



**AgEcon** SEARCH  
RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

*The World's Largest Open Access Agricultural & Applied Economics Digital Library*

**This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.**

**Help ensure our sustainability.**

Give to AgEcon Search

AgEcon Search  
<http://ageconsearch.umn.edu>  
[aesearch@umn.edu](mailto:aesearch@umn.edu)

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

# THE RURAL LABOR MARKET AND SOME MANPOWER PROBLEMS: THE STATE OF MAINE

Will Richard

## INTRODUCTION

In this paper, I discuss some of the more current problems of manpower planning for and in rural areas. Critical issues are seen as:

- a. Primary versus secondary labor market jobs,
- b. Poor statistical information with too much borrowing from urban oriented economic indicators such as the Consumer Price Index (CPI) and Unemployment Insurance (UI) claims.
- c. The role of government in terms of fostering economic development through public service employment and the coordination and delivery of employment and training programs.
- d. Reverse migration and the role of public service employment, and
- e. Public sector versus private sector employment in rural areas.

These issues are examined in the context of the predominately rurally based labor market of Maine.

As rural Americans have increasingly become non-farm (something like 96 percent of the population now), the question arises what do you do with the economically disenfranchised, superfluous population that remains behind? A different, but similar question, which is more usually the question asked is what to do with the excess population which is drawn or pushed from rural to urban areas? From the perspective of manpower planning, if jobs are created, are they going to be as meaningful to the participant and the community and to the nation as agricultural labor, it is argued, once was? How large a Keynesian type role should state and local government play in job creation? And, what should be the role of the private sector in manpower planning?

In a paper published this spring by Bob McCarthy, the point is made that: "Jobs are being created in many rural areas for the first time in decades" (p. 15). And elsewhere, Secretary of Labor, Roy Marshall writes that: "US agricultural policy has subsidized land and capital and, therefore, has displaced labor" (p. 9). An example of this subsidization is capital depreciation allowances. I offer that, given ever higher costs of fossil energy resources and the receding quality of life in urban areas, that this subsidization has reached a point of diminishing returns in terms of no longer facilitating the historical rural to urban migration pattern as a continuing displacement of rural populations. This is not to suggest that cities are no longer necessary in our social and economic scheme. They are, but I suggest that they have exceeded their carrying capacity as aggravated social conditions and as a failing economic structure when measured as an increasingly less productive (but more consumptive) service sector.

## The Statistical Composition of the Rural Labor Market

With regard to the rural nature of Maine, the 1970 census enumerated 51 percent of the population as living in places of more than 2,500 people. But with only two SMSA's, with slightly more than 1 million people, and with just about the same amount of territory as the other 5 New England states combined, Maine is hardly urban.

We are all more than sufficiently aware of the hair splitting attempts to scale the rural-urban continuum. You may say that these attempts are futile. But in policy implementation, Sinclair writes (pp. 1-2) that ". . . developing a working definition of 'rural' and an accompanying measure is not a futile exercise. It conditions one's ability to procure public funds and programs for rural areas . . ." in order to address the social and economic problems of rural areas. But I suggest that the real rationale behind the planner's and administrator's usage of the rural symbol is not to delineate rural areas, *per se*, but rather to identify areas which are in need of income transfers. However, there does appear to be a high incidence of rural place and need for income transfer.

Many problems are encountered in manpower planning when one tries to coordinate the various agencies and programs which are concerned with manpower services. That is, what is termed "rural" in one bureaucratic or programmatic construction of social reality is urban elsewhere. For example, the following population figures each serve as the dividing line between urban areas and rural areas:

U. S. Department of Labor	10,000
U. S. Census	2,500
Rural Development Act	10,000
Farmer's Home Administration	5,500

In addition to population figures, manpower program funds are usually distributed according to levels of economic activity; these levels are indicated by unemployment figures and the number of low income families. In short, different indices may record the same social and economic phenomena, but differently — resulting in a differentiated impact on income transfers and subsequent program activity.

With regard to formula allocation of resources to rural manpower programs, McCarthy formulated the following conclusions (p. 6):

1. Current methodology for measuring unemployment undercounts the rural unemployed,
2. Unemployment as measured by unemployment insurance claims is primarily an urban measure of distress,
3. Unemployment insurance adjustment of Current Population Survey data by county undercounts manpower program need. Rural residents are much less likely to use the public employment service than are urban residents,
4. Unemployment rates still ignore the high incidence of self-employment among rural residents, and

5. I add that seasonal employment, e.g. fishing, wood cutting, tourism in Maine, may be so short in duration (or erratic) as a function of weather and market conditions, that an employee may not gain enough wage credits to qualify for (and subsequently apply for) UI compensation.

Consequently, a primary reliance on unemployment data to allocate funds overlooks other indices of rural manpower problems, e.g., low educational levels, low vocational awareness, and under-employment. Ray Marshall has written that the UI rate “. . . is a very poor reflection of need in rural areas” (p. 7). In essence then, the UI system has more of an urban place orientation than it does a rural place orientation.

As discussed earlier, many federal programs such as CETA (Comprehensive Employment and Training Act, WIN (Work Incentive) and the Job (Employment) Service (JS) have their allocations based, at least in part, on population figures. And those population figures which are most widely used — particularly by rural governments — are those found in the 1970 Decennial Census. Here the data based problem is one of time and migration. These factions pay havoc with attempts to define the universe of need.

Another indicator which is being used — and increasingly so — as an allocation formula for federal manpower programs is the Consumer Price Index (CPI). But even with the newly revised CPI — U which increases the population of the country represented from 40 percent to 80 percent, McNess of the Federal Reserve Bank of Boston states that it still excludes rural families (p. 4). I propose that if the Department of Labor (DOL) is to expand its use of the CPI that it be adjusted to incorporate rural economic data. Region-wide rural figures may be a way of meeting the need for distinctly rural data; a regional approach would generate sufficient population size to facilitate statistical inferences.

As a sister agency to the UI Division, and not so much a data user but more of a generator of data, the Job Service, (i.e., the Employment Service) has not provided the same “equity of access” to manpower services in rural areas that it has in urban areas. In Maine and in other rural states, the Job Service does not have sufficient resources to engage in rural outreach programs. Specifically, the Job Service has a distinct urban/industrial orientation. Consequently, many rural areas either do not have manpower programs or they are delivered through some *at hoc* arrangement. Probably the best example of this type of arrangement was a Department of Labor attempt in the late 60's and the early 70's to utilize the County Extension Service to deliver manpower services in the rural areas of 14 states. This model attempt at fostering rural linkages was entitled Operation Hitchhike.<sup>1</sup> In these 14 state programs (which included New York and Vermont), there were to be comprehensive programs in the sense of addressing not only rural unemployment but also in the sense of providing employability development programs, supportive services, and rehabilitation.

#### Reverse Migration and the Role of Public Service Employment

With the turn around in traditional rural to urban migration patterns in the 1970's, Maine and New Hampshire have been — and continue to be — the new receiving areas. This marks the

reversal of an out-migration pattern that goes back to the Homestead Act. With the State of Maine, the population elements of this pattern presents an interesting profile. Data by Ploch (1977a) indicate that:

1. The population is young; 50 percent of heads of household are under 35 and 75 percent are under 50 years of age,
2. The population is highly educated; 66 percent of heads of household have some college and more than 40 percent have 16 or more years of school.
3. The population is largely from urban areas,
4. The population is concentrated by occupation in the professions and in managerial/administrative positions,
5. The population is primarily new residents; only 18 percent were born in Maine,
6. The population takes a reduction in pay; 45 percent of heads of household earn less in Maine.

And Ploch writes that “. . .the great majority of the in-migrants are highly rurally oriented” (1977b). But actually, almost by definition, if a migrant moves to Maine, he or she will be residing in a rural area. Ploch quotes the figures showing that, as of 1973, 77 percent of in-migrants moved to towns of less than 10,000 population. To place these figures in more of a perspective, out of a total of sixteen counties in Maine, only nine have incorporated places with populations of 10,000 or more. Out of 497 incorporated places, only eighteen have populations of 10,000 or more. And nine of these are concentrated in the two southern counties of Cumberland and York

With regard to this profile of a young, educated, urban, professional population, concern here is with the variables of age and occupation and how these in-migrant characteristics relate to public service employment (PSE). For purposes of this discussion PSE is defined as service with government or a non-profit group with wages paid by CETA. It (PSE) is the countercyclical employment component of current manpower legislation which emphasizes jobs for those who already have training, but who, because of economic downturns are in need of work. By way of information, there is a counterpart manpower which stresses training for the structurally unemployed as the other half of manpower programs. Currently, the *Federal Register* does not set a time limit on PSE employment, but undoubtedly the new CETA reauthorization will set a limit. With a \$51 million budget and about 13,000 participants per year, CETA is currently the largest user of labor in Maine.

Essentially, I argue that as once the federal government subsidized the population flow to the city, it is now subsidizing the population flow to the country through interim PSE jobs. In Maine in FY 1977 (October 1, 1976 — September 30, 1977), 7,338 people were employed through CETA in the public sector as public service employees. About 2/3's of that figure or about 4,800 employees were in the age group 22-44. According to the Maine Department of Manpower Affairs, in FY 1977 the Job Service filled 1,254 CETA openings in the category of “professional, technical, and managerial” (PTM). This figure represents 24 percent of all CETA openings filled by the Job Service. More importantly, 59.5 percent of all openings filled in the PTM category in FY 1977 were CETA openings.

In a related study conducted last October, I found that 995 (23 percent) of all 4,386 PSE participants on board as of September 30, 1977 were employed by the school system. And as another impact study of CETA, I found that as of December 1977, CETA had reduced the unemployment rate from 9.6 to 7.8 percent (not seasonally adjusted).

<sup>1</sup>For information on the New York experience see the report of the Cornell Cooperative Extension Service.

To refer again to Ploch's migration study of Maine (1977b), 10 percent of the indigenous labor force is PTM; 38 percent, or nearly four times that figure, of the in-migrant labor force is PTM.

Given that the only PSE residency requirement is simply an address in Maine or 24 hours in a town, the evidence points strongly in the direction of a federal manpower program facilitating reverse migration. This hypothesized correlation of PTM hiring and in-migrant job activity could be researched by doing a data check on previous job locations of Job Service employment applicants. Unfortunately, this information is neither computerized nor centralized; it exists in its original form as thousands of applications in twenty-two Job Service locations around the state.

### Public Sector Versus Private Sector Employment in Rural Areas

The question is what kind of manpower policy should be designed to meet the needs of both the indigenous unemployed who may or may not have a skill and the in-migrant who usually has a skill but who often migrates without a confirmed job. I argue that for a rural area which is experiencing in-migration that private sector capital investment is not currently large enough to absorb new entrants into either the primary or the secondary labor market. (Dual labor market theory roughly defines "primary" as high wage, good working condition type jobs; "secondary" is defined as low wage, poor working conditions with little chance of advancement.) A rural manpower policy should be one that maximizes the employment capacities of both the public and the private sector. As W. W. Rostow wrote: "We have got to get public policies that allow the private sector to do the maximum and see what the residual costs are for government." The argument is often advanced that if a particular economic activity was a profitable activity, then a private business would already be in place. I disagree. If this was the case then the efforts of the 50 state development offices and related agencies would be superfluous. Maybe some economic activities in rural areas do not enjoy the same comparative advantages as do those in urban central places, but this is becoming decreasingly the case as new production function patterns emerge. In short, there is room for growth of the private sector in rural places such as Maine. And although the return on investment may not generate the greatest profit, I suggest that it will still be a profitable activity.

With regard to public sector employment, local "horror stories" are often cited as examples of government involvement in job creation activity. The point usually is that government does a poor and expensive job of manpower service delivery. I take somewhat of an opposing stance and would like to quote James Harvey of the American Friends Service Committee who spoke before the U.S. Senate Public Assistance Subcommittee and refuted the claim that private employment is intrinsically better than public employment:

"Services to the elderly, the ill, children and the environment are ordinarily public sector jobs. They are more worthwhile to our society than, for example, the manufacture of hairspray or kepone or bullets."<sup>2</sup>

Although neither sector represents ideal performance in terms of various measurements of social value, they both have a place in setting policy and in delivering manpower programs. Attempts at job creation on behalf of the private sector should aim at position upgrading from secondary to primary through training programs. Manpower service deliverers should work with the local state development office in an attempt to attract primary labor-type firms. For its part, public sector employment should continue to be used as a source of employment for those who have a skill but who lack a job. The data appear to support the hypothesis, at least in Maine, that the more rural an area, the more dependent that area is on government for job creation. Local government is so small that many potential jobs do not materialize; or if jobs are generated, they often do not produce optimal benefits to the community because of a lack of planning and administrative staff. PSE should not be used, *ad infinitum*, as brush cutting projects. It should be used to deliver needed social services and maybe as a means of restructuring food, energy, and housing production and utilization patterns. PSE can be used as a vehicle to employ the skills of the young, educated in-migrant on an interim basis. Often, these PSE participants transition themselves to the private sector and produce a good or service that is needed by the indigenous population as well as the new migrants, themselves, and which was not previously available. I would like to end this section by quoting Ray Marshall: If manpower planners ". . . build only on the characteristics of people already in rural areas, it is not likely they will be released from poverty" (p. 10).

### Concluding Remarks

Stavrianos theorizes, in a rather dramatic fashion, in *The Promise of the Coming Dark Age* that the light of civilization is being passed from the West to the East. Somewhat less dramatically, I suggest that the light does not have to pass over such a long distance. Rather, it can be passed from urban America to rural America, that we can once again enjoy social institutions that are viable and an economic order which is feasible. Or to quote from a recent issue of *Rural America*: "We can no longer equate urban culture with progress, and rural culture with retreat" (Wiener, p. 12).

In some respects we have reached our limits of growth. Although we are not running out of energy, we are running out of oil and we cannot continue to import \$45 billion a year without it having an impact on our economy. We need a new mix of the production function which will recognize ecological limitations and thus, hopefully, utilize labor on a larger scale and in a more decentralized fashion. Many are not oblivious of this need. The educated young are a critical component of the new phenomenon of reverse migration. And many in-migrants are relocating in the light of unemployment or underemployment. In the past, manpower policies have not been very successful in approaching urban employment problems. I suggest that a better job can be done in rural areas where the magnitude of problems is probably less. But to achieve that success there is a need to link job creation activity with economic development as planned interaction of the public and private sectors. There is a need for more public inter-agency linkage as a means of avoiding waste of resources. There is a need for local governments to become more involved in the planning and decision aspects of job delivery. There is a need for local community elements to be involved in manpower programs to ensure that manpower services are responsive to local needs in terms of both public and private sector goods and services which are to

<sup>2</sup>As taken from the *Employment and Training Reporter*. Will Richard is Research Associate, State Employment and Training Council, Augusta, Maine.

be generated. There is a need for capacity building programs which would:

1. Determine what are the demographic characteristics of the indigenous and the in-migrant unemployed and underemployed,
2. Determine what are the social and economic needs of rural communities and make local government aware of those needs, and
3. Render grant writing assistance to local government for the purpose of attracting state/ federal support in order to define who the unemployed and underemployed are and subsequently design projects which would utilize those unused talents to generate locally needed goods and services.

And lastly, we need commitment by government. Government must be aware of manpower needs through genuine concern for meeting those needs and not with establishing elaborate, Gesellschaft delivery systems. As Hunder writes: "If we could get a commitment to the need and the allocation of resources, the delivery system will follow" (p. 140).

#### SOURCES

- Booth, James H. "Operation Hitchhike, Manpower Planning and Economic Development" in *Conference Proceedings: Manpower Planning for Jobs in Rural America*, December 14-15, 1972. East Lansing: Michigan State University, Center for Rural Manpower and Public Affairs.
- Cornell Cooperative Extension Service. *Operation Hitchhike Year-End Report 1972-1973*. Ithaca: 1973.
- Employment and Training Reporter. "Chances Diminish for Passage of Welfare Reform Bill this Year." Vol. 9, No. 34, May 10, 1978.
- Hunter, Robert. "Decentralization and Revenue Sharing for Rural Manpower Delivery Systems" in *Conference Proceedings: Manpower Services in Rural America*, December 13-14, 1973. East Lansing: Michigan State University, Center for Rural Manpower and Public Affairs.
- Maine Department of Manpower Affairs. "CETA Activity: CETA Openings Filled by Job Service F.Y. 1977" Employment Security Commission, Manpower Research Division. Augusta, January, 1978.
- Marshall, Ray. "Manpower Planning for Jobs in Rural America" in *Conference Proceedings: Manpower Planning for Jobs in Rural America*, December 14-15, 1972. East Lansing: Michigan State University, Center for Rural Manpower and Public Affairs.
- McCarthy, Bob. *Rural Perspective on Formula Allocation of CETA Resources*. Washington: National Governors' Association, March 21, 1978.
- McNess, Steven. "The New Consumer Price Index" *New England Economic Indicators*. Boston: Federal Reserve Bank. April, 1978.
- Ploch, Louis A. "Some Employment Related Significances of Maine's New Pattern of In-Migration." Paper delivered at Statewide Conference: Employment and Training Issues in Maine — Research, Planning and Policy. Boothbay Harbor, Me. September 21, 1977a.
- Ploch, Louis A. "The Reversal in Migration Patterns — Some Rural Development Consequences." Paper delivered at Annual Conference of Rural Sociological Society. Madison, Wisconsin. September, 1977b.
- Rostow, W. W. "Walt Rostow: It will Take Skill to Avoid a Boom." *New York Times*. Business Section. May 28, 1978.
- Sinclair, Bill. A Comparative Evaluation of Indexes of Rurality — their Policy Implications and Distributional Impacts. East Lansing: Michigan State University, Center for Rural Manpower and Public Affairs. August, 1974.
- Stavrianos, L. S. *The Promise of the Coming Dark Age* San Francisco: Freeman, 1976.
- U. S. Department of Health, Education and Welfare. Human Services in Rural New England. Proceedings of Conference. Human Services in Rural New England. Durham, New Hampshire, April 4-5, 1977.
- Wiener, Steven. "Letter from the Cutting Edge" *Rural America*. Vol. 3, No. 7. June, 1978.