available, much of it depends on luck and geography.

The founder of ML Technologies has taken advantage of St. Anthony's designation as a hub zone to bring an office to St. Anthony. It has meant jobs, and it will mean more in the future. But if he hadn't grown up in Wilford on a potato farm, I don't know that he would be there. There are other communities that are success stories, but they have a big building that the federal government left when it moved out, one that they can use for office space or some other purpose.

So communities have to decide what they want to do, and they need to tap different pots of money to invest in infrastructure. At the same time, I think a lot of it is luck and geography. Somebody may be in St. Anthony because it's a pretty place, but you may have all the same things in Arco, but it may not end up being a draw.

BRADY: Let me make a few consolidating comments before throwing it open to questions. It seems to me that there are some immediate and critical decisions that will be made federally and in the state. Obviously, the federal farm bill is the most important thing that will determine rural policy in the next few years. Patricia Salant, whom we heard this morning, has said the farm policy is, by default, the rural policy in this country, and it has been a miserable failure. Here we come again, and this will be the most significant decision to be made about rural development for the next five to ten years, likewise the most significant decision about environmental policy. So we have the federal decision, which is imminent, and I think Senator Crapo is going in the direction that is more hopeful than what the House proposed.

The state put \$3.9 million into development, but at the same time, as Paul points out, they passed a \$12 million tax benefit for farmers. In their mind, the best way to help rural development was to give a tax break to farmers. But what that means to me is that we're going to give \$12 million to individuals, and \$4 million to communities. There aren't very many farmer-recipients of that money either. There are only 789 farmers getting the majority of all the farm subsidies in this state, and there are 20,000 farms. There used to be 40,000. It's coming down to very few individuals that are supposedly driving our development.

So it seems to me that in those state and national decisions, we're faced with a choice between the welfare of a dwindling number of individuals and the welfare of communities. This is a long part of western history. We think of the myth of the strong individual, the cowboy, the trapper, but really the Mormon pioneers are a better example of how people settled and succeeded.

We must have more emphasis on community, and that's what Greg and Rocky touched on.

We do need a new social contract, and I wish that the social contract were one that said, "We're going to pay a fair price for food in this country. We're not going to make it dependent on what the price is in Argentina or how cheaply you can grow it in Uruguay. We're going to pay a fair price for food." We've tried to do that in foreign policy for 50 years, and we're now down to the point where all commodities are on the world market, and they're going to go to the bottom, and you're going to have to find some other way. That other way is to subsidize.

But it's unfortunate. We ought to have a policy that says pay a fair price for food for domestic consumption. In the absence of that, we do need a new social contract, and we've been all around that today. A new social contract has to have something to do with things those suburban folks want. They want the Endangered Species Act; they want salmon flowing up rivers that they've never seen; and they want wilderness supposedly. I think rural people should be paid for all those things.

As Charlotte said today, near Idaho Falls, there is the Idaho National Engineering Laboratory. It has received billions upon billions upon billions to clean up nuclear waste. Nuclear waste is not as dangerous as the acid pouring out of mines in Montana and Idaho or as contaminated water. So the money that's going to go to clean up feedlots and restore habitat for wildlife is part of a fair deal between suburban and rural folks. The rural people need to say, "This is what we're standing up on two hind feet to ask for, not just to give us \$300 million in farm subsidies."

When we talk about this new social contract, it must be a contract with communities, not with individuals. In that community, as Karl said this morning, you have to include women and immigrants. Women in this state are the poorest paid of all states in the United States. They make less than \$6/hour, half of what men make, and it's even worse in rural areas. Women are too busy taking care of the kids and making ends meet to participate actively in communities, and they need to be involved. It's the same story for immigrants. If you go other places, it's the immigrants that are making new opportunities and starting small businesses.

Finally, it seems to me that we can learn something from other disciplines about how to approach rural conditions today. We know from Elizabeth Cooper Ross that people have to go through four stages of grief to move on. We know that through AA, you have to go through twelve steps to recover. I think people in rural areas, the healthy ones, have gone through that process, but a lot of people haven't. They still want to believe that they don't have an illness; they don't have to go through that grief.

Grandma is not going to die. But let's face up to where we are, be honest with ourselves, go through the grief process and come out renewed and restored.

Thank you for listening to an editorialist who gets to say this in person for a change. OK, enough from us. We want to know from you what we can do in the future. How do you want to use your newspapers and television stations? Sir.

AUDIENCE QUESTION - Tom Demorest, Diamond D Ranch: We're in the Frank Church Wilderness, Custer County. I have a young fellow working for me who is a graduate from the University of Idaho, about 25 years old. He has a tough life in rural Idaho. Spends about eight months of the year on the ranch as a fishing guide and a hunting guide. The rest of the time, he's a ski bum, so he has a tough life. I laughed when his mother came up there one time and said, "Billy, what are you going to do when you grow up?" He said, "I'll probably stay here twelve months a year." His dad, who is in a very prominent position with Hewlett Packard, then looked at his wife and said, "You know, if I had found this place when I was 15, I'd still be here, too."

Most of the conversation that we hear today revolves around money. You folks touched on it a little bit. There is an awful lot we get out of our lifestyle that doesn't have much to do with money. We live with a lot less of it that you folks can. If you're basing our future and our changes on what you think we need for money, you might need to look elsewhere. When you come into central and northern Idaho—and that may not be all farms—it might be a good idea to leave the ties behind, put on the old shirt and Levis, and don't clean the boots. Just come on in, maybe stop at the Stanley Club or the Rod & Gun Club in Stanley, known better as the God & Run Club, maybe have a beer or two, sit down, and find out what people are really thinking. Maybe we don't need much help; maybe we need a little less.

The crux of what I really want to say to you right now is that I've been there for fifty years, and I've watched the situation evolve. There wasn't any question about whether it was right or not; it was just going to happen. Our resource industries were going out the window. The federal government was going to make sure of that. They kind of promised us in an unwritten way that they would replace all of that and do better with the recreation business. Let me tell you that didn't last long before we got our throat cut on that item.

I think what you need to look at is the big picture of where you're coming from and where the federal government is coming from. The big agenda with the federal government is: Get out of Central Idaho. Get out of northern Idaho. Get out of the rural west. There are a lot of programs built by people who don't understand who

we are or what we do. Their idea is to drive people out of that area, drive them into corridors of population, and turn that into a pristine area. My question is: For what?

These are marvelous ideas they have, but it's been said a long time ago by our friends over in Lemhi County: Wilderness is worthlessness if you can't do something with it. The federal government is not the easiest outfit to deal with and certainly not the most honest. Our biggest problem today is that we're trying to deal with the federal government when we don't know where they're coming from or where they want to go, but we know one thing: it's not good.

Take the Endangered Species Act. You folks really need to study that because it's a very sweet-sounding thing. But it's the type of thing that any good Gestapo general would be smiling about. We have legislation coming up at the federal level now that, when it gets passed, will be the end of things in this country, and that's the CARA bill [Conservation and Reinvestment Act]. It will enable the federal government to continue buying land and putting us all out of business. We don't need your money; just come up and say hi.

BRADY: I think the most articulate people in this room are the folks from Custer and Lemhi Counties. When you get mad, you get real clear.

AUDIENCE QUESTION: I'm embarrassed to speak after those articulate rural boys. I'm from small-town Idaho, Heyburn. I've been studying farmers for a long time. I have a Ph.D. in history. Last week, I was teaching a history course, talking about "rural radicals," about mad farmers. A hundred years ago, populists enunciated their social contract in a famous platform in 1892. Idaho voted for the first populist presidential candidate, a man named James Weaver, one of only two states that did so.

I think the statements we've heard here are wonderful and articulate and represent an interesting point of view, but really what's interesting from my view is the ambivalence. The populists look to the government to save the farm crisis. Railroads, bankers, and prices are out of their control. Everything out of their control, so they turned to the federal government. Then we've heard over and over that the federal government is the villain. I've never seen anything quite so ambivalent.

In the 1930's, Idaho received more money in the Great Depression from the federal government than any other state, and I've always been curious about our hatred and hostility toward the federal government, given this tendency at the turn of the century to turn to the government for salvation. The programs the federal government instituted during the New Deal were the salvation of rural America, and now it seems to me there is this ambivalence. Do we go to the federal government

for help, or is the federal government the problem?

Two particular issues: first, the Endangered Species Act. In my classes, in my travels throughout the various taverns (doing sociological research), I hear this business about the Endangered Species Act. Idaho is ambivalent in that regard. There are tree-huggers amongst us. We are proud of our wilderness and our heritage. We have what other states have destroyed, and of course, the great Senator Frank Church was one of the leaders in preserving that. So we do have a real tension between development, which is our history, and our more recent desire to preserve.

The Endangered Species Act, the root of all evil. The ESA did not come out of the blue. Its source was 20th Century American history and emerged after a long struggle and a long conflict. It seems as though it's being imposed upon us, but let me just post this for future discussion. That, to me, seems to be where the rubber meets the road, as they say. One of the cornerstone pieces of legislation of the late 20th Century, the ESA, the product of 150 years of development—is it the consensus that it ought to be scrapped? I don't think so.

But I have a question I really want to ask the journalists. There is another villain, another evil-doer out there, and it's not the Muslims who are responsible for rural problems. The Senator touched on that, and I'm wondering whether in your travels you have heard about free trade and its evils. When Boise Cascade closed down mills, the farmers I've talked to feel the cause was either the Endangered Species Act or free trade or both for farmers and for timber.

I had been teaching Canadian history for ten years when the free trade agreement was entered into in 1988, one of the most unbelievable revolutions in foreign policy. Canada, for a hundred years, was vehemently opposed to free trade. A conservative, Brian Mulrooney; a Republican fairly famous in American history, Ronald Reagan; and George Bush agreed that free trade was a way to solve rural problems, American rural problems. Then a liberal Democrat, Bill Clinton, and a liberal prime minister, Jean Christian, agreed to extend that agreement.

I'm just wondering whether we're not in an unsolvable paradox. Free trade is the solution, but also the crime. The Endangered Species Act is a terrific idea, but is it the ruin of Idaho's economy? Have you heard in your travels about the evils of free trade? And might free trade, like the Endangered Species Act, be scrapped?

BRADY: Yes, sure. I think a fair case can be made that free trade is the enemy of rural societies all over the world. We're not alone in the consequences of this. The clearing of the forests in southeast Asia: free trade. The emptying out of the villages in Mexico: free trade.

It's a very ambivalent subject. Our delegation voted against NAFTA, and I can see why they did. They certainly protected their backsides adequately by saying, "I'm on the other side." I don't think there is a clear answer to that, but go to cities, to HP, and talk to our director of economic development. They'll tell you that, for our state as a whole, free trade is terrific. It's absolutely necessary. It's one-fourth of all of our economic growth in the United States as a whole, but there are other people that are paying for that. That's part of the social contract. OK if you want to do that, but compensate for the consequences. I've given the answer, but I want to give the rest of the journalists a chance.

I'm looking for suggestions as to what the journalists can do in the future.

AUDIENCE QUESTION, Phil Choate: I've been in rural development in this state for quite a while. I think one thing that we need from you in this next Legislative session is for you to follow through on this story. Director Mahn made the point that we've only just begun with a very modest investment in economic development for rural areas in this state just this past session. They've only just now begun to put that money to work. It's very obvious that, with the hard economic times and the tight budget, it will be an even bigger sell just to maintain the level of support that was garnered last time. It could easily have been twice that much, and the headway that could have been made would have been so much better.

I guess my point is that if you abandon this subject, this Governor, and this Department of Commerce in the next Legislative session—and let me challenge you not to—and focus on what's going on in Afghanistan and how many times we can put Bin Laden on the front page, we're going to miss the opportunity for you to have some follow-through and some beneficial impact from this process that you've initiated.

There is no question in my mind that you must have public investment to advance economic growth and development, whether it's in Boise, Idaho or in Firth, Idaho. You must pay attention to that, and the state Legislature and the Congress of the United States have the only two major levers in that process. The state needs to be watching them and making sure that whole story is well understood, not only by the legislators and representatives who are in that Statehouse next winter but also by their constituents. Make sure a good discussion is going on.

BRADY: We're sure prepared to do that at the *Post Register*. I'll bet the others are willing, too, so you can count on it. But I would turn that around and say that people don't do things because newspapers say so. In fact, the contrary is true. Legislators will act because

communities at the local level are saying,” This is what we have to do, and this is important to us.” There has to be a constituency for this effort. That constituency is the people in this room, if they agree, and all the people at home and all the people who didn’t get here today.

Other suggestions about what journalists can do? Lin?

AUDIENCE COMMENT - Lin Hintze, Custer County Commission: I’ve been sitting here and have changed my mind about four different times about what to say. When I first came here, I had reprinted some pictures here, but you did a better job, Mr. Brady, by printing this. What I wanted to say is what you folks can do in your journalism. We have two pictures that you’ve covered. The first is a picture of a farmer who received \$62,000 in federal payments. The next one is rural Idaho under the Tetons. What I’d like say is that in Custer County and Lemhi County, we have a tax base of approximately five to six percent of our land. You’re looking at counties, bigger than Connecticut, probably together bigger than Massachusetts. We can only tax five or six percent of our land.

These folks here from the economic development arena represent one part of rural Idaho. The other part of rural Idaho is in Custer and Lemhi Counties where not one farmer got \$62,000. None got even \$40,000; yet you’re portraying this as rural Idaho. To me, this is not rural Idaho, when you have a strong economic base. These counties here are larger counties, which have an infrastructure that allows economic development.

For instance, in our counties, when we want a block grant, the first question is “Where are your matching funds?” How does Mackey or Arco or Salmon come up with matching funds? We’re supposed to go to our Chamber of Commerce and get \$50,000 or \$60,000 when there are only ten or fifteen businesses on Main Street? Here lies the problem.

Yes, we need to work together, but I see the rural communities working together with you folks more than you’re working together with us. In Mackey, Idaho, you can’t buy a pair of pants or shoes. You have to go to Idaho Falls or Pocatello. My money, from a rural community, goes to your city. Let us turn it over once or twice. It’s going to get to you anyway. I appreciate the Department of Commerce giving us an economic development adviser, but when I sit on these economic development committees with the larger counties, they say, “You have to be self-supporting. You have to come up with your own money.” How can we do that when everything we buy is in your county? So if we’re working together, you’ve got to help stimulate our economy, not just leave it up to us.

BRADY: Good statement, Lin. I think we should meet up on Main Street in Mackey pretty soon. But there are

some benefits you may not appreciate. The prime contractor at INEEL, Bechtel, made a contract that it would develop 2400 jobs in Idaho in five years as part of their agreement with the federal government. Last week, they announced that they had already created 2400 jobs, and some of those jobs were in Salmon, Idaho and in Burley, Idaho. The job that Gary talked about in Smeltonville and other jobs came from a company called TSI, which I helped recruit to Idaho Falls. They started in Idaho Falls; now they are tripling and quadrupling their number in rural Idaho, and that’s where they want to go. I do think that if we work together, you can use those stepping stones of city businesses that, even in our little scale, want to expand into some rural communities.

Other suggestions?

AUDIENCE COMMENT: I’m Chris Storhok, Latah County Rural Development Coordinator. An interesting story that you might want to look into is how other state agencies are really hurting Idaho, and I can give you a really good example.

This is what Fish & Game has been up to in the last ten years. About ten years ago, they greatly increased the price of out-of-state licenses, deer tags, elk tags, etc. Suddenly, the Washington and Oregon hunters that would normally hunt in Latah County or Benewah or Clearwater stopped showing up. That was a tremendous loss of money in the fall for our small businesses. Then in the last couple of years, they came up with the brilliant idea of a Clearwater deer tag. Normally, this time of year we see a huge number of hunters bringing their money up into Central Idaho to hunt. With the Clearwater deer tag, that has been stopped as well. It’s great that Commerce is helping us out, but another agency at the same time is hurting us far worse by restricting people from moving throughout the state to hunt. It will make an interesting story for you all in the future. Thanks.

AUDIENCE COMMENT: I’m Con Paulos from Jerome, and I guess my recommendation to you as media is use your tool to educate all Idahoans as to what the issues are and what comes out of this conference. Gary Mahn touched on a very important issue earlier today: the science and technology corporation that was proposed last year. We have to figure out how to tell that story and how it impacts all of us in Idaho.

A real quick example came to light last week. There is an accelerator at the University in Pocatello that could extend the shelf life of the Idaho potato. It’s just one little example of how investing in science and technology can help all of us in rural Idaho, whether we’re tied to agriculture or not. This will be a very important issue as we move forward as a state. I think you have the ability to help us form those opinions and build a groundswell of support for those proposals.

BRADY: Thank you. We hear you.

AUDIENCE COMMENT - Ellen Romrell: I can't sit here and not make a comment because I hear so much about the fact that times are changing, and we need to change. I just want to say, as a farmer's wife and as a farmer, too, that a lot of the government programs we don't support, but they are there, and we do take advantage of them.

Also, there is a sore spot, probably with a lot of people here, over the personal property tax for farmers. I hear that all over. The biggest portion of our tax is our personal property tax. I live in Fremont County, and they have to deal with schools and everything. It has gotten to the point where we, the property owners, through our personal property tax carry the biggest burden because we don't have the big businesses in our counties the way many of you do. You've talked about change, and I'm saying it's time for a change in the tax structure for farmers. I think that you need to do an article about the tax, about what has been released from the tax, about what is still on the tax rolls, and how we do our financing of our schools and things in Fremont County. I'm sure they have the same problems in Lemhi and Custer County. It's become an unfair burden to farmers. I would appreciate your doing an extensive article on that.

AUDIENCE COMMENT: My name is Erik Kingston. I run a statewide housing information and resource center for IHFA and a hotline for housing information, so I talk to people from all over the state about housing needs.

First of all, I'd like to thank you all for putting this together. It's a great opportunity see some of the main issues. I've also talked to Greg Hahn and some other folks involved with this project. I know you had tough decisions to make on what to include and what you couldn't include in this series. Now that you have all these people together. It seems as though you have an opportunity down the road to look at some of the other issues you weren't able to fit in here.

Obviously, my bias is housing. I see the needs out there and the ratio of supply and demand for affordable housing. That's a huge issue; it's a real fundamental piece of any kind of economic development strategy for all the communities in the state. Affordable housing essentially is a wage subsidy. If an employer is coming into a community, one of the things he or she will look at is whether there is affordable and quality housing stock, not only for the people who will be moving into that community but also for their potential employees from that community. If there isn't, they will have to pay a living wage, which, as you all know, is not real common. I'd encourage you to look at some of the issues that were left out of this round, and I'll look forward to that.

BRADY: Look at Kelly Matthews' statistics on new housing starts by county. It's absolutely astonishing. There were ten times more housing starts in southwestern Idaho than in eastern Idaho. One county that had only one new house. Yes, what's good about that is that ten people were going to live in it.

AUDIENCE COMMENT: My name is Tony Veralone. I'm from Soda Springs, Idaho, and I'd like to ask you quite bluntly to make sure you tell the truth in your commentaries and articles and editorials. I will give you a recent example of what I mean.

In the *Idaho State Journal* within the last two weeks, there was an article about the EPA coming to Pocatello and how important that was. They were a little bit too late to straighten out Agrium or prevent the closing of the phosphate plant there, FMC, but they could take care of INEEL and be a presence in the region. Then they could go to Soda Springs where a big brown cloud hangs over the city because of all of our mining and industry there. Well, that hurts us bad, and it is a lie, a blatant lie.

In my conversations with DEQ, Soda Springs is Class 1 airshed, even with Monsanto and Agrium there. There is no question about that from a scientific standpoint. That was a commentary in an editorial, not in a journalist's article. I see that kind of reporting on natural resource management all the time in that paper and others in this state. It's distorted; it's not correct; it's not scientifically accurate. It's editorializing, and I would like to see a more even-handed approach.

I'm a member of what I call the radical center. I like wilderness but only so much is appropriate. The Endangered Species Act was originally a good thought, and it needed to be done, but it's not being applied as the original authors intended it to be. A lot of it is because of reports of black clouds hanging over communities, clouds that don't really exist.

EMERSON: I suggest that when you see things that you think are not true, you go to the reporter or the editor or the TV station and ask to speak to them about it. I don't think any of us intentionally reports untruths. We do make mistakes. I'll always tell you not to believe everything you read in the newspaper. If you read ten stories, you hope that by the end of the process, you'll get most of the truth. You're not going to get all of it. These are huge, complicated issues, but you're also dealing, in a state like this, with a lot of young reporters. They might not understand all facets of the question. So when these questions come up, don't look at them as the enemy. Just say, "OK, I'll go in, talk to them about it, try to be reasonable with them, and give them something else to think about."

VERALONE: This was on the editorial page, and there was no name attached to it. It was written by the editorial staff, whoever that is. I assume it's all of the editors. How could anyone make a statement about "the big brown cloud hanging over Soda Springs?" They had to have that information from somewhere, or they made it up.

BRADY: Maybe that goes to the fact that we all live in cities, and you live away from the cities. We're learning, and we do have rollover in staff. I really encourage you to take Paul's advice. Write us; raise hell with us. We'll print our opponent's comments.

VERALONE: The paper got a letter from our mayor, I'm sure.

BRADY: OK, good.

AUDIENCE COMMENT: I'm Dick Gardner and have been knocking around rural Idaho for a while. As someone who tried to elevate the policy debate on rural development, I want to compliment you guys. Through the media, you've been able to spread this into a statewide dialogue, and I think it's really laudable and a great thing to do.

You were asking what more can you do. For me, the next step would be to extend this dialogue to not just describing the problem and the situation as it is on the ground but to having a dialogue among all the players about what our vision is for rural Idaho. We can't devise strategies until we have some idea of where we're going. We're going to have to build some consensus around that. As an example: what kind of services ought to be universally available throughout rural Idaho? How far should you have to go to get health care? What kind of public school quality should we expect for all? How about roads, telecommunication services, and various social services?

I think we need to be talking about that. How can we respect our values that we have in respecting property rights and still do something to preserve farm land and control sprawl. These are the kinds of things that we as Idahoans need to be talking about. The clearer we can become on where we want to head with rural Idaho, the more likely it is that we'll get there.

BRADY: I agree with you completely, and Pat Murphy is nodding his head. That's his business, and maybe he can help us move in that direction.

AUDIENCE COMMENT: My name is Janie Aguilar, and I have a question for the panel. I think it's a multi-faceted issue; it will never be one extreme or the

other. There will be those that don't have to change and can hang onto their quality of life, and there will be those that accept the change and are ready to move forward. My question is around that issue. For the people in rural Idaho that have accepted that change and know they have to have a new skill base, are there training programs and resources available to them so that they can move forward with the changing times and develop their skills so that when the environment is ready for a company to come in, they can take advantage of that and have a good work force?

RUSSELL: I think there are education and retraining programs available, but they may not be in your rural Idaho community. In order to take those classes, to prepare for a new career, you may have to move to go to school. That's one of the disadvantages we see. Obviously, we're not going to be able to have the University of Idaho in every rural town, but there are distance learning opportunities beginning to arise around the state. I know North Idaho College and the College of Southern Idaho are very involved with those. There are ways you can take classes over a computer, but you have to go through the institutions where they are, so that's a real challenge to get the programs out to where the people are.

BRADY: But every business has state funds available to train workers. A lot of money is available. I don't think there is a mismatch of jobs and training.

EMERSON: Brian Peters, our reporter who was involved in this project, profiled a family named Tulecki. The father lost his job when the JP Mill shut down in Weippe. He is commuting 40 miles one-way daily now to Lewis Clark State College, is enrolled as a full-time student, and is benefiting from training money. LCSC has been very active in trying to solve some of those problems.

One thing we had better be very careful of and watch closely, especially in the economic environment we're entering right now, is that every college administrator in the state right now is trying to figure out how to whack 10% off the budget. The thing that frightens me is that they're all talking about doing it on the backs of students.

We all heard this morning that higher education is a key to economic development. We also heard that people are making \$13,000 to \$22,000 a year in a lot of these counties. I don't believe that everyone can afford to go to college anymore. We hear all the time that there is all this financial aid. Well, it's been a couple of years since my kids were in college, but the last time I looked, if your household income was over \$40,000 a year, you weren't eligible for most of these grants. If we keep jacking up

tuition in this state and putting this burden on kids, a lot of what we're saying today won't mean anything because they won't be able to afford to go to college.

BRADY: Let's take one final question.

AUDIENCE COMMENT: I'd like to echo what the gentleman from Soda Springs said. Since you asked what journalists should do, I think you should all hang pictures of Thomas Jefferson in your offices and remember that when he wrote the Bill of Rights, the first ten amendments to the Constitution, the first one he wrote was freedom of the press. Second, remember that he also said eternal vigilance is the price of liberty. As such, I realize that it's much easier, a lot more efficient, and a lot less work to merely take press releases from companies and government agencies and print them verbatim, but they are not always true. Had Woodward and Bernstein accepted on face value what came out of the Nixon White House during the Watergate era, none of that would have occurred. It's highly important that all of you, as journalists, become at least part-time investigative reporters and verify and backtrack that information. Make certain that what you're receiving from an information source happens to be fact.

I know from personal experience that there are employers from government agencies who do not tell the truth to the news media. That's happened more than once.

The only request I'd have is that I believe your editorial responses should be balanced and fair. If you're going to print letters from Louise Wagonette, I'd appreciate it if you did something with mine besides throw them in the wastebasket. Thank you.

BRADY: I told you that these guys from Lemhi and Custer know how to talk. OK, one more.

AUDIENCE COMMENT - Bert Bowler: Sometimes we overlook the benefits of the recreation industry in Idaho, and an important part of that industry is fishing. Last year's contribution from the steelhead fishery alone was \$90 million. This year, we had a tremendous salmon fishery that we haven't seen since the 50's and the 60's. We're going to have a super steelhead fishery. What I would like to see you folks do is start cranking the equations and the stories out on the benefits from what Idaho can provide in a truly renewable resource—and that's salmon and steelhead.

BRADY: Thank you. Honey is a \$240 million business last year, so don't forget that one. I want to thank you so much. Listening to journalists talk is probably not your idea of fun in the afternoon, so we're honored to have

been participants in this, and we will do our best to follow up on your suggestions. Now I'll turn it back to Marc.

JOHNSON: I'm reminded that in a former life, I served as the press secretary to the Governor, and almost all the time, that was a great job. I remember that he had one observation one time when something particularly distasteful had been written—probably by Popkey—that the role of the journalist is to watch the battle and then go out and bayonet the wounded.

I think what you're hearing from this audience is that they want you to stay engaged on this subject and to sheath the bayonets.

It was a terrific reporting job, but it's just one effort. What I heard this afternoon is: Keep focused on this issue in all of its dimensions, tell the stories, debunk the myths, give us some history, and try to do a well-rounded job of helping us understand what's going on.

Thank you very much. I'll turn the microphone over for the last word to the boss.

ANDRUS: Thank you very much. Ladies and gentlemen of the media, thank you for your participation. It's been a great day. I appreciate the participation of all of the folks, particularly the audience, who has sat through all of this.

You must understand that it's difficult for a person who has spent 40 years of his life in the political arena to sit there and keep his mouth shut and not express his opinion. A couple of times, I was ready to go, but my role in the Andrus Center is that of an appliance to bring people together. We've brought the people together.

Tomorrow is going to be an outstanding day. In the morning, we have Dr. Grisham, who has just arrived here from the University of Mississippi. Dr. Grisham, stand up, please. You're going to hear from him in the morning, and you'll hear from Martin Goebel of Sustainable Northwest. These two gentlemen will share with us some of the success stories and the things they've been able to do in other parts of the world, good ideas that we might be able to steal. Nothing wrong with that. No need for us to re-invent the wheel.

Permit me to observe that the Mayor Darrell Kerby of Bonners Ferry made a statement early this morning that I think was outstanding. I'm very familiar with Bonners Ferry; I know the history; I knew your dad and many others up there. Back in my first life in the 1970's, we were up there, frothing at the mouth, cussing the federal government, the Forest Service, and everyone else to try to get things done. As he said this morning, it didn't work. But they sat down and worked in collaboration with everyone, and now both your mills are still running. The economy is strong and healthy, and Native Americans are involved in the city. It has happened

because they were willing to sit down and listen to all the people and work out the problems. I hope we'll be able to put into practice throughout the state of Idaho what the mayor said this morning.

Ladies and gentlemen, don't give up today. Come tomorrow. You'll have a shot at some members of the Legislature. I might even break down and have a question or two for those guys, but we look forward to it. Thank you for being with us today, and we'll reconvene tomorrow morning. *A*

RURAL IDAHO: Challenged to change

Presented by the Andrus Center for Public Policy

November 8-9, 2001

Recital Hall, Langroise Center, Albertson College of Idaho
Caldwell, Idaho

Keynote

J. Martin Goebel,

President, Sustainable Northwest, Portland

Vaughn L. Grisham, Ph.D.,

U. of Mississippi, Oxford

ANDRUS: I'm happy you're all here this morning. Thank you for coming back and for being part of our second day.

Following publication of the articles on the plight of rural Idaho in the four newspapers, it became clear that folks needed to be brought together to talk about them and that a gathering like this was needed. I joined with the newspaper and television people, who brought the idea to us. Yesterday exceeded all of my expectations. I think we have the opportunity today to sit and listen, not just to the problems, but to some options and solutions.

Once again, I call your attention to the back of the brochure. This conference could not have been put together if we had not had the participation of our sponsors. The main sponsors are all listed there, and the Northwest Area Foundation has gone far beyond what we could have expected from them.

I hope you will take a look at those sponsors. There's a little grocery store mentioned at the top, banks, prestigious law firms, power companies, energy companies, and Picabo Livestock Company. The list goes on. When you run into these people, say thanks. They coughed up some money so that we could put this together.

The Andrus Center at Boise State University is a non-profit operation. We survive on the generosity of other people, and we try to give you a quality product and to be an honest broker instead of participating in the political arena from this podium, and—although the urge arises once in a while—I try to stay honest.

Let me now move on to introduce the first of a couple of success stories, places where people have been successful in confronting the challenges of economic

revitalization in a small rural community. Later on, we'll engage several Idahoans on the subject of a rural policy for Idaho.

Let me bring to you, first of all, a good friend and a leader in the effort in the Pacific Northwest to create sustainable communities. Martin Goebel is the founding president of Sustainable Northwest, an organization dedicated to creating the right environment at the local level to bring about sustainable development. He has a couple of success stories that I hope he will share with us. Martin has an undergraduate degree in forestry from Oregon State and a master's degree in natural resource conservation and development from Texas A&M.

Ladies and gentlemen, please join me in welcoming Martin Goebel to the podium.

MARTIN GOEBEL: Thanks very much, Cece. It's great to be with you here again today. Having had Cece help me start Sustainable Northwest and having had him be chair of our board for three years, I hope that he, but most important you, after this presentation, sees how much hope and how much promise there is in a few communities and businesses throughout the northwest. Before I go on, I'd like to give particular thanks to the press for the work they did leading up to this conference. One asks oneself all the time when organizing a conference, "What is the follow-up?" They not only are going to do follow-up, they did preliminary work leading up to it. I've never seen anything like that before, and I want to commend them for their work.

I want to thank Cece and John in organizing this conference and particularly in planning today's agenda by putting me before Vaughn Grisham. I could never rise to the occasion by following him.

Let me apologize for a few of the slides I'm going to show you. They are a little murky, but I'm going to go pretty fast. There are a lot more success stories out there than you might think. I'm only touching the tip of the iceberg with this presentation.

When Cece and other regional leaders hired me, they told me they wanted Sustainable Northwest to solve three problems: the growing urban-rural tension and divide, the increasing acrimony between environmental groups and local groups and industries, and the lack of organizations and initiatives focused on solutions. I thought I was moving back to Ecotopia, but it hasn't turned out that way. It's been a daunting task, but one full of rewards and promise. I've had to learn a lot, and mostly, I've had to learn to listen.

That reminds me of a story about the city slicker who driving past a farmhouse on a country road. He noticed there was a tractor outside; it was pouring rain, and he decided he would be a good Samaritan and stop. He went up to the farmhouse, and when the farmer came out, he said, "Hey, you should put that tractor in the barn. It's going to get rusty if you don't put it in the barn."

The farmer said, "The barn is full of hay."

The city slicker said, "Well, then you need to build another barn."

The farmer replied, "I don't need any more hay."

This story reminds me of a couple of things that are very important in my work and, I think, in all of yours. That is that people see things very, very differently. They bring different knowledge, a different experience, and a different passion to the table. They have different priorities often, and they frequently want different outcomes. But often they want the same outcomes.

The story reminds me that effective communication and trust-building are fundamental to whatever work we undertake in rural community development, especially in these difficult times. We have to get eventually to where we share values, share goals, and share a vision, but that's not enough. That's just the beginning, but it takes that and trust to get something started. That's something I've had to learn the hard way.

I think you all know the story of this region. We went over it yesterday. The northwest, both in farming and forestry, has suffered tremendously. Resource-based industries that were the mainstay of our economies in the past are changing dramatically. Service industries are taking their place, and we bemoan the fact that the salaries being paid may be significantly less at times. Young people, as we heard yesterday, are leaving communities, and many of them are not coming back. Increasingly, people feel that schools are fraying, hospitals and health care services are declining, and the fabric of rural communities is unraveling. I encountered this one in Lake County, Oregon when we assembled a

group of environmentalists, local leaders, local sawmill people. We invited Jack Ward Thomas, who had recently retired from the Forest Service. On the way there, we had to go through Medford, and when he was picking up his bag from the carousel, someone came up to him and said, "You look just like Jack Ward Thomas." He said, "Yeah, I know." Then the man said, "Doesn't that just piss you off?"

Anyway, it's tough to change. The resentment, of course, is very understandable, and we all empathize with those of you who are going through these difficult changes. I have to say this, too. The environmental community has often gone overboard.

This is a list of the permits any large or small business has to go through, just to handle hazardous waste. It is incredible. If that's not daunting and doesn't stymie entrepreneurship, I don't know what does. The fact is that we've gone overboard on lots of things, and in this day and age, we have to find new ways of doing business. We're all yearning for a new approach, perhaps even a new paradigm that recognizes and reaffirms the role of people in the solution, rather than people as part of the problem. I call it "sustainability." You may want to call it something else.

It's basically about finding ways to find a balance between natural processes and managed ecosystem. That's basically what it's all about. Most importantly, it's about trying to rebuild a viable economy, trying to pursue and promote community wellbeing and trying to restore healthy and functioning ecosystems as Charlotte explained yesterday.

That's so important because, it's true, Idaho is too great for the kind of hate we've experienced here and there in pockets of the northwest in the past. Let me just tell you a few stories about Sustainable Northwest, but before I do that, let me tell you a little bit about us. As Cece mentioned, it started with a few people: himself, a rancher, an environmentalist. Seven years ago, they decided to form this organization to try to focus on solutions at the community level.

There are three ways that we promote what we do. First, we do it through community partnerships to promote environmentally sound economic development in communities throughout the Pacific Northwest. We do so through partnerships in community sustainability. That means establishing long-term relationships, not short-term. We have to find out how to do this work together. There is no cookbook for it. We have to build the capacity within rural communities or to redirect the capacity that's there. Finally, we have to strengthen what is the biggest asset of most rural communities: self-reliance, economic vitality, and environmental sustainability at the same time. We do so primarily through market-driven solutions, not through

regulations, not through more laws. That means development of conservation-based businesses, linking entrepreneurs across the region, as Karl Stauber suggested yesterday, and building capacities to produce and market sustainable products and services.

We also need to communicate and share what we're learning throughout the region, so we have a whole branch of what we do call Regional Communication and Learning, which focuses on documenting sustainability success stories, many of which I'm going to cover in just a few minutes, creating regional networks that work together, and finally, encouraging policy and institutional reform based on our experience on the ground, not the other way around.

These approaches are anchored in a set of values, a set of beliefs that we as an organization struggled, early on, to articulate as clearly as we could. First, people are an indivisible part of the ecosystem they inhabit. They are not apart from it; they are a part of it.

Second, economic and environmental health are interdependent. They are not segregated from each other.

Third, people in rural communities possess the energy and creativity to cooperatively develop lasting solutions to complex environmental problems and environmental challenges. I want to underline the word "and." Because it's not "or"; it's "and." We talked about the creativity yesterday.

Finally, effective ecosystem stewardship is adaptive, place-based, locally-supported and founded on scientific and practical knowledge. A lot of times, you talk about using best science, which usually means science from some academic institution that is far away from the land. We have to start honoring people's practical knowledge on the ground, knowledge they have gleaned from being in the forest, working on their ag land day in and day out, and knowing how those ecosystems behave.

This puts us in a real problem at Sustainable Northwest because we're not environmentalists in the true sense of the word, and we're not economic developers in the true sense of the word. We're somewhere in between, and when you're in a civil war and you're not on either one side or the other, you got shot at from both sides, and we do. We are often talked about as wolves in sheep's clothing. That means, I hope, that we're doing something right.

Community sustainability partners we've managed to get off the ground in a few short years include Okanogan County, Washington, which is very rural; Wallowa County, Oregon; Lake County, Oregon; and this broad region called the Klamath-Siskiyou Region in southern Oregon, where we are helping to start an initiative and an organization similar to our own, called the Jefferson Sustainable Development Initiative.

I'm just going to walk you through what's happened in the one closest to us here in Idaho, Wallowa County, where we've worked the longest. It's an absolutely beautiful place, Oregon's gateway into the Hell's Canyon region. We started working there in 1994 by invitation from the local community, the local county commissioners, and several local leaders. It's a place that had 13% unemployment, and it vacillates from 5% or 6% up to 17% and has gone even as high as 23% since I've been going there. It's a place with 7,000 rural residents.

It is a place that once harvested 72 million board feet per year in the county, and in the last four years, it has averaged about 14 million. They had as many as 20 sawmills in the early part of the century. When I started going there, two of the last three sawmills had closed, and one closed shortly thereafter. Lots of jobs were provided by those industries.

There were, however, in that dark picture some community assets. There was an enormous amount of polarization and conflict in the community, but there were leaders in the community, like the gentleman from Bonners Ferry who is with us here, who were already moving past that. The county had done some visioning and had come up with a strategic plan that included the importance of revitalizing and reconsidering the natural resource-based industry.

Most important, the community had begun to reach out to the Nez Perce Tribe and work out a salmon habitat recovery plan because they knew that any day, the chinook salmon were going to be listed on the endangered species list, and they wanted to try to avoid that. So they were being pro-active.

We got started with lots of meeting. I was privileged to help facilitate early on, but that didn't last long. Local folks rose to the occasion and decided they needed to facilitate this process and that I needed to be just one other participant. I brought in perhaps a few resources on the side, financial and intellectual. We did that. We worked with foresters, ranchers, land owners, artists, community leaders, and environmentalists to bring this group together, literally monthly for nearly three years.

Out of that process, we were able to bring in speakers from the outside that spoke to some of the ideas that began to emerge from the community dialogue. We looked at some of their industries and talked about value-added prospects. Some people in the community were already producing things like heirloom doors and selling them far away to even the Asian market. So there were already some community assets we began to put together.

But the most important things that came out of those early years was a goal statement for an organization that they eventually decided needed to be established in order to anchor and motor this process along from then on.

It says: “To promote forest and water health, to stabilize and strengthen local natural resource-based businesses to provide family-wage jobs, and to broaden the community’s understanding of and support for the ties between ecosystem health and community wellbeing. You’ll notice there is a three-part goal statement there. One is about the ecosystem, one is about jobs, and the other is the community. Those are the three parts of what I call sustainability.

Eventually an organization did emerge out of this process. It is now staffed by a local fourth generation rancher, Diane Snyder, two environmentalists who came from the outside and who have converted from environmental advocacy to community-based economic and environmental sustainability, and people like Leo Goebel, who owns a good deal of forest land there, who has become a real advocate for this process, and who is one of the most successful sustainable forest land managers I’ve ever met.

They have come a long way over the years and have accomplished a great deal. They have sponsored speakers’ forums fairly consistently and constantly. Many farmers and ranchers in the community have joined Oregon Country Beef, which is a co-op of ranchers from throughout Oregon that has managed to niche-market their beef. I’ll talk about that in a minute. They have whole business-development programs, which have helped small businesses get started. The most eloquent and poignant story has been the story of the woman who lost her job because a restaurant burned down, started a business with a credit card, making fleece products, and she has become the poster child of small business development in the community. Her story was recently published in many national newspapers.

We also did a lot of experimentation and made a lot of mistakes, as we tried to find value-added ways, light-on-the-land ways to process small-diameter wood. We tried a small mobile log-processing machine.

Someone in the community said to us one day, “We need to foster better understanding, especially for the next generation, between urban and rural kids.” So they started a ranch camp where kids from urban Oregon come to rural Oregon for a week and not only work on the land, which very few urban kids do, but they also talk to each other about their perspectives, their frames of reference, their prejudices. We hope that by the end of the week, they will have developed a real appreciation for each other. I’ll tell you that it’s not just the urban kids that walk away feeling good about what they accomplished and the kinds of responsibilities they were given and able to take on. It’s the rural kids who realize how much value they have in their rural life because the urban kids are telling them that throughout the entire week.

“I didn’t know you did this.”

“I didn’t know you could build a fence or saddle a horse.”

“I didn’t know you had so much responsibility and so much freedom in a rural community that we don’t have anymore in the city.”

Another accomplishment was to build partnerships, not just in the region with other organizations but with national organizations willing to help out, like the Pinchot Institute, and others that can help on all kinds of fronts, including money raising and policy advocacy in Washington. The results of the economizer project got us going on what can we do that’s even bigger than just processing a few small-diameter trees in the forest and trying to sell them to local markets.

Nowadays, the water resource organization has really taken off. They have collaborative projects on private ground. They’re using stewardship incentives. They’re doing riparian restoration. They’re doing a heck of a lot of value-added processing and marketing with small diameter products and other kinds of things. They are doing a lot more work these days on public land, too. It’s difficult to do. Many of you may know and probably have experienced yourselves that there is very little going on in the way of timber sales in the national forests. In fact, they haven’t had a single timber sale in the last three years in the Wallowa-Whitman National Forest. So they are doing demonstration projects with the forest, hoping that those demonstrations will lead to positive change in that regard soon.

Remember that abandoned sawmill I showed you in one of the first pictures? It’s open again. Last fall, it closed and re-opened back up this spring. It is now marketing itself not just as a producer of 2x4’s but also a mechanism for ecological restoration. Many people have been put back to work with a lot more enthusiasm. A lot of forest projects have been revitalized, especially on private land, because of it. We’re doing a lot of demonstration projects on the ground to try to thin out some of those trees. A lot of people are participating, including the environmental community in the monitoring aspect, and this is how a forest can look after these demonstration projects get up and running, and everyone is part of the project and the solution.

Products? Yes, lots of products. Primary forest products, but also value-added flooring. This is small-diameter, Douglas fir flooring that is being marketed to the urban markets. They have also realized that many other things can happen around the mill, too. They’ve added a whole post and pole peeler and chipping saw, which allow them to process poles from small-diameter wood. They have also found out that the mountain of debris that has accumulated can be packaged, filtered, and sold to garden centers in urban places. They have been able to make money on that.

The mill is the first small sawmill in Oregon to become “green-certified.” They are already selling some green-certified wood into the marketplace. The most important story is that Built-e, which is a small brokerage firm for home products, especially building products, in Seattle, caught on to the Joseph mill products through a connection we made for them. They immediately ordered several truckloads of wood for a Bend, Oregon development where seven homes are being built, using the latest in sustainable building practices.

The most important thing, they said, is that they were able to take the story, not just the product, the story of what Wallowa County is doing with their forests and their watershed to the customer and say, “You’re buying this good wood. It’s equal quality and equal price, but you have this story for your customer when they come to buy that house.” Anyway, there are a lot of happy people back at work. Not as many as we would like. This is not a stable situation. Small sawmills, as you all know, are very difficult to keep open these days. They have their challenges, just like any place else, but the most important thing was that in this process, we learned a tremendous number of lessons.

First was to work with nature to increase biodiversity, ecosystem values, and productivity. Second is to add value at the local level. You add jobs. Sell your story. Third, be as entrepreneurial and risk-taking as you can afford to be. Finally, get target assistance and collaborate or die. If you don’t collaborate across your community with those you think are your enemies, you’re not going to make it in this very difficult new world we’re all in.

Lest you think that Wallowa County and the few examples we’ve heard in the past few days are alone, they are not. There is a growing number of examples throughout our region and throughout the west and throughout the country. There are organizations like the Sonoran Institute, which is doing similar things in the southwest. Close to home in Montana, these case studies were recently published, literally two weeks ago, from throughout our region. That book up there on the right side was published by someone from Boise State University, whom I have not yet met.

We have copies here of the books we publish, *Founders of the New Northwest*, and many of you picked up a copy in the lobby. It is chock full of examples like the one I just described. If any of you didn’t get a copy, please write me or just go to sustainablenorthwest.org, which is our web site. All 115 stories published in these four books are on our web site, complete and with contact information for you. They are all delighted to share their stories with you.

How have other places used those principles and those lessons we’ve learned? Work with nature to increase productivity and profit. Well, right in Idaho, Bill Novinger, Dry Creek Farm, has done an incredible job to

try to reconstruct the stream going through his ranch, trying to put back native grasses and shrubs. There is 50% more channel on his land now than there was when he first started. He is finding that through this process, he has more grass, more productivity, and a lot less hassle environmentally than he used to have.

I mentioned Leo Goebel and Bob Jackson in Wallowa County. These are people who bought a piece of land thirty years ago that had 1.9 million board feet of standing timber on it, mostly pretty bad timber. They logged it every single year since then, logged about 2 million board feet from it in thirty years, and now they have 2.2 million board feet of timber on it. It’s a lot healthier. It’s a lot more diverse. Their motto is “Make a living but not a killing.” They really practice that. They take the worst trees and leave the best. Little by little, they have stewarded and cultivated a forest back to health.

Leo is a big advocate of talking about just how fast trees grow. The cross section of a tree on the lower right hand corner there is twice as old as the one next to it on the left. It’s a suppressed tree. It’s what plagues all our national forests these days. There are about 40 million acres of that stuff that one way or another should be thinned or at least a lot of it should be thinned, and there is a lot of economic potential in it.

In terms of adding value, there are many, many examples flourishing throughout the northwest and the west. I’ll talk about two: Stahlbush Island Farms and Mary Jane Butters, just outside of Moscow, Idaho. The thing on the right is the *Hartman Report*, published a few years ago. It basically said that the markets for organic and sustainable food products are growing very quickly, and the market has borne that out, growing at about 20% to 30% a year, fairly consistently, for the past few years. Mary Jane is the owner and operator of Paradise Farm Organics, a farm and food manufacturing business that sells produce and prepared foods through a mail order catalogue. She is now a big supplier to REI, the outdoor sports apparel retailer. She has an eco-cuisine line for backpackers, and I was told yesterday by Priscilla Salant that Mary Jane wants to be the Martha Stewart of sustainable farming. By the way, she has done this with no government subsidy and no outside help.

Stahlbush Island Farms in Corvallis, Oregon has reduced its use of pesticides by 85%. All this is in response to that *Hartman Report*, which shows that people don’t want that anymore. Lots of people don’t want that. They are very cautious about that kind of thing. They have now, over the years, developed many lines of food products that they process on their farm, and they are now shipping fourteen different vegetable and fruit products to 40 states and 14 different countries around the world. They are experiencing 40% growth per year

and have been for the last ten years. They now employ 150 people.

Sell your story. I'll go over a couple of examples. Lane Coulston, not too far from here, with the American Conservation Real Estate outfit, which he founded, is a land broker. He tries to match buyers and sellers on a contract basis to craft real estate deals that use conservation easements to preserve working ranches while also meeting the growing demand for scenic new home sites in Montana and Wyoming. He has a model called "Small Homesteads, Large Landscapes." It's growing very quickly, and he's making a very good living at it.

Wildcatch is an outfit out of Bellingham, Washington. Like most of their peers, Buck and John Gibbons and John Saarheim were selling salmon as a commodity to large processing companies for many years. They found that was a dead end street for them, so they launched Capilano Pacific with 20 Alaskan native and northwest fishers as a profit-sharing venture to "increase the value of the fish and improve the lives of fishers." Capilano Pacific now markets wild-caught, organically-processed fish. Their Wildcatch label, which you see here, targets discriminating customers who are willing to pay more for carefully-handled wild fish from pristine waters. They are projecting \$1.9 million in sales this year.

I mentioned before Doc and Connie Hatfield from Brothers, Oregon. Fourteen years ago, they started something called Oregon County Beef because one day, after Connie had driven two hours into Bend to one of those aerobics classes, she listened to the instructor say at the end of the class, "I want you to stop eating beef." She went up to her very meekly afterwards and said, "Why are you telling people that?"

The teacher said, "Well, it's very unhealthy for you. It has too much fat and has all kinds of hormones and antibodies in it, etc."

Connie said, "I'm a rancher, and you were telling people either don't buy beef or buy it from Argentina. I could grow the kind of beef you're promoting right here on my own ranch." And they did.

Now, this 49-ranch group is a 2 million-acre cooperative that markets a wonderful story. It says, "Our product is more than beef. It's the smell of sage after a summer thunderstorm, the cool shade of a Ponderosa pine floor. It's an 80-year-old with weathered hands saddling a horse in the Blue Mountains, the future of a six-year-old in a one-room school house in the high desert. It's a trout in a beaver-built pond, haystacks in aspen-framed meadows. It's the quail running to join the cows for a meal, and the welcome ring of a distant bell at dusk." That's telling your story. If that doesn't cause you goose bumps, I don't know what does.

They are very entrepreneurial, and so are a lot of other people. Leonard Opel of Meadowood Industries in

Albany, Oregon realized that there was an environmental problem with all the burning they were doing with rye grass in the Willamette Valley, and he decided to try to make a value-added product out of it. He's been very successful with developing straw board, which is now used in all kinds of applications. He's managed also to weave in no toxic materials in the manufacturing, so he's developing a real market niche for that product.

The Yamsi Ranch in southern Oregon, a member of Oregon Country Beef, decided they weren't making quite enough money through Oregon Country Beef—and by the way, most of the ranchers in Oregon Country Beef are, for the first time in their lives, paying taxes, and they are very proud of that fact.

Yamsi Ranch has another asset, a beautiful stream running through the ranch. They have managed to build quite a handsome income with fly fishing on that stream. They charge \$250 per day.

Getting targeted assistance is another important thing. There are lots and lots of organizations out there willing to help if you know what you need. There is an organization in Montana called Arrow. The Food Alliance out of Portland, Oregon works nationally, and Shorebank Pacific works on the west coast of the northwest.

Arrow has an interesting story. They give out grants to farmers who want to improve the management of their land and develop markets for value-added products they make. They started out with just one farm, and now they have 150 farms. They project having 500 by the end of the year, so it is growing very quickly. They are mostly Montana family farms.

The Food Alliance in Portland started just a few years ago and is now a national organization, using their label to certify sustainably-produced foods. That doesn't mean you don't use a few pesticides here and there. They are not wholly organic either, but they are trying to help farmers that are trying to access markets, and they are growing and growing and growing.

Shorebank Pacific is the first environmental bank ever established in the United States. They try very hard to lend money to rural entrepreneurs that are working hard toward sustainability and reducing their environmental footprint in their production processes. They now have loaned \$24 million to 117 businesses along the Oregon and Washington coasts.

Finally, we talked about collaboration, which is really important. Two quick stories: Lake County, Oregon had lost its second-to-the-last sawmill a few years ago. The county commissioners decided that to keep things running, they would have to find a way to collaborate with environmental and outside interest groups. They did, and we have been working with them for four or five years now. That's where that sign came from that

we saw earlier. The first meeting we ever did was highly resisted by a lot of local folks, but many of them are at the table now because we've managed to save and designate half a million acres of Fremont National Forest to be managed by the community in cooperation with the Forest Service and the mill. That's a very unique situation, one that we hope will mesh environmental interests with local interests and produce products and ecological results over time.

The Healthy Forests/Healthy Communities partnership is our own regional project to bring together nearly 50 organizations, thirty of them manufacturers, to try to accomplish many things, most importantly to market the by-products of ecological restoration in both private and public forests. We have members from all of these colored spots on the map here, and it has been growing very quickly in the last couple of months. There is lots of interest out there to cooperate in this way.

The kinds of products these businesses are bringing to the table include flooring, paneling, molding, roundwood furniture, store fixtures, gifts, accessories, posts, poles and dimension lumber. Marketing and sales are tough. Most producers aren't terribly good at this and aren't terribly interested in it. That's OK, and that's why we're working together to try to add up each other's competitive advantages and assets.

We've established a flooring brokerage in Ashland, Oregon to try to broker some of this small-diameter wood flooring and paneling throughout southern Oregon and northern California, for example. Just this year, he did \$60,000 worth of business. That doesn't sound like a lot, but he's projecting a lot more next year as this product, small-diameter, pressed wood, becomes known in the marketplace.

The objective of raising the profile of this HFHC brand name is building partners' knowledge of the markets and materials, and, as I said, establishing a brokerage that is beginning to work and work very well. We have to find target markets. We have to launch a media campaign, which we are doing now, and we have to have some flagship projects out there. We're getting all of those things done cooperatively. We have focus groups to see whether the message of healthy forests with healthy communities works in the marketplace and resonates with customers. What we've found is that when you try to focus just on the environmental message, you get one segment of the market. When you focus just on the healthy communities part of it, you get another segment, but when you put the two together, you get a lot more bang for your buck and a lot bigger marketplace out there.

These are the kinds of products we're beginning to market: Madrone flooring, which utilizes an almost weed-type species that grows in southern Oregon and northern California in disturbed forests; suppressed

Douglas fir flooring, which I talked about a moment ago; really nice furniture that we're beginning to experiment with and sell; of course roundwood furniture as well, which is very popular, particularly in second homes; and Whole Foods, which is a national grocery store chain that markets mostly sustainable products and is really interested in equipping their stores with sustainable fixtures. So we've now put those products in several new stores, products made in rural communities in the northwest.

Moral of the story is that there is a ton of stories out there. We just recently held a conference in Portland. We expected 400 or 500 people to show up from throughout the region. We ended up with 850 from 19 different states throughout the country. We even had a person from abroad come specifically to this conference. We titled it "Oregon Sustainability Forum," but we drew from many places. We talked about what's working and what's not working, and there are a lot of things not working. We also talked about what's next, and we tried to eke out ways of telling stories, learning from the stories, and sharing the lessons with folks like you. The important thing is that people come to these kinds of stories because they want to hear about new kinds of relationships, and it takes new kinds of relationships to get these processes and products to market. Another important thing is that we have to concentrate on all three of the E's, not just economics, which is terribly important and fundamental. We also have to look at the environment, how we can make restoration work economically, and of course we have to concentrate on bringing the communities along. And there are communities within communities, including new arrivals in our ag and rural communities, Hispanics, and others, who are most likely here to stay.

There are a few lessons that we're learning, and I'd like to leave them with you before I turn this over to Vaughn. Sustainability is a process and not an end result. It's very important to remember that. Second, we don't have to do it all today. There is a lot you can start with, and there is no perfect solution for anybody. Every solution is context-specific, so while I have gone over lots of examples here, maybe some of these won't work for you, but they may be inspirations for you to borrow and beg and steal from them as you move along in your communities.

One-size-fits-all prescriptions don't work anymore. We're always looking for that silver bullet, that one way to do it that's going to solve all our problems. State and federal agencies are particularly prone to coming up with a prescription for a forest or a community that works for everyone. It's impossible to do. Find a solution that works for your community and your business.

Ultimately, sustainability is about people and their

values. We need to decide what we want to sustain in the future and then care enough to make it happen. The answer may be different everywhere you ask, and we do get different answers. The key is to be ready to hear what other people have to say and act on that in a way that makes the best sense for your community and your business.

Thank you very much.

ANDRUS: Thank you very much, Martin. When we hired this man about seven or eight years ago, we said, "You have a task that's difficult to achieve." He hasn't won them all, but he's won a lot of them. Martin, thank you very much for being here and for sharing with us that if you work hard enough, there are many opportunities out there.

Let me get to our next speaker. Dr. Vaughn Grisham and I were talking earlier, and he said, "There is no way I can cover all that subject matter in thirty minutes," and I said, "Just see what you can do." We have his book out there, so if he hasn't covered the subject, I suggest that you pick up a copy before you leave.

He's come a long way, and with airplane travel today, when you come from Mississippi to Idaho, it is a journey. Dr. Vaughn Grisham directs the McLean Institute for Community Development at the University of Mississippi, has helped established more than 250 leadership development programs in 20 states, and has written extensively on the subject. He is indeed one of the pioneers and experts in the field. He perhaps knows more about community development and how we can jump start them than anyone in the nation. One of his success stories is Tupelo, Mississippi which is the subject of this book. He has been selected as an outstanding teacher and has won recognition throughout the world for his work. Please help me welcome Dr. Vaughn Grisham.

VAUGHN GRISHAM, Ph.D.: I'll use a lavalier because I tend to walk around. My students tell other students that it doesn't do any good to sit in the back. He'll walk back there and talk, also.

I want to thank Martin, who preceded me, and the process he discussed is essentially the same process I've found that works. He laid the groundwork, and all I can do is try to build on it a bit. I want to add my voice in appreciating the work of the newspapers. That's a first-rate series you people have done. I want to commend the Andrus Center for bringing us all together, and primarily I want to thank all of you people. You're the most important element here. I am the least important; you are the most important. I commend you for taking the time to be here.

In listening to your discussion yesterday, I've heard your voice, and I've read the articles. Those problems are

deep, they are real, they are significant, and they will not go away. If there is a solution, it will be an imperfect solution; that is, it will not satisfy all your needs. It will leave out people, and you'll be working on it continually and modifying it to make it better. I do not expect you to live with an imperfect solution, and I expect you to continue to work on it, to improve it, and make it better. Looking at the intelligence I saw in this room yesterday, I have no doubt that you have the resources to do that.

The problems that you discussed yesterday are very common. There are unique problems here in Idaho and in the northwest, but by and large, the rural problems are endemic to rural areas. They are common not only in the United States; they are common throughout the world. I have worked and wrestled with these problems in over thirty states and five Canadian provinces. While I have not really worked in Idaho, I have worked in Montana and Oregon and Washington and some of your northern neighbors in Alberta and Saskatchewan. I know that it is not easy. I know that it is extremely difficult.

What I want is to do is to move, as Martin directed us, beyond just the problems. Let's get on with the solutions. I sensed your frustration yesterday, I know that you're ready to move on, and so am I. I have no patience with whiners. I don't appreciate them. I want people like you, who roll up their sleeves and get things done. You're my kind of people. I saw that yesterday, I see that in you today, and I admire and respect you.

Again, Martin said to you that there is no silver bullet. There is no one process that will fit all. It's not going to happen. What I will tell you is that there are basic principles at work, and I can tell you that those principles will work here in Idaho, just as Martin has demonstrated to you, and you can judge for yourself whether or not the principles I talk about are those you feel comfortable in applying. I have great faith in your judgment.

Let's start and begin to talk about part of the solution. A great part of the solution is right here in this audience. I saw in you yesterday two enormous assets: great intelligence both on the panel and in the audience, and I don't attempt to flatter you. Great intelligence and a great love for your area. I've lived my whole life in rural areas, and I love them. I don't want to see them changed, but I know they will change. So I try to accommodate myself to make the best of this situation and create a good place where I will like it, where my children can live, and where a good quality of life can be sustained. That's basically what I'm going for.

Now I could say to you, wouldn't it be nice if the kind of intelligence and love for community that I saw here yesterday could be brought together and if we could pool that intelligence and that love and begin to move forward. Now that's not simply a warm and fuzzy thought. That is, in fact, happening, and you've seen it happening

in the stories that you heard today. I want to tell you other places where it's happening. The story goes back to Mississippi. It begins there, but it doesn't end there.

We identified some principles of community and economic development that now we've been able to place in communities throughout the United States. It's what I've been doing for the last ten years, and I can tell you that these principles, like seeds, are taking hold. These places are, in fact, improving themselves in ways very similar to the stories you heard today.

Let's start with our story. It begins in 1940. It begins there because that's a census year. As a good social scientist, one of the things I want is some good hard data. The data I have is on this tiny little community, Tupelo, in Lee County, Mississippi. Now the 1940 census showed that Lee County, Mississippi was perhaps the poorest county in the entire United States. There are over 2,000 counties in the United States, and Lee County may have been the lowest. It certainly was the poorest in Mississippi, and if you're the poorest county in Mississippi, God help you. There is little else that will.

Let me tell you how poor they were. Average per family income was under \$750 per year. That was the average annual per family, less than \$2.00/day to feed, clothe, and house your family. That's difficult. You can make the adjustment for inflation, and you will still find that is about one-fourth of the national average.

In 1940, over 50% of the population of Lee County was illiterate. That's about exactly what it is in Pakistan today. In fact, it would be fairly correct to compare Pakistan to the United States in 2001, and that's similar to the comparison you had between Lee County and the United States in 1940.

There had been a devastating tornado in 1936, which had destroyed the town, just flattened it. What little capital they had would have to be spent to rebuild it.

There had been a devastating strike in 1937, which had closed the only industry in the town and created such hard feelings between labor management that they would last for years. In the late 1970's, I was interviewing in Lee County, went up on a porch, knocked on the door, man came to the door, and I introduced myself. He said, "Do I know you?"

I said, "I don't think so. I'm from the University of Mississippi, and I'm trying to collect data on your community." He said, "No, I do know you. Wait right there."

I waited, and he came back with a double-barreled shotgun. He hit me against the chest, and it created bruises that were there two weeks later. He proceeded to tell me that he knew me because I was a friend of the S.O.B. that had aligned himself with labor in that strike in 1937, and he was right. Then he told me what parts of my anatomy he was going to shoot off if I didn't get off his porch.

I go into that much detail to tell you that was a divided community. That's divided. So people don't have to tell me about divided communities. The town was divided racially, divided by class, divided by old-timers and new people. It was divided along all kinds of lines. Can you imagine a worse situation than I just described? It was a terrible situation. Now let's see what they did; let's fast forward.

Now if your problem is economic—and it is, in part—then you have to attack the economy, and they did. What they did was transform themselves in fairly short order from a cotton-producer to dairy. They did it so well that between 1940 and 1950, the leading dairy magazine in the United States cited Lee County as having basically the best and most innovative dairy program in the United States. In 1947, they got a new industry, ten years after the old one closed.

By 1967, Lee County was adding more industrial jobs than the other 81 counties of Mississippi combined. In the last 15 years, they had added 1000 new manufacturing and industrial jobs every year for 15 consecutive years. This was a very rural area. They added more than one million square feet of new industrial space every year for 15 consecutive years. Today, in the year 2001, in a community that started with a population of 8,000 in a county of 40,000, Tupelo is now a town of 34,000 in a county of 72,000. They have 59,000 jobs, and they are not low-paying jobs. The economy in this small town has outgrown the economy of the United States for 31 consecutive years. They haven't missed a lick. They have not eliminated poverty, but they have come very close from this poorest place in the United States.

Whereas in the United States, poverty stands at 12% to 14%, in Lee County, it stands at 5% to 7%. There are 45 international corporations and 17 Fortune 500 companies among the 200 companies. Their per family income is about \$49,000/year, from a start of \$750. Their education, you'll remember, was a problem. Today, 80% of the children who begin kindergarten go on to college. They're not satisfied with that, and they plan to move it to 100%, going to either a community college, a vocational school, a university, or some other advanced education.

The Kennedy School of Government at Harvard and the Ford Foundation have cited the public-private partnership in support of the schools as one of the ten best in the United States. Tupelo is to have one of the ten best public school systems in the United States. They desegregated their schools five years before Berkeley, California, and they have never built private schools. It's a very good school system.

Their medical center, when they started this, had twenty beds. Today, it's the largest employer. In a town of 34,000, how many would you expect to be employed in a

medical center? 1400? It's not attached to a medical school, by the way. It employs 6,000 people. U.S. News and World Report cites four medical centers as models. Mayo Clinic is obviously one of them. Tupelo in Lee County is also one of them. Not too shabby. They have essentially eliminated sub-standard housing.

Now, this is basically a town-rural project. I just told you they had a population of 34,000. That means they have approximately 12,000 workers in Tupelo. They have 60,000 jobs. Where do the workers come from? They come from the surrounding rural areas. 48,000 come from the rural areas. It's a partnership between the town and the rural areas. It always has been. Both are winners. What's neat there is that the family income in Lee County and in the rural areas surrounding is almost exactly the same as it is in Tupelo. It's been an equitable arrangement. It's exactly what they wanted.

Now if you came there and said, "Show me these industries." I'd say, "Well, actually, they are all over the place." They didn't locate them all in Tupelo. They scattered them all over the place. I was at a ground breaking just the other day at a town of 422 people. We just established a \$83 million plant in a town of a little over 400 people; they're all over the place. In fact there are almost no factories in Tupelo.

Why would they be interested in scattering these industries all over the place? What's the advantage to Tupelo? The industry isn't there; it's in the other places. They didn't have to build an urban area. They remained rural, and they scattered their industries. They don't have the traffic problems and the other kinds of problems because they scattered their industries. It was a partnership. It always was a partnership between the town and the country.

Now for their efforts, they are not obscure nor are they modest. Someone just recently told one of the local leaders, "If you folks could suck as well as you blow, the Gulf of Mexico would be right up next to Tupelo." In fact, it's 400 miles away. The response by the local leader was, "Just because we overestimate ourselves, you shouldn't underestimate us."

The USDA has identified them as the model for rural development in the United States. So has the U. S. Chamber of Commerce. So has the Federal Reserve Bank out of Atlanta. You may be aware that the National Civic League gives these "All American City" awards to ten outstanding communities in the United States. Tupelo was the first southern community to win one. They were the first community in the United States to win it twice. They are the only community in the United States that has won it three times. They won it again last year and in the year 2000.

Now would you like to know how they do it? They do it the way that Martin told you. The process is identical.

It usually is identical to the process you described. Let me describe it first in general terms. The fun part if this is to tell you how they did it. What tends to happen is that these kinds of efforts always begin with one individual. In the case of Tupelo, it was the owner and publisher of the *Daily Journal*, the newspaper. But in Aroostook County in Maine where I also work, it was a woman who owned a print shop. In Leder, Saskatchewan, where I worked, it was a pharmacist. In Conway County where I worked, it was an accountant. It's one individual. It could be Martin Goebel; it could be any number of people. By and large, what they do is begin to build networks with people around them, people with a common view. That network begins to get into other organizations, agencies, and what not, so you begin to link those together. Invariably, you will want to link your own community to technical sources. If the answers were in your community, you would probably already have found them. So you do need these technical agencies; you do need them, I assure you. Tupelo spends tons of money on those technical services that are outside the community.

So it's about network-building. Think of it as though you're going to put together a fabric or a rug or carpet. The carpet you put together here in rural Idaho will look vastly different from the rugs and carpets we put together in West Virginia or Maine or Saskatchewan. You'll bring different colors and designs into it, but the process will probably be very similar.

What they began to do there was that they first linked up the rural areas. 90% of the economy was based on agriculture, so they organized the rural areas initially. They would go into each little rural area and begin to get one person whom other people trusted. Martin told you: The key is trust. That one trusted person linked up with another trusted person, and they all formed what they call Rural Community Development Councils.

Someone said in the meeting yesterday, wouldn't it be good if we could all come together and have a vision? That's what they did, but it wasn't a common vision for the whole county. Each little rural area had its own vision of what it wanted to be, and there has to be enough trust, both ways, that these people will make good decisions.

Tupelo isn't going to say to them, "Don't develop that plan." It's their plan. They developed annual plans, and they worked on them. They started with three of these little rural areas. Now they have fifty-seven, and every little rural area is organized. Every little rural area works on an annual program in which they set objectives for themselves and what they want to achieve that year.

Inside the town, there is what is called the Community Development Foundation, and it serves as a kind of umbrella organization and provides technical resources. It also provides money for the other areas. That's the way they all link up.

But now let's go back and ask how they got money to start with. How did they do that? There is no one way of doing it. You build on your assets. I used to go into a community and do a what was called a SWOT analysis: strengths, weaknesses, opportunities, threats. I don't fool with weaknesses; I'm not interested in those anymore. If you don't have it, you don't have it. You build on your assets. That's what you build on. You build on what you have.

Now what do you have? When I go into a community, I ask, "What is your greatest asset?" They say, "Our people." I say, "I believe you're right." That is probably your greatest asset. Not your forest products, not those other things. Your greatest asset is and probably always was your people.

The national economy that grew the greatest in the 1990's was South Korea. What they did was focus on their human assets, pouring lots of money into their schools and educational system. Basically, that's what Tupelo did. I'll try to speed up the story very quickly.

Where you start is immaterial. You just start with whatever assets you have, and every community has different assets. I don't work with the same assets in eastern Tennessee or the Upper Peninsula of Michigan. Whatever we have, that's what we work with.

Here's what they did. George McLean recognized the problems in agriculture. We have to stop the hemorrhaging. We have to get an economic base or we can do nothing. We have no tax money; we have no reason to even stay here. If there are no jobs connecting the people, in terms of your network, they leave. So you start with the economic base. He looked to the schools of agriculture, and he put one question to them: How do you raise the income level of poor farming people and do it directly. George McLean used to rail against the trickle-down theory. He said the trickle-down theory is a lot like getting urinated on. I never met a rich person who didn't trickle down what they wanted to trickle and hold what they wanted to hold.

So how do you do that? One professor in Wisconsin said to him, "Now where are you from?" McLean said, "Lee County, Mississippi." The professor pulled out a book, looked up Lee County, and said, "Well, you're cotton country, right? Look there, your cotton production has been declining steadily for at least thirty or forty years. There are some gaps in my data, but clearly, you've been getting poor for a long time. Your soil is worn out. I don't have to go there to tell you that. It's probably been worn out for a long time. As it's been worn out, they are into areas that are even less productive, so the margin of profit is shrinking. You've been getting poor for probably fifty years."

In fact, they had been getting poor for sixty years. They didn't just come upon being the poorest place in

the nation. It took them sixty years to get poor, but by then, they were poor.

McLean said, "What can we do?"

He said, "Well, you have to get out of the cotton business. Probably the only thing your territory will grow is grass and trees." And that's basically true. "What you ought to do is get in the dairy business and grow grass."

"How do we get in the dairy business?"

"Well, you have to get good livestock; you have to know what you're doing."

"Well, how do we do that?"

"You buy the livestock; you learn what to do; and you go on with it."

"What will it cost to get this really good stud bull? What will it cost?"

I'll give it to you in 2001 figures. "About \$400,000."

"Whoa. The only fellow that could afford that bull I called a Nazi in a front page editorial last week. He's probably not going to come up with the money."

He looked for ideas, and he discovered that in upstate New York, there is a fellow experimenting in artificial insemination. He called him, and asked him whether it would work.

"Of course it will work," he said.

"Well, would you come to Mississippi and help us do this?"

"Where are you from?"

"Lee County, Mississippi."

"Naw. Hell, no."

"Why not? We'll pay you."

"I'm not coming to Mississippi."

He said, "Look. We'll get some money together. Name a price"

"I wouldn't come to Mississippi for any price, but there is a fellow in Missouri doing artificial insemination. I heard him present a paper a couple of weeks ago. He's not as good as I am, and he's not as smart. Since he's not as smart as I am, he might even come."

McLean called him. Gale Carr. First-grade education, first-rate scientist. I know Gale Carr. He's one of my dearest friends. I have his picture on my chest of drawers; I see his picture every night. He's a wonderful man.

McLean asked, "Would you come to Mississippi and help us?"

"Yeah, I will."

"What will it cost us?"

"It's probably going to cost you \$200,000 to \$400,000 for that bull, just as he told you. It's going to cost another \$200,000 to \$400,000 to put together a dairy program. You need to think in terms of \$800,000." (In today's dollars). In the poorest county in the United States, where are you going to get \$800,000? Forget the Nazi. He probably was a Nazi. Where are you going to get the \$800,000.?

Where would you get it? You're bright people, a whole lot smarter than I am. Where would you get it? There were no government grants. Now what I told you about Tupelo is all true. They have had no government installations, no four-lane highways, no major metropolitan area driving this. The closest metropolitan area, Memphis, is 105 miles away. There is no natural beauty like you have. The place is ugly. How in the world are you going to get \$800,000? What would you do? Where would you get it?

Local banks? They're not too eager to put up that kind of money.

A cooperative? That's how they did it. I hope all you folks buy Cabot Creamery products over here. It's in Cabot, Vermont, and you can buy their products. They did it the same way. They formed a cooperative. George McLean went up and down Main Street and said, "Would you contribute money to this project?"

Now here. Here's the genius of this. Each merchant said, "Why should I contribute money to this process? Why should I become a partner with the rural areas? It's the damned farmers out there that have made this place poor, the ignorant so-and-so's. If they had just done a better job of farming, we wouldn't be poor."

George McLean said, "Look at this census date. The average family in Lee County makes less than \$750 per year. As long as your customers are poor, you will be poor. Right?" Absolutely.

They said, "We can't help them farm."

He said, "Yes, you can. You can make an investment. We're going to go to the Isle of Jersey, we're going to get this bull, we're going to start a program."

Seventeen people went down to the Citizens Bank, mortgaged their businesses, and put up the money. The first year those heifers gave milk, it added \$1 million to the economy (in today's currency). Then \$2 million, then \$5 million, then \$10 million, then \$100 million. If the story ended there, it would be an OK story. It wouldn't be a great story, but it would be an OK story.

Now what do you do with \$100 million. Did those merchants ever get their money back? Did they ever. Did they ever. They made money and then soon. Comparing Tupelo to Jackson, Mississippi. Jackson is 300,000; Tupelo is 32,000. The bank deposits, therefore, in Jackson should be ten times the bank deposits in Tupelo. They are not. The bank deposits in Tupelo are 60% of that they are in Jackson. Those people make money big time. Those merchants make money big time. They make a lot of money. They reinvest that money in the community.

How do you reinvest it? I told you they created all these groups in all these little rural areas. They created this Community Development Foundation. They contribute their money on a regular basis. That money goes always

back into people, always, always, always. If you were a bank in Tupelo, Mississippi, your annual dues are from \$30,000 to \$50,000 per year today. The city of Tupelo puts in about \$300,000; the county puts up another \$500,000. There are 1440 dues-paying members in this organization.

What these people do is invest in themselves. They could put their money in Hewlett Packard. They could put their money in Intel. They have found that their best investment is themselves. That pays the greatest dividend. This is not a gift. This is an investment.

In the forties, they recognized that agriculture would go away as a job-producer, so they began to go into industrial development, but you can't have minimum-wage workers. So they took mobile homes out to those communities, educated those people. Remember, we had 50% illiteracy rate. Then they began to build schools. They put their money into schools big time. Big time. They poured lots of money into schools, and they developed a community college. The state of Mississippi never put in a dime, not a dime. They built their own community college. They have the only branch of the University of Mississippi. The state and the University of Mississippi have never put a penny in it. They created it themselves. They take their money, and they invest in themselves.

They now have an educational organization that is among the most unique in the United States. It may be totally unique in the United States. We got the idea from Denmark. We fused community colleges, high schools, and universities for a whole new educational system, one geared toward the 21st Century. We invest in people. We invest in people. That's where we put our money.

We organize at the grass roots level. We take annual plans; we take ten-year plans. We work. We stay on target. We stay focused. It isn't because we love each other. I was having dinner with a bank president two years after George McLean died. I said, "I miss George McLean. I miss his wisdom. I miss his insight. I miss his humor."

He said, "I don't miss the son of a bitch."

I said, "You don't?"

"Hell, no. I never liked him. He was a Communist. You know, he sided with those laborers back in 1937."

"Yes sir, I know. Then why did you work for him?"

He said, "Because his ideas worked, and because I didn't want him to get all the credit."

I don't care what the reason was that they worked together. I don't care. The wealthiest neighborhood in Tupelo, Mississippi is an African-American neighborhood. Unemployment among adult African-American males is only 2%. It's great. There are no losers. No one is left out. Not the rural areas, not the poor people. No one is left out.

Now are they as good as they ought to be? No. They ask me, "Do you ever say anything good about Tupelo?"

I say, "Not while I'm here." I always tell them they ought to be doing better. I took some ideas back just last week. "Gosh, you think you're good at this. I was just in Kalamazoo, Michigan, and they're running circles around you." This week, they sent a delegation up to Kalamazoo, Michigan to see what they're doing.

Let me leave you with the thoughts of Margaret Mead. She said, "Never doubt that thoughtful, dedicated, concerned people can change the world. Indeed, it's the only thing that ever has." *A*

RURAL IDAHO: Challenged to change

Presented by the Andrus Center for Public Policy

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Recital Hall, Langroise Center, Albertson College of Idaho
Caldwell, Idaho

Moderator:

Marc Lohnson, John Freemuth

Panelists:

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Co-Chair Joint Finance Appropriations Committee,
Idaho House of Representatives

Larry Branen,

Vice President, University Extension and Dean,
College of Agriculture and Life Sciences, University of Idaho

Ken Harward,

Executive Director, Association of Idaho Cities

Representative Bruce Newcomb,

Speaker, Idaho House of Representatives

Con P. Paulos,

Jerome businessman and member, Idaho Rural Task Force

Kathy Skippen,

Commissioner, Gem County

Ernie Stensgar,

Chairman, Coeur d'Alene Tribe

JOHNSON: Ladies and gentlemen, in the interests of time, please grab a seat as quickly as you can, and we'll pick up with our next panel.

I have to tell you that after listening to Martin Goebel and Dr. Grisham, I felt a little bit as though I were in a graduate seminar on economic development and community building. We're going to put these guys through their paces now, and we will encourage you to participate in this discussion just as quickly as you want to. We have a couple of folks with microphones, who will station themselves on either side of the hall as they did yesterday.

We have designed this panel to think about what governmental entities in Idaho ought to be doing with regard to developing an approach to rural policy. We have the Idaho Legislature represented in the person of the Speaker of the House, Bruce Newcomb. We have local governments represented in the form of Ken Harward from the Association of Idaho Cities and

Commissioner Kathy Skippen from Gem County. We have Native American tribal government represented in the form of the distinguished chairman of the Coeur d'Alene Tribe, Ernie Stensgar. We have Con Paulos, who worked so hard on the Rural Task Force for the Department of Commerce to look at state government's responsibility in this area, and we have the Dean of the Ag School and the Extension Service at the University of Idaho, one of the institutions that touches every corner of this state. So these are the people representing institutions that can go a long way toward shaping government policy at every level and developing policy to move us forward.

So I want to ask Bruce Newcomb, Speaker of the House and good friend from Burley, Idaho, what did you learn this morning?

BRUCE NEWCOMB: Well, I learned a lot. The last gentleman was a hard act to follow. But what we need to

do in Idaho is invest in our people. That means in education, in opportunities for broad band, which we did in this past session. We need to enhance our educational system, which we've tried to do in the last several sessions. We've increased our funds to education. We're beginning to take care of some of the school housing problems. Wallace just passed a bond issue, pursuant to House Bill 315, two days ago. So I think we are beginning to invest in our people.

At the same time, we need to keep the status quo there. We need to take what we have and then build upon it. I think that's what I've learned this morning.

JOHNSON: Dean Branen, how about you? You teach a few classes. You were taught to a little bit this morning.

LARRY BRANEN: Great conversation. I guess I really want to extend my appreciation to the Andrus Center for allowing this kind of discussion to go on. The big word I've heard throughout this, and I think the media has exemplified that, too, is the importance of cooperation, maybe even the University of Idaho and Boise State can cooperate.

JOHNSON: What a novel concept.

BRANEN: What we at the university, in the state, in rural communities, and in agriculture have to focus on—and it's from a book by John Nesbit, *Future Trends*—is that “you can ride the horse in the direction it is going or you can change the direction of the horse.” That's something we ought to think about it. Often, we have tried to ride the same old horse, and the direction it's going is different than it has been in the past. We haven't really taken the time to change the direction of what we're doing. That's what this gathering is causing us to think about: how can we be different than we've been in the past.

JOHNSON: Chairman Stensgar, what's your thought?

ERNIE STENSGAR: I heard several things, and I liked what I heard. Number one: no whining. I hear enough whining. Coalitions need to be built; I heard that loud and clear. We know the trouble that we're in, and no one else is going to fix it for us. We have to sit down, go to work, and do it for ourselves. Listening to the success stories was very helpful.

JOHNSON: Commissioner?

KATHY SKIPPEN: I heard a lot of hope. I'm in a community where, in the last seven months, we've gone from 5% unemployment to 10% unemployment with the

mill closure. I also heard that if I stand up here and whine, I'm probably going to get a D from the professor, so I'll try to do something different.

I'm glad to be sitting up here with the representative from the cities. Counties and cities have had a difficult time historically getting along, but we're going to have to. So I, too, heard a lot about cooperation. I heard Martin talking about stewardship and cooperatives. I've been involved in one of those for the last year and an half, and later on, I hope I have the opportunity to talk about some tweaking that I think needs to happen. Like the others, cooperation and investment in people—that's where it is.

JOHNSON: Ken Harward

KEN HARWARD: I, too, want to express appreciation to the Andrus Center and Governor Andrus and all those who have sponsored this wonderful conference. It has been very thought-provoking. What I picked up this morning is that change is inevitable. We can resist change and fail; we can embrace change and survive; or we can lead the change and prosper.

I like the concept of creating a vision. I know there will be some conversation about infusion of money in local communities, but I think we were really set straight today about building on a foundation of principles and of visions. We saw success stories. One author has said that vision is the highest motivating factor for men and women. It allows us to create what we are not and to live out of our imaginations instead of out of our memory. It allows us to become what we decide. That's true for individuals, and it's true collectively as a community. There needs to be a lot of visioning and a lot of partnering.

We also learned from the Tupelo experience that there is great hope. I can remember years ago, talking to some high school students and telling them that the future was theirs, that they could create the future. I said, however, there are limitations. You have to realize that if you are my height, you will never win a slam-dunk contest. Then I picked up the paper and read where Spud Webb, 5'7", won the slam-dunk contest. So I think that's a good lesson for Idaho communities.

The message of creating partnerships and coalitions is important. In a community, if you have two Chinese restaurants in town, you have competition. If you have a row of Chinese restaurants, you have Chinatown. You've created a destination. We can build upon those success.

The power of investing in communities, investing in people, investing in education is unlimited. In local government, the power of the mayor's office can be used to convene meetings. In my own experience in a community just eight miles away, we came to realize how

important that was, putting together coalitions and having the mayor bring people together. I think all the mayors here today and others are doing that, and across the state we can see more of those partnerships being formed.

JOHNSON: Con, you and I were talking at lunch yesterday, and you said you might not be very popular because you were going to say some pointed things this morning. I want you to say some pointed things about where you think we're headed, particularly in light of the work that you did, putting together the recommendations that the Commerce Department took to the Legislature last year.

CON PAULOS: Marc, first let me express my appreciation to Governor Andrus and the media for having the vision to do this. I hope this is just the beginning of a very long process for our entire state.

Through the process we experienced on the Task Force—and there are several people in this room who participated in that process—we discovered some obvious things that the state has to address. I don't know that I have the answer, but I certainly have identified the problems. I'd like to touch on just a couple of those this morning.

Education is absolute. If we do not educate the children in this state, then we have precluded them from competing in a world economy. If that happens, then shame on us as a generation. As part of that, we absolutely have to take off the handcuffs we've put on our local school boards through the way we pass bonds in this state. My local school board has attempted four times to pass a school bond for a middle school. They have exceeded 66% of the popular vote; they came within 9 votes one time of the required 66-2/3 majority; 24 votes another time. We elected our president on a 40% popular vote, but when we have an obvious majority, we can't build a middle school in our community.

I'm a property taxpayer in the state of Idaho. I have very large amounts of property as my friend Bruce does, too. I don't believe that it's a fair tax, but I do believe we need to fix it in the short run somehow and then work on a long-term resolution. A short-term fix is a 60% majority vote at regular election time, and let's get on with it, folks. Let's give these local communities the opportunity to rebuild their facilities if they choose to do so. That's just one of my little soap boxes.

These gentlemen hit economic development right on the head this morning with their presentation. I think we need a rural policy in the state of Idaho. I don't know yet what that policy looks like. I do know that the Rural Initiative that Gary Mahn shared with us yesterday is a very good start, and we need to make sure that the investment in this continues.

I've been in Jerome, Idaho for 22 years. I've been involved in economic development for 22 years. The results that Jerome is enjoying today—and they are tremendous—are the results of 22 years of effort by the community. We absolutely have to make sure that this initiative continues to be funded. As you heard, putting the economic development people on the ground in the rural communities and partnering in a regional way is exactly where we need to be going. That's what the Rural Task Force set in motion last year. The legislators were kind enough to fund it for the Governor.

We need to focus on women in Idaho. I have always been upset by the compensation women receive in our great state. I would also encourage us to include all Idahoans, whether they be Native American, Hispanic, or Bosnian. We are a diverse state, and we need to make sure that, when we take these actions, everyone has a part of that pie and a part of the say in that pie.

I think we can go forward hand in hand. I have never been anywhere in the state of Idaho—and I've had the luxury of traveling on the advisory council—where the people weren't welcoming and caring and concerned about their neighbors. I'm still mad at Bruce because Burley continues to beat Jerome on the football field, but we can get beyond that, and we have in a lot of areas.

I'll tell you one story of success, and then I'll quit talking. The Jerome community has been very blessed to have the Albertson Foundation sink millions of dollars into technology in that school district. Dr. Jim Lewis, superintendent of the Hailey district, and I had a conversation recently, and I said to him, "Dr. Lewis, tell me about Jerome's success versus Hailey's success." He said, "You know, Con, Hailey has about a \$4 million annual technology budget that we can use for hardware and technology in our school district. Jerome's is about zero. If it weren't for the Albertson Foundation, Jerome's budget would be virtually zero. But let me tell you. We can match Jerome School District's budget in hardware, but Jerome has been so innovative in their use of technology in teaching and in teaching technology that most universities would be envious of what they have accomplished." It just goes to show you how important education is, first of all, and how investing in education in our communities does work. Dell Computers, a Fortune 50 company, just came to Twin Falls, Idaho. When I spoke to the people after they made the commitment, I asked, "What made you come to Twin Falls?"

They said, "The school district and the technology in Jerome." I was absolutely blown away by that comment. But Jerome and Twin Falls, ten years ago, would not have gone hand in hand. But they do today, and they work in a regional cooperative effort with all the communities in that region. As the trust builds, it will continue to grow,

and other communities will be beneficiaries.

The process is exactly the same in Idaho as it is in Mississippi. I tell you that I've lived it, I understand it, and it's where we have to go.

JOHNSON: Ladies and gentlemen, it's your turn to get involved if you have a question. Put your hand up, and John or Yvonne will be right there.

AUDIENCE QUESTION - R. E. Cope, Lemhi County: I have basically a comment and possibly a suggestion for our legislators. Martin Goebel danced around and alluded to an issue that he didn't ever specify, one I've never really seen specified. Those of us who suffered through economics classes in our younger days may remember one law that I've found, over the years, to be inviolate. It merely states that, regardless of the quality of the good or service, the higher the asking price, the greater the demand. I've always referred to this as the law of supply and idiots. But we have the ability in our rural areas to create high-value with low-quality raw materials. A classic example of that, Martin, is the slide you showed of the Charolais cattle in Wallowa County. Those of us in the beef industry know that these calves are going to grow up and go into the feed lot. They are not going to grade, they are not going to finish, they are going to come out yield-grade ones, and they are going to grade select. Nobody with four functional neurons would want to eat it because it tastes like shoe leather, but there are people who stand in line to pay \$5 a pound for it in the mistaken belief that it's better for their heart. This is an area where we can take advantage of it.

The same is true for some of the furniture we can build. It may be primitive, it may not be the best quality, but it's locally grown, locally produced, and locally hand-crafted. There are people who will buy this. Our rural areas need to recognize the resources that we have and the things we can do that reduce it to a personal level. These are high-margin products. In our case, where we are, we absolutely depend 100% on the cooperation of the federal government because we don't have the private lands on which to develop these resources.

There is one area where the state and/or the feds could help us. I personally don't believe in government grants. I consider it a form of welfare. We've seen this money set aside for economic development. In our case, a good share of it goes into industries promoting tourism and things like the Sacajawea Interpretive Center, but I would like to see a revolving loan fund for people who have trouble getting bank loans. Then people that don't have the capital behind them could have a place to turn to develop these industries and businesses and possibly fill a niche in the marketplace. I think it's something the Legislature should consider, not as a one-time set-aside.

I don't like to see the state jumping in and aiding businesses, but I do believe they should invest in their own state.

JOHNSON: Mr. Speaker, would you like to comment on that?

NEWCOMB: I agree with the gentleman, but what we've done in the past is given grants to the Department of Commerce to pass through to rural communities that meet certain criteria to help in the kinds of efforts you described, trying to meet a market niche. A revolving loan account is just something we chose not to do in the past. It's basically kind of unprecedented, except in a few areas. If the public preferred a revolving loan system, we could support that. But this is a very short budget.

PAULOS: Marc, I'd like to speak to that. Historically, there have been revolving loan funds developed with economic development funds through HUD and through the Advisory Council. It gets back to forming that local coalition. We need someone to manage that fund on an ongoing basis. My business was a recipient fifteen years ago of an economic development block grant revolving loan. That money has been repaid I don't know how many times by how many businesses. I agree with you. It's the right model and the right thing to do for a community, but you have to have a coalition that has that vision to go out and make that happen.

HARWARD: Marc, let me just tell a personal story, if I might, that may relate to that. Going back to the mid-1980's when I was the city administrator for Nampa, I think there were a lot of conversations about the condition of the entire Idaho economy. As you know, outward migration was occurring to the tune of 5,000 per year. I remember the *Statesman* also did some stories on the plight of the economy, and there was a front-page story one day, talking about rural Idaho, and they had in the body of the story "Question: what would you rather have? Property in Montpelier or mononucleosis? Answer: Mononucleosis because at least you can get rid of it." Things were so bad that we were using that kind of black humor to talk about it.

Given that condition, we decided to meet with every business owner in town with a survey question: What would it take for you to further invest and expand in this community? Are you satisfied with the water and sewer and other infrastructure?

We got members of the Chamber, the City Council, the Mayor, and other volunteers to spread out and do these face to face interviews. One of the corporate officers I interviewed was the president of Zilog, Dr. Ed Sack. I took along, as a companion on that visit, Cecil

Andrus, the Governor of the State of Idaho, which proved to be rather an embarrassing experience for me. I asked Dr. Sack, "What would it take for Zilog to further invest and expand? You have corporate headquarters in Campbell, California, and you have research and development facilities there."

With you, Governor, sitting by his side, he leaned across the table to me and said, "Your damned junkyards are costing me half a million dollars a year. We spend that much on professional recruitments to get the very best engineers, have them flown into the Boise Airport, and drive them to Nampa, but we have to bring them through unattractive entry ways and past salvage yards to get to our plant. By the time they arrive, they don't want to work here."

So with the CEO scowling at me and the Governor scowling at me, I retreated real fast and put together a six-point beautification plan and got that information back to Dr. Sack. By return mail, he sent a contribution of \$35,000 to help in that effort, and the board made a decision to do a \$200 million expansion, the point being that companies will expand where they like the quality of life.

That was a very useful exercise. It's true of education as well as beautification of the community. So there are things that can be done, other than direct business subsidies, to find out what those businesses want to help them be successful.

JOHNSON: The customer is always right.

AUDIENCE QUESTION - Pete Johnston from Council, Idaho: I'm board chair of the Council Community Hospital and Nursing Home, smallest hospital in Idaho. The federal government, a few years ago, challenged us to change. They challenged us to change by producing some federal guidelines that would help with reimbursement of rural hospitals and would also help with coverage by using mid-level medical providers in small rural hospitals throughout the nation. Many states in the past couple of years have embraced these federal guidelines in their entirety. Kansas, Nebraska, Colorado, Montana, Oregon, and Washington have all adopted these guidelines in their entirety. Idaho has not. Idaho has adopted the reimbursement side of the Critical Access Hospital guidelines but has not fully embraced the use of mid-level providers in small rural hospitals. So what I would propose to the speaker is that you challenge the Idaho Department of Health and Welfare to change. It's a no-cost alternative. The federal government is saying we recognize the plight rural hospitals are in. We believe that we can increase reimbursement on the Medicare side and also provide some relief to these small hospitals in the type of

practitioners that practice there because they are mostly in the primary-care business. We're not doing surgery; we're not doing obstetrics. We are, however, providing a real service, and we're one of the main pieces of infrastructure that needs to be maintained in order for us to be successful in the economic development field.

So I propose to you that you talk to Karl Kurtz and challenge him to change. If he doesn't, I suggest you take the money from the Office of Rural Health and give it to Gary Mahn, who understands economic development in rural Idaho.

NEWCOMB: Gary said he'll take it. I can tell you that, on the House side, we support your position, but it's not been brought in by the executive branch yet, as you mention, nor on the Senate side. As you know, a number of things went on in this last session, pertaining to your interests.

JOHNSON: We'll get to some more questions, but I want to warn each of the panelists that before we end today, I'm going to ask each one of you for one practical suggestion that can be implemented either at your level of government or at some other level of government. The gentleman over here from Lemhi County suggested a revolving loan fund. Pete has suggested a particular action that he thinks would be beneficial to rural Idaho, so I'd like each one of you to spend just a moment thinking about that, and we'll come back to that question in just a minute. Governor?

ANDRUS: I need to respond to Ken. Yes, I do remember that meeting. I also remember your success stories when you and Winston Goering negotiated the revenue-sharing golf course contracts and how we worked those out. It was beneficial to all of the people, but it proved that the state and local entities of government can work together. We both made money and continue to make money in that regard.

I would hope, Marc, that before we're through, Ernie Stensgar has the opportunity to quickly tell us how many jobs he has created, how many are tribal members, how many are not, what the annual payroll is. Whether you agree with Indian gaming or not, ladies and gentlemen—and I'm one of those guys that opposed the lottery years ago—it is the law, and they have done an outstanding job. I think that's a story that needs to be told. Mr. Speaker, how about Con's suggestion of changing the law from a super majority to 60%? In your opinion, does that stand a chance in the Legislature?

Second question, we have heard everything about education and how important it is. You personally have said that you agree with it, but in the last six years, the state of Idaho has given away about \$200 million of the

revenue stream because we had extra dough. The revenue stream was there, the tax base raised it, and we gave it back in the form of tax relief. Would it be possible to take back part of that moratorium and do what needs to be done with education?

NEWCOMB: Simple questions, Cecil, I appreciate them. That looks like a political setup to me. In regard to 66-2/3, I don't think the will is there yet in the Legislature to change it. It's been brought before us previously, and the will just isn't there. I think part of it is because property taxes in rural Idaho are thought to be high and people are losing money. All the farmers, even with subsidies, are still losing money. So they just don't want additional expenses.

So there is resistance from the rural community in Idaho and from the retired community to lowering the vote requirement. Areas like Kootenai County won't pass a school bond because they have a lot of retirees who have moved in. You have mining communities like Wallace, and we passed House Bill 315 to help those areas, and they passed it by 68% the other day. They're going to build a new school. So is Troy; so is Wendell. So we have done some things in that area.

But as far as taxes, the philosophy of Republicans in Idaho is that if you have \$330 million surplus, some of that ought to go back in tax relief. We gave \$146 million in one-time tax relief, \$108 million in ongoing relief. The rest went to enhancement programs for higher education and public education, and we have consistently given education a higher appropriation each year.

The problem you have is getting people to buy into passing school bond issues in rural Idaho. You pointed out the problem caused by the 66-2/3 requirement. We have tried to alleviate that with House Bill 315, and it seems to be working. Given time, it will work long-term. The will in the Legislature is just not there to reduce the 66-2/3 requirement. That's my sense of it, and I think you would agree with that.

JOHNSON: Chairman Stensgar, I want to give you an opportunity to respond to Governor Andrus's other question about what you've been able to do with the revenue that has accrued to the tribe as a result of your gaming enterprise and how you have pumped that back into economic development.

STENSGAR: The Coeur d'Alene Tribe has a success story. To tell that story, you have to go back to Governor Andrus's time in office and before that. As everyone knows, the Coeur d'Alene Tribe is located in northern Idaho. On our reservation, we have three rural communities: Tensed, Plummer, and Worley. That's where most of our members live. During those times, as

the Governor well knows, the Tribe was weakening because of very, very high unemployment. Tribal elected officials were searching for economic development and a way to answer the question of how to provide jobs. How can we find money to meet the social service needs of our people? How can we find money for education?

We approached state government, and at that time, no one was going to do it for us. We had to reach out and do it for ourselves. At the same time as we identified the problems we had, we realized that the people that lived with us, our communities out there, the cities of Tensed, Desmet, Plummer, and Worley, had the same problems. They were agriculture and timber communities, and those arenas were going away. The market wasn't there; they were losing money. Mills were shutting down, and small farms were breaking up. No one had a place to work, so we had to address those needs. We didn't have the services to even recruit industry into our community. Our physicians were in Washington State or in the metropolitan area of Coeur d'Alene or Moscow or St. Maries. So we had to make those long drives.

So we noticed all this, and we wrote it down. We decided to do some visioning on how we might approach these problems. We used some of the agencies of the state and federal government. We received grants and loans and had to be innovative on how we obtained money to do some of our projects.

One of the first things we did was bond our tribal farm. We had a farm of about 5,000 acres that we managed, and we decided to create employment. You usually try to cut employment on farms, and you raise crops. We brought someone in who was solving that problem, and that farm is now second to none. It's doing very, very well, and it is contributing to our income.

We bought out some of the private entrepreneurs on the reservation—filling stations, markets—utilizing EDA grants. That still wasn't enough to create the jobs we wanted.

Gaming was established back east by the Seminole Tribes and one of the tribes in California. Immediately the news went through Indian country. Every reservation in rural American was looking for jobs, for ways to address our problems. So we visited those tribes that had established gaming endeavors. The Coeur d'Alene Tribe went to Oneida, Wisconsin, up by Green Bay. They had just built a multi-million dollar Bingo casino and had established gaming. We saw what they did. They worked with the community of Green Bay. Private entrepreneurship was encouraged. They developed businesses anywhere. They gave grants to individuals, people that had expertise in business areas. People that lived in Minneapolis were coming home, bringing that knowledge with them, and starting businesses in and around the reservation.

They immediately built a new school near the reservation. They built a senior center. They stimulated that whole economy, and the people that had never had jobs had, almost immediately, good paying jobs. They were coming back to the community to work. They invested in education, and they have more people now going to school than they have ever had before.

We paid attention to those stories, and we brought them home. We developed gaming on the Coeur d'Alene Reservation. It was very small, and we went at the task very humbly. We met with the state of Idaho and the Legislature and those who said, "We don't want gaming in the state of Idaho." We tried to convince them that we didn't want gaming either, but we wanted the tools that gaming brings. That's all we've ever wanted from gaming: what can we do with those dollars that gaming would bring to our community? How can we use them in the best interest of our people?

That's what we've been doing, and that's what we've been trying to show to our legislators and past governors. We answer all the negative questions that are brought forth. We're the most regulated people in the world. We have tribal regulations that we set up ourselves. Everybody wants to regulate that poor little tribe, and we have to jump through the hoops and show where our dollars are going.

I just saw the other night on the news a story about the bingo establishments here in the state. There was a problem about where the money was going because they were charitable gaming operations. People were asking some really big questions. I think our state officials should come down on those people and really take a look at them. As you know, we're audited, and our books are open. We can show you where those dollars are going.

We can show you in terms of employment. If you go up to the Coeur d'Alene Indian Reservation today, you'll find every person up there that wants to work has a job, both Indian and non-Indian. Every person that has a little bit of initiative and that wants to provide a good life for his family has a job. I say that really loudly because that doesn't happen anyplace else.

We have a medical clinic in rural Idaho that is second to none, one to which we enticed five or six physicians and dentists to come to a rural area and serve the needs of our people. It has created a medical industry there that employs probably 150 people in nursing care, dental, and other medically-related professions. It provides jobs, and it provides services to our community.

The tribe employs about 1300 people from our community. We raised our annual median income from around \$9,000 or \$10,000 to \$35,000 for people that want to work. That's what gaming has done for us. It has allowed us to reach out into other areas, to diversify. Currently, the Rainier plant in the city of Plummer

burned down. Nobody stepped up to recreate that sawmill. No one stepped in to help industry come in. The Coeur d'Alene Tribe purchased that property and decided that we would try to entice industry to come to the city of Plummer and replace those jobs we lost. We were successful in enticing Riley Creek Lumber out of Priest River to come down and establish a small logging operation where they take 3rd, 4th, 5th grade logs, small-diameter, and use them in a whole new industry, utilizing those logs. I think they employ currently about 50 people.

JOHNSON: Mr. Chairman, I don't want to cut you off, but we're rapidly running out of time.

STENSGAR: The Governor asked.

JOHNSON: And you responded very well. We do have a couple more questions and some time to get to just a couple more. Humberto?

AUDIENCE COMMENT - Humberto Fuentes: Over the last couple of days, we've heard how important education is. It's almost a must if we're going to develop our communities. For the past twenty years, we've been very concerned in the Latino community about the high drop-out rate for Latino students. We also have a very high labor force of Latinos. I don't see how we can develop our communities if we keep ignoring the educational needs of our kids. I'm asking the panel if there is any discussion about this problem or a 50% to 60% drop-out rate for Latino students. It's almost criminal. Something needs to be done if our communities are to progress.

HARWARD: I like what Con Paulos said. Any rural policy has to include everyone. There is no one left out. I've heard that message from mayors, too. I think there is initiative now in Idaho, Humberto, that I think you'll be pleased with. It's a concern for everyone at the community level. I think that also means that everyone needs to be part of the solution, including families, including you. It's not a matter of blaming someone else. We all have to be part of this.

NEWCOMB: Humberto, one of the things you might be interested in is that Phil Homer visited me just last week and discussed with me the development of a virtual high school, which would basically allow people to stay home or be somewhere else and still graduate from high school. That solves a lot of the alternative questions, a lot of the Hispanic questions. You could have Hispanic teachers who understand Spanish and Mexican dialects teaching via computer. I think it's exciting, and they're

willing to take it off the top of the appropriations to develop this virtual high school.

In Burley, we have really concentrated on just what you're talking about. We have meshed with College of Southern Idaho, and the Governor likes to talk about the Cassia County school system as being the model for the whole state. We have an alternative school and a technology school with CSI, and we're teaching kids that are market-ready when they get out of high school. They're ready for the work force, and they have a skill. It's not just welding or auto mechanics. It's CAD design and those kinds of things. That has real possibilities to help in that direction along with the combined effort of all the interests.

JOHNSON: Dr. Branen, you get in there on this education issue.

BRANEN: I think that it is paramount that higher education take that on as a priority. We have to find ways to provide access, and that might be through access scholarships that we provide specifically for those individuals. It is also geographical access; it's providing it where it's needed locally. I grew up in Wilder; that's my home territory. It's taken the University of Idaho a long time to recognize the importance of delivering programs out in that area, but we are now at Parma. We have a video link that goes into there. Right now it's focused on agriculture, but we need to broaden that. We need to do a lot more in finding a way to take people that we know have these skills, work with them—and that's where Extension can come into this process as well—and make sure that they have access to go on and be a part of that system.

We're seeing some great things happening, thanks to your help. We just need to continue to cooperate to make sure that happens.

SKIPPEN: May I change the subject?

JOHNSON: Of course.

SKIPPEN: There are a couple of issues I'd like to bring up. One of the speakers, when he talked about Tupelo, said that the county put in \$500,000 or some outrageous amount of money. I thought, "How would my county ever do that?" One of the things that has happened over the years is that everyone has pushed poverty downhill. The federal government made a big deal out of fighting the war on poverty, and the end result of that was that they didn't deal with poverty much anymore. It became someone else's issue.

Then the state stepped in and started looking at ever-increasing Medicaid costs. How do we get Medicaid

under control? Well, how you do it is to start reducing services to the poor, and that shoves them downhill even further.

The bottom line on poverty ends up being the counties through our indigency responsibilities. When I'm sitting there, listening to him say that if we had \$500,000 to put in that program, I'm thinking, "Well, for a county my size, if we could put part of our indigency fund into economic development, that would help poverty more than anything else we could do." But, instead, we're paying people's rent; we're paying people's phone bill; we're paying people for health care problems. When they are having these discussions at the federal level, no one seems to be paying attention to who finally pays for poverty. It's the families that are poor and the counties they live in. It's the property taxpayer who is paying for people's power and other things. I think most property owners don't ever realize that they are the ones paying it.

We just tried to run our jail bond for the eighth time. Property owners don't want to build a new jail. They probably also don't want to pay rent for somebody in town, but they are. They just don't know it.

So I think we need to have one of these meetings to deal with poverty and the role poverty plays in this state. It's an incredible role. A lot of the whole Hispanic question is poverty. That's one thing I wanted to get out there.

Another thing is regulation. Yesterday, there were a couple of pretty specific questions about how federal intervention affects counties and individuals who deal with natural resource industries. I've been on a stewardship group for over a year now. We're the Kennedy Creek Stewardship Group. As a group, we all came together to try to decide how to develop policy for one piece of national forest, about 6,000 acres. When I got on that committee, I looked around at all the folks there, and it looked as though they were representing everybody I could think of that ought to be at the table to make policy for that piece of ground. There were users, grazers, miners, turkey hunters, snowmobilers, ORV folks, loggers, and environmentalists. I thought, "This ought to do it."

We decided we would make the decisions in that group by consensus. It sounded great. We got all the way through the process, and we really reached solutions that I never thought we would reach. We decided to close some roads, and everyone agreed on it. Before it was all done, we had a bear hunter saying, "I think we should close that one and that one and that one." Who would have guessed that would have been outcome from that group. But in the very final piece, which really blew me away, we had one person from the environmental community who said, "This has been great, and I'm glad to have been here, but there are other environmental

groups who should have been here and chose not to be. If they were here, they would have to make decisions by consensus. But by not being here, they can just step in during the NEPA process and negate everything we have done.”

So one thing I would challenge the federal government to do, if there are people here who have anything to say about that, is that for those groups that decide to do stewardship projects, whether on national forests or BLM or whatever, if you have local people making the decisions and you believe in that process, then get NEPA out of it. You should either have one or the other but not both. Don't have citizens meet for a year and then negate everything they've done.

JOHNSON: Con, real quick.

PAULOS: Just a couple of things that I didn't get to earlier, and it goes back to this local control issue. I absolutely believe that the communities and people forming these stewardship groups, working together on the front lines, are where we should be working. We, as government, regardless of whether state or federal, need to recognize that, and I agree with Commissioner Skippen 100%.

Rural communities also need a revenue stream, whether it's to fix education, to fix economic development, to fix health care, or to fix something else. Here I go again. I'm going to throw one out again. It's not necessarily the right answer, but it's an answer. I encourage the people in this room to find the right answer.

We need the right to either have an option tax or we need the right to have a statewide tax that is passed down to local government so that they can choose to spend it on those projects that are important in their communities for their livelihood and the betterment of people living in that community or that county. The revenue streams have gone away, and the only tax that is a fair tax is the sales tax. The property owners have paid and paid and paid. The income taxpayers have paid and paid.

But really, the fairest tax is when I have a dollar to spend and spend it, I pay my tax. So I encourage you to look at that issue and figure out a way to give local dollars back to local communities so that they can spend them on the issues important to them.

AUDIENCE QUESTION - Phil Choate, Pinnacle & Associates: This is exactly the point I hoped we would reach, building on Chairman Stensgar points and on just what you said, Mr. Paulos. I'd really like to hear a little dialogue between Ken Harward and Speaker Newcomb about the whole subject of local control in the state

of Idaho. I have lived in this state a long time, almost longer than I've lived. Forever, this state has been regarded as the state in the union with the least local control, both constitutionally and statutorily. That all comes down to the point that Mr. Paulos raised: We don't have the ability to figure out locally what we need and match local resources in efforts to achieve our goals. We always have to come on bended knee to the almighty state Legislature and ask permission to do things that the local people know they need to do. Why not rely on those local people in their own good native intelligence to figure out how they should solve problems and how they should fund those solutions rather than always relying on state government to make those decisions for them?

NEWCOMB: First of all, we're not the almighty Legislature. We're a citizen Legislature, and, just like you, I pay the same amount of tax you pay. I'm a little bit offended by the "almighty" Legislature. What happens is that when you come in with cities and you want a bill that says "local option taxes," unless all the cities are unified, it's not going to happen. Unless you have unity throughout your ranks, it's not going to happen. Same way with the counties.

The cities have yet to devise a way where they have unity in their body on local option taxes. It seems to me they are discussing an area where they might be able to get it done. That way is to establish an economic region, for example, Jerome, Twin Falls, Rupert, Burley. A lot of people have to go to Twin Falls to buy things, but Twin Falls wants to keep the sales tax right there. So immediately Jerome doesn't want to buy into that, and Burley and Rupert surely don't want to buy into it. So you have division in the cities. That's the problem. You can't get consensus in the cities to be unified and come to the Legislature with a unified voice.

The other problem is that you have the big cities versus the little cities. It goes on constantly.

I want to point out one thing. On the holdback, the 2% on higher ed, someone made the comment yesterday that all they've talked about is raising student fees to cover the shortfall. That is absolutely untrue. I've talked to President Hoover and Jerry Meyerhoeffler about maybe opening the window on PERSI and lowering it to the rule of 80 or 85, allowing early retirement over a six-week period of time, closing the doors, and taking care of the 2% holdback, not raising student fees. I just wanted to clear that up while I had a chance.

JOHNSON: Ken? A quick comment on local option taxes?

HARWARD: Well, I think Con was very articulate in that position. There is a need for local option taxes.

In Idaho, unlike many other states, we have one category, cities, whether you are 2800 people in Placerville or 68,000 in Boise, we all operate under the same revenue structure.

In other states, you'll find classifications of cities, towns, villages, and cities with different authority. We need to take a look at that, and we need to revisit the city-county revenue-sharing formula with the increased demands that have been placed on local government and its role in economic development. There needs to be additional revenue stream. Mr. Speaker, there will be unity in the plan.

JOHNSON: Maybe some news was made today. We have to wrap this up, but I want to come back to that thought about one particular, specific idea that might help move this issue. Con, you suggested a couple of things: the super majority on school bonds and some additional revenue streams for local government.

Commissioner Skippen, what is your thought? Do you have a specific suggestion you'd like to make? Maybe you already have with your suggestion about local collaboration.

SKIPPEN: Two things I'd like to see. One is that the state pretty much encourages the urbanization of things. Everything is pretty much centered in Boise. I would like to see state government spread out a bit. With communication the way it is today, I don't know that everything has to be in Boise. Maybe the rest of us would love to have a lot of those buildings and those jobs in our communities.

Second, I would love to see the Idaho Department of Transportation start thinking a little further outside of the box and not think we always have to improve the roads we have. There are some new roads that need to be built, and I think we need to give some serious thought to that. If you look at where development is in Idaho, it tends to be along I-84. We need a first-rate north-south highway, and that would help a lot of communities. [APPLAUSE]

JOHNSON: Chairman Stensgar. A quick thought on a specific thing that you think the state should do or local government should do?

STENSGAR: From a tribal perspective, I think in all of our planning, we have to look at all the communities, not just the farming communities, not just the timber communities. Include all the people in the decision-making, recognizing our diversity, recognizing what we have to offer, and listening to helpful solutions we may provide.

JOHNSON: Dr. Branen. You made a suggestion about access to higher education, but do you have another thought?

BRANEN: I have two thoughts. We talked a bit about agriculture, but we haven't really brought it back around to where I think we should be in terms of the importance of agriculture and natural resources to rural communities. I don't think it's dead. There are still a lot of opportunities within agriculture that need to be pointed out. Some things are out of the control of local farmers and producers—trade policies and other things. But I like the Lemhi County gentleman's idea of providing some entrepreneurial money that would give some of the people in agriculture and other businesses a chance to really be the yeast that will cause the communities to grow. That's a tremendous idea, and Pat Takasugi and I talked about that for a long time, trying to get some dollars out there, whether loans or grants, to provide that. I think that's going to be important to do.

Second point. I think that the University of Idaho and higher education, in terms of Extension, provides a real resource that people should take advantage of for what we're talking about in rural development. Since the 1920's, we have had offices in 42 out of the 44 counties in Idaho. They are a unique cooperative venture, where the county provides the offices, we provide the faculty, they provide the secretarial support, and the feds provide some dollars that go into it. It has focused over the years on what I think I heard Dr. Grisham talk about: building people, starting with youth in 4-H, building them as adults, building leaders out there, and providing some economic technical assistance.

I encourage all of you to help us find ways that we can better utilize that whole system to bring all of higher education to the local communities. We're ready to do it. We may be stymied a bit by holdbacks and other things that happen, but for us, it's a priority, and we're going to do it. It may be done differently with less money, but we're going to do it.

JOHNSON: Ken?

HARWARD: Partnerships, I guess, would be how we see emphasizing moving forward.

JOHNSON: Mr. Speaker, we'll give you the last word.

NEWCOMB: The thing I noticed as I travel around the state, particularly when I helped Mike Simpson campaign, was the universal cry of, "We're being regulated out of business." I think that is universally true. In GATT, other countries can use pesticides and herbicides that we're not allowed to use in the United

States. People who want to do business here are under a different set of regulations than in Canada, Mexico, or Europe, and we can't compete on that basis. So what I would like to see is the American community that likes to deal in absolutes and naivete get together and say, "Let's quit dealing in absolutes." The only absolute that's true is that no absolute is true. So we don't need to say, "It's my way or the highway."

We need to come up with mutual solutions like the county commissioner mentioned so you're not shut out by someone who comes in after the show in the NEPA process and negates all your work. There are people with agendas of just putting people out of business. We've seen it in the timber industry. In that arena, I think the green movement has been really hypocritical because what it's done is shut down the timber industry in America, sent it to Canada, and, more particularly, to the rain forests in Brazil and Malaysia, where they clearcut, and that's the end of it.

So you need to have global perspective on what you're doing, so be reasonable, and let's see how we can put everything together and keep what we already have as a base and a viable economic entity as well as do what we have to do to attract other kinds of growth. That's what I see in Mississippi. They were able to put aside all those absolutes and mutually exclusive ideas and come together and not be compromised in the end, once they reached agreement. I think that's absolutely necessary.

JOHNSON: Join me in thanking the panel. It was a terrific conversation. I think we're nearing the end. Is Patrick Murphy around? Do you want to say a quick word or do about the survey work you've been doing?

MURPHY: Yes, I have a 2-1/2 hour presentation, but I'll distill it down to about thirty seconds or so. First of all, I'd like to recognize my teammates who came and did this for us and to thank the Andrus Center and Albertson College for the support they gave us in doing this. Marcie McLaughlin and Kelly Peterson and Mark Erickson were my teammates who did the work on this thing, set it up, put it on line, ran the survey, posted the results, and are going to monitor it for us in the future.

All of the survey results are now online at ruralpolicyforum.org, so go there anytime. If you haven't participated in the discussion or taken the survey, you can continue to do so up until the time that we publish the final report for the Andrus Center. That will be within a month or six weeks. If you want to see the results, go to that web site, and you can do so.

I think that's really I have to say. I won't go into any details about the survey results. It mirrors, to a certain extent, what everyone has been talking about here in terms of identifying the needs that people have.

Higher education is probably the number one need that people have and diversification of the economy is second. It's a fairly clear statement of the participants here.

Of the resources that were identified to help in those efforts, visioning was one, local leadership was two, and cooperation with local governments was three. Of those three, you'll notice that none of those are going to be provided from the outside. The federal government isn't going to do it. The state government isn't going to do it. Private foundations like us are not going to do it. All of those resources are within your communities. What we at the Foundation are going to try to do is help bring those out. That's the role we're going to play.

Again, I'd like to thank everybody who took part in the survey. We did hit our goal of 151 people, so three out of five of the people here participated. The last thing I'd like to do is invite Governor Andrus up to pick a name out of our bag to see who won the Palm III organizer, a color organizer, top-of-the-line model.

OK, Humberto Fuentes, is the winner of our Palm III. Thanks to all the sponsors. Thanks to everyone for participating in the survey. I hope you will call me so we can come back and do some work in Idaho.

ANDRUS: Thanks very much, Patrick, to you and your organization.

All right, ladies and gentlemen. I'm going to turn you loose, but I'd like to express my appreciation and remind you that there are newspapers out there to be picked up. Jerry, do you have a point?

BRADY: Of the people who signed up for this conference, only 10% are from rural areas. We have to find some way to take all of this down to a more rural level as the next step, some way.

ANDRUS: Part of that responsibility is yours, Mr. Brady. To all of the media representatives who have participated, you have to help us get the story out. There are papers out here that you might want to pick up and take with you. They have reported not only this conference but ran stories prior to this conference, stories that give you the background material.

The Andrus Center will prepare a white paper, as I told you early on. It's not any of our thinking. It's your thinking that we compile and put together. All of those registered will receive a copy of that, and there will be others available.

My thanks to all the people on the panels, this one and all the others, and to our sponsors and to our partners in the media who were involved in this. And my appreciation to you who came to listen. *A*

BIOGRAPHIES

RURAL IDAHO: Challenged to change

Presented by the Andrus Center for Public Policy

November 8-9, 2001

Recital Hall, Langroise Center, Albertson College of Idaho
Caldwell, Idaho

Participants

Cecil D. Andrus: Chairman, Andrus Center for Public Policy; Governor of Idaho, 1987 to 1995; Secretary of Interior, 1977 to 1981; Governor of Idaho, 1971 to 1977. During his four terms as Governor of Idaho and his four years as Secretary of Interior, Cecil Andrus earned a national reputation as a “common-sense conservationist,” one who could strike a wise balance between conflicting conservation and development positions. He played a pivotal role in the passage of the Alaska Lands Act and the National Surface Mining Act of 1977 and in the creation of the Frank Church River of No Return Wilderness Area, the Snake River Birds of Prey Area, and the Hell’s Canyon National Recreation Area. Governor Andrus elected not to run again in 1994 and subsequently established the Andrus Center for Public Policy to which he donates his service as chairman. His awards include seven honorary degrees, the William Penn Mott Park Leadership Award from the National Parks Conservation Association, Conservationist of the Year from the National Wildlife Federation, the Ansel Adams Award from the Wilderness Society, the Audubon Medal, and the Torch of Liberty award from B’Nai Brith.

Rocky Barker: Environmental Reporter for the *Idaho Statesman*. He is the author of the book, *Saving All the Parts: Reconciling Economics and the Endangered Species Act* (Island 1993), and has been awarded the National Wildlife Federation’s Conservation Achievement Award. Barker has a bachelor of arts degree in environmental studies from Northland College in Ashland, Wisconsin. He and his wife, Tina, have three children.

Jerry M. Brady: Publisher, the Idaho Falls *Post Register*. An Idaho native, Mr. Brady graduated from Idaho Falls High School in 1954 and from the University of Notre

Dame in 1958 where he was class and student body president. After service in the U.S. Army, he attended law school at the University of California-Berkeley, graduating in 1962, and was subsequently admitted to the California and Washington, D.C. bars. His professional career includes nineteen years in Washington, D.C. as legislative and foreign policy assistant to Senator Frank Church, assistant director of the Peace Corps, director of a Congressional energy committee, and a private attorney, specializing in international trade with Canada and Mexico. He currently serves as president of the Post Company and publisher of the *Post Register*. He was founder and chairman of the Eastern Idaho Economic Development Council.

Larry Branen, Ph.D.: Dean, College of Agricultural and Life Sciences; Vice President of Extension, University of Idaho. A graduate of the University of Idaho, Dr. Branen holds a Ph.D. in food science from Purdue University. Early in his career, he taught at the University of Wisconsin and chaired the Departments of Food Science at Washington State University and the University of Nebraska. He then taught at the University of Idaho, and in 1997, he was appointed Executive Director for Institutional Planning and Budget with the responsibility of leading the development of the university’s strategic plan. In 2001, he added the role of Vice President of University Extension to his duties as Dean of the College of Agricultural and Life Sciences. In his current role, he oversees a budget of more than \$57 million and a faculty and staff of more than 500 at over 50 locations throughout Idaho. Dr. Branen is a member of several professional organizations and has been active at the regional and national level with the Institute of Food Technologists. He is the author of more than fifty publications in food science and has co-edited three books on food additives.

Mike Crapo: United States Senator, Idaho. Senator Crapo is serving his first term in the U. S. Senate, having previously served three terms as congressman from Idaho's Second District. He is currently a member of the Senate Environment and Public Works Subcommittee on Fisheries, Wildlife, and Drinking Water. The subcommittee holds jurisdiction for numerous environmental issues, including the Endangered Species Act, the Safe Drinking Water Act, salmon recovery, and national wildlife refuges. He has a strong commitment to maintaining economic stability and environmental protection and to the collaborative management of natural resources. Senator Crapo also serves on the Senate Banking Committee and on the Securities and Financial Institutions and Regulatory Relief Subcommittees. His third assignment is on the Senate Small Business Committee, which maintains oversight of programs operated by the Small Business Administration. He continues to champion congressional reform efforts and to push for successful tax reform and deficit reduction measures. His 1995 Deficit Reduction Lock-Box Act of 1995 passed overwhelmingly in the House four times during the past four years. He was also a leader in a bipartisan budget reform bill that would specifically allocate funds saved through spending cut amendments to deficit reduction. Prior to his service in Congress, Senator Crapo was a partner in the law firm of Holden, Kidwell, Hahn, and Crapo. He received his J.D. cum laude from Harvard Law School in 1977 and his undergraduate degree from Brigham Young University in 1973. He and his wife, Susan, have five children.

Paul M. Emerson: Managing Editor of the *Lewiston Morning Tribune*, a position he has held for 20 years. A native of Idaho, Emerson was born in Wallace and moved as a youngster to Twin Falls. He attended the College of Southern Idaho for two years and completed a journalism degree at Idaho State University in 1972. After graduation, he started at the *Tribune* as a sports writer and was named sports editor two years later. He served in that position until he was named managing editor. He currently serves as president of the Utah-Idaho-Spokane Associated Press Association and as a member of the Media/Courts Committee of the Idaho Supreme Court.

John C. Freemuth, Ph.D.: Senior Fellow, Andrus Center for Public Policy, and Professor of Political Science and Public Administration, Boise State University. Dr. Freemuth's research and teaching emphasis is in natural resource and public land policy and administration. He is the author of an award-winning book, *Islands Under Siege: National Parks and the Politics of External Threats* (U. of Kansas, 1991) as well as many articles on aspects of natural resource policy in such

publications as *Society and Natural Resources*, the *Denver Law Review*, *Landscape and Urban Planning*, and the *International Journal of Wilderness*. He is the author of three Andrus Center white papers on public land policy, based on Center conferences in 1998, 1999, and 2000, and has worked on numerous projects with federal and state land and resource agencies. He serves also as chairman of the National Science Advisory Board of the Bureau of Land Management. In earlier years, Dr. Freemuth was a high school teacher and a seasonal park ranger. He holds a B.A. degree from Pomona College and a Ph.D. from Colorado State University. His most recent honor is having just been named Idaho Professor of the Year.

J. Martin Goebel: Founding President of Sustainable Northwest. Mr. Goebel was raised in Mexico in a tri-cultural environment. He earned a B.S. degree in forestry at Oregon State University and a Master's degree in natural resources conservation and development at Texas A&M. He has worked in international conservation and development with the Nature Conservancy, Conservation International, and the World Wildlife Fund. Martin serves on Oregon Governor John Kitzhaber's Sustainable Oregon Work Group, the Intelligent Consumption Project of the U.S. Forest Service, the International Sustainable Development Foundation, the Institute for the Northwest, the San Diego Museum of Natural History, and the Mexico Conservation Fund. In these organizations, he has helped initiate ecosystem-level sustainable development and conservation initiatives by building local capacity in partnership with government agencies, non-profit organizations, research institutions, grassroots community stakeholders, private enterprise, development agencies, and philanthropies.

Vaughn L. Grisham, Ph.D.: Director of the McLean Institute for Community Development and Professor of Sociology at the University of Mississippi, where he has taught for the past 35 years. He holds a bachelor's and master's degree from Mississippi State University and a Ph.D. in sociology and history from the University of North Carolina. Dr. Grisham has helped to establish leadership development programs in more than 250 counties in twenty states and has written a book on the subject: *Link 2000*. Dr. Grisham has also written two books on community development: *Tupelo: The Evolution of a Community* and *Hand in Hand*. His honors include selection as Outstanding Teacher at the University of Mississippi, one of the Outstanding Sociology Teachers in the Nation, the Thomas S. Frist Sr. Award for Outstanding Service to the State and University, and Citizen of the Year in his home county of Lafayette.

He has held many offices, including Senior Fellow for the Southern Growth Policies Board, Associate of the Kettering Foundation, President of the American Association of State Sociological Societies, President of the Faculty Senate of the University of Mississippi, and twice President of the Faculty Senate Association of Mississippi. He is the author of more than 100 papers and articles and is currently writing a book on leadership and leadership development.

Gregory Hahn: Reporter for the *Idaho Statesman*. Greg Hahn has covered rural Idaho from inside out for almost five years. He started as a reporter and was subsequently named bureau chief in Burley for the Twin Falls *Times-News*. He then moved to the main office and spent nearly two years covering southern Idaho politics and the Idaho Legislature. In December of 1999, he came to the *Idaho Statesman* to cover the state and state government.

Ken Harward: Executive Director of the Association of Idaho Cities. Harward has served in this capacity for four years and served previously for 24 years as City Administrator and Finance Director for the City of Nampa. He is credited with providing the leadership for city strategic plans that have produced economic development successes, including the creation of several thousand new jobs and several major public structures. Harward earned his graduate degree in public administration from the University of Utah. He and his wife, Margo, have five children.

Marc C. Johnson: Boise partner of the Gallatin Group, a Pacific Northwest public affairs/issues management firm with offices in Boise, Seattle, Portland, Spokane, and Helena. Mr. Johnson served on the staff of Governor Cecil D. Andrus from 1987 to 1995, first as press secretary and later as chief of staff. He has a varied mass communications background, including experience in radio, television, and newspaper journalism. He has written political columns and done extensive broadcast reporting and producing. Prior to joining Governor Andrus, Mr. Johnson served as managing editor for Idaho Public Television's award-winning program, *Idaho Reports*. He has produced numerous documentaries and hosted political debates. Several of his programs have been aired regionally and nationally on public television. He is a native of South Dakota and received a B.S. degree in journalism from South Dakota State University. His community involvement includes a past presidency of the Idaho Press Club and the Bishop Kelly High School Foundation and service on the Boards of Directors of the Idaho Humanities Council, the St. Vincent de Paul Society, and the Housing Company, a

non-profit corporation devoted to developing low-income housing projects in Idaho.

Pete Johnston: Community Leader and U.S. Forest Service District Ranger (retired). He and his wife, Elaine, have lived in six small western communities over the last 30 years and elected to settle in Council, where a Boise Cascade mill was closed in 1995. Both are currently involved with the Adams County Development Corporation, the Council Learning Center, the Chamber of Commerce, and the Council Community Hospital and Nursing Home. They have both served on task forces for the Governor and are interested in the revitalization of rural Idaho. Mr. Johnston received his B.S. degree in forest management from North Carolina State University in 1968. He was named Man of the Year in Council in 1994 and Outstanding Citizen in 2000 and received the USDA Superior Service award for community service in 1992. He participated recently in the community forum that was facilitated by the *Idaho Statesman*.

Darrell Kerby: Mayor, City of Bonners Ferry. A native of Bonners Ferry, Mayor Kerby received his B.S. degree in education from the University of Idaho and his M.S. from Gonzaga University. He began his career as a high school coach and teacher in Bonners Ferry and also worked in real estate, insurance, and securities. In addition to his duties as mayor, he is president and CEO of Pace-Kerby & Co., Inc. He is currently president of the Boundary County Development Corporation and serves on a regional advisory committee for Senator Larry Craig.

Cassandra Kipp: Economic Development Planner, Nez Perce Tribe. In the two years that she has been with the Nez Perce Tribe, Ms. Kipp has tripled the amount of grant monies to \$1.5 million, coordinated the development of funding for the construction of water and sewer improvement in two major cities, a Boys and Girls facility, a bio-control facility, a bus transit station building, and the Tribal Farm and Marketing Study. Previously, she supervised the operation of the Clearwater River Casino. In that capacity, she supervised the operation of the large-scale gaming enterprise, developed annual business plans and marketing strategies, and initiated staff development plans to include all staff as computer literate in the first year. She has worked with the Tribe in several capacities since 1984. Ms. Kipp holds a bachelor's degree in business management technology and is certified by the National Indian Justice Center.

Kevin Learned, Ph.D.: President of Albertson College of Idaho. Dr. Learned was raised in the Treasure Valley

and received a liberal arts education at Yale University, followed by an MBA degree from the Wharton School of the University of Pennsylvania. A CPA and entrepreneur, he founded Learned-Mahn, Inc., a computer software company that was sold to a major New York Stock Exchange company in 1995. He is a past president of the Boise Rotary Club and a member of the boards of Treasure Valley United Way and the Log Cabin Literary Center. Learned has been active in community service his entire career and has served in leadership roles for the Boise Public Schools Foundation, Blue Cross of Idaho, and the Boise Area Chamber of Commerce. A firm believer in international education, Learned has studied Spanish in Costa Rica, taught in Mexico, shared his expertise at the National Economics University in Hanoi, Vietnam, studied small business in Saudi Arabia and Bahrain, and arranged for student exchanges with the University of Guadalajara.

Kelly K. Matthews, Ph.D.: Executive Vice President and Economist, Wells Fargo Northwest. A native of Montpelier, Idaho, Dr. Matthews earned his bachelor's and master's degrees from Brigham Young University, and he holds a Ph.D. in economics from the University of Colorado. His previous positions include Staff Economist for the Eastman Kodak Company in Rochester, New York. He is actively involved in the civic affairs of Salt Lake City and is a member of the Salt Lake Convention and Visitors Bureau, the boards of the Utah Bankers Association and the Coalition for Utah's Future, the Governmental Affairs Committee of the Financial Services Roundtable, and the Economic Advisory Committee of the American Bankers Association.

Lee McGuire: Investigative and Special Projects Reporter for KTVB-TV/News Channel 7. This fall, he produced a three-part television series for the Rural Idaho Project and co-hosted a public affairs program, discussing issues it raised. After graduating from Princeton University in 1988, Lee earned a Master's degree in broadcast journalism from the University of Missouri-Columbia. There, he worked at KOMU-TV, an NBC affiliate, as a political reporter. Currently, he is a member of the Society of Professional Journalists and Investigative Reporters and Editors. McGuire grew up in Newton, Massachusetts, the son of a paralegal and an economics professor. His stepfather is the fire chief in nearby Foxboro, home of the New England Patriots and some of the best firefighters in the country.

Paige Merrigan: College student, native of Paul, Idaho. Ms. Merrigan graduated from Minico High School and is now attending Gonzaga University in Spokane. During her high school years, she was on the Honor Roll,

belonged to the National Honor Society, played varsity volleyball and basketball, and was a member of the Business, French, Key, and Shop Clubs. She was elected president of the senior class and was also Homecoming Queen. Ms. Merrigan participated in the public meetings in the Magic Valley that were held as part of the Rural Idaho Project. Her work history includes her current jobs as assistant to the Dean of Student Life and as a secretary at DR Curtis & Coldwell Banker and Cornerstone Appraisal, Inc.. As a high school student, she volunteered at Minidoka Memorial Hospital.

Patrick Murphy: Leader, Community Connections Program, Northwest Area Foundation. Mr. Murphy works with communities in the Foundation's eight-state region to identify development needs and to broker the tools and services necessary to meet those needs. Patrick has been with the Foundation since January 2000, serving as a consultant on two program activities prior to being hired full-time. Since graduating from the University of South Dakota, Patrick's eighteen-year career has centered on the upper Midwest, from his first job in the Rosebud (SD) Sioux Tribe to positions in state and federal government, the non-profit area, and the private sector in South Dakota, Oklahoma, Virginia, and Minnesota. In addition, Patrick has participated in a number of philanthropic boards and organizations, including the Minnesota Council on Foundations and the Two Feathers Fund of the St. Paul Foundation's Diversity Endowment Funds.

Bruce Newcomb: Speaker of the Idaho House of Representatives. Speaker Newcomb was born and raised in Cassia and Minidoka counties in rural Idaho on his family's farm where his father farmed and fresh-packed potatoes. He graduated from Declo High School and attended the University of Oregon, Northwest Christian College, and Stanford University, graduating with a bachelor of science degree. After graduating from college, he returned to Declo to help his father on the farm with the intention of seeing him through difficult financial times and then returning to graduate school. He co-signed a mortgage with his father, not realizing that it was a life sentence. His family was raised on politics, and in 1986, his older brother, Russell, and he ran for the Idaho House of Representatives. During his fifteen years of service in the House, Rep. Newcomb has served as Caucus Chairman, Assistant Majority Leader, Majority Leader, and now Speaker of the House. Thirteen of his fifteen years of public service have been in leadership. In other words, two years as a grenade thrower and thirteen years as a grenade catcher. During his terms in the House, he met his wife, Celia Gould, who also serves in the Legislature. Bruce and Celia have five children.

Con P. Paulos: Jerome business leader, CoChair of Governor Kempthorne's Task Force on Rural Development, and chairman of Idaho's Economic Development Advisory Council. A graduate of Utah State University, Paulos, along with his wife, Cyndy, founded Con Paulos, Inc, which operates four automobile dealerships. They also founded Magic Valley Subways, Inc. which operates six Subway restaurants, and CONtrol Acceptance Corporation, a state-chartered finance company. Paulos's civic involvement includes founding the Jerome Economic Development Task Force, serving twice as president of the Jerome Chamber of Commerce, and serving on the board of St. Benedict Hospital.

Raymundo Pena: Attorney, civic leader, Rupert, Idaho. In addition to being an attorney in private practice, Mr. Pena contributes his time and energy generously to community and the state of Idaho. He has served for many years on the Idaho Children and Youth Council and is also a member of the Greater Idaho Private Industry Council. Although born in Altus, Oklahoma, Pena grew up in Rupert and graduated from Minico High School. He graduated from Occidental College after spending a year at the University of Madrid. He received his law degree from the University of Santa Clara in 1983. In his Rupert practice, he specializes in criminal defense and plaintiff's personal injury cases.

Charlotte H. Reid: Ranch Co-Manager and Community Leader. Mrs. Reid was raised on western ranches and married into a ranch family that has lived on the same soil near Firth, Idaho for 140 years. With her husband, she has co-managed their ranch for thirty years, raised three children, and still found time to serve as state chair for the Idaho Cattlewomen's Association and to be a founding board member of the Idaho Conservation League and the Corporation for the Northern Rockies. She is a member of BLM's advisory council for the Idaho Falls District and chair of the Central Bingham Soil & Water Conservation District. Ms. Reid facilitated a tri-state tour of new range and ranch management practices and has presented sustainable range and ranch management to many environmental and land management groups. She monitors range and stream conditions for her ranch and grazing association, facilitates stream restoration projects in the watershed, and is currently developing a watershed community to improve the watershed, the quality of life, and the agricultural economics of eastern Idaho.

Paul Romrell: Farmer, former medical professional. Since 1980, Paul and Ellen Romrell have farmed as much as 2000 acres near St. Anthony. In addition to a cow-calf operation, they raise potatoes, hay, and grains and have

recently put 347 acres of their dry farm land in Clark County into a federal wetlands program. They have cut back their farming operations in recent years and are looking forward to retirement. Prior to farming, Mr. Romrell worked as a medical and ex-ray technologist and as administrator for two hospitals. He was born in Fremont County and grew up on what is now a century farm. He has resided in St. Anthony all his life and attended Ricks College, Boise State College, and the University of Minnesota. He is a past president of the St. Anthony Rotary, the Fremont-Madison Cattlemen's Association, and Southeast Idaho Health Resources. He and his wife were recently selected by Ducks Unlimited to travel to Washington, D.C. to lobby members of Congress for the Wetlands Programs.

Betsy Russell: Boise Bureau Chief for the Spokane *Spokesman-Review*. Ms. Russell has been with the daily paper for ten years and previously worked as a reporter and editor for the *Idaho Statesman*. She holds a bachelor's degree in political science from the University of California-Berkeley and a master's degree in journalism from Columbia University. Ms. Russell is currently president of the Idaho Press Club.

Priscilla Salant: Adjunct Faculty, University of Idaho's Department of Agricultural Economics and Rural Sociology. Ms. Salant analyzes social and economic trends in rural areas of the United States and the Rocky Mountain West, conducts rural development program evaluations, designs and develops rural information systems and research tools for community leaders, and conducts local needs assessments of rural telecommunications. She is currently developing an economic indicator system for the Northwest Area Foundation. She has co-authored several books, including *Local Government Guide to the Internet*, *How to Conduct your Own Survey*, and *Guide to Rural Data*. She was a Visiting Fellow at the Arkelton Center for Rural Development Research in Scotland in 1990 and 1995. In 1992, 1993, and 1998, she was a consultant in Paris to the Rural Development Program of the Organization for Economic Development and Cooperation.

Kathy Skippen: Commissioner, Gem County. Commissioner Skippen grew up on a quarter horse ranch in Sweet and graduated from Emmett High School and Washington State University. She has worked as a substance abuse counselor, director of a youth agency, a small business owner, a horse show photographer, and a professional horse trainer. She currently serves as one of Gem County's commissioners and is a former member of the Emmett School Board. Her family has lived in Gem County for 98 years.

Karl Stauber, Ph.D.: President, Northwest Area Foundation, St. Paul, Minnesota. Karl Stauber has led NWAFF since 1996 and is responsible for all aspects of its work. The Foundation distributes approximately \$20 million annually to help communities reduce poverty in the eight states of the Pacific Northwest and Northern Great Plains. Prior to becoming the Foundation's fourth president, he served as a senior appointee in the Clinton Administration at USDA in Washington, D.C. During his work at USDA, Stauber focused on the 1996 Farm Bill, refocusing federal agricultural research and education policy and the community development portion of the President's Northwest Timber Initiative. Prior to joining the Foundation in 1986, Dr. Stauber managed an alternative venture capital firm in Colorado. He also served as executive director of the Needmor Fund and as assistant director of the Babcock Foundation in Winston Salem, North Carolina. Stauber holds a Ph.D. in public policy from the Union Institute in Cincinnati, a certificate from the Program for Management Development at the Harvard Business School, and a B.A. in American Studies from the University of North Carolina. He serves on the Communications/Legislative Initiative and the Governmental Affairs Committee of the Council on Foundations. He is also a member of the Presidential Advisory Board on Tribal Colleges and was the vice-chair of the USDA Task Force on federally-funded Agricultural and Forestry Research Facilities.

Ernie Stensgar: Chairman, Coeur d'Alene Tribe. Ernie Stensgar has led the Coeur d'Alene Tribe since 1986, and he currently serves as president of the Affiliated Tribes of Northwest Indians, representing some 55 tribal governments in Washington, Idaho, Oregon, Western Montana, and Alaska. He also serves on the board of directors as Portland Area Vice President for the National Congress of American Indians. Mr. Stensgar has led the tribe through its most successful era of economic development, during which the unemployment rate has dropped from 70% in 1993 to 10% currently. As chairman, he played the key role in developing the tribe's nationally-renowned Benewah Medical Center, including the 43,000 square foot wellness center, which opened in July of 1998. The tribe's gaming operations, begun in 1993, have proved to be a powerful economic engine for the reservation and for North Idaho. Its impact on the regional economy exceeds \$30 million annually, helping to support 2500 jobs in North Idaho and Eastern Washington. Born and raised on the Coeur d'Alene Indian Reservation, Mr. Stensgar graduated from Chilocco Indian School in Oklahoma in 1965. He is a decorated combat veteran, serving with the United State Marine Corps in Viet Nam. He was wounded in battle and was awarded the Purple Heart. He

has worked for the Bureau of Indian Affairs forestry operation on the Coeur d'Alene Reservation and is a former tribal logging operation manager. His honors include being the first tribal leader named to the list of Idaho's 100 Most Influential People and receiving the Bayard Rustin Award for his stand against white supremacist movements in North Idaho. In September 2001, Mr. Stensgar became the first living Idaho tribal leader and the first Coeur d'Alene tribal member to be named to the Idaho Hall of Fame.

Karl Tueller: Deputy Director, Idaho Department of Commerce. Mr. Tueller is currently responsible for coordinating the department's five divisions: Administration, Economic Development, International Business Development, Rural and Community Development, and Tourism Development. He serves on the board of directors for the Idaho Rural Partnership where he continues to work to build a strong partnership between the public and private sectors to strengthen Idaho's economy. His experience includes policy and budget development for the state of New York and service as chief of the bureau of budget for the state of Idaho. Tueller is an Idaho native and received a B.S. degree in business administration from Idaho State University and a master's degree in public administration from Brigham Young University in 1970.

Carolyn Washburn: Executive Editor of the *Idaho Statesman*. Ms. Washburn has served previously as managing editor for the Rochester, New York *Democrat and Chronicle*, and the *Idaho Statesman*. She began her career as a business reporter in Lansing, Michigan. A Cincinnati native, Washburn holds a bachelor of arts in political science and journalism from Indiana University at Bloomington. She and her husband, Perry Washburn, have three children.

Margaret Wimborne: Assistant Managing Editor of the *Idaho Falls Post Register*. Mrs. Wimborne started at the paper as a business and agriculture reporter in 1990 and later pioneered the newspaper's social issues beat, covering migrant worker issues, the rural health care crisis, concerns about day care, and growth and trends in the community. Ms. Wimborne became features editor in 1993, then assistant city editor and regional editor, overseeing the paper's coverage of outlying counties. She became city editor in 1997, just after the paper's conversion to a seven-day morning paper. In 2000, she was named assistant managing editor. *A*

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