

**RESTORING THE PROMISE:
The Economic Case for the Rural Independence Initiative
Commissioned by Farm Action Fund**

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For more than four decades, Washington has allowed a handful of corporations to seize control of the nation's food, farms, and rural communities. While those corporations have churned out record profits, rural America has been left behind on nearly every measure of prosperity. Rural poverty is higher. Wages are lower. Rural Americans die younger, and more die from deaths of despair: suicide, drug overdose, alcohol-related illness.

Since 1980, America's real GDP has grown from \$7 trillion to nearly \$24 trillion.¹ The stock market has soared. Nearly a thousand new billionaires have been minted. But that growth isn't being felt equally across America. It is lining the pockets of those at the top, while rural hospitals close, schools consolidate, farmers are forced off their land, and Main Street businesses shut their doors.

This is no accident.

This paper makes the case for the Rural Independence Initiative -- a national effort to confront the policy failures that contributed to today's disparate economic outcomes and to build the political power necessary to change them. It examines the ideological framework that reshaped the American political economy beginning in the Reagan era, traces the specific harms that framework produced in rural communities across the country, and argues that a new economic paradigm grounded in fair markets and bottom-up wealth creation is both necessary and achievable.

The Rural Independence Initiative starts with rural America, but it is a movement built for all Americans who are invested in shared economic prosperity, fair markets, and an economic system that works for communities, not just corporations.

¹ <https://fred.stlouisfed.org/series/GDPC1>

PART ONE: THE REAGAN-ERA PARADIGM AND THE TURN TOWARD TRICKLE-DOWN ECONOMICS

Before Neoliberalism

In the decades following World War II, Americans prospered under a deliberate governing philosophy, rooted in Keynesian economics, that understood robust consumer demand as the engine of a healthy economy.

Government investments in infrastructure, public institutions, and working people's wages were seen as cornerstones for economic stability and growth. This framework produced a social contract between business and labor: companies would share productivity gains with their workers through rising wages and benefits; workers would have a degree of security and predictability; and the prosperity generated would circulate broadly through local economies rather than concentrating at the top.

Antitrust enforcement was robust. Regulators blocked mergers, broke up monopolies, and worked to maintain competitive markets across industries. Farm policy was designed to ensure that agricultural producers received prices sufficient to sustain their operations -- a concept known as parity pricing and supply management. The federal government invested in rural infrastructure, rural credit access, and the community institutions that gave small towns their economic backbone.

New Deal reforms allowing farmers to re-finance their mortgages paved the way for significant homeownership expansion in the U.S. and farm foreclosures virtually stopped after 1933.²

These investments changed lives and created conditions in which wealth could be generated across regions. Rural communities supported small businesses, regional banks, local hospitals, and a diverse range of agricultural producers. Working people in those communities earned wages that let them participate in the economy they were helping to build. And critically, those communities had institutions like churches, unions, Main Street businesses, and local banks that were the scaffolding of social life, connecting people to each other and their community.

For most of the 20th century, poorer states and regions were catching up to wealthier ones at a steady pace. From 1880 to 1980, the income gap between the richest and poorest states narrowed consistently at an average rate of 1.8% annually.³ But around 1980, that trend stopped.

Poverty in rural regions had been declining, too. In 1967, a commission on rural poverty convened by President Lyndon Johnson documented a rural poverty rate of 25 percent.⁴ While it was almost double the urban poverty rate at the time, the gap was closing. Through the 1960s

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<https://www.gilderlehrman.org/history-resources/essays/hundred-days-and-beyond-what-did-new-deal-accomplish>

³ https://www.brookings.edu/wp-content/uploads/2016/08/wp21_ganong-shoag_final.pdf

⁴ <https://www.irp.wisc.edu/resource/many-rural-americans-are-still-left-behind/>

and into the 1970s, rural poverty declined sharply, driven by public investment, rural manufacturing, and a farm economy that still offered producers a fair return.

Since then, rural poverty has remained elevated, hovering between 15 and 18 percent for the past five decades -- three or more points higher than urban poverty rates.⁵

The Neoliberal Turn

Ronald Reagan's election to the presidency in 1980 represented a decisive shift in economic policy. So-called Reaganomics -- the neoliberal economic policies brought about by his Administration -- would change America for the next half-century.

Reagan and his allies advanced a worldview that "emphasize[d] the efficiency of market competition, the role of individuals in determining economic outcomes, and distortions associated with government intervention and regulation of markets."⁶ They espoused the belief that the benefits of economic growth would flow down from wealthy individuals and large corporations to the middle class and everyday workers -- creating jobs and raising wages that would lift all boats.

This has proved to be a false promise.

A primary outcome of the new policy framework was the weakening of antitrust enforcement. Adopted in the late 1970s, the "consumer welfare standard" allowed courts to judge mergers and market concentration almost exclusively by their effect on short-term consumer prices. This effectively permitted the accumulation of corporate power, so long as firms could argue they were not raising prices in the immediate term. Decades of unchecked mergers followed, reshaping industry after industry.

Farm policy was restructured away from parity. Federal programs shifted from mechanisms designed to ensure fair prices for producers toward a model of direct payments and crop insurance that disproportionately benefited the largest operators -- leaving smaller and mid-sized farms exposed to the full force of market volatility.

A Bipartisan Failure

Over the decades, both political parties have advanced this economic paradigm.

The Clinton Administration extended the neoliberal framework in consequential ways. NAFTA restructured North American trade relations with profound effects on rural agricultural communities. In the years following NAFTA, prices paid to farmers collapsed while key input

⁵ <https://www.ers.usda.gov/topics/rural-economy-population/rural-poverty-well-being>

⁶ https://fpif.org/from_keynesianism_to_neoliberalism_shifting_paradigms_in_economics/

prices rose, tens of thousands of independent family farmers closed, and farm incomes dropped by 43 percent in less than a decade after NAFTA passed.⁷

Rural communities were exposed to even more economic distress after the 1996 Farm Bill dismantled many agricultural price support mechanisms, largely thanks to “an unusual alliance of free-market economists, consumer groups, and food companies”.⁸ The 1996 Farm Bill, Freedom to Farm Act, passed despite opponents’ ominous warnings that eliminating these subsidies would cost thousands of American jobs to cheaper inputs.

Meanwhile, as the Democratic Party’s base suburbanized and its coalition shifted away from rural communities,⁹ Democrats turned away from what economists call predistribution policies: the kinds of structural interventions that shape market outcomes *before* they happen. Predistribution policies are the tools that build economic power from the ground up to balance power and opportunity in the economy, rather than redistributing resources from one group to another.

Democrats have increasingly embraced redistribution policies that provide a social safety net for working class people, such as higher taxes on the wealthy to fund social programs and the expansion of tax credits for low- and middle-income people. While these policies provide essential security and relief for millions of Americans, they are not substitutes for investing in systems that build more equal economic opportunity and prosperity in struggling communities.

This distinction matters for rural America. Providing a safety net for the poor and working-class in economically distressed communities is essential, but it does not produce the economic activity needed to create wealth, sustain local governments, keep neighborhoods safe, or fund quality public schools.

Furthermore, Republicans and Democrats alike failed to enforce antitrust laws as merger after merger reshaped the nation’s food and agriculture system -- leading to greater consolidation of political and economic power in the hands of a few.

The voices of rural Americans were drowned out by the lobbying of the corporations that replaced them. The result has been a political apparatus in Washington that is unable to recognize or respond to what is actually happening to rural America.

PART TWO: THE CONSEQUENCES — DECADES OF STRUCTURAL HARM

Concentration of Firms and Wealth

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https://www.citizen.org/wp-content/uploads/down_on_the_farm-naftas_seven-years_war_on_farmers_and_ranchers_in_the_u.s._canada_and_mexico.pdf

⁸ <https://www.nytimes.com/1996/02/29/us/house-vote-keeps-peanut-and-sugar-price-supports.html>

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<https://www.cookpolitical.com/sites/default/files/2019-09/Hopkins%20Suburbanization%20APSA%202019.pdf>

While America has experienced enormous economic growth over the last half-century, that growth has been concentrated and captured almost entirely at the top.

Although aggregate GDP nearly quadrupled since 1980, there has also been a massive transfer of wealth from the middle class to America's wealthiest. In 1980, the top one percent of earners took home 10 percent of all income earned in the United States. By 2024, that share had more than doubled to 21 percent.¹⁰ Rural household income stagnated in real terms, and rural poverty rates remained persistently higher than national averages.¹¹

Corporate consolidation has grown, too. In 1980, the top four beef packers controlled roughly 36 percent of the market. Today, they control approximately 85 percent.¹² Economists find that market abuses -- such as price fixing, price gouging, and wage fixing -- are likely to occur when the concentration ratio of the top four firms exceeds just 40 percent.¹³ Concentration levels surpass that percentage in almost every food and agriculture sector: The top four firms control 84 percent of the nitrogen fertilizer industry, 67 percent of the pork processing industry, and 69 percent of the retail grocery industry.¹⁴

When a handful of corporations control both the markets where farmers buy and the markets where they sell, competition breaks down. Farmers lose the ability to negotiate on fair terms, leaving them caught between rising costs and depressed prices. Over time, this concentration of market power weakens farm profitability, undermines local economies, and erodes the economic independence that rural communities depend upon.

The Human Cost: Communities in Crisis

Today's system imposes costs to rural Americans that go well beyond the pocketbook.

People living in rural areas have higher mortality rates at *every* age compared to people in more urban communities, and rural counties have the highest rates of infant mortality compared to more urban counties.¹⁵ A disproportionate share of deaths in rural America are classified as deaths of despair, meaning deaths from drugs, alcohol, or suicide.¹⁶ These outcomes have been attributed to systemic challenges in rural areas, like socioeconomic disadvantages, lack of social infrastructure, and limited access to healthcare.

Rural hospitals are closing at an alarming rate,¹⁷ leaving patients hours from emergency care and eliminating a critical source of local employment.¹⁸ Rural schools consolidate as tax bases erode.

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<https://ourworldindata.org/grapher/income-share-top-1-before-tax-wid?tab=line&country=~USA&mapSelect=~USA>

¹¹ https://ers.usda.gov/sites/default/files/_laserfiche/publications/113657/EIB-295.pdf

¹² https://farmaction.us/wp-content/uploads/2024/10/Livestock-and-Poultry_Farm-Action.pdf

¹³ <https://farmaction.us/agriculture-consolidation-data-hub/>

¹⁴ <https://farmaction.us/concentrationdata/>

¹⁵ <https://pmc.ncbi.nlm.nih.gov/articles/PMC7605083/>

¹⁶ <https://pmc.ncbi.nlm.nih.gov/articles/PMC10997338/>

¹⁷ <https://ers.usda.gov/data-products/charts-of-note/chart-detail?chartId=110927>

¹⁸ https://ers.usda.gov/sites/default/files/_laserfiche/publications/113657/EIB-295.pdf

Small businesses that once anchored Main Streets close as purchasing power drains to corporate headquarters. Young people leave home, and the communities they leave behind lose the human capital that could have otherwise strengthened their local economies.

Cultural Harms and the Erosion of Belonging

Communities have also been harmed in the forms of isolation, precarity, and the slow erosion of the institutions that generate a sense of belonging.

Individualism was an ideal rooted at the center of the neoliberal paradigm. The "rational, self-interested individual" became the social benchmark.¹⁹ Markets, rather than government, became the solution. Personal responsibility became the explanation for one's lot in life.

In 2024, the Roosevelt Institute's Shahrzad Shams, Deepak Bhargava, and Harry Hanbury released a report titled [The Cultural Contradictions of Neoliberalism](https://rooseveltinstitute.org/wp-content/uploads/2024/04/RI_Cultural-Contradictions-of-Neoliberalism_Report_042024.pdf). This report identified what it calls the "cultural wreckage" of neoliberalism, which includes the disconnection and isolation that follow when institutions that connect people to each other -- like churches, unions, civic organizations, and local businesses -- are stripped away.

In rural America, this stripping away has been literal. When a regional bank is replaced by a national chain with no interest in local lending, a community loses not just a financial institution but a source of local investment, a relationship. When a hospital closes, the economic and health damage is measurable, as is the loss of the place where generations of a community's children were born.

As the Roosevelt researchers document, Americans' sense of belonging has been falling for decades, with nearly three-quarters of Americans reporting that they do not feel a sense of belonging in their local community.²⁰

In rural America, this crisis of belonging is the feeling of watching your neighbors sell or lose their farms. Of seeing the next generation leave and not come back. Of understanding that the economic system you are operating in was not designed for you to succeed.

This cultural dimension of neoliberalism matters for understanding what has happened to rural America and today's political moment. The Roosevelt Institute makes a critical observation: neoliberalism's failures have generated a deep and genuine longing for something different. A longing for community and belonging. For agency and control over one's own life. For institutions and systems that can be trusted.

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https://rooseveltinstitute.org/wp-content/uploads/2024/04/RI_Cultural-Contradictions-of-Neoliberalism_Report_042024.pdf

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https://rooseveltinstitute.org/wp-content/uploads/2024/04/RI_Cultural-Contradictions-of-Neoliberalism_Report_042024.pdf

PART THREE: THE RURAL INDEPENDENCE INITIATIVE

The prevailing policy mindsets of today have led to increased inequality and geographic disparities. Today's economy has been optimized to concentrate power in the hands of a few, while leaving workers and communities behind.

In short, today's prevailing policies have failed.

A longing has built up in rural America for community, for fairness, for a future worth believing in. The Rural Independence Initiative was created to address the needs of rural communities that Washington has ignored for decades.

The political right has been far more strategic than the left in recognizing and engaging with the challenges and opportunities in rural America -- offering cultural explanations for economic pain and channeling grievances into movements that ultimately serve the interests of the very corporate power that created this crisis in the first place.

The Rural Independence Initiative is built on the conviction that progressives must engage with this longing directly and honestly, that what rural communities need is a genuine alternative vision of the good life that takes seriously the losses people have experienced and the future they want to build.

And it is built on the conviction that conservatives must reckon with the consequences of the economic framework they helped build. A truly free market cannot exist when a handful of corporations dominate entire industries, suppress competition, distort prices, and use political influence to protect their power. Defending concentrated corporate control in the name of "free enterprise" has left many rural communities economically weaker, less independent, and more vulnerable than they were a generation ago. If conservatives genuinely believe in local control, entrepreneurship, competition, and self-reliance, then confronting monopoly power and rebuilding fair markets must once again become central to their economic vision.

The Rural Independence Initiative is not simply a policy agenda. It is an effort to build the durable political power necessary to make a new economic paradigm possible. This policy analysis is not new. The harms and shortcomings of neoliberalism are well-documented.^{21,22} What has been missing is the organized power to translate that analysis into change.

Corporate consolidation has not persisted because it serves the interests of most Americans. It has persisted because the corporations that benefit from it have invested heavily in lobbying,

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https://rooseveltinstitute.org/publications/the-empirical-failures-of-neoliberalism/?utm_medium=pdf&utm_source=web&utm_campaign=culturalcontradictions&utm_content=failuresofneoliberalism

²² <https://www.hks.harvard.edu/centers/wiener/programs/economy>

political contributions, and building a political and policy environment favorable to their dominance -- putting corporations over communities.

Countering this requires organization.

The Rural Independence Initiative is built on the recognition that this fight is, at its core, about economic fairness and opportunity. Most Americans want their fair shot to succeed in America. They want communities where people can build a life and raise a family. They want a system that supports workers rather than the wealthy few.

The Rural Independence Initiative is built on the conviction that the economic disparities of today were not inevitable, that their causes are identifiable and addressable, and that the political will to address them can be built.

Every day that 63 more farm families are forced off their land, the stakes of this work become clearer. The Rural Independence Initiative was created to fight for every hospital that closes, every school that consolidates, every young person who feels they have no option but to leave their rural community behind.

The work starts in rural America. But what is at stake -- fair markets, shared prosperity, and communities where the promise of the good life is real -- belongs to every American.