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Mobile Homes a Viable Alternative In Rural America

Mobile homes are about as satisfactory in terms of quality as conventional homes according to owners with comparable incomes. Since mobile homes are less expensive than most conventional housing, they seem assured of a market niche, especially in rural areas, which usually have fewer zoning restrictions on their use.

Mobile homes have been an important source of new housing for over two decades, especially in rural areas, where one in five new homes is a mobile home and one in eight of all existing units is a mobile home. They are more prevalent in the South and West than in the Northeast and North Central regions (fig. 1).

The difference in availability of mobile homes may be partly due to local zoning regulations. Rural areas often place fewer restrictions on their location. As the use of mobile homes increases, rural communities need to plan better for mobile home developments, preferably with guidelines that are not overly restrictive. In that way, mobile homes can continue to serve the housing needs of those who might otherwise be hard pressed to afford adequate housing.

Mobile homes today are bought chiefly for their affordability, not their mobility. Once installed on site, most are never moved. For the sample analyzed here (1,211), 85 percent of the mobile homes had never been moved, while 14 percent had been moved once or twice, and 1 percent had been moved three or more times after the first installation.

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Within the group of households with incomes at or below the median, mobile homes seem to appeal to a certain kind of person who is statistically somewhat different from renters and owners of conventional homes (table 1). In nonmetro areas, owners of mobile homes are younger than owners of conventional homes, have a bit less schooling, and have lower incomes. They are more likely to be married, but less likely to be widowed. Compared with renters, they are somewhat older, have a bit less schooling, and have higher incomes.

Mobile homes' reputation of providing unsafe, unsightly, overpriced, generally inadequate housing seems off the mark today. The quality of construction of mobile homes is nearly comparable with that of conventional single-family homes occupied by households in the same income range, thanks in part to a decade of regulatory work that improved weak spots in mobile home construction. Furthermore, mobile homes offer more satisfaction to owners than renters derive from their housing. These observations are based on the 1983 Annual Housing Survey conducted by the Bureau of the Census (see box "About the Data.")

Lower Cost a Big Selling Point

One of the key attractions of mobile homes is their affordability. Owners of mobile homes had lower monthly housing costs than either renters or owners of conventional homes (table 2). Owners of mobile homes spent an average of \$217 per month for housing, compared with \$256 for owners of conventional homes and \$246 for renters. These costs include mortgage, installment loan or rent, real

Table 1—Statistical profile of buyers of mobile homes

Characteristics	Owners of—		
	Mobile homes	Conventional homes	Renters
	Percent		
Marital status:			
Married	61.2	58.4	44.4
Widowed	15.0	23.3	13.2
Divorced, separated	15.9	12.3	23.0
Never married	7.9	6.0	19.4
Education:			
Elementary	23.0	25.2	21.1
Part high school	22.2	17.8	19.4
High school	42.8	36.6	31.6
Beyond high school	12.1	20.4	23.3
Age of head:			
< 30	29.1	8.4	36.7
30-49	31.5	28.7	33.7
50-64	17.4	24.9	12.5
> 65	22.2	37.8	17.1
Female head of household	28.8	34.6	40.4
Black head of household	10.0	13.2	14.1

Sample restricted to households with income below the national median (\$24,580 in 1983).

Table 2—Affordability of housing

Item	Owners of—		
	Mobile homes	Conventional homes	Renters
<i>Dollars</i>			
Average yearly income	12,236	12,886	10,127
Percent of income for housing	31%	35%	30%
Average monthly housing costs	217	256	247
Average monthly utility costs: ¹			
Gas	38	48	39
Electricity	54	54	44
Water and sewer	13	14	11 ²
Trash collection	5	5	5
<i>Percent</i>			
House value:			
< \$20,000	73.1	13.0	Not applicable
\$20-39,999	20.2	34.4	
\$40-59,999	5.5	34.1	
over \$60,000	1.2	18.5	

Only households with incomes below the national median were included.

¹Based on those paying directly for the utility.

²Water only.

estate taxes, insurance, utilities, and trash collection. Site rent is also included for those who own the mobile home but not the land. Utility costs varied little by type of ownership. Owners of mobile homes spent 31 percent of their income on housing compared with 35 percent for conventional homeowners. That is a significant difference, even though both figures are high by historical standards. Renters spent 30 percent of their income on housing.

The estimated value of the housing did differ significantly, with 73 percent of the mobile homes valued at less than \$20,000, compared with 13 percent of the conventional homes. Conversely, only 12 percent of the mobile homes were estimated to be worth more than \$30,000, compared with 72 percent of conventional homes. Two clues to the variance in value are given by the age of the occupants and the length of occupancy. Over a third of the conventional units were owned by elderly, who, although they often have lower incomes than others, generally own more assets and so may be better able to afford a more ex-

Figure 1

More than half of all rural mobile homes are in the South

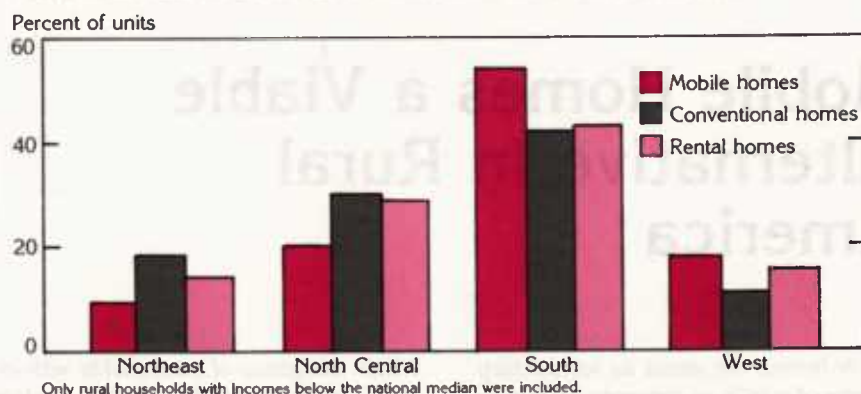
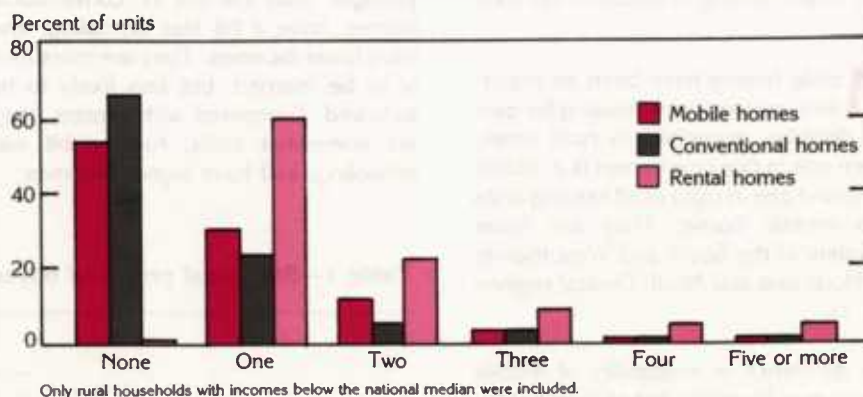


Figure 2

Owners of mobile homes report more problems than owners of conventional homes, but fewer than renters



Problem Definitions

Structural problems:

- Roof leaks
- Open cracks or holes in the walls or ceiling
- Holes in the floor
- Peeling paint over one square foot
- Broken plaster over one square foot

Plumbing problems were defined as a water breakdown in the 90 days prior to the interview.

Electrical problems:

- Exposed wiring
- Absence of working electrical outlet in any room

Fuses or circuit breakers blown in the 90 days before the interview

Heating problems were defined as a lack of heat that lasted 6 or more hours in the 3 months between December 1982 and February 1983.

Problem incidence—the above 10 problems were summed.

pensive home. While only 5.4 percent of mobile homeowners had lived in their homes before 1970, 47 percent of conventional homeowners had moved into their units before 1970. Having lived in their homes longer, owners of conventional homes may have realized greater appreciation in the value of their homes.

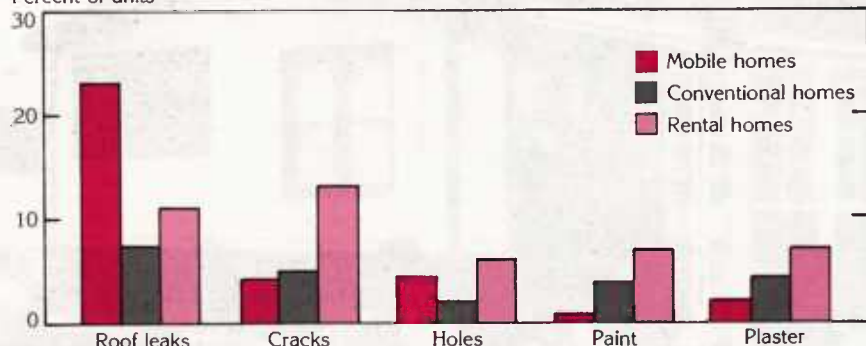
How Does the Quality of Mobile Homes Compare?

One indication of housing quality is the number of problems experienced by occupants (fig. 2). Owners of mobile homes had somewhat more problems than owners of conventional homes, but 66

Figure 3

Roofs are a problem area for mobile homes

Percent of units



Only households with incomes below the national median were included.

percent of conventional homeowners and 54 percent of mobile homeowners reported no problems.

A key issue is whether these problems stem from the characteristics of the occupants or the housing. Number of rooms, monthly housing expenditures, number of persons in the family, income, and educational level all influenced the number of problems reported. I avoided the influence of the characteristics of the occupants by using the statistical technique of analysis of variance, which allows one to assess the effects of a single variable when all others are held constant. The following discussion includes only factors where the differences were statistically significant.

The number of problems varied significantly by type of housing even when the effects of the other variables were statistically controlled. Conventional homes averaged 1.5 problems compared with 1.6 for mobile homes and rental units. Older homes had more problems than newer homes. Houses built before 1939, for example, had 1.7 problems, compared with 1.3 for houses built after 1970. Housing in the South had an average of 1.6 problems compared with 1.4 in the Northeast and 1.5 in the North Central region and West.

Mobile homes averaged 4.3 rooms each, the same as rental units but less than the 5.5-room average for conventional single-family houses. On the other hand, mobile homes were much newer: 59 percent of mobile homes were 5 years old or less, whereas 63 percent of conventional homes were over 20 years old.

Mobile homes had fewer structural problems than rental units, fewer cracks in the walls, and fewer incidents of peeling paint and broken plaster than conventional homes (fig. 3). However, mobile homes had more roof leaks and holes in the floor than conventional single-family homes.

Conventional homes and rental units were significantly more likely to have electrical problems than mobile homes, specifically a lack of working electrical outlets and exposed wiring. There were no significant differences in overloaded fuses or circuit breakers. All households reported what seemed a high incidence of blown fuses: 16 percent for mobile homes, 14 percent for conventional homes, and 15 percent for rental units. This reflects the number of appliances and electronic equipment many families possess today, which puts a strain on otherwise adequate wiring.

On other factors of comparison:

- Mobile homes were less apt to be connected to a public water system than either conventional single-family homes or rental units and were more apt to experience a higher incidence of water source problems (11 percent) than either conventional homes (6 percent) or rental units (7 percent).
- Mobile homes were more likely to have two baths (19 percent) than conventional homes (16 percent) and rental units (6 percent).
- Mobile homes were more likely to use liquid petroleum gas and electricity; conventional homes and rental units were more likely to use natural gas.

Definitions

A manufactured home, or mobile home, as defined by Federal law, is a structure transportable in one or more sections, which in the traveling mode is 8 feet wide or more or 40 feet long or more or, when erected on site, is 320 or more square feet and which is built on a permanent chassis and designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities. These homes are often referred to as HUD-code homes since they are built to the National Manufactured Home Construction and Safety Standards.

A conventional stick-built home is constructed on site to local building codes, but may use factory-produced components.

A rental unit in this study is any housing unit rented for cash rent.

- Mobile homes were more likely to have a central warm air furnace (75 percent) than conventional units (50 percent) and rental units (35 percent). Conventional homes were more likely than mobile homes to have built-in electrical units or fireplaces, stoves, or space heaters as their main type of heating equipment.

- Mobile homes and rentals were equally likely to have experienced a heat breakdown of 6 hours or more (6 percent). Only 4 percent of the owners of conventional homes reported such a problem.

- Approximately 60 percent of both mobile homes and conventional homes had air conditioning, either an individual or a central unit, with a slightly higher percentage of mobile homes having central air. Only 40 percent of rental units had air conditioning.

Go Slow on Further Regulation?

As the proportion of mobile homes increased, concern about quality also increased. Bowing to pressure in the 1970's, Congress passed the National Manufactured Home Construction and Safety Standards Act in 1974. These standards regulate design, construction,



Photo by the Manufactured Housing Institute.

No longer housing's ugly duckling, mobile homes can be attractive, affordable alternatives to conventional homes and rental units.

About the Data

Data for this article were obtained from the 1983 Annual Housing Survey conducted by the Bureau of the Census for the Department of Housing and Urban Development. The data were collected from August through December 1983. The analysis is based on a sample of 1,211 owners of mobile homes, 13,255 owners of conventional single-family homes, and 4,228 renters. All renters paid cash rent; 90 percent rented a house or apartment, 9 percent rented a mobile home, and 1 percent rented a unit in a rooming house or hotel. Location of housing units was restricted to nonmetro areas and households were restricted to those whose family incomes were less than \$24,580 (the U.S. median for 1983). I used that restriction on income because mobile homes are expected to provide housing for the lower end of the income spectrum, and the central question is how mobile homes stack up against conventional owned housing and rental housing in providing a living environment for people in the same income range.

strength, durability, fire resistance, energy efficiency, and plumbing, heating, cooling, and electrical systems of manufactured housing. The purpose of the standards was to reduce personal injuries and property damage and to improve the quality and durability of manufactured homes.

In addition to Federal regulations and zoning requirements that dictate location, lot size, and other site factors, some communities have also established appearance standards for mobile homes that specify the types of materials to be used on the roof exterior and the type of siding. Some also require permanent foundations, garages, and a minimum floor area.

Such regulations have raised the standards of mobile homes and narrowed the quality gap between conventional and manufactured housing. Fewer problems exist in newer units that meet the new requirements.

As the number of mobile homes increases, rural communities need to plan for mobile home developments so that the land use, siting, and the exterior environment enhance the increased durability of manufactured housing while maintaining its affordability. Communities should attempt to accomplish that goal without resorting to standards that are overly restrictive. In addition, standards need to be revised and updated to keep

abreast of changing technology. Uniform standards across communities will also contribute to lower development costs since fewer design changes will need to be made from one development to another.

Mobile homes offer a quality of housing comparable to that of conventional homes purchased by persons of similar income and higher than that of rental units. Moreover, buying a mobile home affords the opportunity to build up some equity without sacrificing housing quality. Thus, for the dollars invested, manufactured housing provides a good return to consumers, particularly those with limited assets trying to establish a foothold in the housing market. **FDP**

For Additional Reading...

W. Sanders, *Regulating Manufactured Housing*, Chicago, IL, American Planning Association, 1986.

W.G. Street, et al., *A Compilation of Problems Related to the Performance of Mobile Homes*, National Bureau of Standards, Washington, DC, 1975.

U.S. Department of Housing and Urban Development, *Sixth Report to Congress on the Manufactured Housing Program*, December 1984.



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Leonard E. Bloomquist and Molly S. Killian

Specialization is Tied to Natural Resources, People

An industry thrives in an area because it has access to resources important for the production of its goods and services. Thus, the type of industrial specialization in an area is related to the natural and human resources there. Over half of the Nation's rural LMA's (labor market areas—see box) are specialized in a single industry (that is, 10 percent or more of total employment is concentrated in one industry). A third of the specialized LMA's are agricultural and over a fourth specialize in public education and administration. Other industrial specializations of rural LMA's include mining, wood products, textiles and apparel, and durable manufacturing.

The location of these rural LMA's depends on the availability of the natural and human resources needed by their dominant industry: agriculture needs an appropriate climate and fertile soil, mining industries need minerals, manufacturing and service industries need workers with educational and skill levels that match those industries' needs. A closer look at the geographic location of rural labor markets shows a regional concentration. Most of the 32 rural LMA's specializing in agriculture are in the agricultural heartland of the Great Plains and western Lake States (top map). Similarly, the 12 rural LMA's specializing in mining are located chiefly in the coal-producing areas of Appalachia and the mineral-producing areas of the West and Southwest. And the Pacific Northwest

contains half of the eight LMA's specializing in wood products, with most of the remainder in the southern Appalachia/Blue Ridge areas of Virginia, North Carolina, and Tennessee.

The location of the two types of manufacturing LMA's reflects both the industrial history of the United States and the quality of the human resources available in dif-

ferent rural areas. For example, jobs in the textile and apparel industries tend to require little skill and offer low pay, making areas with low educational levels especially attractive. The 12 rural LMA's specializing in these industries are concentrated in the South (bottom map). These textile-apparel LMA's have an unusually high proportion of workers who have not finished high school (chart). In fact, this is the only type of rural LMA in which workers with less than a high school education outnumber workers in the higher educational categories.

In contrast, durable manufacturing industries are generally more capital-intensive than the textile and apparel industries and typically demand a more skilled labor pool. The six rural LMA's specialized in durable manufacturing are concentrated in Michigan, Indiana, and Ohio, the core of the traditional manufacturing belt (bottom map). In addition, these LMA's have an extremely high proportion of workers who have completed high school (chart).

Public education and administrative services differ from other rural industries in two respects:

- The demand for the services offered by the public sector is not regionally concentrated.
- Many public sector jobs require a college education.

The even geographic distribution of the 26 rural LMA's specializing in this sector (bottom map), and the unusually high proportion of workers in these LMA's with at least some college education (chart) reflect these distinct characteristics of the public education/administration industries.

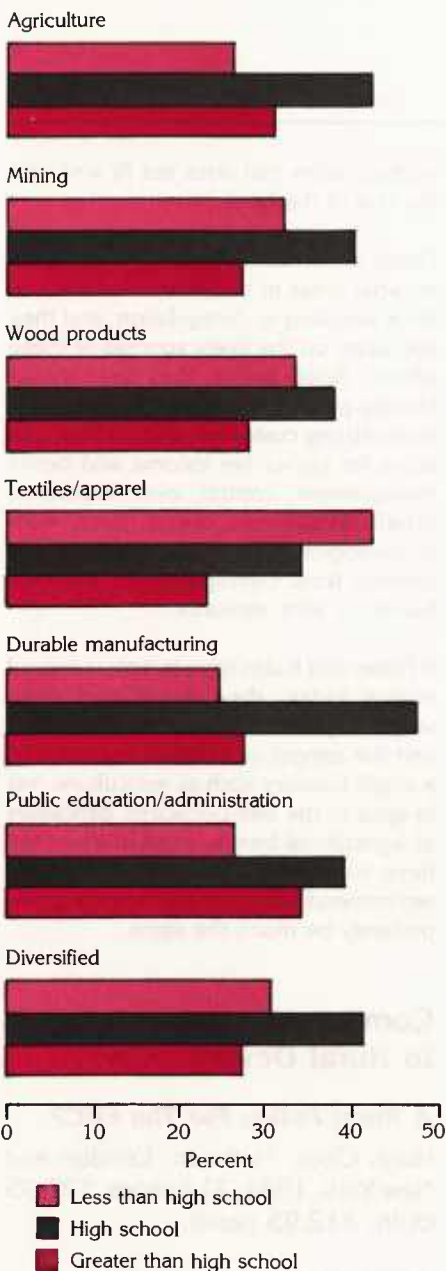
Many differences among rural labor markets stem from the kinds of resources used by local industries. Five out of the six of the specialized LMA types are highly concentrated regionally, and these concentrations are tied to the location of natural and human resources central to

About LMA's

Most of what we know about variations in local rural economies is based on data at the county level. But local economies often extend beyond county boundaries. For example, people frequently commute across county lines to work. Thus, labor market areas (LMA's) tend to be larger than single counties. The fact that a local labor market may encompass more than one county has long been recognized for urban areas; the strength of commuting ties is a major test in defining what is and what is not a Metropolitan Statistical Area (MSA). Researchers at ERS and several State universities in the South recently analyzed commuting-to-work data from the 1980 Census of Population and Housing to identify groups of counties that encompass both the place of residence and the place of work for a local population. That work identified 382 LMA's, 182 of them rural. (See the references cited at the end of this article for sources of more detailed discussions of the identification procedures.)

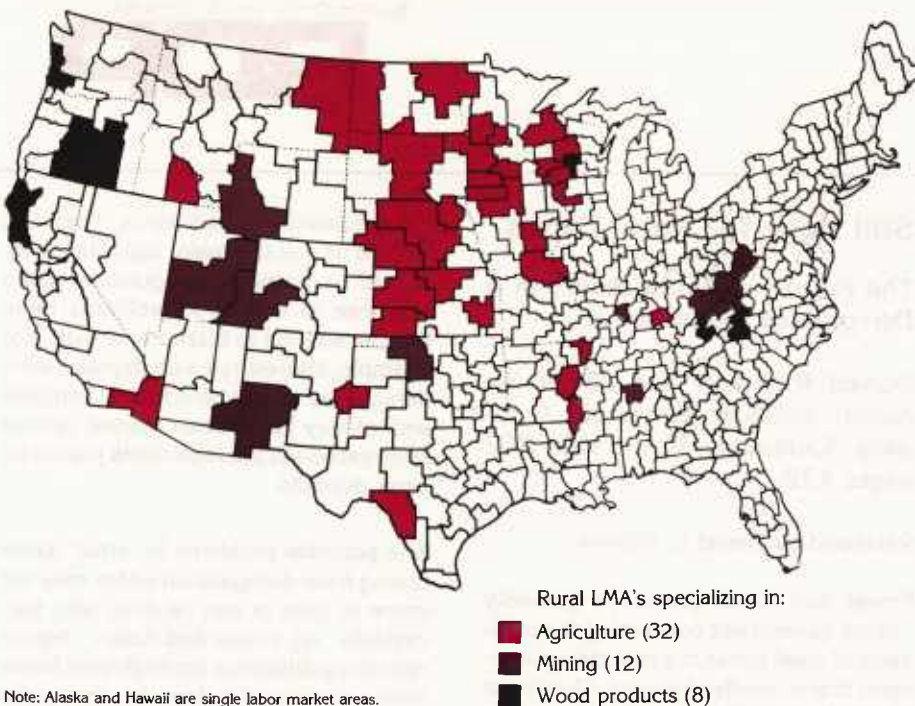
Leonard Bloomquist and Molly Killian are sociologists in the Agriculture and Rural Economy Division of ERS.

Education of civilian labor force in rural labor market areas

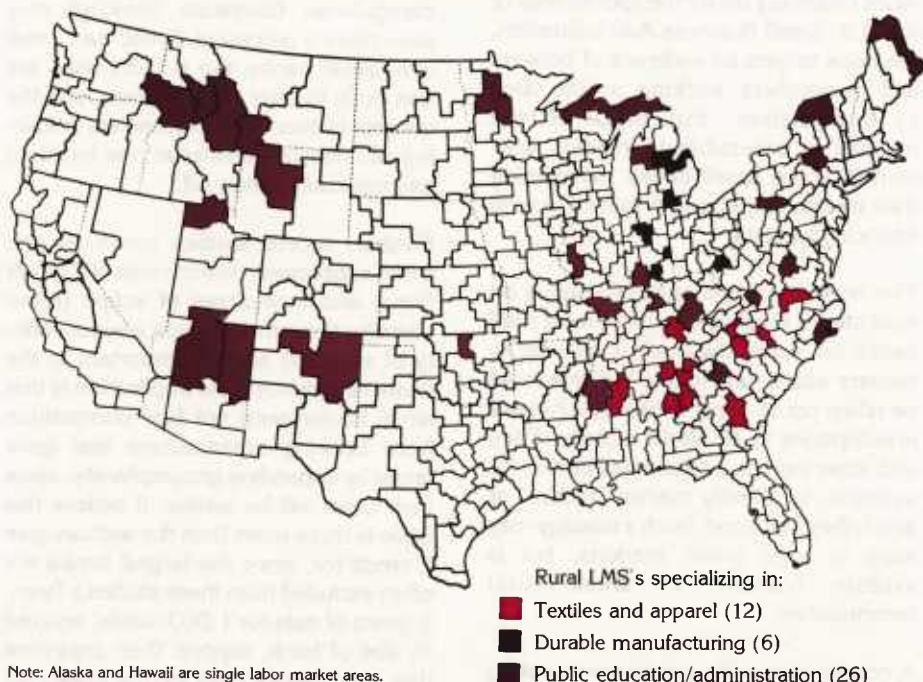


the dominant industries in different rural areas. In another article in this issue ("What is the Payoff to Diversifying Rural Economies?"), Killian and Hady report that the local industrial structure is related to variations in the economic performance of rural LMA's. Our findings complement theirs. The industrial specializations of rural LMA's and the kinds of resources used by particular industries are important elements of the social and economic variety found in rural America.

Rural labor market areas specializing in resource industries



Rural labor market areas specializing in manufacturing and public education/administration industries



For Additional Reading...

Molly Sizer Killian and Thomas Hady, "What is the Payoff to Diversifying Rural Economies?" *Rural Development Perspectives*, this issue.

Charles M. Tolbert II and Molly Sizer Killian, *Local Labor Market Areas for the United States*, Agriculture and Rural Economy Division, Economic Research Service, U.S. Department of Agriculture. Staff Report No. AGES870721, August 1987.

BOOK REVIEWS

RDP

Compiled by Leonard E. Bloomquist

Still Hope for Rural Banks

The Future of Small Banks in a Deregulated Environment

Donald R. Fraser and James W. Kolari. Ballinger Publishing Company, Cambridge, MA, 1985. 262 pages \$32.

Reviewed by Daniel L. Milkove

Fraser and Kolari provide a generally upbeat assessment concerning the prospects of small banks in a financial environment that is rapidly changing. Clearly not all small banks will survive, but the authors argue that most have coped well with change and will probably continue to do so. Written by two professors from Texas A&M University under the sponsorship of the U.S. Small Business Administration, the book targets an audience of bankers and researchers working in the area of deregulation. But much of the material is accessible to readers concerned about small banks maintaining their traditionally strong presence in rural financial markets.

The book does not especially focus on rural banks. However, because most rural banks are small, the book is relevant to readers with a rural focus. Yet care must be taken not to apply Fraser and Kolari's prescriptions to all banks equally. They and other experts advise small banks, for example, to identify market "niches" at which they can excel. Such a strategy may work in large urban markets, but is seldom feasible in small rural communities.

A couple of specific points worth noting from the book: Fraser and Kolari's review of the history of U.S. banking structure and regulation shows why America (unlike most other industrial nations) still

has thousands of small banks. They also remind us that the major legislation connected to financial deregulation was a response to economic problems more than an attempt to blaze a new path. For example, interest rates on deposits were deregulated so that banks could compete with money funds when market interest rates exceeded the legal limits placed on bank deposits.

The potential problems for small banks arising from deregulation either may not come to pass or can be dealt with successfully, say Fraser and Kolari. Deposit rate deregulation has not kept small banks from competing for deposits, they point out. The effects of product deregulation (permitting banks to undertake new activities such as underwriting securities or selling insurance) and geographic deregulation (interstate banking) may pose more a perceived threat than a real one. Small banks, the authors note, are less likely to offer such services, and the concept of financial supermarkets (obtaining all financial services at one location) has not really taken off.

Further, recent studies conclude that scale economies (lower costs for larger firms) and economies of scope (lower costs for firms that provide a wider variety of services) are not important in the financial industry. The implication is that small banks need not fear competition from banking organizations that grow larger by expanding geographically, since their costs will be similar. (I believe this issue is more open than the authors give it credit for, since the largest banks are often excluded from these studies.) Twenty years of data for 1,003 banks, arrayed by size of bank, support their argument that small banks have for the most part maintained relatively good capital and profitability performance.

Many readers may want to skip the authors' material on how to identify problem or failing banks ahead of time. The authors apparently found their book a convenient way to publish some personal research containing a level of technical

sophistication that does not fit well with the rest of the book.

Fraser and Kolari also advise small banks on what areas to concentrate on to continue adapting to deregulation, and they speculate on the likely success of these efforts. Small banks, they say, should identify profitable lending opportunities, stress strong customer relationships, and strive for higher fee income and better management control over expenses. Small banks can keep pace with technological advances by obtaining new services from correspondents, bankers' banks, or joint ventures.

If Fraser and Kolari were to write a second edition today, they might give more weight to possible rural/urban distinctions and the danger of emphasizing loans to a single industry such as agriculture. Yet in spite of the well-publicized difficulties of agricultural banks, most of them too have survived and the authors' major recommendations and conclusions would probably be much the same.

Comparative Approaches to Rural Development

A Rural Policy For The EEC?

Hugh Clout. Methuen, London and New York, 1984. 214 pages. \$29.95 cloth, \$12.95 paper.

Rural Public Management

Organization for Economic Cooperation and Development, Paris, 1986. 85 pages. \$10.

Reviewed by Don F. Hadwiger

These books are largely complementary. Clout offers a panorama of rural trends and policies at the provincial, national, and continental level. He discusses economic development, resource conservation, cultural preservation, and

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Daniel Milkove is a financial economist with the Agriculture and Rural Economy Division, ERS, and has written about rural banks in earlier issues of RDP.

ecological development. The process-oriented OECD study aims at generalizations about policies and trends, and emphasizes economic development.

Clout displays an understanding of rural settings in Western Europe gained through travel and study and from serving with the Institute for European Environmental Policy. He details how Europe's countryside is being transformed by new trends in residence, economic production, recreation, and conservation. Rural and urban cultures intermix as rural people commute to urban jobs, and as large urban populations put pressure on rural areas for work sites, residences, and recreation. Comparing rural settings in different nations, Clout portrays current trends in landownership patterns, land use, and agricultural production. He traces the exodus of farmers, particularly from marginal and remote areas. He describes declining school attendance and other problems familiar to those who study rural America, but U.S. observers may be surprised at some European responses (the French government's resistance, for example, to school consolidation).

"Repopulation" in rural Europe has been lumpy, inviting a variety of measures: preserving rural areas near cities, reforestation or otherwise preserving abandoned farming areas, and saving the natural ecology in areas of intensive agriculture. U.S. rural development specialists will be interested in the variety of European policy responses.

The governments of the EEC, like the U.S. government, have devoted resources mainly to agricultural commodity programs that have increased agricultural production but have had mixed and largely unintended effects upon rural areas and communities. Clout argues that the EEC should pursue a rural development policy as well. At least by implication, he concedes large roles in rural development to all levels of government.

Rural Public Management, a product of an organization in which the United States is a prominent member, reflects U.S. perceptions and behavior. Its focus, understandably, is economic development, which is considered to be largely a job for private enterprise. Governments, the book says, should take care not to burden entrepreneurs with inappropriate policies, and central governments should act mainly to coordinate efforts of provin-

cial and local governments as well as private groups.

This little book is much devoted to describing the process of "public management," including gaining recognition of rural needs, formulating policy initiatives, winning commitment of relevant institutions, and obtaining and applying intelligence about rural issues. Since rural communities themselves possess limited management capabilities, the book recommends that member countries assist in reinforcing local government capacity, developing local leadership, and exercising light-handed coordination of rural development.

These two books show the value of a comparative perspective. Clout's book was particularly satisfying to this reader in presenting a fascinating real world of diverse but comparable rural societies. U.S. policy specialists have become de facto comparativists as the 50 States have assumed policy roles, so they should be grateful for Clout's easy but enriching introduction to Europe's experience in rural development.

A Different Perspective on U.S. Agricultural Transformation

Studies in the Transformation of U.S. Agriculture

Eugene Havens, with Gregory Hooks, Patrick H. Mooney, and Max J. Pfeffer (eds.). Westview Press, Boulder (CO) and London, 1986. 319 pages. \$31.

Reviewed by Thomas Stucker

Those interested in reading only the "latest" in conventional theory will not like this book. Nor is it standard fare for U.S. social scientists interested in the organization and structural change of American agriculture. The special aspect of the book is its perspective, an element that seldom enters explicitly into scientific writing, where objectivity reigns, and dramatic changes in theoretical frameworks are seldom viewed.

We are seeing history made in current transformations of the agricultural sector,

Thomas Stucker is an economist with the Agriculture and Rural Economy Division, ERS.

so a historical review and current analysis are very appropriate at this time. Agriculture has changed dramatically due to increasing mechanization, genetic, chemical, and financial developments. At the same time, policy needs have tried to play catchup as farming has swung from being very lucrative in the early to mid-seventies to low returns in the late seventies and eighties. But who is gaining or losing, and where is the sector headed from here?

The text begins optimistically with the observation by Gregory Hooks that, "though the context and the content of the literature of the 1930's and the present are very different, both exhibit the emergence of a critical approach" to the study of U.S. agriculture. By "critical," Hooks means a movement away from quick acceptance of the status quo to a more thorough, decisive look at social relations and structure. "In both generations, the emphasis is on exposing social inequalities and inequities, not on obscuring them" (p. 1). Hooks argues that the emergence of critical approaches is made possible by changes in the political context.

In Hooks' words, "critical rural sociology of the 1930's did not emerge simply because of an intellectual dissatisfaction with pre-Depression approaches; rather, rethinking of those years was made possible by changes in the political context of the subdiscipline. Roosevelt's election in 1932 and associated political changes played the most important role in providing the space for rethinking rural sociology" (p. 2).

An aside of interest to current government social scientists is that "...the USDA of the 1930's was in the vanguard of New Deal agencies. Henry Wallace, Jr., served as the Secretary of Agriculture from 1932 to 1940 and relied on social scientists in the administration, planning, and implementation of agricultural policies" (p. 3).

As we move into the text, the authors' philosophical viewpoint becomes more demanding. It is not confined to just being a different perspective, which could shed a new light on both historical events and current relationships. Instead, it enters into the content as well as the interpretation of events.

(continued on page 40)

SHORT SUBJECTS

RDP

Compiled by Thomas McDonald

National Surveys Focus on Smalltown Problems

Economic difficulties may be leading to slow growth or decline in local government revenues and may hinder many small governments from improving public services and promoting development.

A recent poll by the National Association of Towns and Townships (NATaT) indicated the number-one problem facing NATaT members was the economy. With economic problems and an end to revenue sharing, lack of funds was high on the list of town and township problems. Infrastructure problems associated with Environmental Protection Agency mandates and the need for highway improvements were also high on the list. For more information, write to Beverly Nykwest, NATaT, 1522 K St., NW., Suite 730, Washington, DC 20005. Telephone 202-737-5200.

The National League of Cities' small city survey found that in 1987 over 40 percent of the small cities surveyed (population less than 50,000) reported improved ability to attract industry and jobs; only 17 percent reported a worsened ability. Overall economic conditions improved for 37 percent and worsened for 30 percent. When asked about specific economic problems, however, such as unemployment, poverty, farm foreclosures, and small business closings, more cities reported worsened than improved conditions. Fiscal conditions improved for 30 percent of small cities and worsened for 37 percent.

A more pronounced pattern of deteriorating conditions for small cities was reported in the League's survey of city fiscal conditions. It found that 53 percent of the smallest cities anticipated a decline in general revenue in fiscal year 1987, while only 8 percent of large cities (over 300,000 population) expected revenue declines.

For more details write to the National League of Cities, 1301 Pennsylvania

Ave., NW., 6th floor, Washington, DC 20004. Telephone 202-626-3000. "The State of the Small City" and "City Fiscal Conditions in 1987" cost \$17 each.

A similar pattern is reported in a National Association of Counties survey. Seventeen percent of rural counties (under 50,000 population), but only 3 percent of urban counties, reported no increase in own-source general revenues from 1981-86, a time when the costs of government services rose by more than a quarter. Results of the survey are published in Barbara Greene's article, "Counties and the Fiscal Challenges of the 1980's," in the winter 1987 issue of *Intergovernmental Perspective*. Copies cost \$3 from the Advisory Commission on Intergovernmental Relations, 1111 20th St., NW., Washington, DC 20575. Telephone 202-653-5538.

The surveys covered other topics as well, including Federal tax reform, Federal mandates, the end of revenue sharing, the level of and change in public services, overall community conditions, population and age trends, trends in local government revenues and expenditures, employment, legal liability problems, government organization, and economic development policies.

(Contributed by Rick Reeder)

Libraries Could Boost Local Development

Rural libraries are the perfect place for finding and keeping local information and, through computer terminals, accessing national and global information. If libraries recognized that, it would help potential developers to assess the benefits and trade-offs of development within the region. Such a local database would be invaluable, for example, to out-of-town companies seeking to relocate, would provide information for those who want to start up a new business, and would help guide those laid off to find job-training programs and direct their resumes to other firms. Libraries should also join local

networks of chambers of commerce, service clubs, and similar organizations to stay informed about current trends and developments.

These were some of the ideas to come out of a May 1987 get-together among 40 libraries and economic developers from rural Minnesota. The reason for the meeting was to see how both groups could help each other boost the economy in the south-central area of the State.

Cheap Transportation for Some Rural Citizens

Bolton, MA (population 1,905), is running a transportation network for its older citizens with no annual budget outlays and an all-volunteer driver force. It offers door-to-door service and fills telephone orders for groceries and other necessities.

Rochester, NH (population 17,938), runs a similar network on an annual budget of \$45,000, most of it coming from the Federal Government. Morrisville, NY (population 2,296), spends \$11,556 per year on its network, with the Feds chipping in \$9,200 of that.

You can read how they and 17 other communities set up their systems, how they finance them, how they find the volunteers to staff them, and how to design one of your own in *Financing and Sustaining Mobility Programs in Rural Areas*, free from the Technology Sharing Program, U.S. Dept. of Transportation (I-30), 400 7th St., NW., Washington, DC 20590. Be sure to enclose a self-addressed mailing label and specify order no. DOT-1-87-2. The book includes statistical profiles of 20 case studies as well as a 58-item bibliography of additional readings.

Rural South Losing its Manufacturing Base

The Southern States seem to be undergoing a long-term industrial restructuring. No longer are they attracting the factories

that used to be drawn there by low wages and an abundance of workers. But what, if anything, is taking their place?

A study by the Southern Growth Policies Board details the extent of the restructuring. Some of the highlights:

Between 1977 and 1982, employment in the rural South grew only about half as fast as in the urban South. The counties growing the fastest had the smallest percentage of minority populations, the highest educational levels and per capita income, the most physicians per resident, the fastest population growth, and large numbers of retirees moving in.

Counties with above average spending on public education seemed to grow faster than other counties.

The fastest employment growth was in counties dominated by service industries, and the slowest growth was in counties dominated by manufacturing, particularly traditional nondurable manufacturing.

These changes seem to indicate a long-term restructuring, not just a reaction to recession. The restructuring is shifting jobs from nonmetro to metro areas, shifting jobs among industrial sectors from manufacturing to services, and shifting manufacturing jobs from traditional to emerging industries.

For more info, see *After the Factories: Changing Employment Patterns in the Rural South*. It costs \$7 from Southern Growth Policies Board, PO Box 12293, Research Triangle Park, NC 27709. Or call (919) 549-8167.

Rural Roads and Bridges in the Midwest

Nearly two-thirds of the townships and counties in the Midwest have insufficient revenues to keep their roads and bridges in good repair, according to local highway engineers. They estimate that nearly 40 percent of the rural roads are barely adequate or worse. Their solution: reduce the counties' level of responsibility for roads and bridges or allow certain roads to revert to "primitive status," where one travels at one's own risk.

The average county in the four midwestern States (Illinois, Minnesota, Ohio, and Wisconsin) is responsible for maintaining 271 miles of road and 95

bridges. The estimated cost of bringing them to accepted standards is \$7.6 billion.

These findings stem from a 1986 study by USDA's Office of Transportation. Results of a related study were reported in last February's *Rural Development Perspectives*. The current study, *Rural Roads and Bridges in the Midwest: Finance and Administration by Counties*, is free from USDA, Office of Transportation, rm. 1405 Auditor's Building, Washington, DC 20250-4500; or call (202) 653-6305. It discusses how to finance the roads and bridges maintained by the counties and townships with their limited tax base, limited authority to raise additional taxes, and in light of the elimination of Federal general revenue sharing.

Where to Turn for Rural Info

A Vermont businessman needed to find a contractor who could make large direct-current motors. He needed the information to submit a proposal for a grant deadline. Who got him the information he needed? The same people who have helped rural communities gather information about the impact of tourism on an area and how to entice more tourism, or examples of revitalizing downtown areas; that is, USDA's new Rural Information Center.

Inaugurated just last month as a joint venture of USDA's Extension Service and National Agricultural Library, the Rural Information Center is geared to providing data searches for local government officials through their local extension agents. The center's staff, five full-timers and two part-timers, takes calls from extension agents, does a computerized search, and gets back in touch with the agent with the results. Most searches take about an hour and the results can be transmitted over the telephone so the person who asked for the search does not necessarily have to wait for something to arrive in the mail.

The center has received several calls from rural communities concerned about State or county plans to locate a waste incinerator nearby. In such cases, the center gives them the names of organizations and communities that encountered similar situations, articles that talk about the health and environmental impacts of a nearby incinerator, and if the requester asks, even the wording of the law

authorizing incineration so the communities can assess their legal standing for appeal.

Another View of State Business Rankings

We have occasionally summarized results of what were touted as rankings of general business climates in the States (Feb. 1986, Short Subjects). Many rural States did quite well in that ranking, published by Alexander Grant & Co. But do the rankings really mean much?

Ed Malecki, writing in this issue about new firm startups in rural areas, chastises such listings of business climate saying that they emphasize the wrong things. Here's a similar comment from another observer:

"What do you do if you want to stimulate entrepreneurship in rural areas? It seems to me the first thing you have to do is reject the traditional notion of what makes for a good business climate.

"The myth has it that a good business climate is characterized by low levels of taxation, low levels of regulation, low wage levels, low levels of unionization, low levels of public spending, including public welfare spending and education spending. It is a sort of third world approach to economic development.

"I used to think that that index hurt most the states that ranked low on it—the states like the Midwest and the Northeast. I'm coming to think that it has hurt more the states that rank high on it, who have implicitly followed its prescription. For many years, the Southeastern United States followed that prescription. In order to keep taxes and government spending low, they disinvested in their education systems, their infrastructure. Now the firms that located there seeking the lowest cost place to do business have moved to the greener pastures of the Third World. We will never be able to compete by the poverty of our wages; perhaps we may by the quality of our minds.

"Not only does that view of business climate undermine crucial investment in the new economy, but it is demonstrably wrong. Look at the states that consistently perform well in terms of employment growth or income growth or new business incorporations or new patents—they are not the states that rank high on the (business climate) ranking. They are

states like California and Massachusetts, Connecticut, Rhode Island, and New York—that have invested heavily in their people—that have intelligent government intervention to make the investment in the education and the infrastructure in the financial system to make sure new young and growing businesses have the resources they need to grow. They are the states that recognize that wealth is coming from within, not from without. Studies we have suggest that 80 percent of new jobs in any state come from businesses that either start in that state or expand on-site.

“At most 20 percent of new jobs are coming from out of state. . . . But look at the reasons site location decisionmakers give when they locate branch plants: what most of them look at are things like the quality of the education system, the quality of the labor force, proximity to market; way down the list come things like tax burdens.”

From Robert E. Friedman, “The Role of Entrepreneurship in Rural Development,” in *National Rural Entrepreneurship Symposium Proceedings*, published by the Southern Rural Development Center, Aug. 1987.

Inc. magazine’s October 1987 issue ran

another ranking of States, using different criteria from the Alexander Grant report mentioned above. The results seem to take account of Friedman’s kind of criticism. Looking only at creation of new jobs and new firms, *Inc.* reports that the top-ranked States were an outgrowth of “a decades-long transition from heavy industry to service businesses, and a reliance on the commercialization of technology developed at top research universities.” The *Inc.* top 10: Arizona, New Hampshire, Maryland, Georgia, Virginia, Florida, Delaware, California, Massachusetts, Nevada. Rural States did not do so well. *Inc.*’s bottom 10 were Mississippi, West Virginia, Idaho, Nebraska, Louisiana, South Dakota, Iowa, Oklahoma, Montana, and North Dakota. The Dakotas ranked in the top 10 on the Alexander Grant “business climate” survey a couple of years ago.

Rural Entrepreneurship

The proceedings of the symposium quoted extensively above contain other worthwhile articles on rural development too. One article talks about the Self-Employment Training Program in central Indiana and how it has responded to farm foreclosures. One farmer who came into

the program after losing his farm is now running his own lawn care business in Brownsburg, IN. Another established a successful carpet-cleaning business in Kokomo, IN.

Another article cites the experience of Nebraska communities in actively pursuing entrepreneurial ideas and helping to convert them into going concerns. This program, conducted through the auspices of the Nebraska Business Development Center, works through a community coordinator whose responsibility is to unearth new ideas and help the entrepreneurs bring their ideas to market. The community coordinator is credited with assisting the startup of at least two firms, one making cookies, the other making a cargo carrier for vans. Each is estimated to have the potential to add 25-30 jobs to the local economy.

Topics of other articles range from entrepreneurship and the community to the needs of entrepreneurs (including financing), opportunities for women as entrepreneurs, and the use of business incubators to help fledgling businesses.

National Rural Entrepreneurship Symposium Proceedings, published by the Southern Rural Development Center, Mississippi State, MS, Aug. 1987.

Book Reviews (continued from page 37)

Havens observes that, “one of the most persistent myths about U.S. agriculture is that most farm products and commodities are produced by family units” (p. 39). In truth, he claims, “...the leading sectors of U.S. export agriculture have been largely controlled by large production units closely aligned with industrial capital” (p. 39). This is true *only* as carefully worded in the text. Of course, the act of exporting commodities is carried out by large firms. Few, if any, small firms deal on the international level in any industry. In grains and oilseeds, the leading type of agricultural export commodities, large farms (annual sales of \$500,000 or more) produced only 12 percent of total sales. True, this is beyond the proportion they compose of farm numbers due to their above-average sales per farm; but it is still only about an eighth of total U.S. farm sales.

In the last chapter, Havens and Newby strike an oft-repeated but unresolved chord when they criticize the “...division of labor between rural sociologists and agricultural economists, a division institutionalized within the land grant college”. However, they do suggest areas for improvements. Much of the blame is placed on rural sociologists: “...with only a few exceptions, rural sociologists have shown little interest in, or understanding of, the economic factors that have changed the face of agricultural production and rural society in all advanced capitalist societies since the Second World War” (p. 288). Nor have there been any systematic studies of the social consequences of Government intervention in agricultural production, according to the authors.

Havens and Newby also identify a problem within agricultural economics: much of the work of economists is characterized as “narrowly technocratic predictive models based upon multiple regression

equations” (p. 289). They add, “...the issues which interest sociologists get operationalized out, leaving behind a ... one dimensional view of the problem” (p. 289).

While this is obviously an oversimplification, enough truth remains to make many an agricultural economist wince. And that capability to make U.S. social scientists critically consider their work is the book’s major value. It does not contain the recent, accepted developments in analysis of structural change in U.S. agriculture, nor does it pretend to. It is a Marxist view of historical transformations in U.S. agriculture, with typical Marxist rationale as to why transformations take place. If this offends you to the point of distraction, this book would not be a worthy addition to your library. But if you find a different view of some old problems enlightening, it could well be worth the reading time. During that reading, its shortcomings should be recognized and its strengths sought.

Rural Readings from USDA's Economic Research Service

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\$1.50, No. 001-019-00389-8</p> <p>() Poverty Among Black Families in the Nonmetro South
by L. Ghelfi
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\$1.75, No. 001-019-00454-1.</p> <p>() Social and Economic Environment of Black Farmers
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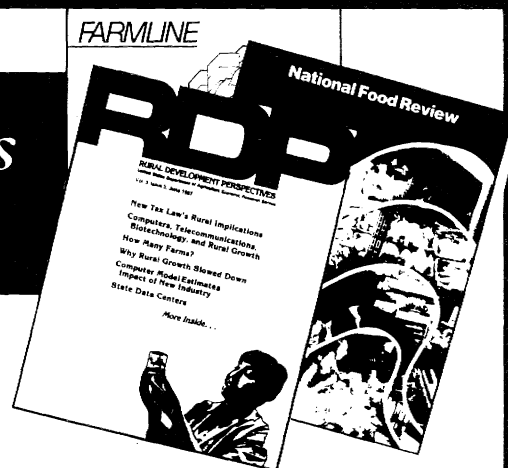
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