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RURAL AMERICA: A NEW PUBLIC POLICY FRONTIER

Edward J. Blakely
Ted K. Bradshaw

THE NEW RURAL FRONTIER

The massive changes occurring in rural America are well documented. Yet despite the increase in information available on rural and small town population growth, increasing and improved rural employment opportunities, and new problems facing small city and rural county government, little new public policy has emerged to ease rural America's transition There are several reasons for this. First, the changes affecting rural America are difficult to disassociate from the changes occurring in the larger socioeconomic structure of the nation. Consequently, rural and metropolitan policy distinctions are blurred, making it increasingly difficult to fashion uniquely "rural" policy. Second, the direction rural policy could, or should, take is difficult to discern from the available evidence. The changes in rural America are so complex and contradictory that no single policy or even group of policy options seem to contain the requisite ingredients to deal intelligently with rural needs. Finally, because the nation's attention is focused on the issues of a slowing aggregate economy, national deficits, declining productivity, and diminished support at the state and local levels, the intellectual, physical, fiscal, and administrative resources required at the national, state, or local level to meet rural challenges are not available now and are not likely to be available in the foreseeable future.

The need for new national rural policy has been recognized for nearly a decade. Congress responded in 1980 with the Rural Development Policy Act. The Carter administration in 1979 and the Reagan administration, with "Better Country" (1983) attempted to fulfill this mandate. In spite of genuine efforts to meet the challenge, both administrations have fallen far short of the expectations of Congress and the needs of rural communities.

Differences, Diversity, and Development

During the past several years, the Rural Development Policy Project a U.C. Berkeley has been engaged in extensive research designed to provide a better understanding of the forces at work in rural areas and to suggest new policy tools and instruments which might inform or shape public policy. These research efforts led us to detailed studies of local communities and the migration patterns effecting them (Bradshaw and Blakely, 1981). In addition, in our book, Rural Communities in Advanced Industrial Society we examined state-level patterns of rural change in California in order to explain the effects of national economic change and state policy on rural development (Bradshaw and Blakely, 1979). Most recently our state-wide case studies and examinations of national rural policy are presented in New Challenges for Rural Economic Development (Blakely, Bradshaw, Shapira, and Leigh-Preston, 1983).

This work has given us an appreciation of the tremendous differences among rural places and the diversity of the policy requirements and basic tools necessary to ensure that rural development benefits rural people and places. This paper summarizes and synthesizes our recent research, combining with it related data to provide guidance to policymakers developing policy for a new rural America.1/

1/ We define rural as those communities, areas, towns, and small cities formerly (or currently) economically based on natural resource extraction or agri-

New Forces Shaping Rural America

Any policy intended to benefit rural America must proceed from a basic understanding of the forces at work in the nation and how they affect rural areas. Besides the uniquely rural deprivation of rural resource industries, the conditions of rural poverty have their roots in the urban industrial transformation (Presidents National Advisory Commission on Rural Poverty, 1967), as well as in the large-scale national forces which influence rural areas today. Unfortunately, rural conditions are often considered a residue of urban forces rather than as the unique result of forces at work in a low density geopolitical area, requiring unique policy.

Rural America today is not a residual or minor participant in the socioeconomic forces shaping the nation, but a full partner in the evolution toward an advanced industrial society. For the first time since the westward expansion of the United States, rural areas are an integral part of the U.S. society and economy. While rural values, culture, and economy do not in themselves establish an environment conducive to advanced industrialism, the contributions of rural areas are by no means small or insignificant.

The emergence of an advanced or "post" industrial society is characterized as one in which service sector industries increase, goods production declines, and knowledge-intensive production and information management replace labor-intensive processes. In addition, the rural advanced industrial society incorporates opportunities for diverse lifestyles, professional government, bureaucratic organizations, and improved communication (Bell, 1973; Bradshaw and Blakely, 1981; Hage, 1979; Warner, 1974). This general pattern is increasingly manifest in American institutions

culture lying outside the commute range of major cities with a population under 25,000.

of all types and rural areas are contributing significantly to this development. Rural areas and small towns are, in fact, becoming a new advanced rural society, a society with unique economic, political, cultural, and human settlement patterns. The components of this advanced rural society are.

1. Communities restructured around a shift from natural-resource base economies to human-resource based economies;
2. Improved sociopolitical infrastructure and a national social safety net that extends to virtually all areas of the country;
3. Concern with quality of life and lifestyle in policy formulation; and
4. Population and industrial settlement patterns altered lag technological improvements in communications and transportation.

These four factors have not influenced every rural community to the same degree or in the same way. While some rural places are changing almost entirely because of residents' concern with lifestyle and quality of life, others are changing because of new technologies and industrial restructuring. Each of these factors is a component of the changing national economy to which some rural areas contribute, others, like central cities, are victims of a process presents them with new problems and reinforces old ones.

Natural to Human Resource Base

Rural areas are now clearly part of the advanced, or post-industrial, economy of the nation (Blakely, Bradshaw, Shapira, and Leigh-Preston, 1983). Rural can no longer be equated only with natural resources or agriculture. The transformation of rural employment from agriculture to new industries and services in all regions of the country has been astounding. Mechanized and scientific agriculture has for many years displaced labor, and agricultural

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production has soared. The big shift in nonmetro employment has been to services (see Figure 1) and to a lesser extent to manufacturing. Service employment, now over 60 percent of the rural employment base, is clearly the leading employment sector in rural as well as urban locations. Since 1960 manufacturing has grown in rural areas while declining in urban, although both have declined in recent years.

More significantly, rural areas are changing from places where low-skill, dying industries locate to areas where new growth industries are locating. Many of the new rural jobs are in the leading high-technology industries. Miller (1980), for example, has shown that the most rapidly growing sectors of the nonmetro manufacturing economy between 1969 and 1975 were instruments and printing/publishing (see Table 1). The greatest declines in the rural economy were in traditional rural industries: lumber, primary metals, petroleum refining, and leather products.

In addition, marked improvement in quality of jobs occurred in rural areas over the last decades. By 1977, for the first time in history, white collar employees outnumbered blue collar in rural areas. The most rapid increase in rural areas has been in professional occupations (see Figure 2). These changes both in the types of manufacturing firms and in occupation pattern counter some of the "production cycle" arguments portraying rural areas as merely the recipients of declining urban industries. The production cycle argument suggests that new technologies are invented in urban areas and then move to rural places when the technology becomes standardized and mass produced. The low skill, lower wage rural worker is desired for these "mature" industries (Thompson, 1975, Hansen, 1973). While this thesis may have been true in the past and continues to be the pattern in some industries, rural areas are now receiving a large share of new advanced technology

Figure 1

Percentage of Total Employment by Industrial Sector:
Metro and Nonmetro, 1940-1980

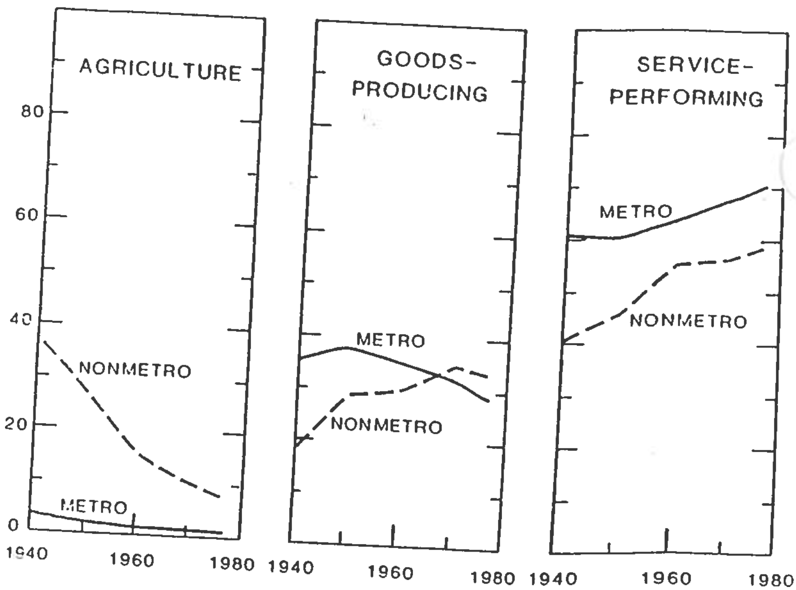


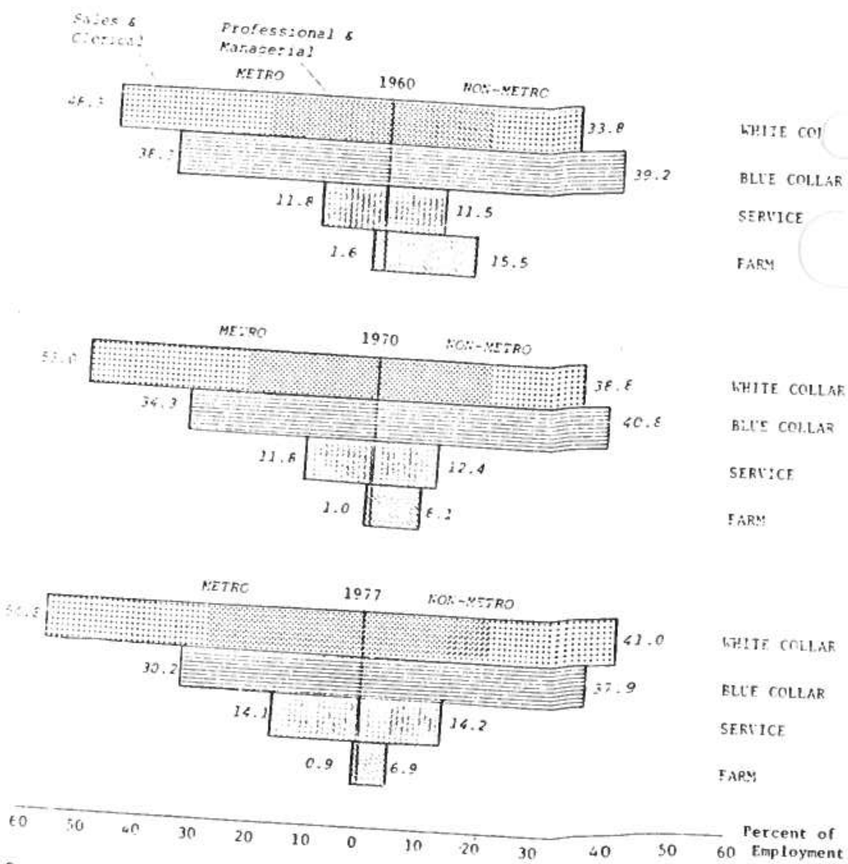
Table 1. Nonmetropolitan Employment Change by Industry, 1969-1975

	Employment 1969 (Thousands)	Change 1969-75 (Percent)
Instruments	46	19.6
Printing and publishing	131	19.0
Rubber and plastic products	123	16.2
Fabricated metals	225	8.0
Transportation equipment	197	4.6
Stone, clay, and glass	194	3.2
Nonelectrical machinery	377	2.4
Miscellaneous	84	2.4
Paper	175	1.2
Electrical machinery	313	0.5
Tobacco products	6	0.0
Apparel	440	-1.2
Textiles	470	-1.9
Food	376	-2.7
Furniture	165	-3.0
Chemical products	209	-3.9
Lumber	345	-6.9
Primary metals	218	-7.4
Petroleum refining	32	-12.5
Leather products	123	-17.9

Source: James P. Miller, "Nonmetro Job Growth and Locational Change in Manufacturing Firms," data from Dun and Bradstreet. 1980. Table 10, 11.

Figure 2

OCCUPATIONAL DISTRIBUTION, METRO AND NON-METRO AREAS, 1960-1977



Sources: Social and Economic Characteristics of the Metropolitan and Non-Metropolitan Population: 1977 and 1970, Report P-23, No. 75. U.S. Bureau of the Census, 1978; U.S. Census of Population, 1960: Final Report PC(3)-1E, U.S. Bureau of the Census, 1961.

industries.

The new migrants to rural areas have contributed greatly to the skill base of rural areas. Data from several studies of recent migrants to rural areas demonstrate that new migrants have higher education and occupational skills than average rural residents. The migrant into rural areas is older and brings substantial intellectual and fiscal capital to small towns or rural areas. As a result employers now locate in rural places for the labor force, and not the physical resources or markets (Bradshaw and Blakely, 1981; Voss and Fuguitt, 1979; Daberkow and Larson, 1982).

Educational achievement among long-time rural residents is also rising. The availability of community colleges, training programs, and good high schools has contributed to this. While lagging slightly behind urban educational efforts, rural educational programs have significantly upgraded schools, colleges, and human resource development programs at every level. In 1977 only 58.3 percent of rural residents were high school graduates, compared to 68.1 percent in metropolitan areas. From 1970 to 1977, however, rural areas were rapidly closing the educational gap, with higher growth rates among virtually all levels from high school graduate and above (see Table 2). For example, high school graduates in nonmetro areas increased 47 percent while high school graduates in metro areas increased only 34 percent during that period. Holders of advanced degrees (5 or more years of college) increased 64 percent from 1970 to 1977 in nonmetro areas, while increasing only 50 percent in metro areas (U.S Bureau of Census, 1978).

The human resources available now in rural areas mean that rural places compete with urban areas for industrial location. Rural work values and habits, small community amenities, and general lifestyle make rural areas ideal sites for research-oriented as well as and production facilities. Local

TABLE 2. Years of School Completed, Metro and Nonmetro, 1970-77

Years of School Completed		1977		1970		Change 1970 - 1977	
		Metro	Nonmetro	Metro	Nonmetro	Metro	Nonmetro
Total, 25 years old and over (thousands)		81,655	39,215	74,105	33,580	7,550	5,635
Percent		100.0	100.0	100.0	100.0	10.2	16.8
Elementary:	0 to 4 years	3.1%	4.9%	4.7%	6.8%	(-25.6)%	(-15.2)%
	5 to 7 years	6.0	8.8	9.0	11.9	(-27.5)	(-13.5)
	8 years	8.1	11.9	11.1	15.8	(-20.1)	(-12.5)
High School:	1 to 3 years	14.7	16.1	19.5	19.0	(-16.8)	(-1.4)
	4 years	36.1	36.1	32.0	29.5	24.0	42.9
College:	1 to 3 years	14.7	10.9	11.5	9.1	40.1	39.9
	4 years	10.1	6.8	6.8	4.6	65.2	71.7
	5 or more years	7.3	4.4	5.3	3.1	50.1	63.9
Percent High School Graduates		68.1	58.3	55.6	46.3	34.8	46.7

Source: Social and Economic Characteristics of the Metropolitan and Nonmetropolitan Population 1977 and 1970, Current Population Reports, Report P-23, No. 75, U.S. Bureau of the Census, 1978.

entrepreneurship also contributes to rural economic development, with rural areas outpacing urban places in the number and type of small business starts. In sum, as Hage (1979:98) notes, rural areas have entered into a post-industrial state "so qualitatively different that one must look for quite different causal laws or hypotheses."

Clearly, the marked alteration and increased diversity of rural economies is a blessing. On the other hand, the rural employment growth is geographically, racially, and sexually uneven. There remain some 255 nonmetropolitan counties with persistently high concentrations of low-income blacks in the central Atlantic and southern states (Davis, 1979). In addition, low wage industries and agriculture are located in these counties.

Finally, female labor force participation has increased 25.1 percent from 1970 to 1980 (compared to a 1.8 percent increase for men). These female workers are often in low-wage industries, even in growth counties, and account for improvements in overall family incomes, thus lowering the total numbers of people in poverty. However, female wage rates in nonmetropolitan areas have dropped from 48.5 percent of male wages to 47.5 percent between 1969 and 1976 (Blakely, Bradshaw, Shapira, and Leigh-Preston, 1983, pp. 45, 55).

Social Infrastructure and Social Safety Net

A substantial portion of recent rural growth can be attributed to the overall improvement in and the expansion of sociopolitical institutions. For the past three decades federal government policy has had a profound impact, altering the quality and availability of governmental services to all parts of the nation. Rural areas have benefitted from these improvements. Virtually no area of the country is isolated from modern government systems providing clean water, housing, fire protection, schools, and police services. In large measure federal grants and aid have provided the funds to develop or expand these services, although important differentials in federal per capita spending still exist between metro and nonmetro areas. Of the $629.5 billion in federal outlays and loan guarantees made in fiscal 1980, metropolitan areas received $2,529 per capita, while nonmetropolitan areas received $2,139 per capita, or about 16 percent less (see Table 3). Federal expenditures on agricultural and resource programs, business assistance, community facilities, veterans' housing, and native Americans favored nonmetro areas. Spending on defense, space, transportation, non-veterans' housing, health and social services, employment and training, and higher education favored metro areas. Per capita federal spending on income security programs and elementary and secondary education was broadly equal in metro and nonmetro areas. The gap between metro and nonmetro areas in overall per capita federal spending widened between FY 1978 and FY 1980. Due to the expansion of defense programs in the current administration and reductions in community and human resource programs, this gap may have further widened in recent years (Reid and Whitehead, 1982).

Nevertheless, Social Security, Medicaid, and public housing subsidies have formed a new social safety net for rural places. Transfer payment programs including state and federal welfare programs have made the difference between rural and urban less dramatic. As Table 3 indicates, rural areas outpaced metropolitan areas in disability, retirement, and survivor benefits. These transfer payments not only provide retirees with comfortable livings in rural areas, but they also provide new jobs and stabilize many rural communities' economies. Hirschl and Summers (1982) have shown that Old Age and Survivors Insurance (OASI) is an efficient generator of service or non-basic employment in local economies. In their research they found that it

TABLE 3. Per Capita Federal Funds in Metropolitan and Nonmetropolitan Counties, Fiscal 1980

Function	Metro	Nonmetro	Nonmetro as a Proportion of Metro
	(Dollars per Capita)		
Agriculture and Natural Resources	52	235	4.1
Agricultural Assistance	21	173	8.2
Agricultural Research and Services	12	8	0.7
Forest and Land Management	9	23	2.5
Water and Recreational Resources	14	31	2.2
Community Resources	452	440	0.9
Business Assistance	23	40	1.7
Community Facilities	33	126	3.8
Community and Regional Development	54	35	0.6
Environmental Protection	7	1	0.1
Housing (non-Veterans')	136	102	0.8
Housing (Veterans')	85	35	2.4
Native Americans	3	16	5.3
Revenue Sharing	21	20	0.9
Transportation	90	65	0.7
Defense and Space	725	287	0.4
Aeronautics and Space	32	2	0.1
Defense Contracts	435	115	0.3
Defense Payrolls and Administration	258	170	0.7
Human Resources	86	51	0.6
Elementary and Secondary Education	20	23	1.1
Food and Nutrition	1	1	1.0
Health Services	14	7	0.5
Social Services	4	2	0.5
Training and Employment	47	18	0.4
Income Security	940	978	1.0
Medical and Hospital Benefits	247	241	1.0
Public Assistance and Unemployment	86	89	1.0
Retirement, Disability, and Survivors	607	648	1.1
National Functions	268	148	0.6
Criminal Justice and Law Enforcement	4	2	0.5
Energy	36	39	1.1
Higher Education and Research	65	33	0.5
All Others	164	74	0.5
ALL FUNCTIONS	2529	2139	0.8

Source: J. Norman Reid and Eleanor Whitehead, Federal Funds in 1980: Geographic Distribution and Recent Trends, ERS Staff Report No. AGES820927, U.S.D.A., Washington, D.C. 1982.

takes about $3,600 to develop one non-basic job from transfer payments, and about $88,500 per job from manufacturing. While these data are not conclusive, they do demonstrate that jobs may well be generated from numerous resources including the government support structure.

In addition, the national safety net strengthened rural medical care. Government health care programs such as the Hill Burton Act added new hospitals to many rural areas and substantially altered the pattern of hospital-physician distribution. The Hill Burton Act provided 60.2 percent of all hospital projects in communities under 25,000 and 51 percent of the funds (Lave & Lave, 1974). Government policies encouraging the establishment of hospitals and clinics in rural areas have, according to several studies, increased and improved rural health services (Nuckton and Kushman, 1976). In addition, the rapid expansion of Blue Cross and other fee-for-service programs provide increases in the number and quality of nonmetro physicians (Evashwick, 1976).

The anti-poverty programs and rapid expansion of general aid programs for special populations such as the elderly or handicapped further reduced the burden associated with rural living. Finally, rural education has benefited from a number of specific federal grant in aid programs designed to improve rural school systems, vocational schools, and two year community or technical colleges.

Rural people's expectations of local government have increased as a result of improved rural conditions. The concentration on rural-urban parity in social services and government service has masked the fact that innovations in the design and implementation of rural programs benefited the nation, not just rural regions. Efforts in rural community development first developed through the Land Grant College System which formed one base for the antipoverty programs of the 1960s (Christenson and Robinson, 1980, p. 171). Rural health programs emphasizing family care and prevention have been adopted as part of the national health delivery system (Kasarda, forthcoming, p. 6). Finally, rural community experiments in multijurisdictional joint powers agreements to deliver a variety of services ranging from water and solid waste to transportation are important new developments for all municipal areas in the nation.

The principal disadvantages associated with rural places have been mitigated by a series of national government policies and programs. Only a few of these programs were specifically targeted for rural areas, but their net effect has been to allow people to live in rural areas without sacrificing many of the amenities associated with urban regions. These programs have also made rural settings more desirable to senior citizens with pensions or Social Security.

Lifestyle and Quality of Life Dimensions

Lifestyle and quality of life are elusive, but important perceptual concepts of the advanced industrial society. Lifestyle is how one spends time, with whom, and how daily routines are organized, including dress, public behavior, and roles. Quality of life includes such things as the place of residence, the type of work, the general ambiance of the environment, and the like.

Rural places often offer physical and social environments compatible with the quality of life and lifestyle desired by many. Virtually all surveys indicate that rural places are preferred to urban (Zuiches, 1980; Dillman and Tremblay, 1977). Most people wishing to raise families, retire, drop out of corporate life, or participate in a new wave of "back to the land" groups consider rural places or small towns more to their satisfaction than urban places. To many new migrants, small towns, even those far from major cities, offer opportunities for for pursuing individual ways of life not possible in urban settings. Our research indicates that the majority of people moving to rural places do so for these reasons without the prospect of immediate employment (Bradshaw and Blakely, 1981).

Particular rural communities cater to particular lifestyle choices and attract newcomers with similar interests. For instance, many small towns are principally or entirely oriented to retirees, various religious groups, tourists, or professional artists. Many small communities have attempted to accent and thus, reify the lifestyle attractive features. Dean MacCannell captures some of the dimensions of this in his book The Tourist (1976) which portrays how communities create tourist sites. These sites in some manner illustrate the community's sociopolitical structure. In short, small towns are now chic, and being pressed to accommodate the needs of new populations.

Technology and Communication Advances

The greatest limitation rural places consistently faced in the agri-industrial era was physical distance. The advanced industrial society removes or reduces this barrier, creating access to all parts of the country at low cost and making organized social systems independent of distance (Vining, 1982). Advanced technologies, particularly telecommunications, have transformed the settlement from a densely settled urban core to a new multinucleated dispersed development pattern (Webber, 1968). This new urban form is creating in rural areas and small towns the civic model of the future, oriented toward decentralized environments, as Kasarda (forthcoming) suggests, consisting "of functionally integrated systems of nodes and networks and social and economic exchanges sustained via advanced technologies on a time cost rather tnan spatial cost bases."

Further, the development of 43,000 miles of interstate highway has made most rural places easily accessible. Initially the interstate provided better truck and bus links between urban areas and extended the distances city workers were willing to commute from rural communities adjacent to metropolitan areas. But the interstate system has also given rural communities easy access to urban areas, granting them an unanticipated self-sufficiency. The addition of regional airports to rural communities made many rural areas not only more accessible, but desirable locations (La Porte, 1974). Consequently, rural residents are, with few exceptions, only a short drive and one extra plane trip further away than an urban resident from anywhere else in the world.

Retirees and tourists were the first to take advantage of these improved communication and transportation systems. Second home construction and improved physical and social infrastructures associated with tourists and retirees have made possible full year residential development in many places. The communities most likely to benefit from these improvements are those with physical amenities appealing to specific life styles. As a result, there has been a differential pattern of development among rural communities. While some places remain principally tourist and retirement communities, others have become professional/trade centers.

In sum, our contention is that rural communities are becoming an integral part of the transition to an advanced industrial society. In this transition rural as well as urban communities are at the leading edge of the transformation. Some rural communities and small towns, in fact, offer a quality of life, social institutions, and industrial developments that contribute to advanced industrial evolution. On the other hand, where there is a leading edge there is also a "trailing edge." Some rural areas are trailing, they have not been, and may never be, part of the new socioeconomic transition.

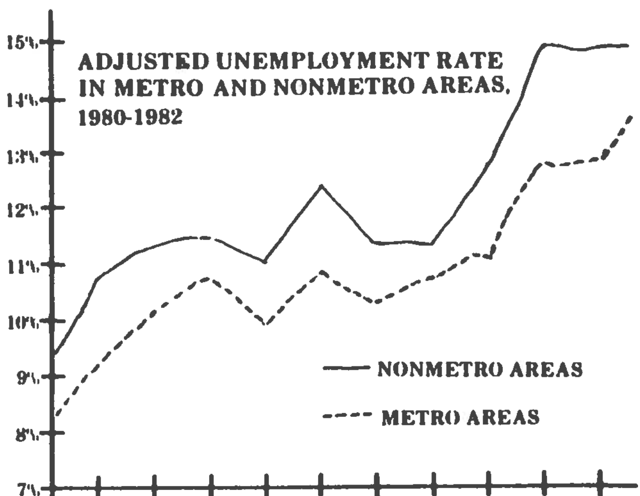
CONSEQUENCE OF CHANGING CONDITIONS

Clearly most policymakers and scholars are pleased with the rural population turnaround, the diversification of rural economic structures, and improved living conditions. Yet these changes do not come without risk, pitfalls, and problems. Advanced industrial society, rural or urban, is not necessarily better for those involved. Many people are displaced and disoriented, victims rather than beneficiaries of these changes. Further, the movement towards an advanced rural society is not universal among rural communities. Some rural areas remain deeply embedded in their agriculture- or resource-based economies, others continue social and political traditions of previous eras, and some are so isolated that they lack both fundamental resources as well as access to the national socioeconomic system. For example, current unemployment in rural areas is the result of declines in manufacturing employment and technological innovation displacing the workforce in mining, lumber, and agriculture. While new sectors are emerging, the human consequences of this transition are borne by current rural and urban residents. As Figure 3 indicates, rural areas continue to have high rates of unemployment parallel to the urban pattern.

Some rural areas are being integrated in the national economy, and even playing an active role in the national picture, but the consequences for the communities and their residents are mixed. This situation is illustrated by such examples as:

Figure 3

Adjusted Unemployment Rate
in Metro and Nonmetro Areas
1980-1982



The adjusted unemployment rate increases the conventional rate by taking into account 'discouraged workers' and involuntary part-time employment (which is counted as half-unemployment).

Source: Rural America, March-April 1983, p. 5.

- <u>The Communities Left Behind</u> - Nearly 500 rural counties, generally concentrated in the central and southern regions of the nation, are not sharing national population growth (Beale, 1981). These are largely poor counties, heavily dependent upon low-technology agriculture, are isolated, and are without access to the major resources of the nation. These communities face the prospect of continuing deterioration unless specific policies intervene on their behalf.

- <u>The People Left Behind</u> - In spite of new jobs or job opportunities and substantial improvements in the social well-being of many rural areas, poverty, unemployment, and underemployment remain high in most rural counties. The types of manufacturing jobs available to rural people even in leading industries tend to be those that pay low wages and employ high proportions of females. Thus in rural counties with resources as well as those with more diverse economic structures, the effects of these improvements are not as great as anticipated, and profound patterns of old and new forms of rural poverty persist. They are:

    1. <u>The continuing poor</u> - This group includes the rural ethnic black, Hispanic, and Native American populations of the mid- and deep south and Texas. Nearly 41 percent of nonmetro black families had income below the poverty level compared with just 12 percent of the whites (Hoppe, 1980). Further, the loss of farm land by black farmers in many counties reduces the potential of this population to develop a reasonable and stable economic base. Black farms are decreasing at a rate 2.5 times as fast as white farms (U.S. Civil Rights Commission, 1982). Among Native Americans these figures are even more distressing. Even in rural counties with increased employment opportunities minority unemployment rates remained high and educational levels low.

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2. The emerging poor - Industrial and/or postindustrial economic impacts in rural counties with new manufacturing or service sector jobs have created several forms of economic instability. Agricultural workers, including farm owners, taking jobs in factories find that farm income and sometimes even two wage earners are barely enough to keep families above the poverty line. As manufacturing jobs are lost in rural areas due to the same forces affecting urban manufacturing the effects are traumatic and dramatic. Rural job losses in manufacturing are even more devastating than in urban regions because many rural communities are dependent on a single industry or industrial type (e.g., textiles).
3. The new rural poor - Rural communities are not insulated from broader social forces which are changing the conditions of poverty. For example, family instability is now affecting rural society with increasing numbers of rural female heads of household living under poverty conditions. In 1979 there were 1.8 million women living in nonmetro areas below the poverty level, or about 12.2 percent of nonmetro females aged 15-44 (U.S. Bureau of the Census, 1979). The majority of rural poor families are headed by a male (69.5 percent in 1975). The woman is employed in almost half of all rural female headed households (42.3 percent). In contrast, most urban poor live in non-working female headed households (Hoppe, 1980). In addition, never groups of unemployables are emerging in rural America who lack basic education and skills for employment in an information and service economy. Heretofore agricultural, lumbering, and low-skilled manufacturing absorbed them, but such employment is rapidly being displaced by machinery. Since urban areas can no longer absorb this population, they are becoming an increasing social problem for rural

communities. Finally, there are some voluntary poor in rural America, individuals who have decided for a variety of reasons that a rural marginal (or simple) lifestyle is appealing to them. Their contribution or cost to rural areas is not entirely clear. But it is clear from our research that current social welfare programs are not appealing or useful to any of this new category of poor peop (Bradshaw & Blakely, 1981).

- Uneven Impacts of Recent Growth

Population growth, economic diversification, and improved social infrastructure have not resulted in uniform or even general improvements for rural locales. Even in rural areas which have made substantial increases in jobs, people, and services, severe community problems remain. In some places, rural boomtowns in the mountain states for example, development has occurred so swiftly that requisite infrastructure has not kept pace with demands for service. Consequently, few of these communities or their residents have been able to benefit from the increased wealth.

In other growing communities there are new pressures on the existing residents, particularly the poor and moderate income families, which in a number of communities, have led to their displacement to unincorporated areas or other smaller towns, forming new low-income ghettos as distressing as those in the inner city.

- Land Use and Environmental Constraints

A principal attraction of rural areas is their scenic beauty and natural surroundings, including the presence of agriculture. Yet as rural communities diversify their economic and population bases this valuable resource is threatened. The threat goes well beyond the mere disappearance of farm and timber land per se. It includes the damage to natural habitats resulting from the introduction of domestic animals, hikers, campers, and diseases transmitted by man that endanger both plants and animals (Bradshaw and Blakely, 1978, Blakely, 1982).

The competition over conversion of land used for agriculture, timber, fishing, and recreation to manufacturing and housing has created debates which range beyond the boundaries of rural cities and counties. Rural governments are frequently bewildered and frustrated by metropolitan-dominated state legislatures that limit the uses of land within rural areas.

Finally, land use zoning and other planning tools designed for urban environments are woefully inadequate to deal with the problems of rural areas. As Healy and Rosenberg point out in Land Use and the States (1979), large-acre zoning and similar measures are sometimes counterproductive measures which hasten ill-conceived and poor uses of environmentally sensitive landscapes.

- Fragile Rural Institutions

Rural and small town communities place a special significance on the character of various local institutions. Small town post offices, swimming holes, local restaurants, parks, and churches have unique character developed over many years, even, in some cases, centuries. As towns become cities, attempts to preserve or protect these institutions' physical and social role tends to "museumize" them, altering their true character and sterilizing their role. The genuinely rural institution becomes artificial, thereby reducing its value as the cultural glue that gives a community its real character. In essence, as Randy Hester (1983) points out, the real community people seek in rural places is at least partially destroyed by the seekers.

- <u>Interdependent Control</u>

As rural communities diversify their economic base they also increase their vulnerability to external economic control. The increases in rural jobs have come largely through branch plant development or the establishment of firms serving metropolitan industries. Finance institutions remain concentrated in metropolitan centers, and accordingly, decisions that affec rural areas are made far away from rural communities. Rural public officials are, in many cases, totally unaware of them and unprepared to cope with corporate actions that affect the destiny of their community.

Rural areas are even more affected by national urban- or fiscal-oriented policy such as the deregulation of telephones, natural gas, and trucking. These policies can have enormous impacts on rural communities.

In sum, as rural areas are integrated into the national system they become vulnerable and typically have less control over their destiny. Thus rural/nonmetropolitan areas cannot measure all <u>changes</u> as <u>progress</u>. The fundamental forces shaping rural areas have changed dramatically. By recognizing this shift new policies can be fashioned to assist rural communities and small towns to play a productive role in the national economy while simultaneously retaining rightful control over their heritage and destiny.

FORMULATING RURAL PUBLIC POLICY

Rural policy for most of this century has been a residue of urban or other public policies. Even when national attention has focused on rural resource issues such as timber, food, or fiber production it has been in the context of urban needs. Similarly, whenever the plight of the rural poor, unemployed, or undereducated has been considered the policy objective is inevitably to increase parity between rural and urban. The work of Michael Harrington (1962) and Niles Hansen (1970), explains the premise that reducing rural poverty would reduce the urban crisis.

Rural places have been viewed as underdeveloped or undeveloped, a source of shame, embarrassment, and inequality. This concept of rural as somehow lacking in resources, skills, and potential continues to plague the policy formulation process. Rural legislators and advocacy groups continue to justify rural needs in terms of bringing rural places up to an urban standard, a concept that is misguided and counterproductive. It condemns rural policy design and development to only one goal: urbanism. The need now is to fashion policies and programs that assist rural areas to define and meet their own goals and gain reasonable control over their destiny.

Historic Rural Policy Base

Historically, national rural policy has proceeded from either geographic or human resource concerns. As a consequence, it is difficult for policy formulation to move beyond old ideas.

Rural Geographic Policy Focus. For most of the century national rural policy was designed to reduce the isolation of rural places. Public policy focused on increasing modern services such as electricity, telephone, and highway access. These policies aimed at improving rural peoples' access to urban places, urban culture, and urban jobs. Massive amounts of public assistance provided indirectly through the Land Grant Colleges and directly through agencies such as Economic Development Administration, and public authorities or cooperatives that provide electricity, roads, water, sewers, and public facilities. These programs remain important to rural areas, but their mission has subtly changed from modernizing to economic development and community stabilization.

Rural Human Resource Base. Directly improving rural human resources and ending poverty is a more recent undertaking of the federal government, largely commencing in the 1950s and 1960s as part of the massive antipoverty efforts. In its report The People Left Behind (1967) the President's Advisory Commission on Rural Poverty left no doubt as to the severity and th consequences of rural poverty. The programs mounted under these auspices created the safety net discussed earlier. In many respects this safety net formed the base for recent improvements in rural life.

Contemporary rural problems move beyond either geography or human resource issues. New issues arising from the integration of rural areas into an altered national socioeconomic structure create new policy needs. Therefore rural policy formulation must be designed to alter, intervene in, or create structures that will assist rural places to develop more diverse, self-sustaining economic and sociopolitical institutions. The model for these structural changes should be to create low density, livable communities that can share resources with similar communities, creating a balance between human settlements, industrial development, agriculture, and the natural resource base. Such a model can be developed and achieved through sensible policy, without national plans or imposed regional institutions.

NEW DIMENSIONS AND DIRECTION FOR RURAL POLICY

Two succeeding administrations have been given the responsibility by Congress to formulate new rural policy. Each of these administrations has missed the opportunity to design policies and programs that place rural areas within the larger context of national social and economic development. The Carter administration's efforts missed because their plan failed to examine the changed conditions of rural America carefully. Consequently, the Carter plan repackaged old efforts to solve the problems of the rural past. The current administration's effort recognizes the changing circumstances, but presumes that these trends need little or no reinforcement and that administration programs will meet most rural needs. As a result, these two approaches leave enormous gaps and policy needs unfulfilled.

Rural areas can play a leadership role in the future socioeconomic order. This is not to suggest that all of the economic changes associated with an advanced rural society are good, or that they are uniformly good in all rural areas. But if we consider rural communities as potential contributors and actors in the evolution toward a more technocratic socioeconomic system, rather than as reactors or impact-prone areas, the policy response will be far different. It is our contention that rural places should be seen as the new venue for an advanced industrial society, and that national policy should be based on this concept.

It is the responsibility of national policymakers to develop the context for policy and to articulate the role of state and local government. Each level of government has different responsibilities and tools to meet the needs of rural communities. Further, the precise geographic and conceptual boundaries between urban and rural will have to be modified at all policy levels in order for effective policy to emerge.

The National Role

Rural is no longer equated with agriculture or natural resources, yet the principal liaison between rural people and communities and the federal government are the resource-oriented Departments of Agriculture (USDA) and the Interior. Consequently, rural people and communities are lower priorities than the land they occupy, an enormous injustice to 61 million rural Americans who have limited access to the Departments of Housing and Urban Development (HUD), Labor (DOL), Health and Human Services (HHS), and other human resource agencies.

The Administration's designation of an Under Secretary for Rural Development and Small Towns within the Department of Agriculture is ar important step, but, the resources required by most rural communities remain under the auspices and direction of other federal agencies. Therefore, small towns and nonmetro areas continue to receive residual or watered down urba policy such as the Enterprise Zone legislation.

In order to place the responsibility of rural places closer to a wider set of people-serving resources, we propose that the human services, housing, and similar urban and community development responsibilities for nonmetro places be transferred to HUD. The risk in this proposal is that rural areas would receive even less attention in HUD than in USDA. But strong Congressional oversight as well as specific legislation could lessen this danger. Further, appropriate resident expertise in HUD could maximize and enhance the total array of programs within that department's scope.

Alternatively a new Rural and Small City Development Administration could be formed as a quasi-independent administrative agency within the Department of Agriculture. The new agency would subsume the current EDA, Farmer's Home Administration (FmHA), HUD Small Cities Block Grant Program, and other Department of Agriculture programs designed specifically for community development. The new Rural and Small City Development Administration should be directed by a commission similar to the Office of Personnel Management, Security and Exchange, or other similar independent commissions. Commissioners would be nominated by the President to serve terms of six years and would have the responsibility to report to both the President and the Congress on the needs of rural and small cities annually and to propose steps to be taken to meet the needs of rural people. The Commission could also establish guidelines, rules, and regulations based on Congressional Acts to administer programs under its jurisdiction. The Department of Agriculture would have the responsibility for program administration as directed by the Commission and the President.

<u>Data Requirements</u>

National data and policy analysis necessary to determine rural needs is not available. As a result, the effects of such measures as the deregulation of telephone, trucking, and airlines are difficult to assess. Even when economic effects can be measured, their effects rural development are not considered. In essence, the current rural turnaround can be stymied by, or even collapse under, inappropriate or insensitive policy measures. Therefore we propose that the U.S. Office of Management and Budget develop staff capacity and expertise as well as data systems to support analysis of administration proposals on rural areas and small towns. As a companion to this proposal, the Congressional Budget Office should be similarly staffed to assess legislative proposal effects in the same way.

<u>Rural Economic Opportunity</u>

In addition to program and plan assessment, the federal government must be responsible for improving economic opportunity among rural communities and people. The federal government should sponsor a series of initiatives designed to:

1) <u>Increase economic diversity of rural communities</u>. The approach to achieve this would be a Rural Development Consolidated Grant Program administered by the Under Secretary for Small Towns and Rural Development. These new grants, awarded through the states, would incorporate current EDA, Community Services Block Grants, Department of Labor, (JTPA programs for balance of state [rural] areas), Vocational Education grants and aid, UDAG, Transportation (DOT), and housing programs into a single consolidated grant program. The consolidated grant program would not be a typical block grant program inasmuch as it would be a competitive endeavor with fewer guidelines, considerable flexibility, and no minimum distribution formula. This approach has several valuable features. First, it reduces paper work and bureaucracy by allowing a community to make a single submission to meet many of their needs. Second, it improves internal planning and coordination by forcing long-range thinking rather than attitudes based on single ad hoc grant submissions for available federal funds. Finally, it improves rural communities' ability to compete successfully for federal resources.

As a requirement for participation, communities submitting proposals would be required to demonstrate that their planning included consideration of agriculture and other natural environments under their sphere of influence. To assist rural communities in planning and developing staff resources, states would be awarded additional funds matching on a dollar-for-dollar basis the funds appropriated by state legislatures for rural development. The majority of the funds for this consolidated grant program would be designated for communities in the smallest and/or poorest rural counties based on a weighted formula favoring them.

2) Human resource programs. There is substantial evidence that the quality of human resources in rural communities affects both population and economic improvement (Bradshaw and Blakely, 1981; Beale 1982). In addition, two and four year colleges are most often the critical factor in more knowledge-intensive industrial development. Therefore, we propose an expansion of the federal government matching grant programs designed to assist postsecondary educational institutions in some of the nation's poor rural counties engage in training and economic development programs. This project would be aimed principally at helping institutions develop programs more closely targeted to emerging employment opportunities, support programs for small business development and entrepreneurship, and to provide economic development services to existing and potential employers in their region.

In addition, the current Jobs Training Act (JTPA, mentioned earlier) and similar DOL funds should be restructured to meet rural needs by providing that a larger portion of such funds be made available for job generation and job creation projects in rural areas. Further, within the Department of Labor a Rural Jobs Development Division should be established to plan and administer these funds to states and within states, to rural counties. The most distressed rural counties would be made eligible for the largest share of such funds.

The State Role

States have not developed creative roles in rural development, yet there are significant areas in which state policy can be of enormous benefit to rural communities. Our research and observations suggest to us that the federal government should encourage the states to provide the support structure for local economic development. States are in the best position to determine whether local city or county planning is sound. Further, states can develop the infrastructure for small and medium-size business loans and loan guarantee plans. Therefore, we propose that the federal government initiate a series of matching grant and aid programs to develop:

1. New indigenous local business establishments in rural areas. This program would be designed to assist indigenous business creation in rural areas. Funds would be available as below market loans, loan guarantees or interest write-downs for new sole owner or small partnership businesses opening for the first time in rural areas in technical, industrial, or similar fields. The funds for this activity would come via expanding current agricultural banking and Farmer's Home Administration programs to this purpose and setting an initial goal that 30 percent of existing agricultural and FmHA loans be used in this manner. Local government support of the project would be required. Firms taking advantage of the program would be required to pay back funds in total amount of the loan plus prevailing interest rates and penalties if they relocated elsewhere (inside or outside the U.S.) before the loan was repaid.

2. Rural opportunity centers. Each state would be required to establish a rural economic and employment opportunity center. The purpose of these centers would be to establish a mechanism to reach the underprivileged and difficult to assist population in rural areas. The centers would provide both technical assistance training and combined grants and aid to community groups in disadvantaged communities or local government in the same communities. State centers would combine federal and state resources to stimulate and implement economic development activities for the disadvantaged in rural areas, including the provision of housing and social

services.

3. State venture finance banks. Several states have experimented with some form of state finance agency. To date, these efforts have merely supplemented the Small Business Administration (SBA) and similar efforts. Our research indicates loans of this type to be marginally helpful to rural business (Bradshaw & Blakely, 1981). The gap in rural finance is venture capital. One reason for this is that rural areas are distant from financial centers and financiers. Further, the potential for the deregulation of banks to reduce or deplete rural cash reserves is very great.

Since people with ideas are the critical ingredient in the natural to human resource transition, we propose that states develop new financing capacity for rural areas by issuing rural development revenue bonds. Bond proceeds would be used to establish a venture capital fund. This fund would be used as a resource in attracting job-creating people and industries to rural areas and in stimulating existing rural business or entrepreneurs to develop new products or services.

The details of such an effort require considerable thought and planning, but its basic strategy would be little different than current SBA and FmHA loans. One difference that is envisioned is that state or local governments would acquire equity participation in such ventures in order to stabilize its income and to enter into a longer term relationship.

4. Land use planning and policy. We believe each state should be provided with new federal incentive planning grants similar to the old "701" planning grants program designed to develop comprehensive rural land use plans that recognize the demand for alternative settlement patterns. These plans would encourage the better use of existing small town urbanized

areas, yet provide for increased population in low density settlement. In addition, such planning would incorporate new planning zoning and mixed use formulas that assist in preserving farm land and natural habitat.

The Local Role

Rural local government is much maligned, even by small town officials. While it is clear that rural public officials have fewer staff, it does not follow that they have access to fewer intellectual resources. Clearly the availability of specialists and the elaboration of administrativ infrastructure is helpful. But there are more creative ways to solve this problem than by adding more public officials. We suggest that:

1. Local and state government expand experiments with the circuit rider programs to provide rural and small areas with expertise in special areas such as housing, budgeting and the like on a partial reimbursement basis. This special assistance might be provided through expansion of existing regional agencies, use of Cooperative Extension or through a consortia of state colleges and others. This proposal might be coupled with the Administration's TRAIN program and provide a specific mechanism for information transfer to rural areas.
2. Rural local governments should establish nonprofit development corporations which act as development authorities and have the legal capacity to hold equity positions in local enterprises. Local government would use the development corporation to hold shares, collateral, and other forms of equity in businesses. Subsequently, the development corporation could hypothecate its holdings in local enterprises as investment capital for other community projects.

In addition, we believe that local, county, city, town, and/or township governments must develop internal land-use and zoning patterns compatible with total regional development rather than as separate entities. Such planning can bring about more improved total investment and increased opportunities for all the participatory communities.

Conclusion

Rural areas are a significant contributor to the nation's transformation to an advanced industrial society. Public policy then must be designed to enhance the role of rural communities. At the same time, the rural physical, social, and institutional landscape is fragile. It will take care and sensitive policy instruments to achieve the necessary transition to a compatible rural/small-town living pattern. Rather than fighting small town and rural development as forms of urban growth, planners and policy makers need to learn to support them in productive ways in order to make use of their unique contribution.

National policy that fails to provide a new understanding and articulation of the role of rural areas in the transition of the economy is doomed. Therefore, it is important that a clear set of national policies and programs be designed to assist rural areas in mitigating the problems associated with poor or unplanned development. Rural and urban people of all races, ethnicities, and classes must have equal access to and benefit from this next stage of advanced rural society. Every level of government has a role to play in reaching this objective. The national government must set the context, offer direction, and provide resources to the poorest places while state and local governments must develop innovative implementation strategies. The new frontier can be a better one than earlier frontiers have been for rural America and all Americans.

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