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Notes

# Rural Poverty—A Summary of the Report of the National Advisory Commission on Rural Poverty

W. Keith Bryant



*The People Left Behind*, the report of the National Advisory Commission on Rural Poverty, was released by President Johnson in December 1967. It contains the findings and recommendations of a

year's hearings, study, and debate by the Commission. This issue of *Minnesota Farm Business Notes* summarizes the report.

President Johnson's charge to the Commission was:

- to study the current economic and social situation and trends in American rural life,
- to evaluate the programs and policies affecting the welfare of rural people and communities, and
- to recommend action by governments and private enterprise to increase opportunities for rural people and communities to share in America's abundance.

The Commission's charge involved more than farms and farm people. Farm people made up only 24.5 percent of the total rural population in March 1965. Hence, the Commission had to concern itself with the conditions of the 55.3 million Americans who in 1965 lived in open country, villages, and small towns.

## How Many Are Poor

The number and characteristics of the poor depend on the definition of poverty. And, of course, poverty is a relative concept. The Commission was charged with studying the poverty of rural Americans in the 1960's. So the definition had to be appropriate to the

United States in the 1960's and relative to its present abundance.

The poverty definitions used by the Commission were adapted from those of the Social Security Administration and were based on the income needed by individuals and families of various sizes to afford a low cost diet (developed by USDA) and other necessities of life. According to these definitions, the average nonfarm family of four required approximately \$3,100 per year in 1965 to be "out of poverty"; smaller families required less and larger families more. The average **farm** family of four required about \$2,200 per year. Individuals and families with incomes below the "poverty line" for their particular size and type of family were considered to be poverty stricken.

Table 1 shows a breakdown of the population and the poor by residence as of March 1965. Of the 55.3 million rural Americans in 1965, 13.8 million or 25 percent were poor. Relatively speaking, poverty was more widespread in rural than urban America. While one rural person in four was poor, one person in eight who lived in metropolitan areas was poor, and only one suburbanite in 15 was poor. Furthermore, while nearly 30 percent of our total population was rural in 1965, more than 40 percent of all poor people were rural.

Popular views to the contrary, most of the rural poor do not live on farms.

Table 1. Persons in poverty, by rural and urban residence, March 1965

Item	All persons		Poor persons		
	Number (millions)	Percent distribution	Number (millions)	Percent distribution	Percent poor
United States .....	189.9	100.0	33.7	100.0	17.7
Total rural .....	55.3	29.1	13.8	40.9	25.0
Farm .....	13.3	7.0	3.9	11.6	29.3
Nonfarm .....	42.0	22.1	9.9	29.4	23.6
Total urban .....	134.6	70.9	19.9	59.1	14.8
Small cities .....	27.1	14.3	6.4	19.0	23.6
Metropolitan areas .....	107.5	56.6	13.5	40.1	12.6
Central cities .....	58.6	30.8	10.2	30.3	17.4
Suburbs .....	48.9	25.8	3.3	9.8	6.7

Source: *The People Left Behind*, Report of the National Advisory Commission on Rural Poverty, Sept. 1967, Washington, D.C.

Indeed, only about 28 percent of them live on farms: the majority live in villages, small towns, and the open country.

## Who Are The Poor

Given the current emphasis on civil rights and their relationship to poverty, one might think that most of the poor are Negro Americans, Indian Americans, or Mexican Americans. Such is not the case. Of the approximately 34 million Americans who were poor in 1965, about 31 percent were nonwhite. Furthermore, about 3 million of the approximately 14 million rural poor were nonwhite. However, three out of five rural nonwhite families were poor. Some 90 percent of these families live in the poorest counties in America—in the South. The poor rural white population is scattered across the country.

Table 2 shows the incidence of poverty by selected characteristics. Though the information is relative to all families, it also is representative of rural families. The poverty picture that emerges from table 2 is multi-faceted. A family is more likely to be poor if:

- its head is very young or elderly.
- its head is a female.
- its head is not in the labor force or is unemployed.
- it is a large family.
- it is nonwhite.
- the head is employed as a farmer or laborer.

Clearly, if a family has all or more than one of these characteristics, it is even more likely to be poor.

## Social Conditions in Rural America

As part of its study of conditions in rural America, the Commission considered the education, health, and housing of rural people. In general, rural people are less well educated and housed and are not as healthy in certain important respects as urban people. Also, the manpower and facilities for providing health and education services are more



**Table 2. Selected characteristics of families and families in poverty, 1964**

Characteristics	White			Nonwhite		
	Total number	In poverty Number	Percent	Total number	In poverty Number	Percent
	.....thousands.....			.....thousands.....		
All families: .....	43,081	4,956	11.5	4,754	1,876	39.1
Farm .....	2,815	676	23.2	283	208	73.5
Nonfarm .....	40,266	4,280	10.6	4,471	1,668	37.0
Age of head: .....						
14-24 years .....	2,609	416	16.0	322	152	48.1
25-64 years .....	34,284	3,313	9.3	3,892	1,458	37.5
65 years and over .....	6,188	1,227	19.9	540	266	47.5
Type of family: .....						
Male head .....	39,200	3,831	9.8	3,629	1,169	32.0
Female head .....	3,881	1,125	29.0	1,125	707	62.7
Size of family: .....						
2 persons .....	14,316	1,840	12.9	1,397	374	26.6
3-5 persons .....	23,217	2,071	8.9	2,189	745	34.0
6 or more persons .....	5,548	1,045	18.8	1,168	747	63.9
Employment status of head in 1965: .....						
Not in labor force .....	7,721	2,238	28.9	1,029	648	64.4
Employed .....	34,371	2,530	7.3	3,503	1,103	31.1
Unemployed .....	989	188	19.2	222	125	53.4
Occupation of employed head: .....						
Professional and technical .....	4,588	95	2.1	235	12	4.9
Managers, officials, and proprietors .....	5,799	315	5.5	138	31	21.1
Clerical and sales .....	4,878	188	3.8	240	27	10.8
Craftsmen and foremen .....	6,865	298	4.3	368	75	19.8
Operatives .....	6,523	535	8.1	920	231	26.1
Service workers .....	2,088	217	10.4	765	244	37.6
Laborers (except mine) .....	1,840	396	21.4	734	350	46.0
Farmers and farm managers .....	1,790	486	26.3	103	83	78.5
Region .....						
Northeast .....	11,067	923	8.2	846	182	21.3
North-Central .....	12,531	1,317	10.5	932	261	28.7
South .....	12,151	1,990	16.3	2,350	1,299	53.8
West .....	7,332	726	10.0	626	134	21.9

Source: Mollie Orshansky, "More About the Poor in 1964," *Social Security Bulletin*, Vol. 29, No. 5, May 1966, Table 2, pp. 6-7.

inadequate in rural than in urban America.

### Health Conditions and Facilities

Rural people "have higher rates of injuries, more days per year of restricted activity, and lose more days from work per year due to illness and injury than their urban counterparts" (p. 60).<sup>\*</sup> Chronic health conditions restricted the major activity—working, keeping house, going to school, or playing—of 12.3 percent of all rural farm people, 9.9 percent of all rural nonfarm people, and 7.9 percent of all urban people during the period July 1963-June 1964. These percentages were higher for elderly than for young people and higher for the poor than for the rich. In 1963 rural people accounted for three out of every five deaths due to accidents.

Partly because of their lower income and partly because of fewer health facilities and manpower, rural people do

not use doctors, dentists, and hospitals as much as urban people. "Rural residents, especially children, are less likely to have used the services of a physician during the year than urban people. And relatively more rural residents than urban residents have never seen a physician" (p. 62). Similar statements applied to use of dental services.

That health manpower is inadequate in rural America is widely known. Some facts highlight the urban-rural differences. While "about 30 percent of our population lives in rural areas, only 12 percent of our physicians, 18 percent of our nurses, 14 percent of our pharmacists, 8 percent of our pediatricians, and less than 4 percent of our psychiatrists are located in rural areas" (p. 63). There were 69 dentists per 100,000 people in large metropolitan areas in 1962 but only 27 per 100,000 people in isolated rural areas.

### Education Conditions

What constitutes a good education is a hotly debated issue today. But almost everyone would agree that increased

schooling leads to higher incomes, that school dropouts are more likely to be unemployed and more likely to have lower incomes than those who graduate, and that certified teachers probably are better teachers than the uncertified. The Commission found large urban-rural differences in these and other rough indicators of education and educational quality. For instance, in 1960:

- The median urban adult had completed 11.1 years of school while medians for rural nonfarm and rural farm adults were 9.5 and 8.8 years, respectively.
- Twenty-one percent of urban youths age 14-24 years dropped out of school compared to 28 percent of rural nonfarm and 23 percent of rural farm youths of the same age.
- Nearly 50 percent of urban youths who had graduated from high school in 1959 attended college, while only about 33 percent of similar rural youths attended college.
- Of the 8- to 17-year-old white urban males who were enrolled in school, 7 percent were retarded one grade and 2.3 percent were retarded two or more grades; the percentages for white rural nonfarm males of the same age were 10.2 and 6.3. For white rural farm males of the same age the percentages were 8.3 and 4.9.
- The percentage of all rural teachers not properly certified was about twice as high as for urban teachers.

### Housing Conditions

As with health and education, housing conditions in rural areas are not as good as in urban areas. According to the 1960 Census of Housing, 27 percent of occupied rural housing is substandard—deteriorating or dilapidated—compared with 14 percent of urban housing. Of the 9.2 million substandard occupied housing units in the nation, 42.4 percent were located in rural areas.

The housing of migratory farmworkers continued to be deplorable despite the fact that 28 states now have legislation specifying minimum housing and sanitary standards for the housing of these people. And "of the 76,000 houses on Indian reservations and trust lands, at least three-quarters are below the minimum standards of decency" (p. 99).

### Economic Conditions in Rural America

The Commission found that our nation's economic growth and technical

<sup>\*</sup> Page numbers refer to the Commission report.

change have affected many of our communities—rural and urban—in perverse ways.

Economic growth and technical change have increased labor productivity faster than output in industries typically found in rural areas—agriculture, forestry, fisheries, and mining, for instance. Labor productivity has increased less rapidly than output in industries typically found in urban areas—services and some manufacturing, for instance. And too few of the industries attracted to rural areas—textiles, apparel, food and kindred products, wood products, furniture, and miscellaneous manufacturing—have rapidly growing manpower needs.

Furthermore, “developments in transportation and communications systems along with the expanded network of roads and highways have confronted many villages with competition from large towns and cities. The result has been extension of the trade areas of the larger towns and cities into areas once served by villages. The same developments have made it possible for rural people to commute farther distances to jobs in cities and towns” (p. 103).

The results have been multi-faceted and severe. Many rural areas have been and still are suffering from declining employment opportunities, out-migration, lowered tax bases, meager local government revenues and hence inadequate or absent school, health, police, fire, road, library, water and sewer, and legal facilities and services. The results of these inadequacies are reflected in the social conditions described above. They also make rural areas less attractive to expanding and relocating industries, so the likelihood of reversing the downward trends in employment and population is lessened. The most severely affected areas are poverty-stricken. These are concentrated in the Southeast, the Ozarks, and Appalachia, but many are located in upper New England, the upper Great Lakes, and in the Southwest.

### The Recommendations

The Commission concluded that events have outrun the capabilities of many individuals and communities: that the rural poor—people and communities alike—do not have “the bootstraps” by which they might pull themselves out of poverty. Through its recommendations, the Commission would provide the aid—the bootstraps—for people and communities who are able to help themselves and would alleviate the poverty of those who by reason of age,

disability, etc., cannot help themselves. A summary of some of the Commission's recommendations follows.

**1. Guaranteed Employment.** The spirit of the Employment Act of 1946 should be fulfilled, i.e., government should provide employment for all those willing and able to work who are not provided employment by private enterprise.

**2. Manpower.** The Employment Service and Unemployment Compensation systems should be separated so that the Employment Service can concentrate on serving the employer and the person looking for work. A computerized nationwide service for matching workers and jobs should be established as an integral part of the U.S. Employment Service. Existing manpower development, training, and retraining programs should be organized as a single comprehensive job training program. A relocation program with training and relocation assistance should be established for disadvantaged workers who cannot find work where they live but for whom employment opportunities exist elsewhere.

**3. Education.** Every child age 3 should be afforded the opportunity to participate in a good preschool program. Every elementary school system should have continuing access to specialists in the early education of socially and economically disadvantaged children. An educational extension service should be created linking national and regional education laboratories and the universities with every school system. Federal funds should be appropriated to make rural teachers' salaries competitive with the salaries in good urban schools.

**4. Health and Family Planning.** Professional and subprofessional rural health manpower should be expanded and community health centers should be established to focus on the needs of rural people. Family planning programs

should be expanded so that the rural poor may have equal access to the facilities, services, and information they need to plan the number and spacing of the children they desire.

**5. Public Assistance Programs.** City and state residence requirements as eligibility criteria for public assistance payments should be abolished. The federal government should provide funds to the states sufficient to cover payments required to meet nationally set minimum needs standards. Public assistance recipients should be permitted to earn a specified amount without a reduction in benefits and thereafter benefits should be reduced by less than a dollar for every additional dollar earned. This setup would provide work incentives that present programs do not.

**6. Housing.** Funds for rent supplements should be greatly increased to provide rental housing for the rural poor. Countywide housing authorities should be established to administer programs of public housing in rural areas.

**7. Area Development.** Multicounty districts that cut across urban-rural lines should be created to plan and coordinate programs of area development cooperatively. Federal grants, loans, and industry subsidies should be made to finance public facilities and services and to induce industrial development.

**8. Agriculture.** Public programs to enlarge small farm operations and to retire submarginal land from commercial production should be undertaken.

**9. Government.** Involvement and participation of the poor in the planning and operation of poverty programs should be encouraged.

(To purchase a copy of *The People Left Behind*, write: Superintendent of Documents, Government Printing Office, Washington, D.C. 20402. Price is \$1.) ■

### Available Publications

*Farm and Nonfarm Use of Citizen Band Two-way Radios in Three Minnesota Counties*, Misc. Rpt. 79, Walter L. Fischel, Robert F. Deef, and Edward C. Frederick, Oct. 1967.

*The Financial Management of Agribusiness Firms*, Spc. Rpt. 26, Frank J. Smith, Jr., and Ken Cooper, Nov. 1967. 214 pages. Single copy, \$2.50 (Minnesota residents add 8 cents sales tax).

For copies of the above publications, write: Bulletin Room, 3 Coffey Hall, University of Minnesota, St. Paul, Minnesota 55101.

*Measures of the Degree and Cost of Economic Protection of Agriculture in Selected Countries*, USDA, ERS, Tech. Bull. 1384, Rachel Dardis and Elmer W. Learn, Nov. 1967.

For a copy of the above publication, write: Department of Agricultural Economics, 212 Haecker Hall, University of Minnesota, St. Paul, Minnesota 55101.

# In Review

## Minnesota Farm Income in 1967

James P. Houck and Arley D. Waldo

The 1967 Minnesota farm income picture is mixed. Preliminary estimates indicate that total cash receipts from crop and livestock sales reached a new record in 1967—up almost 6 percent over 1966. However, farm income from other sources dropped, and farm production expenses jumped by about 5 percent. The result was a 1.5 percent decline in state-wide realized net farm income. But because farm numbers in Minnesota fell substantially, average realized net farm income **per farm** increased 1.4 percent in 1967.

The data in table 1 show how the almost \$2 billion of cash receipts in 1967 was divided between crops and livestock. Crop receipts were 34 percent of total Minnesota farm cash receipts. The increase in crop receipts over the 1966 level occurred chiefly because of sales from both the larger harvest in 1967 and the larger carryover stocks from 1966. Higher grain prices during the first half of 1967 were offset by lower prices in the second half. Oilseed prices were generally lower than in 1966.

Receipts from sales of livestock and livestock products in 1967 were nearly the same as in 1966—a little under \$1.3 billion. They accounted for 66 percent of the state's total 1967 cash farm receipts. Lower average prices for pork, turkeys, and eggs were offset by slightly higher dairy and beef prices and increased livestock marketings.

Although cash receipts were up in 1967, preliminary figures indicate that farm income from other sources—government payments and nonmoney income—was less than in 1966, mainly because of lower government payments to farmers. Realized gross farm income,

**Table 1. Annual cash sales of agricultural products by Minnesota farmers, 1960-67**

Product group	Average 1960-64	1965	1966	1967*
.....million dollars.....				
Crops .....	\$ 416	\$ 470	\$ 544	\$ 644
Livestock and livestock products .....	1,047	1,132	1,271	1,275
Total .....	1,463	1,602	1,815	1,919

\* Preliminary estimates for 1967 derived by the authors on the basis of data from federal and state government sources.

Source: Data for 1960-66 from various issues of *Cash Farm Income—Minnesota*, Minn. Crop and Livestock Rpt. Serv.

which includes these other income sources, showed an increase of only 3 percent over 1966 (table 2). On the cost side, estimated farm production expenses increased about 5 percent as prices of production items continued to rise. (The estimate of 1967 production expenses shown in table 2 is based on the 1966 figure adjusted for changes in

both the amounts of production items used and their prices.)

With production expenses rising faster than gross farm income, realized net farm income in Minnesota fell an estimated \$10 million—down about 1.5 percent from 1966. However, official estimates of Minnesota farm numbers showed an even faster decline between 1966 and 1967, with farm numbers falling by about 4,000. The smaller net farm income for the state was shared by fewer farm operators, so average realized net farm income **per farm** increased slightly from \$4,699 in 1966 to around \$4,763 in 1967—a rise of 1.4 percent (table 2). Realized net farm income does not include changes in the value of farm inventories of crops, feed, and livestock. A drop in inventory values, quite probable for 1967, could offset this small gain in realized net farm income.

These 1967 income figures are early estimates made by the authors on the basis of available information. Final 1967 figures, available later this year, may show slightly different totals and averages. Moreover, these estimates do not include the substantial amounts of income earned by Minnesota farmers from off-farm sources. Thus, the figures presented here should be interpreted and used with caution. ■

**Table 2. Realized gross and net income from farming in Minnesota, 1960-67**

Item	Average 1960-64	1965	1966	1967*
Realized gross farm income (mil. dol.)† .....	\$1,684	\$1,875	\$2,097	\$2,160
Farm production expenses (mil. dol.)‡ .....	\$1,220	\$1,322	\$1,444	\$1,517
Realized net farm income (mil. dol.)§ .....	\$ 464	\$ 553	\$ 653	\$ 643
Number of farms (thousand) .....	151	143	139	135
Realized net income per farm (dollars) .....	\$3,073	\$3,868	\$4,699	\$4,763

\* Preliminary income and expense estimates for 1967 derived by the authors on the basis of data from federal and state government sources.

† Includes cash receipts from farm marketings, government payments, value of home produced commodities consumed at home, and rental values of farm dwellings.

‡ Includes current operating expenses, depreciation, farm property taxes, interest on debt, and net rental payments to nonfarm landlords.

§ Realized gross farm income less farm production expenses.

Source: Data on income and expenses for 1960-66 from *1966 Cash Farm Income—Minnesota*, Minn. Crop and Livestock Rpt. Serv., Sept. 1967; data on farm numbers for 1960-67 from *Minnesota Agricultural Statistics: 1967*, Minn. Crop and Livestock Rpt. Serv., Mar. 1967.

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