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**Karl N. Stauber**USDA Speech  
Washington, DC  
November 30, 1993**"Agricultural Outlook '94"**

Willard Cochrane, John Kennedy's agricultural adviser, former head of the Economic Research Service, and author of one of the best histories of American agriculture, has often argued that agriculture policy is confused by talk about "the average farmer"—that American agriculture is too complex to represent in a single average. Rural America, similarly, is a complex place. What is accurate for the Delta of Mississippi and Arkansas may have little similarity with the Central Valley of California. The reality of the area around Burns, Oregon is very different than Ridgeland, Wisconsin where I just sold my farm or Statesville, North Carolina where I grew up.

I argue that each of us carries around one or two images of what "average rural America" is like, often based on our own limited experience. The diversity that is America is a great strength, but the diversity of rural America, combined with our own view that the rest of rural America is "like" the part we know, makes it very hard to talk about future directions or create appropriate rural policy.

While it is dangerous or confusing to talk about the average or typical rural community or area, we can say a number of things about rural America in aggregate.

- Rural America is being redefined. In 1890, when historian Frederick Jackson Turner declared the Frontier closed, civilization of the contiguous United States was complete.<sup>1</sup> Turner argued that the Frontier made Americans distinct from and, in fact, better than Europeans. Up to 1890, according to Turner, the United States had been defined by its rural edge.<sup>2</sup> While too much can be made of Turner's view, it had a significant place in the intellectual debate of the time.<sup>3</sup> One hundred years later, in 1990, America is dominated and defined by the suburbs. 1990 was the first time in the country's history that over 50 percent of the population lived in metropolitan areas of greater than 1 million people. And the vast majority of the growth in urban areas that has occurred since 1950 has been in the suburban ring, not the inner city. 1990 was the first Presidential election where the majority of votes were cast in suburban districts.<sup>4</sup> So in 100 years, the rural area went from being that which defined America to simply the less populated portion of the nation.
- Rural America's population has been declining, as a percent of the country's total population, since almost the founding of the Republic. In 1920, urban

- population exceeded rural population for the first time.<sup>5</sup> By 1990 only 25 percent of the nation's population lived in the rural portion.<sup>6</sup>
- Agriculture no longer dominates rural America. In 1890, 24,771,000 Americans or 42.3 percent<sup>7</sup> of the population lived on the farm, and there were 4,565,000 farms with 623 million acres in production, with the average farm being 137 acres in size.<sup>8</sup> By 1990, 3,871,583<sup>9</sup> Americans lived on farms, and they were 1.5 percent<sup>A</sup> of the population. There were 2,140,000 farms using 987 million acres for an average size of 461 acres.<sup>10</sup> Agriculture was no longer the major source of employment in rural America, it was no longer the major source of income for the majority of farmers, and by 1987, the average farmer had a annual cash income that was higher than the national norm for all households.<sup>11</sup>
  - Using definitions developed by the Office of Management and Budget, rural America equals approximately 84 percent of the land mass of the "Lower 48" states.<sup>12</sup> Nationally, there are approximately 2,300 counties that are rural.<sup>13</sup>
  - Rural Americans are more likely to be poor than their urban relatives, and the gap is getting worse. Fifty-one percent of rural residents fall in the two poorest quintiles, while the comparable urban number is 37 percent. Between 1979 and 1987, per capita rural income dropped from 77 to 73 percent of urban per capita income.<sup>14</sup> The same pattern exists for children. Thirty-six percent of all rural children live near or below the poverty level; the equivalent urban number is 29 percent.<sup>15</sup>

In the next few minutes I'm going to propose five different views of rural America and then talk briefly about the outlook for each. These five views are useful frameworks for examining the various opportunities and needs of rural communities; they are not the best or only ways of categorizing various parts of the nation. Some parts of the country may fall in more than one category, and there are certainly other ways to look at rural communities.

The five views of rural America I'm going to use for my brief analysis and projections include: (1) natural resource and ag-focused areas, (2) manufacturing-focused areas, (3) poverty-focused areas, (4) lowest density areas, and (5) regions experiencing traumatic change.

**Natural Resource- and Ag-Focused Areas** include the approximately 500 agriculturally dependent counties that are located mainly in the Great Plains, with smaller concentrations in the lower Mississippi Delta and parts of the Intermountain West; the 105 mining-dependent counties that are concentrated primarily in the middle Appalachian region with the rest spread throughout the country with clusters in the West. There are also a number of timber-dependent counties and recreation-dependent areas.

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<sup>A</sup> Calculated by author based on U.S. Census, p. xii.

The outlook for these parts of the United States is mixed. Natural resource-dependent communities that are near urban areas have substantial opportunities to increase tourism and specialized value-added food and wood processing. At the same time, these areas are likely to experience the greatest conflict over differing environmental values. Suburban people, who are now the majority in the U.S., are likely to be highly suspicious of promises by farmers, forest products companies, and others that have traditionally controlled much of rural development in these areas.

Even as there are calls for more environmental regulation, these rural areas will continue to be exposed to many issues that are well beyond the farmstead and the woodlot. Tax policy, trade policy, and monetary policy will have much to say about the economic viability of natural resource-dependent areas in the next year and the next decade.

**Manufacturing-Focused Areas** cover the largest part of rural America—945 counties or approximately 40 percent.<sup>16</sup> These counties are largely located in the eastern two-thirds of the country with a small concentration in the Northwest. This part of rural America includes a mixture of businesses that are based on cheap labor and those based on some other competitive advantage. Rural communities that depend on cheap labor costs are not likely to fair well in the increasingly competitive global market. Rural manufacturing areas must compete based on quality and other competitive advantages, not tax give-aways and poor quality jobs. Like the natural resource-dependent areas, tax policy, trade policy, and monetary policy will have much to say about the economic viability of rural manufacturing areas.

There are about 500 counties that fall into the **persistent poverty** classification. These counties are most intensively clustered in the Deep South, the southern two-thirds of Appalachia, parts of the Ozarks, and in the West in areas with significant numbers of Native Americans or Hispanics. In many of these areas, farming is not currently a major source of personal income.<sup>17</sup> These areas are less affected by shifts in the international marketplace. Past economic development efforts in these areas have been largely unsuccessful. If these areas are to experience increased economic opportunity, it will require increased, highly strategic efforts involving all levels of government. Without such increased investments, these areas are likely to continue be pulled down by persistent poverty and the lack of opportunity.

The **Lowest Density Areas** exist almost entirely between the 100th Meridian and the eastern slope of the Pacific Coastal Mountain Range. This is the area that the Poppers' of Rutgers University have suggested as the "Buffalo Commons." The heart of this low-density region are the 396 counties of the Great Plains. In this area, people have been moving from the rural counties to the urban areas for almost every decade since 1930.<sup>18</sup> It is clear that this region has the potential of sliding into long-term economic difficulty. This region is highly dependent on agriculture and energy.<sup>19</sup> Simply relying on the marketplace is not likely to help this

region of the country during the next year or five years. New government initiatives will be required to ensure the economic viability of much of this part of rural America. The further an isolated county is from an urban concentration, the more fragile its economic future.

Finally, some portion of rural America will experience **traumatic change** during the next year; just as happened in the Upper Midwest with the floods of 1993 and in portions of the Northwest related to timber issues. It is difficult to estimate the size and location of these areas, but we are likely to have them in 1994. Possible candidates include tourist-dependent areas if energy prices increase sharply; the irrigated portions of the Central Valley of California if the fire problems and water shortages continue in more urban areas of that state; and the Upper Midwest again, given the high levels of soil moisture present at the end of the 1993 growing season. I'm sure each of us has our own candidates for 1994. Regardless, when these dramatic shifts occur, there will be pressure on USDA to respond.

In conclusion, let me say that the outlook for rural America and USDA is mixed. The diversity of rural America represents a major challenge to the federal government and USDA particularly. The natural resource-dependent parts of rural America will experience continuing pressure over environmental concerns. In general, however, these regions are well positioned to compete in an increasingly competitive world, especially if there is a "level playing field." The parts of rural America with the most scenic natural resources and special recreational and retirement amenities are likely to experience substantial growth and conflict. Manufacturing-dependent areas include highly competitive individual firms and some that are not likely to prosper. Government investment, tax, and capital policies can do much to help these parts of rural America. Two parts of the country need special attention and assistance from the federal government and USDA: the persistent poverty regions and the lowest density regions. The approaches to these special regions needs to be cooperative and tailored to meet local needs and market opportunities. Finally, some part of rural America will experience human-made or natural dramatic structural shifts. The Department needs to be ready to assist these areas.

All of this is in a national political environment that will be increasingly dominated by the suburban voter and their representatives. The Department and rural leaders will need to create new alliances to succeed in these more complex times.

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