

# How To Grow Jobs In Rural America

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**J**obs, jobs, jobs. In a nation confronting almost nine percent unemployment, politicians keep telling us that they are focused on much-needed job creation.

But are they really? How much of the “talk” is translating into the “walk?” Several politicians are talking about the need to make the tax code flatter and more business friendly, but it is still too soon to tell whether or not tax reform will be part of the final debt ceiling negotiations

Largely lost in the political haze over the growing deficit debate is the notion that relatively small investments in research and development have the potential thousands of jobs, many of them based on home-grown agricultural products in Rural America.

Nothing concrete has come of it yet, but Senate Agriculture Committee Chairman Debbie Stabenow recently chaired a hearing on this subject. Noting that 16 million Americans have jobs because of agriculture, Chairwoman Stabenow called the rural economy a bright spot in an otherwise lackluster economic landscape.

She underscored the potential for a manufacturing boom in the bio-based sector – where innovators and entrepreneurs are processing American grown agriculture products for use in manufactured goods and displacing the need for foreign petroleum.

Some of the testimony was illuminating for anyone looking for new opportunities, especially with bio-based products. Participants told about how they were able to create new industries and hundreds of jobs, but also warned that the U.S. could lose out unless lawmakers focus on helping businesses be competitive with other countries.

“Globally bioplastics are growing rapidly at over 20 percent per year with an almost unlimited potential,” testified Oliver Peoples, the Founder and Chief Scientific Officer for Metabolix, Inc. His firm, based in Cambridge, Mass., translated less than \$5 million in federal support for bioplastics into what is now over \$300 million in private investment. The firm’s first production plant, with a capacity of 50,000 tons per year of a new bioplastic, is in operation with partner Archer Daniels Midland (ADM) in Clinton, Iowa and now employs over 100 people.

“The technical innovation developed in the US to make bioproducts is an opportunity for U.S. to recapture its once dominant position in the plastics and chemicals markets,” Peoples said. “At its peak in the 1950s, the industry was responsible for over 5 million U.S. jobs and a \$20 billion positive trade balance for the U.S. Jobs associated with the industry were typically among the highest paid in U.S. manufacturing.”

However, Peoples said that, “over the last two decades, competitive advantage for chemicals and plastics manufacturing has shifted towards the Middle East (feedstocks) and Asia (growth and low cost labor) as has the industry. U.S. employment in the sector has dropped over the last decade and is projected to shrink further as capital investment for the petroleum-based in-

dustry has essentially shifted away from the U.S.”

The U.S. can capture a projected \$190 Billion of the \$1 trillion global renewable chemical market, as well as all the value chain jobs that go with this sector,” emphasized Marc Verbruggen, CEO and President, NatureWorks. “However, the industry needs similar manufacturing scale incentives that have been provided to other industries in their early stages such as those provided to the petrochemical, biofuels, wind, solar and other renewable industries” He outlined several important programs and tax reforms needed to grow the industry.

Verbruggen warned that, the U.S. must remain focused on bringing new biobased innovations to scale if it wants to be home to the manufacturing of these innovations. He warned that sugar- or starch- producing countries in Southeast Asia, Europe or South America are working hard to attract manufacturing investment that will benefit local farmers by maximizing their crop value and while creating high wage industrial jobs.

“One S.E. Asian country is now providing an incentive package containing a 15-year tax abatement for investors in the bio-plastic industry.”

Witnesses at the hearing also discussed the potential jobs that could be created by a Rural Energy Savings Program, which would enable rural electric cooperatives to make loans to their customers in making energy efficiency improvements to their homes and businesses. Senator Richard Lugar, R-Ind., included a similar proposal as part of his “Practical Energy Plan,” introduced earlier this year, and he is also working on a stand-alone proposal.

“Progress on energy efficiency is a particular need and opportunity for our rural communities. More than 42 million Americans live in rural communities, and many of these Americans reside in homes that are significantly less efficient than those typically found in urban communities,” noted. Sen. Lugar. “In fact, the USDA has found that rural households spend \$200 to \$400 more per year on their utility bills than comparable urban households. This utility bill disparity is significant, especially given that rural households earn \$10,000 less per year than the national average.

The Rural Energy Savings Program proposal would permit rural families, farms, and other small businesses to receive low-interest loans to improve the energy efficiency of their properties. Loans would be issued through USDA’s Rural Utilities Service to qualified local entities, primarily non-profit rural cooperatives, who would then issue loans to consumers to meet local needs. Loans issued under this program would be repaid within ten years through money saved on utility bills.

The Rural Energy Savings Program proposal is projected to create nearly 26,000 jobs, spur retrofits in up to 1.6 million rural homes, save rural households hundreds of dollars a year after the loan is repaid, and eliminate the need for new generating capacity to power 625,000 homes, according to Lugar. Δ

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