Since the end of the 1970s, rural America has undergone structural change and economic dislocation adversely affecting the quality of life of many rural residents.¹ The rural economic situation in the 1980s stood in sharp contrast to that of the 1970s when growth and economic vitality were the dominant themes (Brown, et al.). And now, unless policy failures are addressed and new public policy directions are forged, the outlook for the 1990s is bleak for many rural people and areas.

Future directions will be shaped by conditions emerging in recent decades. These include the shift in the rural economy from a natural resource base to a manufacturing and service base; increased ties between the rural economy and national and global economies; deregulation of financial markets which places constraints on sources of private sector funding; a decline in federal aid for rural communities; and an increased number of female-headed families with no spouse present.

The new directions will also be shaped by some long-standing problems such as the underdevelopment of human resources, especially in persistently poor rural areas.

This paper seeks to develop a better understanding between institutional change, primarily shaped by public policies, and the economic well-being of rural African-Americans. Compared to urban African-Americans and rural whites, the rural African-American population represents, by most relative measures, a disadvantaged group that has experienced persistently lower median income levels, lower levels of nutrition, health, housing, health care and education, but higher poverty rates.

¹The terms rural and non-metropolitan are used interchangeably except when citing data.
The disadvantaged status of rural African-Americans is a problem that demands more socio-economic research to increase the understanding of policy makers and extension professionals who can influence the establishment of policies and programs to improve the well-being of this segment of American society.

The analysis of the well-being of rural African-Americans must consider demographic realities. More than 90 percent of African-Americans resided in the South at the turn of the century and, despite the tremendous outflow of blacks from the rural South, the southern region of this country remains home for more than half of the African-American population (Lichter and Heaton). More importantly, data from the U. S. Census Bureau show that in 1989, 95 percent of the 4.9 million nonmetropolitan blacks resided in the South. An analysis of the social and economic well-being of rural African-Americans will, therefore, deeply reflect the conditions of those in the rural South.

This paper has three specific objectives: 1) conceptualize public policies in rural America and the implications of these policies for African-Americans; 2) describe how selected agriculture, food and human capital policies impact African-Americans in rural areas; 3) suggest elements of a new comprehensive policy initiative.

**Conceptualizing Rural Public Policies**

This section of the paper has a two-fold purpose. First, it identifies to what extent African-Americans in rural America are dependent on earnings from agricultural production. This assessment provides a basis for evaluating the impacts of agricultural policies on rural African-Americans. Second, it provides a framework for analyzing public policies (agricultural and nonagricultural) influencing African-Americans in the rural economy, thereby giving rise to the observation of "policy failure."

The extent to which production agriculture has affected the economic and social status of rural African-Americans has attenuated over time as African-Americans were displaced from agriculture due primarily to mechanization (push) and urban employment opportunities (pull). Five decades ago, most rural residents lived on farms. The shift of the population away from farms was a general trend, but for African-Americans the transformation was more dramatic (Figure 1). By 1987, only 3.0 percent of rural blacks lived on farms compared to 8.2 percent of rural whites. Although farm policies are important for some rural residents, the policy needs of the rural population, especially African-Americans, are much broader than policies prescribed by agricultural legislation alone.

Figure 2 sets forth a public policy matrix describing policies and programs influencing the economic and social well-being of rural African-Americans and other rural residents. The matrix dis-
Figure 1. Rural Farm Population as a Percent of Rural Population by Race, 1940–1987


Figure 2. Rural Public Policy Matrix (Selected Examples)

<table>
<thead>
<tr>
<th>FARM</th>
<th>NON-FARM</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FEDERAL</strong></td>
<td></td>
</tr>
<tr>
<td>Price/Income</td>
<td>Food</td>
</tr>
<tr>
<td>Supply</td>
<td>Health</td>
</tr>
<tr>
<td>Supply</td>
<td>Housing</td>
</tr>
<tr>
<td>Market Structure</td>
<td>Tax</td>
</tr>
<tr>
<td>Market Structure</td>
<td>Education</td>
</tr>
<tr>
<td>Market Structure</td>
<td>Income Security</td>
</tr>
<tr>
<td>Market Structure</td>
<td>Public Assistance</td>
</tr>
<tr>
<td><strong>STATE AND LOCAL</strong></td>
<td></td>
</tr>
<tr>
<td>Direct Marketing</td>
<td>Education</td>
</tr>
<tr>
<td>Market Information &amp; Statistics</td>
<td>Health</td>
</tr>
<tr>
<td>Market Promotion</td>
<td>Tax</td>
</tr>
<tr>
<td>Market Promotion</td>
<td>Value Added</td>
</tr>
<tr>
<td>Market Promotion</td>
<td>Income Security</td>
</tr>
<tr>
<td>Market Promotion</td>
<td>Public Assistance</td>
</tr>
</tbody>
</table>

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tistinguishes farm policies from nonfarm policies. This distinction is made to recognize the growing separation between "rural" and "agricultural" as rural America depends less and less on the agricultural sector.

Federal policies are distinct from state and local policies, yet both influence the economic development of rural areas and the economic well-being of its residents (Batie). The state and local role increased in the 1980s as a result of Reagan administration policies reducing the role of federal government. Public policy examples directed toward rural areas are provided in each matrix cell. In some cases, public policies (i.e., tax and educational policies) are enacted at both federal and state levels and are, accordingly, listed under each heading. Further, within each cell, the policy objectives and programs are implicitly associated with selected policies. Given the fragmented policy approach we begin to understand that, while much is gained in the balance of powers between federal and state governments, much can be sacrificed by way of lack of coordination, policy objective conflicts, and institutional turf protection.

Policy failure experienced by the rural disadvantaged may arise for any number of reasons. The following list is derived from observations of the authors and is not meant to be exhaustive:

- Positive impacts of some policies are canceled by negative impacts of others.
- Discrimination in implementation of public policy and programs.
- Programs poorly formulated to meet policy objectives.
- Lack of information by intended target group about program operations (e.g., eligibility criteria, benefits).
- Manipulation of programs by (intended/unintended) target groups.
- Lack of political and economic influence of the rural poor.

On the whole, this fragmented approach to policy lacks comprehensiveness necessary in addressing the multifaceted problems confronting economically depressed rural areas. Given these reasons for policy failure, three policies—price and income, food, and human capital—are examined to identify specific impacts on rural African-Americans.

Public Policy Impacts on Rural African-Americans

Price and Income Policy

One of the fundamental characteristics of agriculture is its inelastic demand for commodities. This characteristic leads to unstable farm prices and incomes. Therefore, agricultural policies have been in
place since the 1930s to address the price instability and income problems unique to the agriculture sector. The major policy tool has been price and income programs executed through commodity programs. These programs have included supply control through acreage restrictions, allotments, long-term land retirement and marketing quotas, and price supports through direct purchases of commodities and use of nonrecourse price support loans.

The effects of commodity programs on African-American farmers can be viewed in relationship to their participation in price and income programs and changes in farm size over time. A recent study by Jones shows African-American farmers are underrepresented in the federal agricultural programs relative to their numerical proportions. Moreover, he indicates African-American farmers receive less than an equitable share of farm program benefits. Jones identifies several reasons for the relatively low participation of African-American farmers in agricultural programs including poor managerial ability, racial discrimination, lack of information about the programs, and relatively high production costs which often exceed target prices. Clearly, some of these reasons are related to policy failure.

It is well-documented that price and income programs tend to benefit the owners of larger farms (Marable; Schultze; Spitze, DeRay and West; Shaffer and Whittaker). Since farms owned by African-Americans tend to be small, price and income programs generally have not improved the economic well-being of African-American farmers. In 1982, the average size farm in the United States (440 acres) was four times larger than the average African-American-operated farm (104 acres) and 88.4 percent of African-American farmers had less than $20,000.00 in sales as opposed to 60.6 percent of all farmers (Banks).

Commodity programs in the short-run do not appear to adversely affect small farmers more than larger farmers, but in the long-run the effect of these policies is to stabilize market prices and sector incomes. Under more stable market conditions, risk is reduced and the adoption of new technology and borrowed capital is facilitated. As a result, the long-term effects of price and income policies strengthen the competitive position of large farms relative to small farms. These policies resulted in increased purchase of machinery inputs and land which led to farm consolidation and expansion. Policy failures reduced the opportunities for African-American farmers to increase their farm size. For example, because of de jure segregation, many had low levels of human capital and managerial skills and also did not have equal access to credit.

Structural policies and programs were established in agriculture to prevent the monopolization of economic power. The Capper Volstead Act, market information and marketing orders are examples. The structure of agriculture reveals how farm resources are organ-
ized and controlled. Structure includes the number and size of farms; the ownership and control of farmland capital and labor; the arrangements for inputs and product marketing and other factors affecting decision making; and the control of resources and other producer behavior (Penn).

Changes in the structure of agriculture raise questions about the distribution of wealth and income among farm operators, farm workers, and others who own and supply farm resources as well as about whether new farmers can get a start in farming by any means other than inheritance.

Although government policies directly influence the structure of agricultural markets, agricultural policies have not placed a high priority on maintenance of a competitive market structure for agriculture. Rather, policies were directed toward price and income objectives for farmers while, at the same time, policies were pursued that altered the structure of agriculture. Thus an inherent conflict emerged in the formulation of agricultural policy goals: Should public policy be used to alter market structure in an attempt to improve market performance? Or should public policy makers merely view economic performance as a result of a self-adjusted market with little or no direct linkage to the underlying structural characteristics of the market?

The relationship between the structure of agriculture, policies influencing this structure, and the socio-economic welfare of rural African-Americans is not well understood.

The distributional impacts of public policies that indirectly altered the structure of agriculture have had negative impacts on rural African-Americans. New directions in price and income policies are needed if African-American and other small farmers are to benefit from these policies. Policies that would benefit those farmers most in need include basing payments on farm size, reducing payment rates as product volume increases or implementing a means test (Evans and Price).

**Food Assistance Policy**

Since the Great Depression, agricultural and food policies have been designed to provide food aid to the poor. Initially, the policies were aimed primarily at supporting farm prices and disposing of agricultural surpluses, but gradually the focus shifted to providing nutritious meals to at-risk populations. Over the years, a number of policies and programs were enacted to address undernutrition and hunger, including the Food Stamp Program, Child Nutrition Programs (National School Lunch, School Breakfast, Child Care Food, and Summer Food Service programs), Nutrition Program for the Elderly, Commodity Supplemental Food Program, and the Special Supplemental Food Program for Women, Infants, and Children...
(WIC). The food programs represent an integral part of the income maintenance system for the poor and cost the federal government approximately $21.2 billion in fiscal 1988 (Levedahl and Matsumoto).

An important public policy issue is the effect of the food programs on rural African-Americans and whether there are urban biases in these programs. In this section, we examine these issues as they relate to the Food Stamp Program. This program is perhaps the single most important food program because it is available nationwide to all low-income persons who meet the income, asset, and work requirements and because average benefits tend to be higher under this program compared to the other food programs.

The literature on the nutritional status of rural African-Americans and the impact of the Food Stamp Program on this particular population is limited. However, some indicators (e.g., high poverty rates, low levels of nutrient consumption) highlight conditions that are associated with hunger and undernutrition in the absence of public food aid policy. Recent data show that these conditions disproportionately affect nonmetropolitan African-Americans. For example, 39.6 percent of them were poor in 1989 compared to 13.1 percent of nonmetropolitan whites and 28.9 percent of metropolitan blacks (U.S. Bureau of the Census, 1991).

As noted earlier, rural African-Americans are heavily concentrated in the South. Thus, food stamp participation levels in that region can provide an indication of how rural African-Americans are impacted by the program. Ghelfi has found that, compared to the other regions, the South had the largest proportion of its population (11.18%) participating in the Food Stamp Program in 1980. Historically, participation is high in the South because (a) incomes tend to be relatively low in the region, and (b) in most Southern states it is the only public assistance program available to intact families. Ghelfi also provides evidence that, within the South, participation was higher in nonmetro counties (13.84% of the population) than in metro counties (9.77%).

Despite the high rates of participation in nonmetro areas, there is evidence the program is under-utilized by rural residents. Researchers affiliated with the Institute for Research on Poverty (IRP) reported in 1980 that only 38 percent of eligible persons in poor rural states participated in the program compared to 47 percent of all eligible persons nationwide.

Data from the U.S. Department of Agriculture (USDA) document how important the Food Stamp Program is for African-Americans in the South. Approximately 1.2 million southern African-American households participated in the program in July 1988. There is a wide continuum of African-American representation in the program, from a low of 5.4 percent of participating households in West Virginia to a high of approximately 71 percent in South Carolina and Mississippi.
Moreover, in seven of the sixteen southern states, African-Americans comprised from one-half to two-thirds of food stamp households.

The literature on nutrient consumption indicates a sizable proportion of the rural poor, particularly those in the South, are nutritionally at risk. Public Voice for Food and Health Policy (1986) found the majority of the nonwhite poor in the rural South consumed less than two-thirds of the Recommended Dietary Allowances (RDAs) for two nutrients—calcium and iron. Moreover, slightly more than 40 percent of them failed to consume two-thirds of the RDAs for vitamins A and C. Since the RDAs are established at a level to meet the known nutritional requirements of healthy persons and are considered by nutritionists to be a generous allowance, consumption below two-thirds of the RDAs is often used as an indicator of nutritional problems. Based on this standard, and despite the availability of the Food Stamp Program, more than two-fifths of southern, rural nonwhites had deficient consumption of four essential nutrients.

A variety of factors, including lack of nutritional knowledge, barriers to the Food Stamp Program, and particular program provisions, account for these conditions. Davis found evidence that program accessibility and utilization among the eligible population may be lower in nonmetro areas than in metro areas. He concludes, "there is compelling evidence suggesting that domestic food assistance programs have not provided an effective safety net against hunger and undernutrition in rural America" (p. 25).

Institute for Research on Poverty (IRP) researchers have asserted that many of the federal transfer programs have been tailored to meet the needs of the urban poor. An unintended consequence of this action is that the programs often fail to reach many impoverished persons in the rural South who are widely dispersed across vast land areas as opposed to the urban poor who are more geographically concentrated.

The Food Stamp Program, like other income maintenance programs, contains some urban biases.

**Barriers to Food Stamp Program participation in the rural South** include the location of food stamp offices which, even when centrally located, tend to be situated at great distances from many of the eligible participants. The high cost of delivering services in rural areas is a constraint that limits the number of food stamp offices in a given jurisdiction. The problem is compounded because of lack of public transportation in rural areas. Furthermore, offices tend to be open only during traditional working hours which places the rural poor at a disadvantage because a disproportionately high number of them are working.

**Food Stamp Program provisions that adversely affect the rural poor** include the uniform benefit schedule for the forty-eight coterminous
states. Although the program provides higher benefits in some areas (e.g., Hawaii, Alaska, Trust Territories), differences in the cost of food by urbanization (urban versus rural) are not incorporated into the benefit schedule except in Alaska. Within the forty-eight states, the cost of USDA's Thrifty Food Plan, upon which Food Stamp Program benefits are based, is adjusted annually based solely on average food prices in urban supermarkets. Yet, recent studies by Public Voice (1990) indicate considerable differences in food costs across urbanization and type of food store.

For example, USDA calculated the average cost of the Thrifty Food Plan market basket was $75 a week in 1989 for a family of four. However, the disparities between the level at which the Thrifty Food Plan was set and the actual cost of the market basket in persistently poor rural areas averaged 8 percent in supermarkets and 36 percent in small to medium food stores. Moreover, because of the absence of supermarkets in many poor rural areas, rural food stamp households rely heavily on small food stores, which reduces the probability that they obtain a nutritionally adequate diet, as defined by the Thrifty Food Plan.

Reducing the urban biases in the Food Stamp Program and increasing access to the program could have positive influences on the nutritional status of poor, rural African-Americans. These actions are critical, especially for young children, because proper food and nutrition could enhance their overall mental and physical development and, in the long-run, positively affect their educational achievement.

**Human Capital Policy**

Government support for education has for the most part come from state and local governments with a few notable exceptions (land grant universities, civil rights legislation, etc.). Given that the control of education has taken place within state and local government arenas, and many of these localities, especially in the rural South practiced racial discrimination against African Americans, full participation in educational opportunities were effectively denied. These discriminating practices manifest themselves today in the form of lower levels of education and lower wages attained, on average, by African-Americans in selected southern states (Beauford and Nelson).

Financing quality education imposes particular difficulties on economically depressed rural areas where funds are scarce due to a low tax base. Further, incentives for adequately funding local schools are often lacking because people with high levels of education are most likely to migrate.

While education improves an individual's chances of escaping poverty, benefits also accrue to society from a well-educated population.
Education can be characterized as a public good, thus providing an economic rationale for increased federal and state financing of education in persistently poor rural areas. Higher levels of education may contribute to economic growth and development, but the relationship between education and economic development is not as robust as the relationship between education and income.

Research points to the conclusion that education is only one of many factors associated with local economic growth (Killian and Parker). Economic growth is a complex process. Schultz made this observation in attempting to link education to economic growth.

The connections, however, between education and economic growth are exceedingly complex. It is far from easy to identify those fruits of education that consist of improvements in the capabilities of a people that are useful in economic endeavor. It takes years as a rule to develop these capabilities and then it requires more years for these capabilities to prove their worth in production. It is not as simple as adopting hybrid seed corn or applying a few bags of fertilizer in the spring and garnering the crop in the fall (p. 47).

To improve the economic status of rural African-Americans, education and learning must be viewed as a life-long process. Programs such as Headstart are vital given the incidence of poverty among children, especially rural African-American children. Yet, Headstart is not an entitlement program and recent data indicate that only 25 percent of eligible children are served by the program. Data from the Bureau of the Census reveal that 61.5 percent of nonmetro African-American children under six years of age were poor in 1989. Because of their disadvantaged status, early intervention strategies are important. Elementary and secondary schools must equip disadvantaged youth with basic skills, help develop their analytical skills, provide effective vocational education and training, and a quality education that will allow them to be competitive when seeking post-secondary education. If these elements are missing, then the human capital of disadvantaged youth is adversely affected.

Literacy programs are important for many adults who dropped out of high school and for those who may have a high school education but lack basic skills in reading and comprehension. In addition, programs to help dropouts obtain a general education diploma (GED) are often critical to their success in the workplace. Lastly, many poor rural African-Americans need training in order to find jobs that pay more than poverty-level wages.

While public policy is beginning to address the training needs of the disadvantaged, questions arise as to whether the new directions in policy will benefit the rural poor. For example, the Family Sup-

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2Data are for related children (i.e., own children and all other children in the household who are related to the householder by blood, marriage, or adoption).
port Act of 1988 attempts to help Aid to Families with Dependent Children (AFDC) recipients move into the workforce. An integral part of the Act was the creation of the Job Opportunities and Basic Skills Training (JOBS) Program. However, Whitener notes that some rural counties will have no JOBS Program and others will not offer a full range of education, training and employment services.

**Policy Implications**

Policy makers at all levels are concerned with the economic health of America. Agricultural policy is beginning to change and rural economic development is becoming an item high on the national agenda. Today agricultural policy is seen to have less of an impact on rural development goals than it did several decades ago when the terms “agricultural” and “rural” were almost synonymous. As the economic organization and public policy environment change, rural development policies must adapt to the changing economic and social conditions to encourage an economic development that will reach disadvantaged groups. Because the cause of poverty is multi-faceted and not fully understood, public policy alternatives intended to reduce poverty are misdirected and sometimes conflict in objectives and impacts. As an attempt to identify some contemporary relationships among the agricultural sector, rural society, public policy, and the economic and social status of African-Americans, the following systemic policy directives\(^3\) are offered:

- **Provide a safety net for those who are persistently poor.** Segments of the impoverished rural population may not benefit from economic growth. For example, approximately 46 percent of African-American women over the age of 65 in rural areas are below the official poverty line.

- **Establish assistance programs with incentives for individuals to move toward a stable, self-reliant economic existence.** Rural development programs must also address the needs of the transitional poor. These programs should include work incentives for welfare recipients, although work incentives may have a reduced impact because of the limited number of jobs in the rural private sector.

- **Invest in people.** Human capital programs must be given a priority. Expand federal support in those counties in which resources are limited. These investments should include training programs, head start and primary and secondary levels of rural school districts. Investments should be linked to educational goals.

- **Expand entrepreneurial opportunities.** Programs must be directed toward developing entrepreneurial capabilities and lead-

\(^3\)These directives are offered as a comprehensive package. No one directive is sufficient in itself.
ership to facilitate economic growth. Programs must go beyond those directed toward small farmers exclusively. Efforts should be expanded to encourage and enhance business capacity in a wider segment of rural communities.

- **Expand job opportunities for disadvantaged youth.** While additional human capital programs are called for, public and private sector jobs should be created and expanded to meet the needs of disadvantaged youth. Unemployment rates have been consistently high among minority youths.

- **Embrace full equal opportunity and civil rights laws to protect minorities and women with punitive charges against violators.** This nation will require full participation by all of its citizens in a global economy. Such policies are in the economic interests of the nation.

**REFERENCES**


