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WHAT NATIONAL POLICY LESSONS HAVE WE LEARNED IN RURAL DEVELOPMENT?

by Joseph D. Coffey

The purpose of this paper is to outline some key policy lessons I believe have been learned in rural development and thereby hopefully stimulate additional thinking on this important topic. The lessons are drawn primarily from the three years I worked in the U. S. Department of Agriculture in Washington, D. C., and to a lesser extent on the observations made at the state and sub-state level in Virginia during the past three years. They are directed largely to U. S. Department of Agriculture programs.

Although the ideas contained herein are largely based on the conditions of the past six years, I still believe they are valid and relevant for future policies. I say this knowing that recent data indicate dramatic changes in 3 long-standing trends (U. S. Department of Agriculture): (1) People are migrating to nonmetro areas and nonmetro population is growing faster than metro population; (2) Off-farm migration has slowed to a trickle if not reversed; and (3) Farm income per capita now is equal to non-farm income. In my view, these are transitory changes, akin to the short-lived back-to-farm movement during the 1930's and will not persist.

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## Background

I shall use the term "rural development policy" to denote the Federal efforts designed to (1) increase the real per capita income in rural areas both absolutely and relative to the metro population and (2) bring about less concentration of population in large megalopolitan centers. The term "rural" is used interchangeably with "nonmetropolitan." The nonmetro areas encompass one-third of the population and nine-tenths of the land area not in counties containing a city of 50,000 or more and the contiguous counties that are closely interdependent with it.

The recent history of rural development in the Federal government dates back to 1954 when rural development was formalized in the Department of Agriculture during the Eisenhower administration. The significance of this 1954 undertaking is that it represented one of the first acknowledgements by the Department of Agriculture that farm people had "special needs"; that is, needs which were not being addressed by the traditional farm commodity programs. In 1967 "The People Left Behind," a report by the President's National Advisory Commission on Rural Poverty, was published. This landmark study and set of recommendations brought the plight of rural America to the attention of the man on the street and perhaps more importantly made it legitimate in the Federal establishment to fight rural poverty. Another Presidential report, "A New Life for the Countryside," issued in 1970, made within a more conservative framework rural development recommendations. However, it was not until Congress passed the Rural Development Act of 1972 that the Department of Agriculture was given any major new authorities--but to date not sufficient appropriations--to tackle the developmental needs of rural people on a significant scale.

## Lessons

1. A serious lack of knowledge has handicapped rural development.

The absence of an adequate theory and explanation of why development occurs in certain rural places and why it doesn't in others and how we can make it occur more rapidly or effectively has hampered the creation of a meaningful and coherent rural development policy. Without an adequate conceptual framework, the policymakers have been forced to grab for any straw that comes floating by. The result has been that old-line agencies have relabeled what they have been doing as rural development and justified their continued existence. At present we are faced with the absurdity of The Guide to Federal Programs for Rural Development containing 576 pages! We economists, of course, must share responsibility for this hapless state of affairs; and it is urgent that we get busy to remedy it.

2. Farm commodity programs have had a marginal impact on rural development and reducing rural poverty. Farm commodity price support programs have not appreciably increased the returns to farm labor nor alleviated farm or rural poverty. The benefits have been proportional to production not poverty and have been capitalized into the value of land. It is difficult to determine whether on-balance farm commodity programs have fostered or retarded the trend to larger more capital intensive farms and interregional shifts in production and accelerated major production adjustments and off-farm migration and brought about more price and income stability. Although evidence on the contribution or lack thereof of commodity programs may be less than desired, the general policy lesson is unmistakable. In the words of a recent Committee for Economic Development (1974. p. 36) report:

"Where poverty has persisted on American farms through the recent period of record agricultural incomes, it is rooted in a combination of social and economic causes, not in farm prices. Assistance to low-income farmers should be contingent, not upon farm production or a presumption that low farm prices are the cause of the inadequate income, but upon need."

3. Rural development does not mean "let's keep them down on the farm." Only 8.5 percent of persons employed in nonmetropolitan areas in 1970 were employed in farm occupations (Hines et.al.). In fact, 26 percent of persons employed in farm occupations live in metro areas. Furthermore, only one-third of the members of the workforce living on a farm actually work on a farm more than part time. Thus, the terms nonmetro and farm are not synonymous.

Farm population has been declining for five decades and will continue to decline. In my opinion, the recent drop in off-farm migration is attributable more to favorable farm incomes and lack of off-farm jobs than to any fundamental change in attitudes or preferences or supply-demand conditions. Development opportunities rest with increasing rural non-farm jobs not "with keeping them down on the farm." Indeed, those that quit farming tend to remain and work in rural areas and the labor force participation of their wives increases (Lianos, p. 29). Thus, ex-farmers and their wives have been a contributor to the rural labor force.

4. A national policy and commitment to rural development is needed. This policy should contain a set of guidelines useful for making decisions at the national level concerning the rate and spatial distribution of economic growth. This should be a broad policy and not a detailed plan

indicating where each factory should locate. Certainly both people and firms should be given broad latitude and discretion as to where they locate. However, this does not preclude use of tax and other locational incentives or disincentives.

Although the Federal government should not preempt state and local responsibilities, it should assume a more vigorous and active role than at the present. The Federal role should be to: a) support and encourage state and local initiative; b) provide a framework and process for achieving consensus and serve as mediator of conflicts between the states and regions; c) handle problems not feasible and/or not efficient to manage at lower governmental levels; d) provide overall leadership including support of research, technical assistance and information clearinghouse function; e) provide funds, especially to develop institutional capabilities for coping with development and provide assistance to the distressed or low income areas; f) locate Federal facilities and contracts in such a manner as to reinforce the overall national policy of balanced growth; and g) insure equitable distribution of Federal program assistance.

5. Rural development should be a separate and identifiable component of the national balanced growth policy. Some argue that it is a mistake to make a distinction between rural and urban development and that, therefore, a separate and identifiable policy is not needed. It is argued that such a distinction is arbitrary, tends to create divisiveness, and overlooks the close interdependence between rural areas and the urban centers. It is, of course, true that rural areas cannot be developed in a vacuum. They are interrelated with urban areas and should not be

treated as though they were independent of urban areas. Rural and urban areas do share common interest and their mutual interests should be stressed. Otherwise, urban people may outvote rural people and block rural development unless they can see some benefits accruing to themselves.

Programs should be designed to take advantage of the rural-urban interrelationship but still not rely solely upon the "trickle down." If the rural development policy is not considered as a separate and identifiable objective, the result, in my judgment, will be that the attention and the monies will go to the urban areas and the rural areas will continue to be shortchanged.

6. A growth center approach will leave behind rural people. There is a serious question about the growth center approach (what some call gorging the ox to feed the sparrows) wherein Federal assistance is concentrated in certain so-called growth center cities on the assumption that by concentrating assistance in the urban areas the benefits will trickle down to the rural areas. Evaluations of the Economic Development Administration's growth center strategy raises questions about the workability of such a strategy (U. S. Department of Commerce). Growth center projects had no greater job impact per dollar invested than investments in the distressed areas themselves. Furthermore, very little spillover or trickle down to the residents of nearby distressed areas occurred as measured by benefits from employment opportunities and public services in growth centers. Outmigration from the distressed areas was not stemmed.

My concern about the growth center approach is that it will become a too convenient justification for concentrating Federal assistance in

cities and neglecting the countryside. The size of the growth center cities, although often not specified in agency regulations, is often specified in the literature as being at least cities of 250,000 population or more (Hansen, pp. 249-256). If such a definition were adopted, millions of rural people would be outside the effective range of access to such cities.

7. Old programs never die, they just slowly change their justifications.

For twenty years the Department of Agriculture has held to the view that rural development programs could best be launched through the existing old-line agencies. Consequently, less than a dozen employees engaged in rural development of the some 80,000 total employees in the U. S. Department of Agriculture are located outside the old main line agencies.

The rationale behind this philosophy was based on four assumptions. First, old-line agencies already have an established delivery system of offices and employees located throughout rural America. To bring on new employees and to establish a new delivery system would duplicate the existing one. Second, the old-line agencies would view a new agency as a threat and, therefore, would not cooperate with it. Third, many of the objectives the old-line agencies set out to meet had been accomplished; and it would be easier to re-direct them in new directions than it would be to go through the slow, painful and perhaps futile process of phasing them out and creating others. Fourth, the rural development efforts needed the assistance of all the agencies; and this assistance would be more readily provided if they were involved in a major way rather than involved only peripherally.



Despite the admonition "don't put new wine in old bottles," there is something to be said for re-directing the old-line agencies--especially in terms of political feasibility. When an attempt was made in the early 1960's within the Department of Agriculture to set up a new agency which had some field staff, the old-line agencies did rebel and quickly snuff out the new one. In the more recent times when a new agency was established for rural development the old agencies quickly put themselves in the driver's seat and made the new agency into their staff support group. It must also be admitted that the Office of Equal Opportunity's approach of creating new field offices autonomous from other agencies and staffing them with brash, young and idealistic professionals did not prove to be an overwhelming success.

Nevertheless, on balance I think the advantages of establishing a new agency with some field force outside the old-line agencies outweigh the disadvantages. Admittedly, there would be some duplication and overlapping and conflicts and infighting. But, competition is more likely to stir agencies into action than is exhortation. Furthermore, if rural development is everybody's business, it will in fact be nobody's business. Thus, the establishment of a new agency presumably within but possibly outside the U. S. Department of Agriculture might be a better way to get activity increased in the old agencies than would be the "jawbone" approach that has been used to date.

8. Word output and dollar input are inversely correlated. Fourteen years ago Don Paarlberg (p. 1517) very perceptively identified one of the major problems with rural development programs:

"One has the feeling . . . . that Federal inputs have consisted . . . . of liberal quantities of inspiration and publicity, with very modest inputs of funds and central direction. If one were to compute a ratio of word output per dollar input, program by program, the Rural Development Program would, I think, rank near the top . . . ."

"In the Rural Development Program, an objective has been to stimulate State and local participation, and this is good. If one were to compute the ratio of Federal to non-Federal inputs, program-by-program, the Rural Development Program would undoubtedly produce a low ratio. Again, in a manner of speaking a low ratio of Federal to non-Federal outlay may be a measure of success. This is true if one is interested in a low ratio rather than a large accomplishment. In planting a crop, one is more interested in increasing the total yield than in achieving a low ratio of seed per acre."

Whether the Rural Development Act of 1972 will result in an improved ratio of Federal dollar input to word output remains to be seen.

9. Rural development has not been championed by the rural people themselves. Farmers have been slow to perceive how they will benefit from rural development. Many are concerned that development will result in increased local wage rates. They also are concerned that development will result in the influx of outsiders who will demand improved community facilities, schools, etc., resulting in increased property taxes.

Non-farm rural residents also have not been overly enthusiastic about rural development because they, too, were concerned about the influx of outsiders and the resulting disequilibrium in local community affairs and way of life that might result. Local industrialists and other employers may also be concerned about increased competition for local workers. On the other hand, local merchants and bankers are most likely to support development since increased population and income would increase their business. In fact, those that would have benefited most from development are the young who would have preferred to have stayed, worked and lived in their home rural communities rather than being forced, due to lack of job opportunities, to migrate to the urban centers. These out-migrants, of course, are not in the rural communities and cannot readily exert their energies and leadership in bringing it about.

It could also be added that those in the cities have not necessarily been in support of rural development. Big city mayors and urban congressmen are concerned that rural development efforts may divert funds away from the urban development programs and therefore are viewed as a competitor for the scarce Federal program dollar.

Notwithstanding the fact that both rural and urban people have much to gain from the development in our rural communities many fail to recognize this potential gain. Thus, there has not been nor is there likely to be a groundswell demanding rural development.

10. Both local initiative and outside assistance are necessary.

Rural development programs cannot be run by the Washington-based Federal employees because they simply do not have a good understanding of the local needs and conditions and because they do not always have the confidence of the local people. On the other hand, the local citizens

may lack the resources and expertise to tackle the problems by themselves or the problems may lie in part outside of the local community. Presumably, if only local inputs were needed, the problems would have been solved already. Thus, neither an entirely Federal nor an entirely local approach is sufficient; rather a combination approach using local involvement with some outside resources is needed.

11. The environmental movement may thwart rural development. I am concerned that in the attempt to reduce pollution and improve our environment that we are haphazardly passing laws and writing regulations which may have the overall effect of reinforcing the status quo and make it much more difficult and costly to achieve increased economic activity in rural areas. Some anti-pollution regulations, such as automobile emission control devices, are blindly imposed across the board apparently without regard to their cost/benefit ratio and thereby adding unnecessarily to costs in rural areas. Making rural areas a more attractive place to live and work would lessen environmental stress by reducing congestion and concentration of population in the megalopolitan centers. Thus, paradoxically, while we attempt through passage of legislation to improve our environment these very laws and regulations may have the opposite long-run effect.

12. Multi-County Planning and Development Districts are the keystone for development in rural areas. There appears to be a growing consensus that multi-county planning and development districts should form the nuclei for development activities in rural areas. Of course, planning districts are not panaceas and many are experiencing problems of rapid staff turnover, poor relationships with local governments, difficulty obtaining even a token amount of local funds, obsession with physical

planning, etc. It is also true that the planning district boundary may not simultaneously coincide with the most efficient area for land use planning, solid waste disposal, vocational training, public water and sewers, etc.

Despite the various problems, it is evident that some multi-county cooperation will be needed in order to support the technical expertise and leadership as well as the financial underwriting necessary to get development underway. Furthermore, these multi-county districts appear to be a more effective unit for coordinating Federal programs and assuring that comprehensive area-wide approaches which can take advantage of cost economies by providing services on a broader scale. Still, local governments must be expected to play a major role in financing due to the very limited financial capacities of the multi-county districts.

13. Rural areas can't compete effectively for categorical grants. The maze of Federal programs and categorical grants has placed the rural communities at a disadvantage because they are least able to afford retaining the specialist needed to wind their way through the Federal bureaucracy and obtain the grant assistance. Reform and restructuring of Federal programs and agencies which would reduce fragmentation and duplication, minimize red tape, strengthen the flexibility and capacity of local people to act more directly on their own problems could greatly enhance rural development. Grant consolidation, revenue sharing and block grants all represent approaches which could be of particular benefit to the rural people.

The allocation of Federal assistance to rural areas is contained in the special reports submitted by the President to U. S. Congress

(U. S. Government). Per capita Federal assistance, expenditures in rural areas are low relative to other areas--especially when compared to poverty population--for human resource development programs and housing. The Federal outlay data used in these reports would be fertile field for further research on the impact and effectiveness of Federal programs.

14. Like generals, rural developers may be busy fighting the last war. Increasingly books, magazine and newspaper articles are appearing suggesting a major shift in the direction of U. S. economic development. Toffler (p. 3) in The Eco-Spasm Report argues that "what is happening, no more, no less, is the breakdown of industrial civilization on the planet and the first fragmentary appearance of a wholly new and dramatically different social order: a super-industrial civilization that will be technological, but no longer industrial."

I view reverse flow back to rural areas as a temporary phenomenon stimulated by a multiplicity of forces including favorable farm income, high unemployment, inflation (especially increasing food, fuel prices, etc., thereby raising the value of subsistence production), heightened sensitivity to environmental issues, a continuing "rebellion" and counter-culture movement of youth, etc. Furthermore, I do not expect major shifts away from large scale mass production to small scale intermediate technology.

*C. doesn't  
seem to  
realize that  
those people  
are moving  
to NW  
locations!*

The basic point, however, is that it is terribly important to know whether there is a strong trend moving us back to a more decentralized, less urbanized society or whether the underlying forces are still moving us toward urbanization and centralization. Program measures and design, implementation strategies, etc., would be basically different for these two polar situations. Hopefully, researchers will attack these critical issues.

## Summary

In summary, these are 14 lessons I believe we have learned, or should have learned, concerning U. S. Department of Agriculture rural development policy. The overriding lesson, it seems to me, is when we do not know what to do or how to do it and when the public is not demanding it be done, not much progress is going to be made. Whether we benefit from this lesson and set out to find out what ought to be done and how it can be done effectively and educate the people as to the benefits of rural development remains to be seen. Certainly this presents a formidable challenge for us all.

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