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# OUTLOOK '85

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Agricultural  
Outlook  
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United States  
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Agriculture

Dec. 3-5, 1984  
Washington,  
D.C.

David McGranahan, Sociologist  
 Economic Development Division, ERS

1984 Agriculture Outlook Conference, Session #28  
 Washington, D.C.

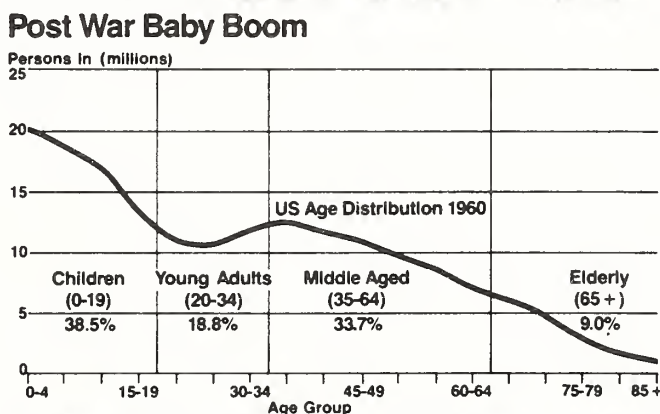
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Rural community growth is not an even process. First, overall population size changes as a result of migration into and out of the community. This overall growth has proven not only uneven but also somewhat unpredictable. In 1969, a panel of rural experts wrote of "The People Left Behind," and how the rural community would have to cope with continued decline. Less than ten years later, experts were writing of the "rural renaissance" and the problems of boom towns. Another aspect of uneven growth relates to changes in the age structure. During the 1970's, the population of nonmetro areas grew by 16 percent, but at the same time the number of households grew by 31 percent, nearly twice as fast, and the number elementary school students declined. Uneven growth stemming from changes in age structure are important not only in itself, but also for its bearing on other trends—on employment, crime and personal income, for instance. Unlike changes due to migration changes in age structure can be fairly well predicted and, because they can be fairly sharp they require anticipation on the part of both the public and private sectors. This presentation will focus on past and future changes in the age structure, dealing both with national changes and rural-urban comparisons.

While we will be focusing on change during the 1970's and 1980's, it is useful to begin with 1960, and contrast the changes during the 1960's with later change. The discussion is based largely on line charts which depict for a given year, the number of people in each age group, ranging from those under 5 to those 85 and over. In 1960, which was near the end of the post World War II baby boom, the line starts very high on the left and drops to a trough for the 20-24 and 25-29 age groups (Figure 1). The

Figure No. 1



Source: U.S. Census of Population

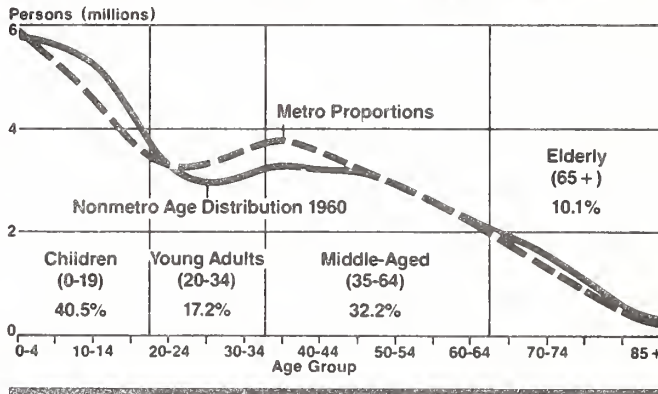
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people in these two age groups were born during the depression, when families had relatively few children. After rising slightly, the line tapers off to the right both because of mortality in older age groups and because these generations were relatively small.

To compare metropolitan and nonmetropolitan areas, I have charted the nonmetropolitan population first according to the actual age structure and second, adjusted to reflect the metropolitan age structure proportions. In 1960 the rural age structure was typical of declining areas (Figure 2). The outmigration of younger age groups had left rural

Figure No. 2

### More Rural Children and Elderly in 1960

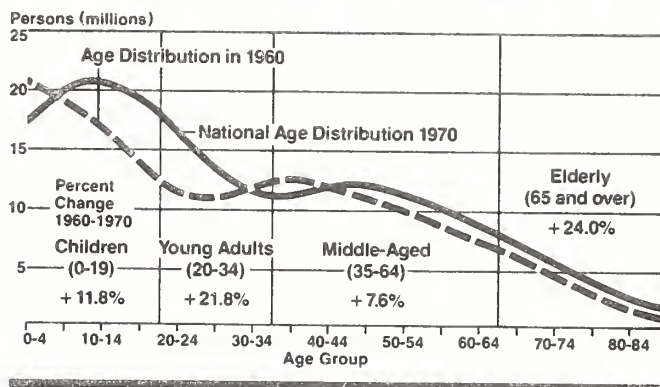


communities with a higher proportion of elderly in the population, and relatively few young or middle-aged adults. Historically high fertility had resulted in a relatively large number of rural children. Note, however, that the baby-boom had been having a greater effect in urban areas in the 1950's and that the proportion of preschoolers was actually higher in urban than rural communities.

During the 1960's, the baby-boom ended. The number of children under 5 years old was smaller in 1970 than it had been in 1960 (Figure 3). The baby-boom generation became teenagers during the 1960's. High

Figure No. 3

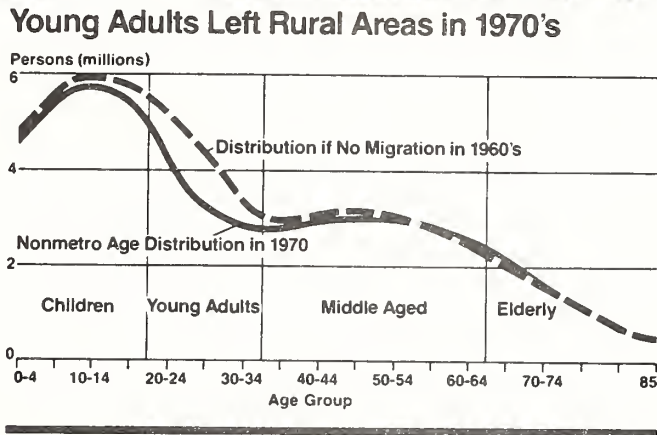
### More Teenagers, Fewer Preschoolers in 1960



schools went into double-sessions, teenage unemployment increased and, in part because young people are most involved in the types of crime the FBI reports, crime rates rose as well. Due both to longer life expectancy and the relatively large number of people moving into retirement age, the population aged 65 and over increased by nearly 25 during the decade.

The pattern of rural-urban migration followed its historical pattern during the 1960's. A substantial proportion of those becoming young adults during the decade migrated out of small towns and rural areas into metropolitan areas (especially to the West) (Figure 4). The middle-aged,

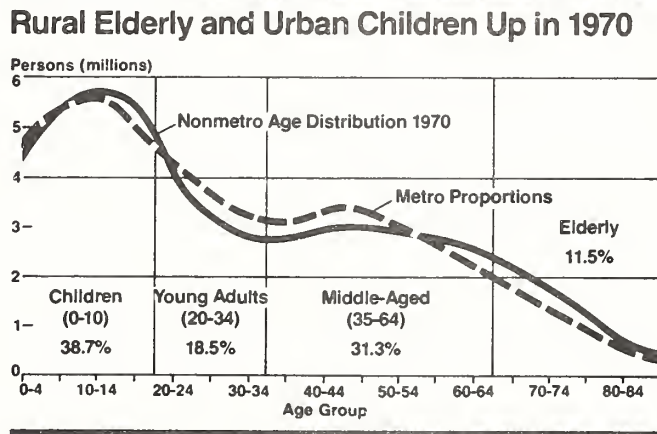
Figure No. 4



with children in school and often owning their home, are less geographically mobile than young adults and there was little net movement of the middle-aged during this period. A small number of people reaching retirement age moved out of the metropolitan Snow Belt cities into rural communities in both the North and the South and West between 1960 and 1970.

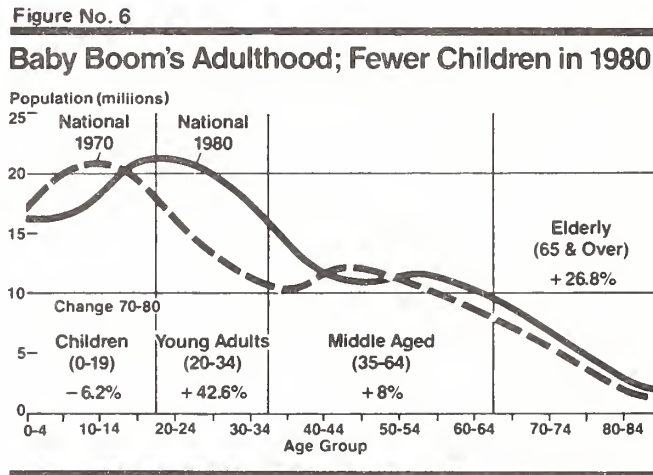
If we compare the metropolitan and nonmetropolitan areas, we see, first, that the proportion of elderly in the population has increased more rapidly in rural communities than in urban areas (Figure 5). This

Figure No. 5



is also true for people nearing retirement age. Second, because of the continued outmigration of young adults, rural communities continue to have relatively few working-age people. Third, the differences in the proportions of children are now relatively small, largely because the baby-boom affected urban more than rural areas. The teenage population (ages 10-19), who would be entering the labor force in the next decade, had risen by 41 percent in metropolitan areas, but only by 15 percent in rural communities. This was a departure from the classic pattern where rural communities had a relative surplus of new labor market entrants.

The decade of the 1970's brought important changes in three of the age groups (Figure 6). First, the elderly population continued to grow,



by over 25%. About 30 percent of this growth can be attributed to reductions in mortality.<sup>1</sup> As a result of both changes in lifestyle and health care improvements, the increase in the life expectancy during the seventies was greater than in the previous two decades combined. Between 1960 and 1980, the total population increased by about one-fourth, while the population over 65 increased by more than half.

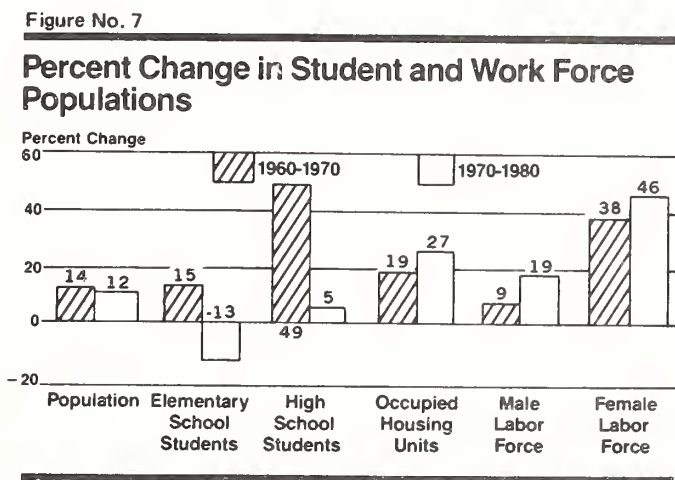
The second change was that the baby-boom generation moved almost entirely into young adulthood. This age group grew by over 40 percent during the 1970's, twice the rate of growth during the previous decade. The baby-boom generation has behaved quite differently from its parents. Today's young adults are less likely to marry. Those who do so are likely to marry later and have fewer children. Once married, they are also more likely to divorce. Young women, now with educational levels about equal to young men, are more likely to work than in the past, and most now continue to work even when they do have children.

The third change might be called the "baby-bust". Women in 1980 were, on average, having only half as many children as their counterparts

<sup>1</sup> Derived by applying the 1960-1970 age specific mortality rates to the 1970 population aged 55 and over and comparing the 1970-1980 gain expected on this basis to the actual gain.

in 1960. Thus, even as the young adult population increased, the number of children declined by 6 percent. The rate of decline appears now to be tapering off, but it seems clear the baby-boom generation is not going to replace itself in terms of the number of children it has.

While the Nation's population grew by a modest 11 percent during the 1970's, changes associated with shifts in the age structure were quite substantial (Figure 7):



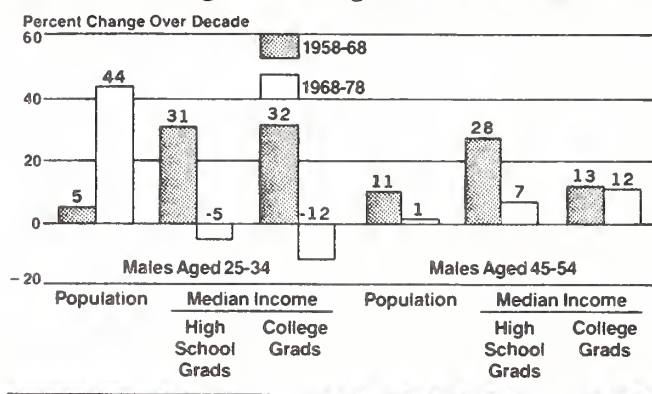
- 1) The number of elementary school students dropped over 13 percent, creating a surplus of schools and teachers.
- 2) The number of high school students rose by only 5 percent, after increasing by half during the 1960's.
- 3) With the increase in young adult population, their postponement of marriage, and the lower mortality of the elderly, the number of households rose by 26.5 percent, putting considerable pressure on the housing market. With the increase in both the young and the elderly, the nature of housing demand also changed: the number of single person households increased by nearly half (46 percent) during the decade.
- 4) The rate of growth of the male labor force doubled from 9 percent to 19 percent, and the number of women in the labor force grew by 46 percent, up from 38 percent during the 1960's. These rapid increases in the labor supply created a downward pressure on wages and salaries, particularly for the young adults entering the labor market.

Evidence of this downward pressure on incomes is presented in Figure 8, which depicts changes in population and income over two decades (1958



Figure No. 8

## Percent Change in Young Men's Incomes



to 1968 and 1968 to 1978), for both young (ages 25-34) and middle-aged (45-54) men.<sup>2</sup> From 1958 to 1968, the number of young adult men grew by only 5 percent, and the real incomes of high school and college graduates rose by over 30 percent. During the next decade, the baby boom generation moved into this age group. The number of young adult men grew by 44 percent, but real incomes fell by 5 percent for high school graduates and by 12 percent for college graduates. With the energy crisis and other economic problems, the 1970's were not a period of rapid income growth for any group. Nevertheless, for men aged 45 to 54, whose number remained fairly constant during the 1970's, real median incomes were higher in 1978 than in 1968.

The actual divergence in the economic fortunes of these two age groups during the 1970's was probably greater than indicated by the income statistics. Housing prices rose faster than inflation during the 1970's, both because of the rapid increase in the number of young adults looking for housing and because home purchase was seen as a hedge against inflation.<sup>3</sup> For the middle-aged, who tended to be home-owners, the value of their property rose. For young adults, acquiring a home became an increasingly difficult proposition. (From 1978 through 1982, the incomes of both age groups fell as the economy performed poorly. A partial recovery was made in 1983).

Richard Easterlin<sup>4</sup> has argued that economic aspirations are conditioned by the income experiences of one's childhood. The baby boom generation's delayed marriage, low fertility and high female labor force participation may in part reflect their attempt to maintain a standard of living consistent with their childhood experiences and aspirations. In

<sup>2</sup> Women were not included here as their changes in income have in part reflected a shift from part-time to full-time work.

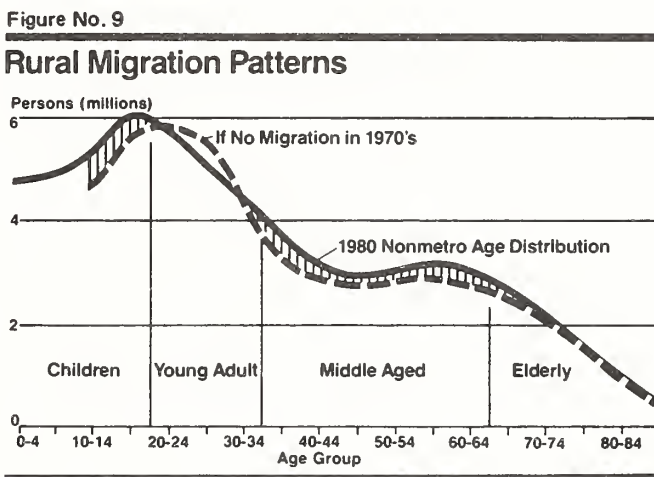
<sup>3</sup> The price index for new one-family houses sold rose 22.2 percent faster than inflation between 1968 and 1978. This was partially offset by a slower growth in interest rates.

<sup>4</sup> Richard Easterlin (1980), *Birth and Fortune: The Impact of Number on Personal Welfare*, New York: Basic Books.

addition their reduced income prospects may make the baby boom generation less supportive than the young adults of the 1960's of social service and poverty programs. We tend to be less generous when our own pie is shrinking.

Other implications may also be suggested. The increased supply of relatively cheap labor probably facilitated the expansion of labor-intensive service sector industries during the 1970's. The large number of new labor market entrants and the reduction of off-farm opportunities for young adults slowed the decline in farm population. The young adult farm population declined by 43 percent in the 1960's, but by only 3 percent in the 1970's. In contrast, the middle aged farm population declined in both the 1960's (33 percent) and 1970's (22 percent).

More generally, the fact that metropolitan areas were generating a relatively large number of new entrants to the labor force may have inhibited rural-urban migration of young adults during the 1970's. With reduced net outmigration the number of young adults in rural communities grew by nearly half between 1970 and 1980 (figure 9). Also contributing



to rural community growth was the net movement into rural communities of other age groups, particularly people at or near retirement. With increases in social security payments of over a third in the 1970's and the labor market crowded by new entrants, people were retiring earlier in the 1970'S than they had in the 1960's and<sup>5</sup> the movement of retirement age people to rural communities increased.

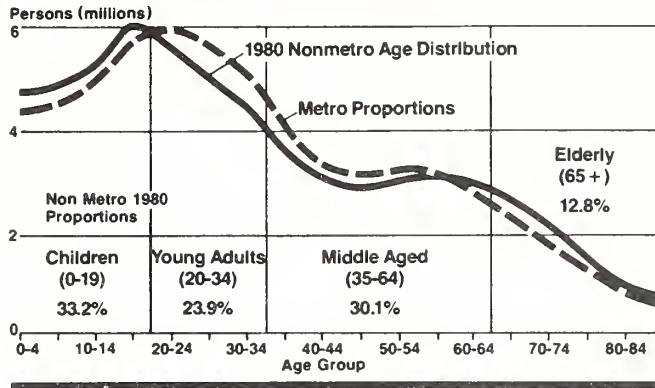
Rural communities in all regions of the country gained population through immigration of middle-aged and elderly. Only in the Midwest was this immigration exceeded by the net outmigration of young adults.

Like the earlier baby "boom", the baby "bust" was not as dramatic in rural communities as it was in urban areas (Figure 10). Thus, in 1980,

<sup>5</sup> The proportion of males aged 60-64 in the labor force dropped from 75 percent in 1970 to 62 percent in 1979 (U.S. Department of Labor, 1971 and 1980).

Figure No. 10

### Rural Baby Bust Not As Great

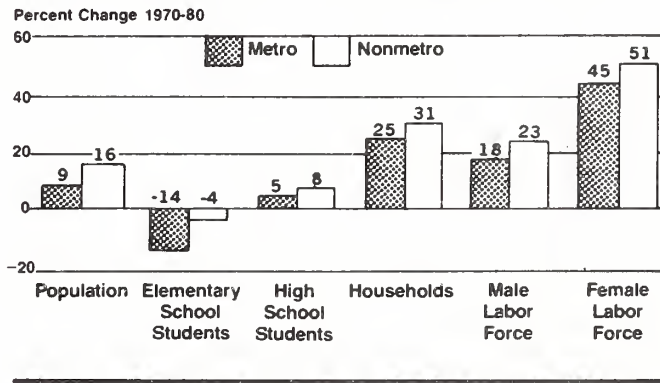


rural communities, compared to urban communities, again had a larger proportion of both elderly and children in their population. Unlike the situation in 1960, however, this was not the result of rural decline. Rather, the people moving into rural communities were at a different stage in the life cycle than those moving out. It should be noted that in spite of these differences, the basic age structures of rural urban communities were much the same in 1980.

During the 1970's, the rate of population growth in small town and open country areas was 50 percent higher than in metropolitan areas (Figure 11). With a smaller decline in fertility and the immigration of

Figure No. 11

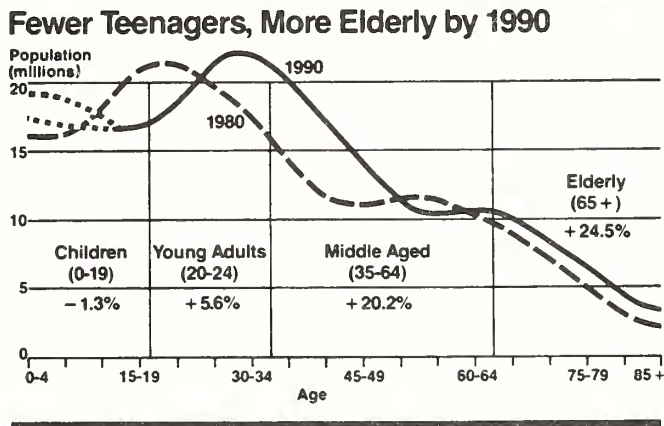
### Rural and Urban Percent Growth



young families, the drop in elementary school students was considerably smaller in rural communities than in metropolitan areas. The number of households and the sizes of the male and female labor force grew more rapidly in rural than in urban communities. However, while rural communities had consistently higher rates of growth in each of these aspects, the overall similarities in their age structures meant that urban and rural growth followed the same basic pattern.

What then is the Outlook for the 1980's. No one is entirely clear how birth rates will change, but at this point it looks like the low projection may be more accurate (Figure 12). The teenage population will

Figure No. 12



drop, easing the problem of teenage unemployment and tending to reduce the crime rate. (There are now indications that that the crime rate is falling. High school and then college student populations will fall, putting pressure on poorer, more peripheral institutions. Colleges will probably be placing greater emphasis on adult education.

The young adult population will grow by only 5.6 percent (down from over 40 percent in the 1970's). This will reduce labor force growth rates and tend to raise wages and salaries, especially for the youngest age group. The growth in low-wage service sector industries will be slowed. The tendency for young people to move out of agriculture will increase. Assuming that the economy rebounds, immigration from abroad will be seen more favorably. The demand for housing will shift away from units for young singles towards both family units and housing for the retired population and begin to decline overall by the end of the decade.

The elderly population will continue to grow rapidly, by about 25 percent over the decade. During the past few years, social security has been under pressure in part due to longer life-expectancy and in part due to the withdrawal of the elderly from the work force. This has been offset in part by the growth in payments into social security stemming from rapid employment growth. But during the 1980's the growth in the working age population (ages 20-64) will be only about 12 percent, down from 21 percent in the previous decade. This points to greater stress on the social security system, and to the importance of proposed changes in tax laws to provide incentives to increase personal savings for retirement and delay that retirement. The real problem in supporting an elderly population will arise when the baby-boom generation reaches retirement age.

What about rural communities in particular? Available evidence indicates that migration into and out of rural communities now about even, (although the overall movement from the Snow- to the Sun-belt is

continuing). In general, population change will probably be less affected by migration during the 1980's, especially in the latter half as the baby boom generation moves toward the lower mobility of middle-age. This will tend to reduce the outflow from rural communities, as it is the young adult, particularly the 18-24 year old, age group which is most mobile. At the same time, age specific outmigration rates may accelerate somewhat because of the shortage of new labor force entrants in metropolitan areas. Differences among rural communities will probably increase. Midwestern counties dependent on agriculture will probably lose a higher proportion of young adults in this decade. On the other hand, the continued growth of the retirement age population will probably mean that those rural communities which are attractive to retirees will continue to grow.

Whatever migration pattern evolves, changes in the age structure mean that rural communities in general can expect a fairly stable elementary school population, a reduction in high-school population, a slower growth in new business and employment, and a continued increase in the elderly population.

It appears that in the coming decade, increasing pressure will be put on social service and income transfer programs. Rural communities, which have a relatively high proportion of both children and elderly, and of low income children and elderly in particular, stand to lose the most. Some funds will be shifted to defense and available evidence is that most of these industries are urban based.

Employment, however, is the topic of the next presentation. The central point here is changes in the age structure have been and will continue to be at least as important for local communities as overall changes in population size. These changes in age structure affect rural and urban communities alike.