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More New People in Old Towns

It May Not Indicate Financial Health

TIM McCABE: USDA SOIL CONSERVATION SERVICE

The setting for this article is the small towns in the Palouse region—a unique geological formation of rolling hills in Eastern Washington.

by Paul W. Barkley and
Denise M. Rogers

Local businessmen and public officials have frequently used population as a barometer of the economic health of their towns or regions. Over the years, this improvised barometer has been quite accurate: increased population has meant increased economic activity and decreased population has brought a reduction in the fortunes of local businesses and those who own them.

A recent study at Washington State University found that these older rules of thumb may be myths for the 1980's. New people come to small towns to take existing jobs; not to create new jobs. New people use small towns as places to re-

side, but not as places to shop, socialize, or contribute to society. In view of this, local businessmen and policymakers may be reading the wrong signals as they plan for the future.

The study that yielded these conclusions was conducted in eight small towns with 1980 populations ranging

from 198 to 854 in Washington State's Palouse region. The towns had grown by slightly over 4 percent between 1980 and 1982—the only population gains that had been recorded since reaching peak populations in the early years of the century.

In all, 375 new households were identified in these eight towns. Of these 375 households, 113 were chosen for intensive study by personal interviews to learn about the social and economic characteristics of the new residents, their reasons for moving, their satisfaction with their new towns, their incomes, and their spending habits.

Profile of the New Neighbors Who Moved?

The 113 households included 357 people of whom about 60 percent were adult (18 years or older) and 40 percent were children. The new households ranged in size from one to nine persons. The mean size was 3.2 persons. There

The Palouse

"The Palouse" is a 4,000 square mile plain of rolling hills devoted to the production of small grain and pulse crops. Settled in the 1870's and 1880's, it has remained entirely agricultural in character. An excellent pictorial article on the Palouse was presented by Barbara Austin in her article "A Paradise Called The Palouse," which appeared in the June 1982, National Geographic Magazine, Vol. 161, No. 6, pp. 798-819.

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were 32 single adult households. Of these, 18 were single persons living alone while 14 had one or more children. The immigrants were hard-working people. About three quarters of the adult men and 40 percent of the adult women were employed full time.

As indicated in the table below, 6 percent of the adults were unemployed and nearly 30 percent were retired. Except for their ages, the immigrants were very much like the long-time residents of the eight towns. They had about the same years of schooling, about the same incomes, and about the same distribution of employment (full time, part time, seasonal, etc.). The immigrants were, on average, younger than the long-time residents, even though nearly one third of the adults were retired or retiring.

Where Did They Come From?

Many of the new people in the towns studied came from other small towns. Nearly two-fifths came from towns of less than 2,500 population, and half from towns of less than 10,000 population. And the immigrants did not move far to their new homes. Nearly two-thirds of the immigrants moved less than 100 miles from their previous residence and only 10 percent moved more than 500 miles. Three-fourths of the households came from other places in Washington State and only 3 percent were from locations outside of the Pacific Northwest—Washington, Oregon, and Idaho.

Most of the people were familiar with the town into which they moved. Some had lived in the area before; others had close friends or relatives in the general area. Although the generalization hides some detail, this recent migration seems to be based on extensive relocation within the same area (the Palouse and

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nearby areas). The entire demographic change is more accurately described as a rural-to-rural move than as a population turnaround.

Why Did They Move?

The reasons why families and individuals moved are diverse but they usually stem from a perception that something can be gained or improved by relocating. Job related reasons are prominent. Nearly half of the families moved to the eight small communities for job-related reasons. While there is no cause to question the reasons, they must be interpreted with some care. This is a time of high national concern over the creation of jobs. Just as cities must find ways of employing growing numbers of workers, so must small towns in rural locales if they are to survive the technical and organizational changes that continue to sweep the agricultural industry.

The survey was taken at a time when Washington State, and much of the remainder of the national economy, was in or just recovering from a recession. The Pacific Northwest, with its heavy dependence on agriculture, mining, and forest products, was particularly hard hit, with many forest-dependent areas having unemployment rates in excess of 20 percent of the work force.

Even though jobs were very scarce state-wide, 50 of the 113 households made the decision to move because of

some job related reason. These 50 includes seven households that purchased and then operated businesses in the towns. Nearly half of the 207 adults in the households were able to continue doing the same kinds of jobs after the move as they had done before.

Put another way, their occupational moves were horizontal rather than vertical. Most of these were professionals—school teachers, ministers, or managers of firms with local branches. They moved into town to take the places of others who had moved away and left a vacancy. There was no net increase in employment as a result of this horizontal shift.

The second largest group of adults (41 of the 207) made significant changes in their types of employment. The changes were diverse. Wage earners became business owners and spouses changed their employment situations. Twenty-seven of the adults from 25 of the households moved from employed status to unemployed and 22 individuals in 16 of the 113 households retired after moving to one of the eight towns.

Approximately one fourth of the families moved to the eight towns for social or family reasons. Nine of the households, for example, moved to the towns because a recent personal trauma made them want to be near their families. Another 15 made the move on the basis of a general feeling that they wanted to be closer to their families.

Although 22 of the households included at least one retired adult, only two of the retirement families indicated that they moved to the town because it was a good or a low-cost area in which to spend their retirement years. The non-retired immigrants paid more attention to the costs of living. Fifteen families listed low rents (or low costs of housing) as an important reason for making the move.

Did New Residents Like the Towns?

The towns, although small and remote, seemed to be meeting the new residents' expectations. Nearly 80 percent reported that they planned to stay in the community; only 12.3 percent ex-

Retirees were the largest group of immigrants.

Current occupation	Number	Percent
Professionals; managers and administrators and administrators	47	23
Sales and clerical	19	9
Craft and operatives	33	16
Farm labor	7	3
Service and miscellaneous occupations	28	14
Unemployed	13	6
Retired	60	29
Total	207	100

pressed a desire to leave as soon as possible.

The families that moved into the small towns felt that they had gained a number of things. About 60 percent of the new residents felt they now had more privacy, safety from crime and abuse, and lower costs of living. Most of the families with children thought that their new towns provided a good place to raise and educate their children. Similarly, nearly all of the new residents were satisfied with the physical environment (weather, scenery, etc.) of their new town.

Some new residents felt they had lost something by the move. Over half felt they had moved to a community with fewer services—less medical care, less police protection, and a reduced number of community services that were often of lower quality than services they had enjoyed previously. Thirty seven families would like their new town better if it had more businesses.

All things considered, though, the families that relocated seemed to get what they wanted. Their moves were not hastily planned, and with the exception of health care, the communities apparently provided most of the amenities that the immigrants had sought. Ninety four of the 113 households like the small town lifestyle and consider it to be the most attractive single attribute of their new home.

What Is Their Family Income?

The new families in the towns had average annual income estimated at about \$22,000—not appreciably different from the \$21,696 median family income reported for the state as a whole in 1983. Respondents' reluctance to talk about family income makes the \$22,000 little more than a well educated guess.

Percent of Purchases Made in Local and Non-Local Stores

Consumer item	Percent of purchases made in town	Percent of purchases made out of town
Food	30	70
Clothing	6	94
Prescription drugs	24	76
Medical services	8	92
Dental services	13	87
Auto loans	14	86
Auto insurance	28	72
Auto repairs	52	48
Gasoline	54	45
Household appliances	3	97

Families reported receiving income from wages and salaries, veteran's benefits, retirement income, business income, and from a wide variety of public and private transfers.

Economic Impacts

Business owners and public officials in the small towns were undoubtedly happy when town populations began to grow. More people, it is thought, means more customers and higher incomes for the private sector; more tax revenue for the public sector. However, the responses of the 113 immigrant families do not support the expectations of the merchants or leaders.

Although the new residents bring wages, savings, and transfer payments into the communities, these monies are not usually spent locally. The table above shows how the 113 households divided their expenditures between in-town and out-of-town business establishments. The new residents explained this preference for shopping in other towns by saying that (1) goods are less expensive

in other towns, (2) there is more variety in other towns, and (3) that some of the goods they wish to purchase are not available locally.

Even though thirty percent of food expenditures are made locally, nearly 90 percent of the sampled households made special trips to other towns just to buy food and other grocery store items. This result is especially mystifying since a 53-item market basket of common grocery store products costs, on average, only 4 percent more in the small towns than in eight nearby towns whose populations range from 2,500 to nearly 200,000.

This common practice of out-of-town buying caused us to do some additional research. We looked at data from the migration study and from the Washington State Department of Revenue for all incorporated cities and towns in Eastern Washington, regardless of size—data for 129 towns in all. Variation in population explained nearly 98 percent of the variation in taxable retail sales in the 129 towns. This finding confirms the earlier-mentioned rule of thumb that more people mean more business.

But when we looked only at the 118 towns with less than 10,000 population, population changes explained only 62 percent of the variation in taxable retail sales.

And when we looked at the 66 smallest towns—those under 1,000 population—changes in population explained less than 40 percent of the variation in taxable retail sales.

If population by itself loses its explan-

PHOTOS BY PAUL W. BARKLEY

Left and opposite page: Mainstreet of a town in the Palouse.



Newcomers will prove to be a disappointment to local merchants who had hoped that new people mean new dollars.

atory power, what does explain taxable retail sales in small towns? The proximity of a nearby larger town may be important. When a larger neighboring town has more than 2,500 population, its proximity to a small town will have a significant effect on taxable retail sales in the smaller town. The influence of the larger town dropped as it became more distant.

However, less than 52 percent of the variation in taxable retail sales among small towns could be explained by population change and distance to a larger town. This is down from 65 percent for all towns of up to 10,000 population.

Apparently, each small town is so unique that no general research model or investigative tool can sort out all the forces and pressures that influence retail activity and the economic behavior of residents within the town. Behavior is likely related to such things as the array of available retail outlets, family income, ages of potential customers, transportation, and local custom. The available data do not allow a definitive response to the questions of why new residents do not shop locally.

So What Does It Mean?

Demographers say that the move to rural areas has slowed or perhaps even stopped. This does not necessarily mean that the town of the Palouse or the small, rural towns of the nation will deteriorate and finally die of old age or of antiquated infrastructures. It means that rural areas will have to pursue with renewed vigor the jobs, businesses, and small industries that they have been pursuing for four or more decades. And their chances of success in getting them are no better now than they have been.

If small towns everywhere are like small towns in Washington State, they will continue to attract new residents. Many of these new people will likely be replacements for teachers, ministers, and managers whose career paths stop in small towns for only a brief time. Others will continue to come, but they will most likely not come in response to the creation of new jobs. Instead they will fill the jobs that are left as

others leave the town.

The people that do move in will likely not be urban activists who seek to change the character of the community. They likely will be people from nearby who already know something about the area. They will be satisfied that their decision to move was correct, and they will like the amenities provided by the rural environment. If the towns are very small, the new residents will be frustrated by the lack of businesses and services.

This frustration will show in buying habits. The newcomers will drive many miles to seek variety in shopping or lower costs for the things they buy. They will prove to be a disappointment to local merchants who had hoped that new people mean new dollars. Similarly, they may prove to be a disappointment to public officials who in the state of Washington, as in many states, will be denied additional sales tax revenue.

Working with these towns has shown us that small towns are unique places. While they are a part of a mass society and have been caught up in the high tech and information age, each remains a unique place. One town will have a full line grocery store, but no bank. Another may have a highly regarded convalescent center, but no restaurant where visitors can eat. Two towns may share schools with one town having grades K-8; the other having the high school grades. These differences are all reflect-

ed in the economic character of the town and they prevent generalizations from being accurate. Small towns must be studied one by one, and policies directed at small towns must be flexible enough to account for their differences.

There are no quick answers to the problems faced by small towns. The population increases may not bring a reversal of economic trends in many small towns. A few can possibly look forward to a reversal in economic fortunes, but for most the future seems little more than a continuation of the past. ■

For More Information

Much of the material reported in this article comes from Rogers, Denise M., *Rural Immigrants and Their Effects on the Economies of Small Southeast Washington Towns: 1978-1983*. Unpublished M.A. thesis. 1985. A copy of the thesis can be obtained on interlibrary loan from Holland Library, Washington State University, Pullman, WA, 99164-5610.

The research on which this article is based is biased because it considered only the people who had moved into one of the eight small towns. A more complete study would have questioned those who had left the community as well. Although it would have been unusual, it is quite possible that more people left these towns than moved to them during the study period even though the populations had increased. If this happened, there was no turnaround at all—merely a large-scale reshuffling of residences over a large territory.

