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ON EMPLOYMENT PROSPECTS FOR RURAL COMMUNITIES.

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THE APPEAL OF LOW LABOR COSTS IS SEEN AS THE MAIN INFLUENCE OF INDUSTRY'S DECENTRALIZED EXPANSION. THIS EXPANSION HAS NOT BEEN ENOUGH TO OFFSET AGRICULTURAL EMPLOYMENT DECLINES. THUS, A NET MIGRATION TO URBAN AREAS, DRAINING THE MORE REMOTE RURAL AREAS, IS STILL NECESSARY. IMPLICATIONS FOR RURAL AREAS INCLUDE BETTER PUBLIC EDUCATION AND A REDUCTION OF UNEMPLOYMENT. TABLES ILLUSTRATING FOUR ASPECTS OF THE TEXT ARE INCLUDED. THIS PAPER WAS PREPARED FOR PRESENTATION AT THE NATIONAL CONFERENCE ON PROBLEMS OF RURAL YOUTH IN A CHANGING ENVIRONMENT (SEPTEMBER 1963). (SF)

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INTRODUCTION

The occupational distributions of urban and rural work force are becoming increasingly similar. At present, most differences are small. Among farm residents, agriculture accounts for only about 60 percent of employment. As shown in Table 1, a re-shuffling of only about one person in ten would be needed to achieve identical distributions of nonagricultural employment among urban, farm, and rural-nonfarm residents.

Recent labor force and population changes have made rural society more like that of urban society. Total nonagricultural employment in the United States rose from 49.3 million to 60.3 million during the 1950's. Contributing to the rise was a 23 percent increase in employment of urban people which was not much greater than the 19 percent increase in nonagricultural employment of rural people.

Increases in employment of urban people have been associated with growth in the urban population--from natural increase, migration, and with the reclassification of places from rural to urban. Reclassification reflects suburban expansion around growing towns and cities. While much suburban expansion was due to people moving out from growing centers, rural youths coming of age in the affected areas contributed to an expanding urban labor force.

While the rural labor force is becoming more like the urban, important demographic characteristics still differentiate many rural and urban areas. Moreover, there are significant demographic variations among rural areas. Such differences tend to be associated with distance from urban centers. Like places reclassified from rural to urban, urban employment of rural residents living in areas near urban centers also increased as persons moved out from these centers.[2/] Concentrations of rural residents cluster around most large urban centers such as the Standard Metropolitan Statistical Areas. Rural fringes to metropolitan areas are areas of rapid population growth and increased nonagricultural employment, whereas rural areas more removed from metropolitan centers lag greatly in the growth of nonagricultural employment.

For instance, consider all counties which neither had towns of 50,000 or more persons nor touched other counties having such towns. Total employment in these outlying counties declined from 15.5 million in 1950 to 14.1 million in 1960. Agricultural employment declined by two million, so that the net effect was a slight increase in nonagricultural employment. However, the five percent increase in nonagricultural employment in these outlying counties was far below the 25 percent increase for the rest of

Table 1. Industry Group of Employed Urban and Rural Residents, 1960

Industry Group	Urban	Rural Nonfarm	Rural Farm
	Millions of Employed Persons		
Total	47.4	12.5	4.7
	Percentage Distribution		
Total	100.0%	100.0%	100.0%
Agriculture	.1	7.6	60.2
Forests, Fish, and Mining	.7	3.0	.9
Construction	5.5	3.2	3.7
Manufacturing	28.2	28.7	12.0
Furniture	1.0	3.8	1.9
Metals	4.3	3.4	1.1
Machinery	5.2	4.2	1.6
Vehicles	3.1	2.3	.9
Other Durables	2.2	2.2	.7
Food Processing	2.9	2.8	1.6
Textile	1.2	2.8	1.0
Apparel	1.8	1.9	1.4
Printing	2.1	1.0	.3
Chemicals	1.4	1.4	.0
Other Manufacturing	2.8	2.9	1.1
Transport, Communications, and Utilities	7.6	6.2	2.4
Wholesale Trade	3.9	2.6	1.2
Retail Trade	15.8	14.3	5.7
Services	14.9	11.1	4.8
Education, Professional	18.1	14.9	6.9
Other	4.5	3.0	2.1

Table 2. Industry Group Changes from 1950 to 1960, All of U. S. and Outlying Counties*

Industry Group	All of U. S. 1960 (000)	All of U. S. Percent Change from 1950	Outlying Counties 1960 (000)	Outlying Counties Percent Change from 1950
Total	64,639	15%	14,116	- 9%
Agriculture	4,257	-38%	2,409	-46%
Forests, Fish, and Mining	747	-29%	402	-29%
Construction	3,816	+11%	927	- 4%
Manufacturing	17,513	+20%	2,833	+13%
Furniture	1,067	-10%	484	-24%
Metals	2,517	-26%	218	+19%
Machinery	3,055	+47%	318	+60%
Vehicles	1,819	+35%	115	+77%
Other Durables	1,371	+21%	209	+20%
Food Processing	1,822	+30%	365	+30%
Textile	954	-23%	283	-11%
Apparel	1,159	+ 9%	238	+75%
Printing	1,141	+34%	148	+32%
Chemicals	865	+31%	132	+13%
Other Manufacturing	1,743	+ 9%	322	+ 7%
Transportation, Communication, and Utilities	4,458	+ 2%	858	-13%
Wholesale Trade	2,213	+12%	354	- 3%
Retail Trade	9,580	+12%	2,127	+ 2%
Services	8,667	+27%	1,650	+ 3%
Educational, Professional	10,781	+51%	2,196	+29%
Other	2,608	+210%	361	+30%

* Outlying counties include all counties which are neither in Standard Metropolitan Statistical Areas nor contiguous with these areas.

the United States. Table 2 gives a comparison of changes from 1950 to 1960 in employment by industries for the outlying counties as compared with the United States.

The slight increase in nonagricultural employment in these outlying counties was concentrated largely in cities having between 10,000 and 50,000 persons. Places under 2,000 persons declined slightly, whereas those having between 2,000 and 10,000 remained relatively stable in size during the past decade.

The picture that emerges is one of rural growth around centers extending to some more removed places, but with growth becoming weaker with distance from the large metropolitan areas. Finally, declining places are reached, as reflected in the losses in population by nearly half the 3,000 counties in the United States.[37] Counties having a net decline in population include those that are still primarily dependent upon agriculture and are located in the most isolated parts of the country.

Rural America always was a varied place, and as formerly, continues to be affected by the nation's most important economic changes. At one pole is the rapidly growing urban-oriented portion of the rural population; at the other is the more sluggish nonurban-oriented segment.

CAUSES OF LOCATION SHIFTS

If the United States were a galaxy, an astronomer might report a tendency toward outward expansion. The expansion would appear to be emanating from the dense focus of employment in the Northeast and North Central regions with southerly and westerly vectors.

Partly because the aircraft industry provided the base for the space-age expansion, the West and Southwest have shared in the most rapidly growing activities. Climate, a factor in the original location of the aircraft industry, has represented a further attraction for the location of research and development activities. For research and development, neither the location of purchased materials nor of markets are dominant considerations as they are for much of manufacturing. Certain rapidly growing manufacturing activities, such as petrochemicals, have had natural resource orientations favoring the Gulf Coast. Electrical machinery, another fast-growing component of manufacturing, has been attracted to the Southeast by labor supplies. The attractive labor supply in the Southeast has indured some industries to relocate there, as, for example, the apparel industry. Even more striking is the increase in textile employment in the South in view of the over-all national decline in face of competition of other nations.[47]

Looking closer, the astronomer would find that the southward and westward expansion for the nation was accompanied by strong centriputal tendencies of the expanding parts. Once again we encounter the increase of rural population around urban centers, accompanied by the drain from the more isolated rural areas.

Why does the size of the collecting nodes go down to places of 10,000 but not significantly below that? This size may represent a balance between cohesive versus decentralizing forces. Some of the same tendencies that have made industry expand to western and southern regions have made it expand around smaller places within the growing regions.

The search for low cost labor is not simply regional but it is pervasive and extends to smaller centers. As can be seen in Table 2, industries growing most rapidly in the outlying counties are those for which the major cost component is low-skill labor.

Truck transportation and an improving highway system make it increasingly feasible to move plants to people.

Manufacturers particularly attracted to outlying areas have been induced to shift regionally because their customers are shifting regionally. This helps to explain moves to customer-oriented manufacturers of intermediate and final goods who have demands for space, natural resources and waste disposal which can be satisfied in outlying areas. Important examples are moves to the South of synthetics as part of the textile-complex move.5.

Opposing these tendencies are the counter tendencies of cohesion. These prevent decentralization from spreading manufacturing activity to people and raw materials willy-nilly, wherever they may be.

There are minimum facilities not likely to be encountered in extremely small places. Highway or railroad access is needed, and so are possibilities for servicing of equipment and reasonably good facilities for rapid communication with other centers where suppliers, customers or home office may be located. Labor must occur in large enough concentrations so that a good supply is within commuting range.

As a group, the industries with particular demands for the space, natural resources and waste disposal available in outlying areas have not had an overall large growth rate.6/

We have yet to mention the major reasons that almost half the counties had population declines between 1950 and 1960. The counties with the declines were overwhelmingly located in the outlying and predominately agricultural areas. In terms of numbers of persons, the biggest single agricultural influence was associated with cotton production. Mechanization led to the decline in cotton acreage in the Southern Piedmont and eliminated the need for large amounts of labor in cotton production in the Delta and other areas where cotton continues to flourish. The nonwhite exodus from agriculture is largely explained by these developments. Also, many whites left cotton farms, particularly in East Texas.

The 30 percent decline in number of farms during the fifties occurred because of farm enlargement and consolidation of commercial farms as people left agriculture throughout the country. The pronounced decline in noncommercial farms producing very little lies behind population declines in

such places as Appalachia, the Ozarks, and Southern Iowa.

For every decline of one family in farming there may have been on an average an additional decline of one family in the same or adjoining county due to volume losses in local retailing and other businesses serving farmers. Loss of jobs due to increasing productivity and centralization of wholesaling and retailing was less important in contributing to population losses. A less important influence, too, was job gain due to selling the increased amounts of fertilizers, concentrates and insecticides in connection with scientific advances in farming.[7]

Unemployment at the national level has been adversely affecting rural youths, particularly because of their lower levels of education and lack of job skills. The unskilled worker bears the heaviest brunt of unemployment resulting from present slackness of national aggregate demand.[8] In times of slack demand, farms lay off the least experienced and least valuable workers. As demand and production pick up, these workers are hired last. Unfortunately, many rural youths just coming into the labor force have precisely the characteristics that make them hired-last workers.

There is unemployment of plant and equipment as well as labor. Just as rural youth is marginal in the labor force, many rural areas are marginal as plant sites. This was implied by the analysis of manufacturing location already given. Any new growth point tends to be marginal if growth slows, and this is particularly true for remoter places where growth forces are weakest. Growth and relocation to outlying areas will be gradual until demand catches up with existing excess capacity of plant and equipment.

Agricultural and nonagricultural employment of persons living in outlying counties is shown in Table 3 for each State. In the Northeast, with the exception of New York, declines in nonagriculture employment reenforced those in farming. The North Central presents a mixed picture of moderate increases and decreases in nonagriculture employment in outlying counties. Only one of the increases (Ohio) is great enough to offset the declines in agricultural employment. Outlying counties of the Mountain region, with the exception of Montana, are the only group to show pronounced net employment expansions, but not have enough employment to strongly affect national totals. Trends in outlying counties in Pacific Coast States are mixed.

For the most part there were large increases in outlying nonagriculture in the South, although large decreases occurred in Virginia, West Virginia, and Texas. The South had the greatest decline in outlying agricultural employment, so that in spite of large nonagriculture increases there was, for the most part, a net decline in total outlying employment.

The employments' changes just described are consistent with the idea that appeal of low labor costs was the main influence in the increases in outlying employment. While the outlying counties have not equalled the nation as a whole in nonagricultural employment growth, there has been significant expansion in that direction. And because expansion in nonagricultural employment generally has occurred in the same areas having

Table 3. Employed Persons in Outlying Counties, by State*

State	Agriculture		Non-Agriculture	
	1950	1960	1950	1960
	(000)	(000)	(000)	(000)
New England				
Maine	22	11	141	115
New Hampshire	6	3	68	56
Vermont	24	15	104	104
Massachusetts	**	**	**	**
Rhode Island	**	**	**	**
Connecticut	**	**	**	**
Middle Atlantic				
New York	36	28	223	291
New Jersey	**	**	**	**
Pennsylvania	27	15	224	209
East North Central				
Ohio	79	40	350	418
Indiana	90	53	364	374
Illinois	141	82	457	420
Michigan	57	25	220	247
Wisconsin	158	102	353	399
West North Central				
Minnesota	229	132	326	287
Iowa	163	125	270	298
Missouri	209	114	366	396
North Dakota	99	59	125	110
South Dakota	79	60	109	124
Nebraska	120	92	161	180
Kansas	121	79	246	274
South Atlantic				
Delaware	6	4	18	23
Maryland	37	24	271	421
Virginia	142	72	603	495
West Virginia	49	19	389	286
North Carolina	221	125	446	544
South Carolina	124	62	188	224
Georgia	229	97	486	617
Florida	72	33	269	294

(continued)

Table 3. Employed Persons in Outlying Counties, by State*
(continued)

State	Agriculture		Non-Agriculture	
	1950	1960	1950	1960
	(000)	(000)	(000)	(000)
East South Central				
Kentucky	210	109	359	387
Tennessee	176	93	384	471
Alabama	139	45	211	249
Mississippi	257	120	321	393
West South Central				
Arkansas	187	80	291	266
Louisiana	124	50	314	329
Oklahoma	115	45	243	211
Texas	292	146	730	625
Mountain				
Montana	54	31	164	133
Idaho	54	42	142	179
Wyoming	22	16	86	105
Colorado	47	30	110	143
New Mexico	28	15	94	123
Arizona	15	9	60	80
Utah	16	7	32	32
Nevada	7	4	57	20
Pacific				
Washington	46	33	210	240
Oregon	55	30	273	213
California	49	22	209	229

* Outlying counties include all counties which are neither in Standard Metropolitan Statistical Areas nor contiguous with these areas.

** No outlying counties.

the greatest declines in agricultural employment, rural areas now show a mixed pattern of urban-oriented and nonurban-oriented persons. By reaching out far--if not all the way--toward declining rural areas, industrialization has eased adjustment problems for some by creating new jobs near the homes of rural youth. But industrial expansion has not been nearly great enough to completely offset agricultural declines, so that net migration of youths from the outlying areas is still necessary.

1970 AND BEYOND

Changes in agricultural and nonagricultural employment in the near future will, unless unforeseen developments occur, follow those of the recent past. The National Planning Association looks for a continuation of the relative shifts of employment among regions that have been occurring in the last few years.9/ Agricultural employment will continue to decline and, consequently, will contribute to population losses in rural areas, especially in more remote rural areas. Release of labor from farms is the chief source of abundant labor supplies which have been attracting industries to some of the outlying regions. The South, for instance, not only has had the largest declines in agricultural employment, but also the largest increases in nonagricultural employment in outlying areas.

An earlier study projected a 30 percent decline in man-hours used in farming between 1960 and 1970.10/ Continued heavy out-migration from rural areas will occur. A two million net migration of all farm males five years old and over in 1960 was projected for the 1960-70 decade. It was estimated that only 3 out of 5 farm males in 1960 who survive to 1970 will be on farms by the end of the decade.

As in the past, the migration will be heavily concentrated among farm youth. For farm males 15 to 24 years old, it was concluded that:

> in the North Central and Northeast less than one-half of the surviving farm males 15 to 24 years old in 1960 might be expected to remain in the farm population over the next ten years. By the same logic, for the West, one of three may reamin. The ratio for Southern Whites is one in five. The extreme is found for Southern nonwhites, only one in sixteen of whom are expected to remain in the farm population.11/

Projections of off-farm migration for the 1960's have been worked out. Assume that approximately the same number of females will migrate from farms as males. Further, in line with the earlier discussion of local effects on retail and similar businesses, assume that off-farm migration induces about an equal amount of additional population decline in the same or neighboring counties. Then the estimated off-migration of two million farm males in the 1960's decade will tend to deplete the rural population by eight million persons. If not offset by expansion in nonagricultural employment, there would be a 15 percent decline in the rural population.

The regional breakdown of the eight million decline during the sixties is:

Northeast	.5 million
North Central	2.5 million
West	.7 million
South, White	2.9 million
South, Nonwhite	1.4 million

The South, with its net losses of population from areas that were rural in 1950, may come closer in the present decade to offsetting rural losses due to agriculture by growth in rural areas adjacent to urban centers. Agricultural losses are expected to be smaller (in absolute terms) than in the fifties, and the urban-oriented growth in 1960 started from a larger base, with prospects for at least as much momentum as occurred in the fifties.

Labor force growth in some of the smaller outlying centers which have had industrialization, may extend growth inducing forces to places even more remote from the large metropolitan centers. Nevertheless, the estimated depletion of rural population due to decline of agricultural employment will impinge more heavily on outlying areas than elsewhere. The prospective agricultural decline will still be large enough to ensure that substantial population declines will continue to occur in remote areas.

IMPLICATIONS

Two implications stand out as fundamental and applicable to virtually all rural areas:

1. Curriculum and quality needs in public education are similar the country over. Rural youths will continue to migrate out of their native areas. This paper indicates that those who do not migrate will face similar industrial choices and hence similar educational needs to those who do.

2. Reduction of unemployment, more than any other single policy step, would aid rural youth currently entering the labor market. Rural youth are often marginal workers in the labor market. They have difficulty finding jobs in industrial centers, and slackness of aggregate demand is slowing the rate at which local area growth brings jobs to them closer to home.

The remaining implications pertain to narrower policies focusing on particular problem situations in rural areas:

3. In addition to the general role of public education mentioned above, education can play a special role in local economic development. A well-educated labor supply is attractive to potential industrial locators. Educational programs aiming at local development might do best to concentrate on vocational training. The idea that this training should be limited primarily to preparation for agriculture-related industries is not suggested by the employment outlook in these

industries. The expansion in number of jobs in these industries is small in relation to the number of migrants leaving farms.[12/] Vocational training for a variety of nonagricultural jobs can be an attraction to employers by reducing their turnover costs through screening of potential employees, and their on-job training costs will be reduced. In the longer run, education will help shape community attitudes toward a progressive outlook conducive to community decisions favoring economic development.

4. Location of military, defense, and other government activities as an instrument of rural policy was not emphasized in this paper. Yet dramatic population effects often are associated with these activities, and rural areas frequently are as suitable as others for these activities.

5. The analysis of extending growth to outlying areas suggests the importance of roads to local development. Here is a policy focus that remains untapped.

6. There is need for identifying which remote areas still have productive labor pools that are in danger of being lost because of lack of nonagricultural opportunities. A major aim of rural development could be to reduce impediments to development of such areas. In choosing this aim, the implicit decision would be not to concentrate on places that have already lost their productive labor nor on places that are favorably enough situated so that they are already urban-oriented and will develop anyway. Program effectiveness would be increased by more massive concentration of effort on fewer areas. In achieving this, loans and the other tools of present programs need to be supplemented by the additional policy tools discussed in this list of implications.

7. In contrast to areas which still have productive labor pools, there are communities which are already essentially drained of productive population or have no hope of avoiding such developments. The most telltale characteristic is the inward-cupping population pyramid. Because the areas still have middle-aged people, there are still children. The inward cup tends to be in the 18 to 40 ages, due to out-migration. The relative financial burden of relief is great because the unproductive are left, and the tax base to support education of young is relatively low.

This paper indicates that remoter agricultural areas will continue to generate these situations. The recommendation to concentrate area development efforts elsewhere should not be taken as a recommendation to forget the more tepid, stale, eddy backwaters of the economy. Rather, they should be recognized as needing special relief and educational aid. The people left are for the most part victims of adjustments associated with great agricultural progress. Particularly as regards the children, neither justice nor productivity considerations favor letting the people get further out of the mainstream of American living. Recognizing these areas would be part of a more general recognition that there are several distinctly different types of rural areas, each calling for a separate set of policies.

FOOTNOTES

1. Valuable assistance was received from S. G. Ponder. Calculations were made possible by the Agricultural Policy Institute. Figures are from United States population censuses unless other sources are given.

2. There was probably more than .7 million employment of people living in the places that changed from rural to urban between 1950 and 1960. Therefore, the net .7 million decline in employment of rural people resulted from an increase for places that were rural in both 1950 and 1960 minus the loss due to substraction of places no longer defined as rural.

3. A study of population changes states that "rural population has grown where the urban population is most numerous, but has declined in the least urban areas. The existence of a large, dense, and growing urban population in a region tends to create conditions of population growth in rural counties of the same region," Beale, Calvin L. and Bogue, Donald J. Recent Population Trends in the United States with Emphasis on Rural Areas, Agricultural Economic Report No. 23, Economic Research Service, USDA, January 1963, p. 14.

4. A further discussion of regional trends is contained in Fuchs, V. R. Changes in the Location of Manufacturing in the United States since 1929, New Haven, Yale University Press, 1962.

5. This point is emphasized by Wallace, L. T. and Ruttan, V. W. "Area Development and Industrial Decentralization," Agricultural Policy Review, July 1962, Vol. 2, pp. 8-9.

6. Ibid.

7. The judgments in this paragraph are based on (a) consideration of proportions of employment, in predominantly rural areas, in service activities and (b) local-multiplier studies from regional analysis not particularly concerned with agriculture. The decline of employment in agriculture has been the single most important impetus to net movements of people among areas within the United States for several decades. Yet there are almost no estimates of the overall effects of this kind of impetus. For one study see Bauder, W. W. The Impact of Population Change on Rural Community Life--The Economic System, Extension Service, Iowa State University, November 1962.

8. This is a period of slack national aggregate demand in the sense that significantly more goods and services could be produced if all those wishing to work at prevailing earnings levels could find work. Aggregate demand could be increased by monetary-fiscal measures giving a different combination of federal expenditures, taxes, interest rates, and balance of payments effects.

9. National Planning Association. Regional Projections to 1976, Technical Supplement No. 8, National Economic Projection Series, February, 1962.

10. Bishop, C. E., and Tolley, G. S. Manpower in Farming and Related Occupations, Prepared for the President's Panel of Consultants on Vocational Education, July, 1962.

11. Ibid., pp. 15-16.

12. Bishop and Tolley, op. cit., pp. 17-19.