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THE PEOPLE LEFT BEHIND, A REPORT BY THE PRESIDENT'S NATIONAL ADVISORY COMMISSION ON RURAL POVERTY.

BY- BREATHITT, EDWARD T.
NATIONAL ADVISORY COMMISSION ON RURAL POVERTY

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OUR NATION IS PLAGUED WITH RURAL POVERTY EXTENDING THROUGH MOST AREAS OF OUR COUNTRY AND ENCOMPASSING SOME 14 MILLION RURAL PERSONS. THIS TOTAL NUMBER WOULD BE EVEN LARGER IF SO MANY RURAL PERSONS HAD NOT MIGRATED INTO THE URBAN AREAS OF OUR COUNTRY. THE RURAL POOR POPULATION IS CHARACTERIZED BY--LOW INCOME, A HIGHER UNEMPLOYMENT RATE (4 PERCENT NATIONALLY AND 18 PERCENT FOR RURAL AREAS), LOW EDUCATIONAL ATTAINMENT, POOR HOUSING, HUNGER, MALNUTRITION, AND A HIGHER INFANT MORTALITY RATE THAN AMONG THE LEAST PRIVILEGED GROUP IN URBAN AREAS. THE PRESIDENT'S NATIONAL ADVISORY COMMISSION ON RURAL POVERTY HAS CHARTED A COURSE TO ELIMINATE RURAL POVERTY, AS NOTED IN THE FOLLOWING RECOMMENDATIONS--(1) THE U.S. SHOULD ADOPT AND EFFECT A POLICY OF EQUAL OPPORTUNITY FOR ALL PEOPLE, (2) THE NATIONAL POLICY OF FULL EMPLOYMENT, INAUGURATED IN 1946, SHOULD BE MADE EFFECTIVE, (3) OUR FEDERAL GOVERNMENT SHOULD ASSURE ALL PEOPLE ENOUGH INCOME FOR A DECENT LIVING, (4) MANPOWER POLICIES AND PROGRAMS SHOULD BE REVAMPED, (5) RURAL EDUCATION SHOULD BE IMPROVED, (6) BETTER HEALTH SERVICES WITH FAMILY PLANNING SHOULD BE PROVIDED, (7) AN IMPROVEMENT SHOULD BE MADE IN RURAL HOUSING, AND (8) MULTICOUNTY DISTRICTS SHOULD BE FORMED TO PLAN COOPERATIVELY AND COORDINATE PROGRAMS FOR ECONOMIC DEVELOPMENT. THIS BOOK IS AVAILABLE FOR $1.00 FROM THE SUPERINTENDENT OF DOCUMENTS, GOVERNMENT PRINTING OFFICE, WASHINGTON, D.C., 20402. (ES)

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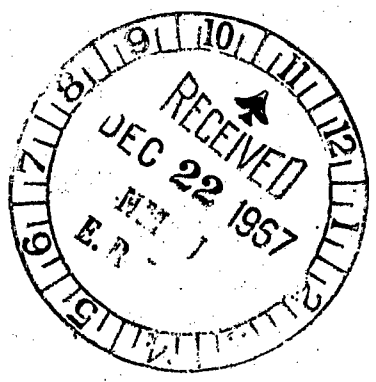

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Washington, D.C.

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To The President:

We have the honor to submit to you, through your Committee on Rural Poverty, the Report of the National Advisory Commission on Rural Poverty. This is in response to your instructions to the Commission as given in Executive Order 11306 of September 27, 1966.

You will note from the signatures below that this Report was unanimously approved by the members of the Commission.

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Task of the Commission

In the President's Executive Order No. 11306, the National Advisory Commission on Rural Poverty was charged with the following responsibilities:

> To make a comprehensive study and appraisal of the current economic situations and trends in American rural life, as they relate to the existence of income and community problems of rural areas, including problems of low income, the status of rural labor, including farm labor, unemployment and underemployment and retraining in usable skills; rural economic development and expanding opportunities; sources of additional rural employment; availability of land and other resources; adequacy of food, nutrition, housing, health, and cultural opportunities for rural families; the condition of children and youth in rural areas and their status in an expanding national economy; the impact of population and demographic changes, including rural migration; adequacy of rural community facilities and services; exploration of new and better means of eliminating the causes which perpetuate rural unemployment and underemployment, low income and poor facilities; and other related matters.
>
> To evaluate the means by which existing programs, policies, and activities relating to the economic status and community welfare of rural people may be coordinated or better directed or redirected to achieve the elimination of underemployment and low income of rural people and to obtain higher levels of community facilities and services.
>
> To develop recommendations for action by local, State or Federal governments or private enterprise as to the most efficient and promising means of providing opportunities for the rural population to share in American's abundance.

Preface

In the Economic Opportunity Act of 1964 the Congress declared it to be the policy of the United States to obliterate poverty.

Since that date, antipoverty programs of unusual scope and variety have been developed and put into effect by Federal, State, and local governments and by numerous private organizations representing business, labor, church, and other interested groups. Many of these programs have had a significant effect. A heavy burden of poverty remains, however.

Most of the antipoverty effort has been aimed at urban poverty. Few of the new programs have had a major impact on rural America. Yet, as President Johnson indicated by his Executive order creating the National Advisory Commission on Rural Poverty, the problem of poverty in rural areas is so acute as to require immediate and special attention. The heavy migration from rural America to the blighted areas of our major cities clearly shows how bad economic and social conditions are in rural areas.

This Commission has assembled the facts of rural poverty and on the basis of these facts has made specific recommendations calling for major changes in our antipoverty programs. The Commission's objective is both to give immediate aid to the rural poor and to attack the causes of their poverty.

Chapters 1 and 2 of this report focus sharply on current conditions in rural America and on the urgent need for action. The relationship between the poverty in our central cities and in rural areas is clearly established, and the Commission emphasizes the futility of attempts to solve the urban problem without comparable efforts to solve the rural problem.

Chapters 3 through 14 examine specific rural problems—unemployment, health, education, housing, deteriorating communities, existing government programs—and suggest both new programs and changes in current ones. The Commission's recommendations call for specific action by all units of government—local, State, and Federal—as well as by private groups and individual citizens.

Before framing its recommendations the Commission obtained information from numerous sources, public and private. The firsthand testimony of the rural poor was sought and obtained at public hearings. The Commission's staff assembled and analyzed data made available by numerous institutions, including Federal, State, and local agencies. Also members of the staff and leading authorities outside the staff conducted original research for the Commission.

In three public hearings the Commission received oral testimony from 105 witnesses. In addition, many papers were submitted for the record. These hearings were conducted at Tucson, Ariz., on January 26 and 27, 1967, at Memphis, Tenn., on February 2 and 3, and at Washington, D.C., on February 15, 16, and 17. The Commission also heard testimony at Berea, Ky., on conditions in eastern Kentucky, and in Puerto Rico and the Virgin Islands. Verbatim transcripts of the hearings will be published.

In addition, the Commission has made arrangements with some of the best qualified students of rural poverty in the United States to prepare 45 technical

papers on specific aspects of the problem. Some of these background papers will be published later in a separate volume.

In its meetings the Commission deliberated as a body to assess the facts of rural poverty and to arrive at its recommendations. The Commission was given detailed information on each facet of the rural problem. The recommendations in this report, accordingly, reflect the judgment of the members of the Commission.

While some of the recommendations may not be applicable to all parts of the continental United States, and some are not applicable to Puerto Rico and the Virgin Islands, it is believed that most of the recommendations can be applied nationwide.

The Commission desires to express special appreciation for the excellent cooperation given by those individuals who served as liaison with departments and agencies of the Federal Government. The contribution made by the departments in providing the Commission with data and with information on current programs was particularly valuable.

Summary

This report is about a problem which many in the United States do not realize exists. The problem is rural poverty. It affects some 14 million Americans. Rural poverty is so widespread, and so acute, as to be a national disgrace, and its consequences have swept into our cities, violently.

The urban riots during 1967 had their roots, in considerable part, in rural poverty. A high proportion of the people crowded into city slums today came there from rural slums. This fact alone makes clear how large a stake the people of this nation have in an attack on rural poverty.

The total number of rural poor would be even larger than 14 million had not so many of them moved to the city. They made the move because they wanted a job and a decent place to live. Some have found them. Many have not. Many merely exchanged life in a rural slum for life in an urban slum, at exorbitant cost to themselves, to the cities, and to rural America as well.

Even so, few migrants have returned to the rural areas they left. They have apparently concluded that bad as conditions are in an urban slum, they are worse in the rural slum they fled from. There is evidence in the pages of this report to support their conclusion.

This Nation has been largely oblivious to these 14 million impoverished people left behind in rural America. Our programs for rural America are woefully out of date.

Some of our rural programs, especially farm and vocational agriculture programs, are relics from an earlier era. They were developed in a period during which the welfare of farm families was equated with the well-being of rural communities and of all rural people. This no longer is so.

They were developed without anticipating the vast changes in technology, and the consequences of this technology to rural pepole. Instead of combating low incomes of rural people, these programs have helped to create wealthy landowners while largely bypassing the rural poor.

Most rural programs still do not take the speed and consequences of technological change into account. We have not yet adjusted to the fact that in the brief period of 15 years, from 1950 to 1965, new machines and new methods increased farm output in the United States by 45 percent—and reduced farm employment by 45 percent. Nor is there adequate awareness that during the next 15 years the need for farm labor will decline by another 45 percent. Changes like these on the farm are paralleled on a broader front throughout rural America, affecting many activities other than farming and touching many more rural people than those on farms.

In contrast to the urban poor, the rural poor, notably the white, are not well organized, and have few spokesmen for bringing the Nation's attention to their problems. The more vocal and better organized urban poor gain most of the benefits of current antipoverty programs.

Until the past few years, the Nation's major social welfare and labor legislation largely bypassed rural Americans, especially farmers and farmworkers. Farm people were excluded from the Social Security Act until the mid-1950's. Farmers, farmworkers, and workers in agriculturally related occupations are still excluded from other major labor legislation, including the unemployment insurance programs, the Labor-Management Relations Act, the Fair Labor Standards Act, and most State workman's compensation acts.

Because we have been oblivious of the rural poor, we have abetted both rural and urban poverty, for the two are closely linked through migration. The hour is late for taking a close look at rural poverty, gaining an understanding of its consequences, and developing programs for doing something about it. The Commission is unanimous in the conviction that effective programs for solving the problems of rural poverty will contribute to the solution of urban poverty as well.

The facts of rural poverty are given in detail later in this report. They are summarized in the paragraphs that follow.

Rural poverty in the United States has no geographic boundaries. It is acute in the South, but

it is present and serious in the East, the West, and the North. Rural poverty is not limited to Negroes. It permeates all races and ethnic groups. Nor is poverty limited to the farm. Our farm population has declined until it is only a small fraction of our total rural population. Most of the rural poor do not live on farms. They live in the open country, in rural villages, and in small towns. Moreover, contrary to a common misconception, whites outnumber nonwhites among the rural poor by a wide margin. It is true, however, that an extremely high proportion of Negroes in the rural South and Indians on reservations are destitute.

Hunger, even among children, does exist among the rural poor, as a group of physicians discovered recently in a visit to the rural South. They found Negro children not getting enough food to sustain life, and so disease ridden as to be beyond cure. Malnutrition is even more widespread. The evidence appears in bad diets and in diseases which often are a product of bad diets.

Disease and premature death are startlingly high among the rural poor. Infant mortality, for instance, is far higher among the rural poor than among the least privileged group in urban areas. Chronic diseases also are common among both young and old. And medical and dental care is conspicuously absent.

Unemployment and underemployment are major problems in rural America. The rate of unemployment nationally is about 4 percent. The rate in rural areas averages about 18 percent. Among farmworkers, a recent study discovered that underemployment runs as high as 37 percent.

The rural poor have gone, and now go, to poor schools. One result is that more than 3 million rural adults are classified as illiterates. In both educational facilities and opportunities, the rural poor have been shortchanged.

Most of the rural poor live in atrocious houses. One in every 13 houses in rural America is officially classified as unfit to live in.

Many of the rural poor live in chronically depressed poverty-stricken rural communities. Most of the rural South is one vast poverty area. Indian reservations contain heavy concentrations of poverty. But there also are impoverished rural communities in the upper Great Lakes region, in New England, in Appalachia, in the Southwest, and in other sections.

The community in rural poverty areas has all but disappeared as an effective institution. In the past the rural community performed the services needed by farmers and other rural people. Technological progress brought sharp declines in the manpower needs of agriculture, forestry, fisheries, and mining. Other industries have not replaced the jobs lost, and they have supplied too few jobs for the young entries in the labor market. Larger towns and cities have taken over many of the economic and social functions of the villages and small towns.

The changes in rural America have rendered obsolete many of the political boundaries to villages and counties. Thus these units operate on too small a scale to be practicable. Their tax base has eroded as their more able-bodied wage earners left for jobs elsewhere. In consequence the public services in the typical poor rural community are grossly inadequate in number, magnitude, and quality. Local government is no longer able to cope with local needs.

As the communities ran downhill, they offered fewer and fewer opportunities for anyone to earn a living. The inadequately equipped young people left in search of better opportunities elsewhere. Those remaining behind have few resources with which to earn incomes adequate for a decent living and for revitalizing their communities.

For all practical purposes, then, most of the 14 million people in our poverty areas are outside our market economy. So far as they are concerned, the dramatic economic growth of the United States might as well never have happened. It has brought them few rewards. They are on the outside looking in, and they need help.

Congress and State legislatures from time to time have enacted many laws and appropriated large sums of money to aid the poverty stricken and to help rural America. Very little of the legislation or the money has helped the rural poor. Major farm legislation directed at commercial farms has been successful in helping farmers adjust supply to demand, but it has not helped farmers whose production is very small. And because the major social welfare and labor legislation has descriminated against rural people, many of the rural poor—farmers and farmworkers particularly—have been denied unemployment insurance, denied the right of collective bargaining, and denied the protection of workman's compensation laws.

This Commission questions the wisdom of massive public efforts to improve the lot of the poor

in our central cities without comparable efforts to meet the needs of the poor in rural America. Unfortunately, as public programs improve the lot of the urban poor, without making similar improvements in conditions for the rural poor, they provide fresh incentive for the rural poor to migrate to the central cities. The only solution is a coordinated attack on both urban and rural poverty.

The Commission has endeavored to chart a course to wipe out rural poverty. Emphasis has been placed on the problems of poor rural people, and problems of impoverished rural communities. Changes in existing programs and the development of new programs are considered. Action on the immediate needs of the rural poor is emphasized, as well as action to change the conditions which make them poor. Human development and the physical resources needed for this development are stressed. Improving the operation of the private economy in order to provide rural people with better opportunities for jobs and a decent living is emphasized.

It is the firm conviction of the Commission that the complexity of the problems of rural poverty preclude the success of a single program or approach. Programs addressed to immediate needs will not erase the underlying conditions creating and perpetuating rural poverty. Programs addressed to these conditions will not immediately help the poor. The Commission's recommendations complement and reinforce one another. In total, the recommendations will go far to solve the problems of rural poverty.

The Commission is convinced that the abolition of rural poverty in the United States, perhaps for the first time in any nation, is completely feasible. The nation has the economic resources and the technical means for doing this. What it has lacked, thus far, has been the will. The Commission rejects the view that poverty, in so rich a nation, is inevitable for any large group of its citizens.

Elsewhere in this report there appear the recommendations of the Commission in detail. These recommendations call for action by all branches of government—local, State, and Federal—as well as by private individuals and groups. The major thrust of the recommendations is discussed briefly in the paragraphs that follow.

(1) The Commission recommends that the United States adopt and put into effect immediately a national policy designed to give the residents of rural America equality of opportunity with all other citizens. This must include equal access to jobs, medical care, housing, education, welfare, and all other public services, without regard to race, religion, or place of residence.

(2) The Commission recommends, as a matter of urgency, that the national policy of full employment, inaugurated in 1946, be made effective. The need is even greater in rural areas than in urban areas. The Commission urges that this need be given priority in legislation and appropriations. To the extent that private enterprise does not provide sufficient employment for all those willing and able to work, the Commission believes it is the obligation of government to provide it.

(3) The Commission believes that the United States has the resources and the technical means to assure every person in the United States adequate food, shelter, clothing, medical care, and education and, accordingly, recommends action toward this end. Millions of rural residents today are denied the opportunity of earning a living. The Commission believes it is the obligation of society and of government, to assure such people enough income to provide a decent living. In order to achieve this, basic changes are recommended in public assistance programs.

In some rural areas of the United States there is not only malnutrition but hunger. Existing public programs for food distribution to those in need have failed to meet the need. The Commission recommends that the food stamp program be expanded nationwide and that eligibility be based upon per capita income. Food stamps should be given to the poorest of the poor without cost.

(4) The Commission recommends a thorough overhauling of our manpower policies and programs, particularly including public employment services, in order to deal effectively with rural unemployment and underemployment. The Commission deplores the fact that the richest, most powerful nation in history compels millions of its citizens to engage in aimless wandering in search of jobs and places to live. The recommendations of the Commission aim at a comprehensive and active manpower program which can be an effective weapon against poverty.

(5) The Commission recommends extensive changes in our rural education system, ranging from preschool programs to adult education. Rural schools must be brought up to par with urban schools. The educational system must reclaim

youth and adults who drop out before obtaining sufficient education to cope with the complexities of today's world. An educational extension service is recommended to help teachers and schools meet the needs of all students.

(6) The Commission is deeply concerned at the evidence of disease and the lack of medical care in rural areas. The Commission, therefore, recommends rapid expansion of health manpower—both professional and subprofessional—in rural areas, and the establishment of Community Health Centers which can focus on the health needs of rural people.

(7) The Commission recommends development and expansion of family planning programs for the rural poor. Low income families are burdened with relatively numerous children to feed, clothe, and house. They are prepared psychologically to accept family planning. As a matter of principle, they are entitled to facilities and services to help them plan the number and spacing of their children.

(8) The Commission recommends immediate action to provide housing in rural areas by public agencies and puts special emphasis on a program providing rent supplements for the rural poor. The Commission further recommends that a single unified housing agency be made responsible for housing programs in rural areas and that credit terms be made more responsive to need. The Commission also urges a substantial increase in appropriations for Indian housing.

(9) The Commission believes that the overlapping patchwork of districts, organizations, plans, and programs for development impedes the economic development of lagging and poverty-stricken areas and regions. It, therefore, recommends the creation of multicounty districts, cutting across urban-rural boundaries, to cooperatively plan and coordinate programs for economic development. To finance development, the Commission recommends Federal grants, loans, and industrial development subsidies, as well as State and local tax reform.

(10) The Commission believes that without citizen responsibility, which includes the active involvement and participation of all, antipoverty and economic development programs will flounder. Therefore, the Commission recommends that increased attention be given to involving the poor in the affairs of the community, on both local and areawide levels. Specific suggestions are made for improving the effectiveness of the antipoverty programs of the Office of Economic Opportunity and the Department of Agriculture.

(11) The Commission recommends that the Federal Government re-examine its commercial farm programs in order to make sure that adjustments in the supply of farm products are not made at the expense of the rural poor. Public programs are recommended to enlarge small farm operations and to retire submarginal land from commercial production, but with safeguards protecting the interest of low income families living on submarginal land. The Commission also recommends that the development of additional farmland with public funds cease until the nation's food and fiber needs require this development.

(12) Without effective government at all levels, the recommendations in this report will not result in the eradication of rural poverty. The Commission recommends changes in program development and administration to facilitate and encourage the effective involvement of local, State, and Federal governments.

Statement of Beliefs

The National Advisory Commission on Rural Poverty has made its recommendations on the basis of specific beliefs to which all members of the Commission subscribe. These beliefs are as follows:

1. The United States today has the economic and technical means to guarantee adequate food, clothing, shelter, health services, and education to every citizen of the Nation.

2. Involuntary tragedy is a tragedy under any circumstances and poverty in the midst of plenty is both a tragedy and a social evil.

3. The rural poor are not a faceless mass. They are individual human beings. All programs designed to eliminate poverty must therefore give paramount consideration to the rights and the dignity of the individual.

4. Every citizen of the United States must have equal access to opportunities for economic and social advancement without discrimination because of race, religion, national origin, or place of residence.

5. Because rural Americans have been denied a fair share of America's opportunities and benefits they have migrated by the millions to the cities in search of jobs and places to live. This migration is continuing. It is therefore impossible to obliterate urban poverty without removing its rural causes. Accordingly, both reason and justice compel the allotment of a more equitable share of our national resources to improving the conditions of rural life.

6. All levels of government—local, State, and Federal—must accept responsibility for public measures to eliminate poverty and must be aware of the effect that any of their activities have on the poor.

7. Inasmuch as the consent of the governed is a basic tenet of American government, the rural poor must be given a voice in the planning and administration of public programs designed to eliminate poverty.

8. We can no longer evade the fact that far too high a proportion of our rural population is unemployed and that the national policy of full employment is not effective. We believe it to be an obligation of private enterprise and of government working together to provide employment at adequate wages for all persons able and willing to work.

9. The cost to the Nation of rural poverty is much too high to permit its continuance. We believe the time for action against rural poverty has arrived.

Contents

PART I

Chapter 1

The Fourteen Million

It is a shocking fact that in the United States today, in what is the richest nation in history, close to 14 million rural Americans are poor, and a high proportion of them are destitute. By their poverty they are deprived of freedom to share in our economic abundance.

We can no longer permit public policy to ignore the rural poor. For if we do, we shall see a continuing movement of rural people to our central cities. As the summer of 1967 illustrated, the slums and ghettos of the city breed hatred and violence, which is no solution to the problems of either city or country.

It is to the problems of the rural poor that this report is addressed. Who are the rural poor? Where are they? How poor are they? What can be done to wipe out their poverty?

It may surprise most Americans to know that there is more poverty in rural America, proportionately, than in our cities. In metropolitan areas, one person in eight is poor, and in the suburbs the ratio is one in 15. But in rural areas one of every four persons is poor (table 1).

Some 30 percent of our total population live in rural areas, but 40 percent of the nation's poor live there. Within this total there are nearly 3 million families, plus a million unattached persons.

Contrary to popular impression, all the rural poor do not live on farms, nor are all of them Negroes. Most live in small towns and villages. Only one in four of these rural families lives on a farm. And, of the 14 million rural poor, 11 million are white.

It is true that a higher proportion of Negroes than of whites are poor—three out of five rural nonwhite families are poor. They are heavily concentrated in some areas. In fact, 90 percent of them are clustered in the poorest counties in America. Low income white people are more widely scattered as well as more numerous.

TABLE 1.—*Persons in poverty, by rural and urban residence, March 1965*

Item	Persons at all income levels		Poor persons [1]		
	Number (millions)	Percent distribution	Number (millions)	Percent distribution	Percent poor
United States	189.9	100.0	33.7	100.0	17.7
Total rural	55.3	29.1	13.8	40.9	25.0
Farm	13.3	7.0	3.9	11.6	29.3
Nonfarm	42.0	22.1	9.9	29.4	23.6
Total urban	134.6	70.9	19.9	59.1	14.8
Small cities	27.1	14.3	6.4	19.0	23.6
Metropolitan areas	107.5	56.6	13.5	40.1	12.6
Central cities	58.6	30.8	10.2	30.3	17.4
Suburbs	48.9	25.8	3.3	9.8	6.7

[1] Income data relate to 1964. Poverty statistics presented here are preliminary estimates, based on the Social Security Administration poverty lines for urban and rural nonfarm, but using 85 percent rather than 70 percent as the farm-to-nonfarm ratio. The methods used in deriving this ratio and the above data are discussed in a technical report, to be published. Percentages may not add to 100 because of rounding.

Where are the Rural Poor?

It has become popular to talk of "pockets of poverty." The truth is there are no such things as pockets of poverty. Poverty refuses to stay in pockets. But there are areas of heavy concentration of rural poor. And there is a continuing exodus to towns and cities.

Poor people live everywhere, including cities, but some areas and regions have such heavy concentrations of rural poverty that they stand out. Much of the South, as shown in figure 1, has a heavy concentration of rural poverty. Outside of the South, Indian reservations, noticeably in the Southwest and the upper Great Plains, contain distinct concentrations of the rural poor, along with New England and the upper Great Lakes.

Within the South several areas of rural poverty can be distinguished. Appalachia perhaps has become best known in recent years, but there is also the Coastal Plain to the east, the Ozarks to the

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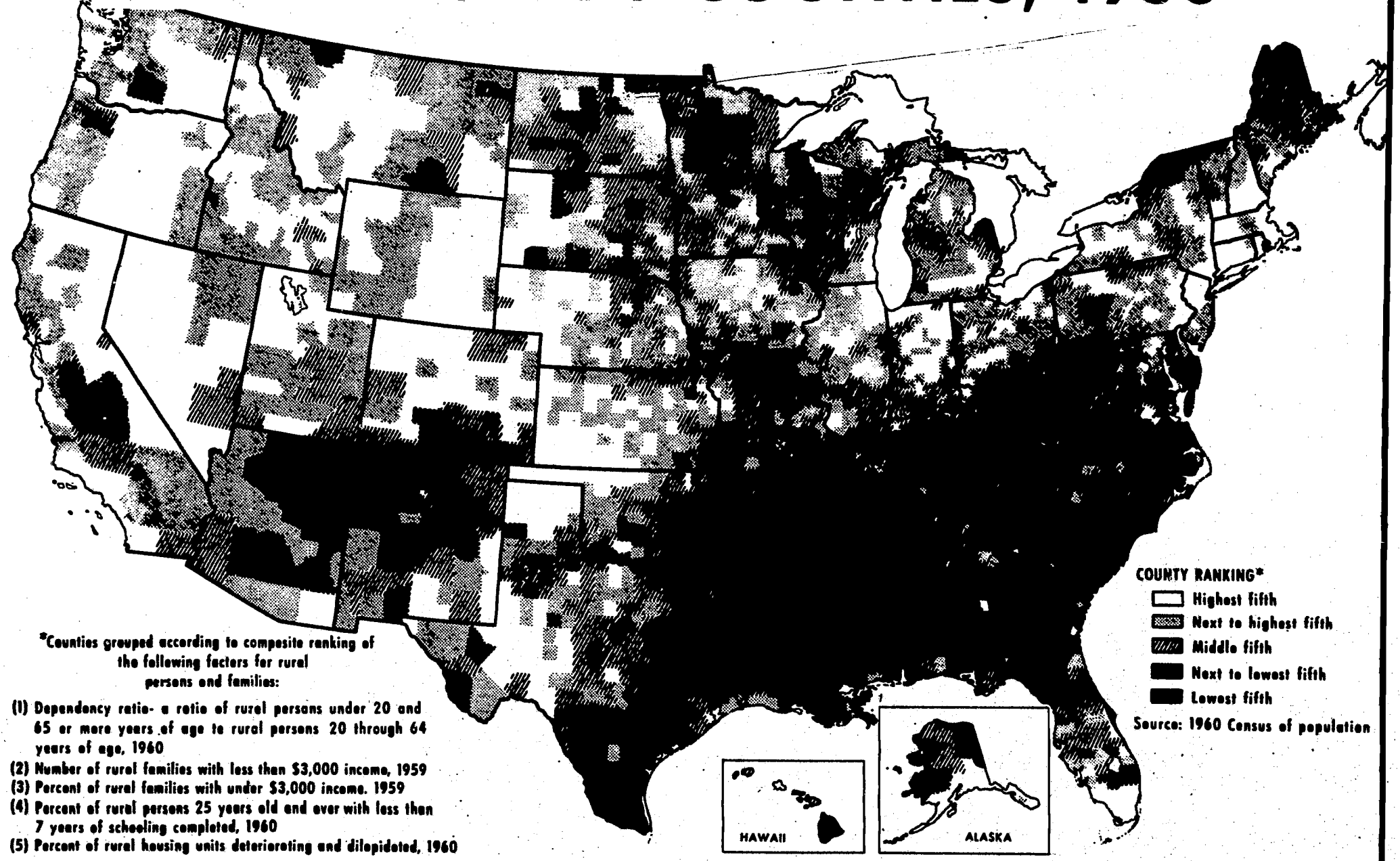
ECONOMIC STATUS OF RURAL POPULATION BY COUNTIES, 1960



*Counties grouped according to composite ranking of the following factors for rural persons and families:

(1) Dependency ratio- a ratio of rural persons under 20 and 65 or more years of age to rural persons 20 through 64 years of age, 1960
(2) Number of rural families with less than $3,000 income, 1959
(3) Percent of rural families with under $3,000 income. 1959
(4) Percent of rural persons 25 years old and over with less than 7 years of schooling completed, 1960
(5) Percent of rural housing units deteriorating and dilapidated, 1960

U. S. DEPARTMENT OF AGRICULTURE NEG. ERS 3571-65 (8) ECONOMIC RESEARCH SERVICE

FIGURE 1

west, the Black Belt of the Old South, and the Mexican-American concentrations along our southern border. Even within a State, distinct areas with high concentrations of poverty may be identified, as in the Delta and the hill country of Mississippi.

Symptoms of Poverty

Average family incomes are low in poverty areas, but there are many additional symptoms of poverty, as indicated by the factors used to reflect economic status in figure 1. A low level of formal schooling among adults parallels low income levels. Rural housing is dilapidated and in need of extensive repair or replacement. Relatively high proportions of children, youths, and the aged depend on those of working age. And the working-age population is less likely to be in the labor market, with the result that the burden of workers in supporting nonworkers is heavier than in more prosperous sections of America.

When a family's income is less than $3,000, that family is usually defined as poor.[1] In the poverty areas of rural America, however, an income of $3,000 per family is the exception, not the rule. Of the poor families in these areas, more than 70 percent struggle along on less than $2,000 a year, and one family in every four exists, somehow, on less than $1,000 a year.[2]

Schooling in low income areas is as inadequate as incomes. Rural people generally have poorer schooling than city people, and rural poor people are severely handicapped by lack of education. Few rural poor adults attain the general rural average of 8.8 years of school completed. Male farm laborers between 55 and 64 years of age and earning incomes of less than $1,000 average only 5 years of schooling.

Moreover, low educational levels seem to be self-perpetuating. If the head of a rural poor family has had little schooling, his sons are often handicapped in their efforts to get an education.[3]

It is especially difficult for rural people handicapped educationally to acquire new skills, or get new jobs, or otherwise adjust to a society increasingly urbanized. This is as true on the farm as in urban industry, for modern farming requires skills that the poorly educated lack. The less the schooling, the poorer the job and the lower the income.

Lacking in education, the rural poor either concentrate in low-paying jobs on the farm or elsewhere in rural areas, or swell the ranks of the unemployed and the underemployed.

Negroes, Indians, and Mexican Americans suffer even more than low income whites from unemployment and underemployment. Their schooling, as a rule, is even less than that of whites in the rural poverty areas. Negroes emerging from the sharecropper system often migrate to urban ghettos. Those who remain in rural areas are frequently unemployed, and when they do have jobs, they are found mostly in wage work; few become farm operators. Indians on reservations live in poverty, in the main, with few opportunities for work at well-paying jobs. Off the reservations Indians rarely find it possible to get a better paying job, if they find one at all.

At best, job opportunities in rural areas are scarce, and in many places they are getting scarcer year by year. For rural people living within commuting distance of nonfarm jobs, it is sometimes possible to combine farming with a variety of jobs off the farm, but in isolated areas the need for such opportunities is far greater than the supply. At that, even with every adult member of the family working, many families in rural poverty areas don't make enough for decent living.

In fact, some rural families make so little that their children are not only malnourished but literally starving, as a team of six physicians discovered on a 1967 survey in the rural South. The physicians summed up their findings in these words:

> In sum, we saw children who are hungry and who are sick—children for whom hunger is a daily fact of life and sickness, in many forms, an inevitability. We do not want to quibble over words, but "malnutrition" is not quite what we found; the boys and girls we saw were hungry—weak, in pain, sick; their lives are being shortened; they are, in fact, visibly and predictably losing their health, their energy, their spirits. They are suffering from hunger and disease and directly or indirectly they are dying from them—which is exactly what "starvation" means.
>
> . . . It is unbelievable to us that a nation as rich as ours, with all its technological and scientific resources, has to permit thousands and thousands of children to go hungry, go sick, and die grim and premature death.[4]

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[1] The measurement of poverty is discussed later in this chapter.

[2] Unpublished census data from 1966 Composite Survey of Economic Opportunity.

[3] CURRENT POPULATION REPORTS, Series P–20, No. 132.

[4] HUNGRY CHILDREN. A Special Report. SOUTHERN REGIONAL COUNCIL. Atlanta, Ga.

Population Growth and Migration

Rural low income areas have lost population for a number of years, mainly through the exodus of rural farm people. From 1790 to the present, the nation's population has grown from about 4 million to nearly 200 million persons. In the process, it has switched from about 95 percent to 30 percent rural. As late as 1910 a third of the entire population was on farms, but this figure has dropped to only 6 percent. The more than 6,000 cities contained 125 million persons in 1960, or 70 percent of the total population.

The strictly rural areas, and areas with the lowest incomes, have the heaviest out-migration. Consider, for example, the counties classed as all rural—lacking a city (or place) of 2,500 or more population. By 1960, aside from the natural increase (births minus deaths) these counties had lost almost 2 million people, or 15 percent of their 1950 populations through migration. In contrast, the mainly urban counties (with 70 percent or more of their population in urban centers) gained more than 5 million, or about 6 percent through migration.

The poorest counties, with median family incomes of less than $2,000 in 1959, lost more than 600,000 persons—over a fourth of their 1950 population—through migration. In the Deep South, for example, a mass migration of Negroes, mainly to northern industrial centers, has helped reduce southern rural poverty at the expense of cities. At the same time, high income counties, with median family incomes of $7,500 or more in 1959, increased through migration by about 200,000 people.

Americans are well-known for their geographic and social mobility, and the freedom to be mobile is perhaps one of our most cherished values. Many seek to escape rural poverty by moving from the farm or small town to larger cities and into nonfarm work. But the fact remains that if one's origin is in agriculture, his chances of remaining there are relatively great. Given the low income levels of many farmers and farmworkers, the tendency to inherit one's occupation serves as an obstacle to an escape from poverty. Studies demonstrate that persons entering the labor market at the lowest income levels have the greatest difficulty in rising to better jobs and higher incomes. Many simply do not make the transition. Migration to a city is therefore no guarantee of escaping poverty, as the presence of millions of poverty-ridden ex-ruralites now in cities testifies.

More Children Than Income

The size of many low income families makes escape from poverty extremely difficult. The world over, large families have been traditional in rural areas, and the tradition lives on in rural America, especially in poverty areas. The result, of course, is that meager resources have to be stretched beyond the breaking point to feed, house, clothe, and educate the children.

The birth rate has been declining in the nation as a whole since 1957, but average number of births is still high in rural poverty areas. The 1960 statistics revealed that throughout the nation women 40 to 44 years of age had produced an average—statistically speaking—of 2.5 children each. In farm families with incomes of less than $2,000, the average was 3.7 for white mothers and 6.4 for nonwhites.

Persistence in rural America of the tradition favoring large families is understandable. The rural way of life, at one time, dictated the need for large families. Before machines and modern technology came along, the family farm needed children as potential workers. Religious beliefs buttressed the tradition. And society more or less expected and sanctioned large families.

To add to the burden, the households of low income people in rural areas often include several generations. This is partly from necessity, partly cultural inheritance. Rural people cling tenaciously to the custom of caring for the old folks at home. And when the children of friends and neighbors need a place to stay, they are taken in.

Then, when the youths and young adults of these households go to the city in search of jobs, those who are left have more dependents to support. The combination of few workers, low incomes, and more people to support creates a dependency problem that is acute.

The Residual Population

The mass exodus from low income rural areas in recent years has meant that those left behind are often worse off than before. Their chances of escaping from poverty, or avoiding deeper poverty, or even easing their burden have been reduced. Partly this is because the areas have too many old people and children for the working-age population to support. Partly it is because a smaller population,

spread too sparsely, cannot support or build a strong, flexible social and economic superstructure in the area. Local governments, schools, and churches are dying from lack of support. And as local facilities and services continue to decline, the chances for redevelopment diminish.

Figures on the age of heads of households in rural poverty areas underline the hopelessness of the situation. In 1965, among low income families in these areas, one of every four heads of household was 65 years of age, or older. Contrast this with rural areas with adequate incomes. There, only about 7 percent of the heads of households were as old as 65. Nor is the picture brighter for heads of households who were younger but living in poverty areas. Of the age group 22 to 54, half were poor.

Measuring Poverty

The Concept and the Reality

"Poverty" is a controversial word. Not everyone agrees on what it means. This applies to experts as well as to laymen. In the opinion of the Commission, poverty is partly inadequate income, but it goes much deeper than that. Poverty afflicts the mind and the spirit as well.

Income is important in escaping from poverty, though not the whole answer. Education and jobs are also essential, and they can lead to higher income. Income is obviously needed to buy the food, clothing, housing, schooling, and health services required by anyone in this money economy if he is to escape from poverty—if he is to preserve some self-esteem.

But poverty is much more:

- It is lack of access to respected positions in society, and lack of power to do anything about it.
- It is insecurity and unstable homes.
- It is a wretched existence that tends to perpetuate itself from one generation to the next.

Low income is widely used as an index of poverty; the number of low income people is taken as the number of poor, though this may be an oversimplification. The poverty line is the minimum level of income needed to provide the kind of living that our society considers a basic human right.

Opinions as to where the poverty line really is, or should be, have changed as America has become more prosperous and more highly urbanized. Our standard of what is an adequate income for the poor will probably rise. Just as the poverty budgets of the 1920's by today's standards appear grossly inadequate, Americans in the year 1980 may have the same opinion of today's poverty lines.

If Billions Alone Were the Remedy

What would it cost to bring all the poor of the United States above the poverty line, if we merely transferred money to them?[5]

In 1964, for the nation as a whole, it would have cost about $12.5 billion to lift the incomes of the poor above the poverty level. The sum of $12.5 billion is about 2.6 percent of all personal incomes in the United States. It would transfer roughly $1,000 to each of the "poor" households. To close the income gap for white households considered poor, the total needed would be about $9 billion; for nonwhite households, the total needed would be $3.5 billion.

These estimates include both urban and rural poor. To close the income gap for the rural poor alone would require nearly $5 billion.[6]

This does not mean that rural poverty would be eliminated simply by adding $5 billion to the incomes of the rural poor. Poverty cannot be ended that way. Even if the incomes of the rural poor were automatically increased by perpetual transfers of income through relief checks and other welfare payments, many of the poor would remain dependent, lacking in self-esteem, never able to make their own way or to win the respect of their neighbors.

How Income Needs of the Poor Vary

But how much income must a family have to get out of poverty? The answer obviously depends on size of family, the prices they have to pay and, in addition, the changing standards of living which our society regards as essential.

The figure of $3,000 as the poverty line is useful as a rough approximation, though it cannot be applied universally or indiscriminately. For some households an income of $3,000 is more than is needed for a decent level of living. For other households $3,000 is not nearly enough.[7]

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[5] The data presented here are preliminary estimates based on: MOLLIE ORSHANSKY. RECOUNTING THE POOR—A FIVE YEAR REVIEW. Social Security Bul. April 1966, table 5.

[6] This is a rough approximation, predicated on the fact that abo:t 40 percent of the poor are rural.

[7] HELEN H. LAMALE. POVERTY: THE WORD AND THE REALITY. Monthly Labor Review, July 1965, pp. 822–827.

While it is possible to use the $3,000 income level as a rough indicator of poverty, more refined measurements are available. Poverty income levels that vary by family size and type, and by farm and nonfarm residence, have been developed by Orshansky in the Social Security Administration of the Department of Health, Education, and Welfare.[8] These levels are so designed that they center around the $3,000 family income level. A rural nonfarm family of four, for example, would need at least $3,200 to be above poverty. A rural nonfarm family of seven would need $5,205.

The comparable income levels for farm families were set at 70 percent of the nonfarm levels—$2,240 for a farm family of four, for example. This means that a farm family needs only 70 percent as much income as a rural nonfarm or urban family to be above poverty. We doubt that this is lating census data, in determining overall trends and characteristics of the nation's poor. For this purpose they have served fairly well, aside from accurate. The procedures and assumptions used in deriving this 70-percent adjustment factor are questionable and should be re-examined.

The Social Security Administration developed its set of poverty income levels to be used in tabu- the shortcomings discussed above. They are a big improvement over the straight $3,000, which completely ignored variations in family needs.

However, their apparent precision has invited misuse. Many Federal, State, and local government agencies have adopted these new poverty income levels, and are using them as eligibility criteria for welfare and antipoverty programs. The experts who developed the poverty levels are appalled at their being used in this way. They were not intended for this purpose and they are not adequate.

Further analysis is needed to determine the exact income needed to raise a household above the poverty level. Regional variations in the cost of living remain to be taken into account. The fact that rural people often must travel great distances to buy necessities, or to obtain medical service, has yet to be allowed for. We still need indices of poverty that will be both accurate and fair. The Federal Government should take the initiative in developing a standard set of poverty lines. As a start, this Commission has conducted a study to determine the income needed to support a comparable level of living for farm, rural nonfarm, and urban families. Preliminary results indicate that farm families need about 85 percent, rather than 70 percent, as much income as a comparable family in urban areas. Using this ratio, the Commission estimated that the number of rural poor have been undercounted by 700,000 persons, or more than 20 percent.[9]

In interpreting and using poverty income levels, it is necessary to recognize that people whose incomes are a few dollars above the poverty level may nevertheless be in genuine distress and living at a level below an acceptable one. We have to keep in mind that training and educational programs designed to help the poor can help the near-poor, and should be so used.

The urgent goal, of course, must be to help those in greatest need. But an income level of $3,000 ought not to be thought of as an upper limit for today's poor. Rather, is should be considered a threshold over which low income families may pass to higher levels. This Commission firmly believes that antipoverty programs should not only lift people to the poverty line, but help them to rise as much further as their abilities will permit.

A Culture of Poverty

There is such a thing as a culture of poverty. No one knows how many of the rural poor have fallen into it, but it is common enough to deserve attention. One witness who testified at a hearing before this Commission, the Rev. A. J. McKnight, of Louisiana, described rural poverty this way:

> Many of these undeveloped people have developed a culture of poverty. . . . The poor think differently; they have a different sense of values. . . . Take the concept of education: To the middle class it stands for the road to better things for one's children and one's self. To the poor it is an obstacle course to be surmounted until the children can go to work. . . .
>
> The poor tend to be fatalistic and pessimistic because for them there is no future; everything is today. They do not postpone satisfactions. When pleasure is available, they tend to take it immediately. They do not save, because for them there is no tomorrow.
>
> The smug theorist of the middle class would probably deplore this as showing a lack of traditional American virtues. Actually it is the logical and natural reaction of a people living without hope, without a future.

[8] MOLLIE ORSHANSKY. THE POOR IN 1965 AND TRENDS, 1959–65, U.S. Dept. Health, Education, and Welfare, Research and Statistics, Note. Feb. 16, 1967.

[9] Table 1 is based on the Commission's estimates. Details are given in a technical report to be published.

We do not know how many people in rural America have lost all hope in a future. It is tragic and shameful that any have.

This Commission believes that by adopting the program of action recommended in this report, we can restore hope to many who are now without it, and we can help the 14 million rural poor climb out of poverty. The nation can do this, that is, if there is the will to do it.

The time for action is now.

Chapter 2

Six Reasons For Action Now

That 14 million rural Americans have been left behind, consigned to poverty and destitution, should be reason enough for action. Still, there are those who will say, "Any American who is poor has only himself to blame." The findings of this Commission are impressive proof to the contrary. On the basis of these findings, the Commission offers the following six reasons which justify prompt and effective action against rural poverty.

First, simple justice demands that we take action now. It is imperative that the United States provide rural poor people with the same opportunities to share in the fruits of our social and economic progress that all other citizens enjoy. Today's rural poor have been left behind in the wake of basic changes in the fabric of rural life. Many are refugees from an agricultural revolution. Others are refugees from similar revolutions in mining and other natural-resource-based industries. Cut off from opportunities to develop and prosper in rural areas, they are ill-equipped to help themselves. They, and the communities in which they live, are doomed to permanent and increasingly severe poverty unless they get help. Justice demands that they not be isolated from the rest of society.

Moreover, rural people have suffered severely because of discrimination. The incidence of poverty is especially heavy among Negroes, Mexican Americans, and Indian Americans living in rural areas. A much higher percentage of these minorities than of the rural white is poor. Unless the barriers of economic, social, and racial discrimination are removed, many of them will never have a chance to work their way out of poverty.

Second, we must act now because the rural poor, in their desire for the same goods and services enjoyed by most urban people, continue to pile up in the central cities of America. Yet, for many migrants who lack the training and skills for employment in the cities, the move is like jumping from the frying pan into the fire. The result is frustration, despondency, and despair.

The blight in our central cities, as well as the continued blight in rural America, is a national disgrace. The problems of rural America and central city America are closely linked through migration. A high proportion of the residents of our cities formerly lived in rural areas. Many more are one or two generations removed from a rural parentage.

The senseless piling up of refugees from rural America in our central cities provides no solution to the problems of rural areas or of the cities.

Third, we must act because our antipoverty programs have bypassed the rural poor. Rural poverty is not as apparent as urban poverty. The rural poor, especially the white rural poor, are not well organized, and have few spokesmen for bringing the nation's attention to their problems. The urban poor are more concentrated, organized, and vocal in their call for help, and they receive more help than the rural poor. Rural poor people have been shortchanged in public programs designed to improve transportation, housing, education, health services, area development, and income maintenance.

Even though living conditions in central city America are intolerable, the continuing stream of rural migrants to our central cities strongly suggests that conditions there are better than in our blighted rural areas.

This Commission questions the wisdom of massive public efforts to improve the lot of the poor in our central cities without comparable efforts to meet the needs of the poor in rural America. There is danger that programs limited to the needs of our central cities will be self-defeating. If economic and social conditions are greatly improved in our central cities without comparable improvement in rural areas, additional incentives will be created for migration to the cities. In the end, therefore, the special housing, education, employment, and other special programs for the central cities may lead to increased migration, thereby complicating the very problems we are trying to solve.

Even more important is the fact that there is a growing restlessness in rural America. Many people whose families have been deprived for generations are deeply resentful that little is being done to meet their needs. National action which in effect rewards the violence in the central cities is not unnoticed in rural America. Through such action, the nation is telling rural poor people that if they want effective programs, they must find more violent ways of making their demands known. This is a tragic message and it could have tragic consequences. The problems of poverty in both rural and urban America are so serious and so interrelated that we cannot ignore one group while helping the other.

Fourth, we must act now because our rural communities do not share the benefits of much of our nation's economic growth and technical change, and conditions in these communities are destined to become much worse unless basic changes are made.

The early rural community was largely self-sufficient. It performed the services needed by farmers and other rural people. But now most of these services are performed in small to medium-sized cities to which rural areas are linked by an increasing number of channels. Today the area of an effective community is approximately 100 times that of the effective community of the early 1900's.[1]

Many small communities have been unable to adjust and keep pace with the changing economic and social fabric of the more prosperous ones. Accordingly, many rural communities formerly providing service functions for rural families now find their economic base eroded away. They, and the people within them, are trapped in poverty.

Numerous rural centers have lost so much population they have become ghost towns and resemble abandoned gold-mining villages. Their economic and social facilities are not meeting the needs of the people in the communities they serve. Nor can they without help. Poverty in these communities promises to be self-perpetuating unless there are effective programs to reach and assist the people who live there.

[1] KARL A. FOX. CHANGE AND INTEREST ADJUSTMENTS: A METAMORPHOSIS OF RURAL AMERICA. (Paper prepared for the Conference on Implications of Structural and Market Changes on Farm Management and Marketing Research.) Dept. Econ., Iowa State Univ., April 1967.

The changes in the social and economic fabric of rural America are irreversible. Indeed, it is unthinkable that we should try to reverse them. The capacity of this nation to eradicate poverty stems from its rapid technological progress and its greatly expanded capacity to produce. But the same changes giving us greatly increased production and improved levels of living have created very difficult adjustment problems for many rural families and rural communities. And they will continue to do so. Fewer people will be employed in agriculture, forestry, fisheries, and mining in the future than today.

The job to be done is to restructure rural facilities and services on a broader geographical base and to connect them with their urban counterparts. There will be little or no abatement of rural poverty until this is done. We have to change our traditional view of rural America—its function, its relation with the rest of the nation, and the social and economic processes required to assure a better life for rural people.

Fifth, we must act because our rural communities are unable to prepare people to participate in the modern economy, and they will become increasingly less able to do so unless there are concerted and extensive changes.

There is in rural America today a serious and widespread failure to prepare the people for participation in a modern and advancing economy. In entirely too many instances the schools, libraries, health facilities, churches, and governments in rural America have failed to develop programs to meet the needs of the people. The extensive unemployment and underemployment in rural areas attest to the fact that our record is not good in preparing people for jobs and in helping them to locate productive employment.

State and local governments are not able to meet the needs of the people in most rural communities. At the same time that the citizens of rural communities have begun to demand the kind of services that cities offer, local governments are finding it harder and harder to provide even the basic services.

The winds of change have struck rural government, though local leaders often seem unaware of it. Recent changes in rural America have rendered obsolete many political boundaries of villages and counties. Too many local governments in rural areas operate on too small a scale to be practicable.

They are able to provide no more than the most elementary public needs. Their tax base is eroding as their more able-bodied wage earners leave for jobs elsewhere.

In a very practical sense, rural government has been left behind politically as well as economically. Though these governments continue to operate as they have for 100 years, the center of political power has shifted drastically. It has moved toward the more professional governments of urban areas and toward State and national governing bodies. The important decisions on education, health, welfare, and other matters of vital public concern are made, more and more often, at higher levels. Because local rural government has failed to change, it has isolated itself and its constituents from the political mainstream.

The problems of overcoming rural poverty are complicated by the fact that many rural poor have lost almost all hope of improving their situation. Many have attempted to keep up with the technological tide in farming and have failed. Many have been disillusioned in their efforts to obtain employment outside agriculture, forestry, fisheries, or mining. Their lack of the requisite skills to earn a decent living is discovered too late. It will not be easy to motivate these people to try again. But we must.

Part of our problem stems from our unwillingness to face realistically the limited employment potential of today's modern farming, and tomorrow's farming. Likewise, we have failed to comprehend the limited job opportunities in forestry, fisheries, and mining. We have not developed good employment opportunities for the people in rural areas. Worse yet, we lack the kind and quality of educational and manpower training services to provide rural people with skills necessary for other employment. Without forthright action, jobs will get scarcer in rural areas, and the skill gap between urban and rural people will widen.

Sixth, we must act now because our public programs in rural America are woefully out of date. Many of them, especially your farm programs and vocational agriculture programs, are relics from an earlier era. They were developed during a period when there was a strong belief that people born in rural America should stay there and work on farms, or in farm-related occupations. The programs emerged from legislation which equated the welfare of farm families with conditions on farms and the welfare of rural communities with the incomes of farmers. These conditions no longer prevail.

Although many farm programs were originally developed with the express purpose of increasing the incomes of low income rural families, they did not take into account the vast changes in technology of the last 30 years. As a result instead of combating low incomes among rural people, these programs have helped to increase the wealth of landowners while largely bypassing the rural poor.

It cannot be emphasized too strongly that the poverty in rural areas is self-perpetuating. There will be little or no abatement and no real solution unless specific steps are taken to cope with it. Moreover, since the basic structure of rural America has been altered, the old programs are not sufficient for coping with problems of today. A new approach clearly is required.

The Commission has endeavored to chart a course to wipe out rural poverty. Emphasis is placed upon the many problems of the rural poor people. The problems of the people differ because of differences among them in age, race, education, geographic location and other attributes. The diversity of their needs is recognized, and recommendations are made to meet the diverse needs.

In developing these recommendations, the Commission gave consideration to problems of the rural poor and to problems of impoverished rural communities. Changes in existing programs and the development of new programs are proposed. The immediate needs of the rural poor are emphasized, but the necessity for changing the conditions that have made them poor is also stressed. Better programs for human resource development and the physical resources needed for their development are urged. Emphasis is placed upon improving the operation of the private economy so as to provide rural people with better opportunities for jobs and a decent living. Government is called upon to complement the private sector where necessary to erase rural poverty.

In the Commission's view, the complexity of the problems of rural poverty preclude the success of a single program or approach. Programs emphasizing immediate needs will not change the conditions creating and perpetuating rural poverty,

and programs designed to change these deeply rooted conditions will take time. The recommendations complement and reinforce one another. Taken together, the recommendations will eliminate rural poverty, and thereby remove the basis for much of our urban poverty.

The costs to society for implementation of the Commission's recommendations will be high, but the costs will be immeasurably higher if we do not implement them. Over the long pull, the gains to society from wiping out poverty will far exceed the costs. The time for action is indeed now.

PART II

Chapter 3

Creating a Favorable Economic Environment†

The American economy today is enjoying its greatest prosperity in history. Yet for many of the rural poor, conditions are as bad as they were during the Great Depression of the 1930's.

Three basic requirements have to be met if we are to reduce, let alone abolish, rural poverty.

The first requirement is a job for every rural person able and willing to work. A second requirement is that these jobs pay high enough wages to provide a decent living. A third requirement is to end the discrimination against rural people, whether by statute or by administration, which has intensified rural poverty.

Steady jobs are the key to an escape from poverty. For example, among families headed by a male, 49 percent of families whose heads were unable to find work during 1965 were in poverty, compared with 6 percent of those who worked year-round at full-time jobs.[1]

Nearly 800,000 rural adults between the ages of 20 and 64 are unemployed. Underemployment is also a serious problem for rural people: those who have jobs are 18 percent underemployed.[2]

Every person willing and able to work must be provided an opportunity for a steady job—with wages high enough to lift him and his family above the poverty level.

We must look first to the private sector to provide more jobs. It is absolutely necessary that our national economic policies be used to stimulate employment in the private sector of the economy as rapidly as possible, while avoiding undue inflation. This is essential. But it is not enough. The hard-core poor and those outside the mainstream of the economy are often left behind. Manpower training programs and the employment service programs, discussed in chapter 4, must be greatly improved and expanded, to improve skills and to bring workers and jobs together. But beyond this, we must find a way to guarantee a job to everyone who wants one.

Low wages and underemployment are a severe handicap, even to many who have jobs. Of the 3 million American families that were poor in 1965, nearly 2 million were in poverty, despite the fact that the head of the family worked year round at a full-time job. Other families who are not counted as poor still have a miserable existence because of low wages. They are able to remain above the poverty level of income only by considerable sacrifice. To earn an acceptable income they must work long hours, often 6 or 7 days a week.

Part-time after-hours training or education, as an avenue of escape from poverty, is essentially closed to many poor people because they don't have time to attend classes. For example, during his testimony before this Commission, Mr. Tony Orona, a farmworker from Phoenix, Ariz., told us how hard it was for him to get an education:

> One of the last jobs I applied for, I was rejected because I had no high school diploma. I have felt the need of an education, but because of my job, I have no set hours. There are days that I must work 10 or 12 hours. Consequently, I cannot fit myself to a schedule for school.

Mr. Orona is one of 14 million rural people caught in a vicious circle of poverty. We shall have to find ways to break this circle. We must provide an economic environment that will enable the poor to help themselves.

Full Employment

The economic well-being of rural people is closely attuned to that of the nation as a whole. For example, farmers are affected, as their farm income and off-farm employment opportunities tend to rise and fall with the level of national prosperity. Millions of other rural people work at nonfarm jobs in rural areas, or commute to urban jobs in nearby cities. Thus, rural people are strongly affected by business fluctuations.

This is particularly true of the disadvantaged. The inexperienced, the unskilled, the nonwhite, the very young, the elderly, and the otherwise disad-

†See comment by D. W. Brooks at end of this chapter.

[1] Unpublished data from Social Security Administration.

[2] Unpublished data, based on 1960 Census, from Economic Research Service, U.S. Department of Agriculture.

vantaged workers are the last to be hired and the first to be laid off—in rural as well as in urban industries. A typical example is the experience of a large employer just after World War II. Large numbers of Negroes had been hired during the war to meet emergency production quotas.

> When the war ended a three-quarter reduction ensued in the compay's work force. With the strict seniority clauses which had become a standard feature of union contracts, most of the Negroes lacked sufficient length of service to hold on to their jobs.[3]

On the other hand, during periods of full employment and rapid economic growth, proportionately more jobs are created for disadvantaged groups than for advantaged groups. Let us look at the effects of an expansion in business activity strong enough to raise employment by 1 percent among the advantaged groups—adult white males and females.[4] Much greater increases would occur among the disadvantaged groups. For example, employment would increase by—

3.3 percent among adult nonwhite males;
1.7 percent among adult nonwhite females;
3.9 percent among nonwhite teenagers; and
2.6 percent among white teenagers.

How is the general economic prosperity transmitted to the individual worker? During periods of rapid economic growth, the demand for labor increases as production increases. Shortages of certain types of labor eventually occur. As these labor shortages appear, production bottlenecks result. Employers respond in several ways. They lengthen the workweek and pay premium overtime wages. If necessary, they lower job standards, hire persons with limited experience or low productivity, and provide on-the-job training. When skilled workers are hard to find, employers often redesign jobs, so that less skilled persons may be hired to handle the more routine tasks.

These side effects of full employment and rising demand are very important to the rural poor. During prosperous times, more rural people are able to find jobs, either in rural or in urban areas. The inexperienced country lad is more readily hired and given on-the-job training during periods of full employment. Greater numbers of the poor are hired, and their work experience and productivity are enhanced. A 20-year-old with 2 years of job experience is more likely to be hired than a 20-year-old who has been idle for 2 years. Thus, employment leads to more employment, while unemployment begets more unemployment—another vicious circle.

Full employment is dependent upon the timely and appropriate choice of broad economic policies by the Federal Government. Federal action must carefully steer between measures that unduly depress the economy and those that lead to serious inflation.

When business is booming, unemployment rates decline but prices tend to rise. Inflation is most painful to people with fixed incomes, such as those on welfare, retirement pensions, and social security. As prices rise, their monthly checks just won't stretch as far as they used to. As a result, an already inadequate level of living has to be cut back even further. On the other hand, stable prices are often accompanied by a lack of jobs, particularly for disadvantaged groups, including many of the rural poor. Thus we are sometimes faced with an inflation-unemployment trade-off.

The Commission recommends—

1. That the Federal Government take more vigorous action to reach the goals of the Employment Act of 1946.

The Employment Act contains the following declaration of policy:

> The Congress hereby declares that it is the continuing policy and responsibility of the Federal Government to use all practicable means consistent with its needs and obligations and other essential considerations of national policy, with the assistance and cooperation of industry, agriculture, labor, and State and local governments, to coordinate and utilize all its plans, functions, and resources for the purpose of creating and maintaining, in a manner calculated to foster and promote free competitive enterprise and the general welfare, conditions under which there will be afforded useful employment opportunities, including self-employment, for those able, willing, and seeking to work, and to promote maximum employment production, and purchasing power.

The Commission endorses this declaration of policy. *The goals, however, have not yet been reached.* Millions of Americans are unemployed or underemployed. Economic fluctuations still occur, and during recessions even more people are thrown out of work.

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[3] NATIONAL INDUSTRIAL CONFERENCE BOARD. COMPANY EXPERIENCE WITH NEGRO EMPLOYMENT. Personnel Policy Study No. 201, p. 22, chapter, "Lockheed Aircraft Corporation." 1966.

[4] LESTER C. THUROW. EMPLOYMENT GAINS AND THE DETERMINANTS OF THE OCCUPATIONAL DISTRIBUTION OF NEGROES. (Paper presented at Univ. of Wis., May 12, 1967.)

The Federal Government, in cooperation with the States, should initiate comprehensive social planning, setting forth concrete goals to be attained by specified target dates. An analogous kind of planning is done, for example, in the Bureau of Public Roads; they plan to have 41,000 miles of interstate highway completed by 1974. The Federal Government, in cooperation with the States, should set forth this kind of positive goal in matters related to poverty. For example, it should be definite public policy to reduce the national unemployment rate from its current level near 4 percent to the lowest possible fractional rate of unemployment, as rapidly as feasible. Monetary and fiscal policies must be used in a timely manner, so as to keep the economy on a path toward vigorous growth and full employment while abolishing long-term unemployment and reducing instability in the private sector. Recession must be avoided, for this severely hurts all sectors of the economy, including the rural poor and other disadvantaged groups of our economy, particularly those in the poorer areas. Excessive inflation should also be avoided, but a moderate rise in prices may be necessary to achieve and maintain full employment.

Monetary and fiscal policy affect some regions and industries more than others. For example, the tight money policy of 1965 caused a sharp drop in new housing construction, leading to a sharp decline in employment of carpenters and other related occupations. The burden of adjustment to economic policy often falls most heavily on the poor. A more equitable and humane economic policy must be achieved.

The Commission recommends—

2. That more resources be devoted to measuring and keeping track of the effects of monetary and fiscal policy, particularly the differential effects on various regions, industries, occupations, and population groups.

Who benefits the least from expansionary economic policies? Which areas and population groups are harmed when anti-inflationary policies are put into effect? Where are the concentrations of hard-core poor who benefit least from national economic policy? These areas and groups should be identified, and higher priorities should be given to providing them with antipoverty assistance.

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Guaranteed Employment

The Commission recommends—

3. That the United States Government stand ready to provide jobs at the national minimum wage, or better, to every unemployed person willing and able to work.†

The rural poor want work. They want to earn their own living, to be respected by their families and communities as responsible and capable people.

There is plenty of work that needs to be done in rural areas. Evidence indicates that many of the rural poor could be gainfully employed by private businesses, provided they are given adequate training to qualify for these jobs. Many others could be hired in public service jobs, to repair the dilapidated houses of the rural poor, or to build them new houses; to improve water and sewerage systems, or to build new systems where none exist today. Hospitals and schools need more workers. Highways and parks need to be improved and maintained. The rural poor can do many of these jobs, while earning a reasonable income.

The rural poor want jobs in their home community, or within reasonable commuting distance. Many of them do not mind moving to a small or moderate-size city for work, but they are often fearful of moving to the large metropolitan centers. In small cities, "There is less to overcome, less to unlearn, less to apologize for not knowing." [5]

Public service employment is not new to the United States. During the mass unemployment of the 1930's, as many as 3.7 million persons at a time were employed through emergency programs of the Federal Government. Today's public service employment programs are much smaller in scope, currently employing only 500,000 persons.[6]

As compared with the emergency programs of the 1930's, today's programs are quite different in their general approach, in that they are aimed specifically at those persons and areas that have been left behind in an otherwise prosperous economy. Today's programs are designed not only

†See comment by David W. Brooks at end of this chapter.

[5] THE COUNCIL OF THE SOUTHERN MOUNTAINS. MEN WANT WORK. Berea, Ky., December 1966, p. 45.

[6] GARTH L. MANGUM. GOVERNMENT AS EMPLOYER OF LAST RESORT. (Unpublished paper.)

to provide valuable public service in the nation's schools, parks, hospitals, highways, and elsewhere, but also to provide education, training, and work experience to the unemployed and underemployed poor.

The vast majority of Americans think public service employment is a good idea. In a recent survey, 66 percent of whites and 91 percent of Negroes favored "setting up large-scale Federal work projects to give jobs to all the unemployed," as one way to resolve race problems and prevent racial riots.[7]

We are encouraged by three programs administered by the Bureau of Work Programs, U.S. Department of Labor: Operation Mainstream, New Careers, and Neighborhood Youth Corps. These are dual-purpose programs, providing training as well as public service employment.

Operation Mainstream

One half of the Operation Mainstream funds go to rural areas. This program's goal is "permanent jobs, at decent wages, for poor adults with a history of chronic unemployment." Projects included in Operation Mainstream are designed to "improve both rural areas and towns or particular low-income areas." For instance, the projects may seek to decrease pollution, improve parks, rehabilitate housing, or aid in extending education, health, or social services.

To be eligible for this program a person must be at least 22 years of age, must be unemployed, and must come from a family with annual income below the poverty line—as developed by the Social Security Administration.

At the present time, the number of public service employment opportunities available under the Operation Mainstream program is about 8,100—a mere drop in the bucket. This program is providing valuable experience in recruiting and employing the rural poor, but is should be greatly expanded.

New Careers

New Careers is a new program designed mainly for urban areas. Only 12 percent of the funds go to rural areas. This program is similar to Operation Mainstream, in terms of objectives and eligibility requirements. New Careers projects are intended to improve physical, social, or cultural conditions. The program is designed to meet critical local labor shortages in such essential fields as health, education, and public safety. Professional jobs are restructured so that routine elements may be taken over by the trainees. Priority is given to projects that, while easing the workload of professionals, will lead to permanent jobs, with opportunities for advancement, in fields that will benefit the poor.

New Careers projects were recently funded to provide work experience opportunities for 2,706 poverty level adults in 17 States. This is a very modest start, but the program is being steadily expanded. These projects are purposely located in communities where maximum prospects for future career opportunities exist. Some are located in large metropolitan cities, such as Hartford and Minneapolis; others are in smaller cities such as Roanoke and Durham, where the rural poor may have a better opportunity to participate.

Neighborhood Youth Corps

The Neighborhood Youth Corps (NYC) is the young person's counterpart of the New Careers and Operation Mainstream programs, designed to increase the employability of persons under 22 years of age from poor families. The projects help young men and women to gain work experience and earn income. The young people receive special training and career-related services that will develop their maximum occupational potential and encourage them to stay in school or return to school. Work assignments in both the public and private sector provide experience in many fields including education, conservation, health, food service, and recreation. This program includes more than 1,000 active projects, mostly in urban communities. About one third of the NYC enrollment opportunities are rural.

The Neighborhood Youth Corps is a promising form of public service employment for the rural poor, in that emphasis is given to preparing the poor for a more productive career. NYC is discussed more fully in chapters 4 and 5.

An Encouraging Start

These three programs are an encouraging start. One undesirable aspect of these programs, however, is that the Social Security Administration

[7] LOUIS HARRIS. RACES AGREE ON GHETTO ABOLITION AND NEED FOR WPA-TYPE PROJECTS. The Washington Post, Aug. 14. 1967.

poverty lines are used as an eligibility requirement. These poverty lines were designed for other purposes, and are not appropriate or sufficiently accurate to be used for determining eligibility in antipoverty programs. Many people are in great need even though their incomes are a few dollars above some arbitrary poverty line. Furthermore, we favor programs that create an atmosphere of personal dignity. The onus of "poor man's jobs" must be avoided. Otherwise the effectiveness of the program will be greatly reduced. Many of the poor may be ashamed to participate, and those who do participate may be deprived of the self-esteem that is so essential to human dignity and well-being.

It is the intent of the Commission's recommendation that public service employment be expanded sufficiently so that plenty of opportunities are available to the poor, even without making poverty an eligibility requirement. Public service employment programs must be expanded to blanket the entire labor force, guaranteeing everyone a job who wants one, without regard for age, sex, race, color, creed, or residence.

One of the most difficult obstacles to expansion of public service employment projects in rural areas is lack of transportation. Many of the rural poor, particularly those in isolated areas, find it very difficult to commute daily from their homes to these jobs. In chapter 10, the Commission proposes a publicly supported rural transportation system to help overcome this difficulty.

Universal Minimum Wage

It has long been the policy of this nation to establish a national minimum wage. However, the minimum wage legislation has covered only certain occupations. The occupational structure of the rural areas is heavily weighted with jobs not covered by the minimum wage. Consequently, rural America has been largely bypassed by the piecemeal coverage of minimum wage legislation to date. Less productive workers are often forced out of the covered occupations, thus swelling the ranks of the unemployed or the underpaid labor force in jobs not covered by the minimum wage laws. This has the effect of further depressing wages in the uncovered occupations.

This Commission firmly believes it is unjust and unethical for society to permit one segment of the population to become more affluent at the expense of other segments.

The Commission recommends—

4. That the wages and hours provision of the Fair Labor Standards Act be extended uniformly, with the same minimum wage and overtime pay, to all occupations. This recommendation should be put into effect as quickly as feasible, while giving local areas reasonable time to adjust to the higher wage rates.†

Minimum Wage and Guaranteed Employment

A minimum wage law does insure that a worker will be paid at the statutory wage rate, but it does not guarantee that he will be employed. The law makes it illegal for an employer to pay less than the minimum wage.

On the other hand, some of the workers, particularly the less productive ones, are likely to be laid off and may not be able to get a job at the minimum wage. Thus, application of the minimum wage alone could worsen the condition of the least productive workers. This Commission believes that an extension of the minimum wage, as recommended here, should be accompanied by a Federal program of guaranteed employment. Together, these two recommendations would have the effect of pushing the wage rate in the unpleasant and undesirable occupations above the statutory minimum wage. This is as it should be. If we as a society want these jobs done, we should expect to pay reasonable wages, through higher prices if necessary.

As soon as a Federal program of guaranteed employment at the national minimum wage is adopted throughout the economy, the minimum wage legislation will automatically become redundant. All employers will have to pay the minimum wage or better to attract any workers, because any job paying less would go unfilled.

Difficulties in Attracting New Industries

The present low wages in some rural areas have often attracted new industries. A nationwide uniform minimum wage would tend to destroy the low wage advantage of these areas. This could

†See comment by David W. Brooks at end of this chapter.

have the effect of actually harming many of the areas we are trying to help.

The system of industry subsidies discussed in chapter 10 could be used to offset, at least in part, this difficulty. The Commission would prefer to see the new rural industries subsidized by the nation as a whole, rather than the rural poor, who are now paid pitifully low wages.

Effects on Agriculture and the Family Farm

This country has just recently started experimenting with minimum wages for hired farmworkers. The 1966 amendments to the Fair Labor Standards Act provide a $1 minimum wage for workers on most of the large farms hiring 500 man-days of labor (roughly 7 full-time men) or more in any quarter of the previous year. This includes only about 1 percent of the farms. About 160,000 workers, less than 6 percent of the people who do wagework some time during the year, are directly affected in that they were previously earning less than $1 an hour and are now covered by the legislation.[8] This minimum wage for farm wageworkers is scheduled to rise to $1.15 in 1968, and to $1.30 in 1969. No provision was made for paying overtime to farmworkers for more than 40 hours a week.

Nor was any provision made to extend the coverage to the other 2.6 million persons who do farm wagework.

The $1 minimum wage is far below the poverty level. At this wage rate, a person working 40 hours a week at one job, 50 weeks a year, could earn only $2,000 annual income. This level of income cannot provide a decent level of living, even for an average-size family. Even the $1.30 wage, scheduled for 1969, is inadequate. And as prices rise, this income provides even less purchasing power.

Recommendation 4 would extend the $1.40 an hour minimum wage to all occupations, with the $1.60 rate becoming effective Feb. 1, 1968. Overtime pay would be paid after 40 hours a week, at not less than 1½ times the employee's regular rate of pay.

[8] Data on coverage of the minimum wage are from the Department of Labor; number of farm wageworkers is from FARM LABOR IN A CHANGING AGRICULTURE, PART 4, Senate Agricultural Appropriations Committee Hearings, 1967. The average annual number of hired farmworkers in 1966 was about 1.4 million. About 2.8 million people did some farmwork for wages during the year.

As farms that hire large numbers of workers incur higher out-of-pocket labor costs, prices of some farm products may rise. Family farms operated largely with family labor will thus benefit indirectly from the minimum wage. In the short run, consumers may have to pay a bit extra for their strawberries, for example. It is the judgment of this Commission that if we as a society want strawberries, or other goods and services, we should expect to pay prices high enough to provide a decent wage for the workers who help produce them.

The long-run situation may be quite different. Farmers will search for ways to lower their costs. Machines that were previously too expensive soon become economical as a substitute for higher priced labor. New machines will also be developed and adopted to replace the hand laborers, as occurred in the harvesting of tomatoes and cotton. As these machines are adopted, the increasing productivity per worker might more than offset the higher wage rate, so that the cost of production could actually decline. This has happened many times in the past as mechanized farming methods have been adopted.

Thus, in the long run, farmers would buy and fully utilize the new machines, or hire their services from custom operators, in order to decrease unit costs of production.

Another effect of the minimum wage could be a continued reduction in farm employment, coupled with an increase in farm service occupations. Employment will probably rise in the industries that manufacture, sell, and service these machines.

Equal Opportunity for Rural People

One reason poverty is so widespread in rural America is that many rural people are denied equal opportunity. Racial discrimination is a severe handicap to minority groups, which account for about one-fourth of the rural poor. And rural people of all races, white and nonwhite, have been neglected and discriminated against in much of the nation's social legislation and labor legislation.

Racial Discrimination

Despite the civil rights legislation of recent years, there is still widespread discrimination against Negroes, Indian Americans, Spanish Americans, Puerto Ricans, and other minority groups. Discrimination blights every aspect of

their lives. But perhaps most serious are the obstacles preventing some of our citizens from getting jobs, particularly the better paying jobs with higher social status. Today's civil rights legislation contains a number of gaps and weak points. Here are a few that are most relevant to rural poverty:

- State and local governments are allowed to discriminate; furthermore, they are not included in legislation requiring the use of merit standards in employment practices (hiring, promotion, firing, apprenticeship and other training programs, and job assignments.)
- Many small labor unions and small private employers are also exempt.
- Enforcement powers vested in the Equal Employment Opportunity Commission are weak and cumbersome.

The National Advisory Commission on Rural Poverty is strongly of the opinion that removal of discrimination is a basic step in reducing rural poverty.

The Commission recommends—

5. That Title VII of the Civil Rights Act of 1964 be amended to cover all labor unions and employers regardless of size, including State and local governments. It is further recommended that the enforcement powers of the Equal Employment Opportunities Commission be extended to include cease-and-desist authority for the purpose of enforcing compliance with equal employment opportunity laws, where necessary.

The Commission hopes that similar supportive actions will be taken by State and local governments, and by private industry and labor unions.

Locational Discrimination

Rural people in general, white as well as nonwhite, have been the victims of another more subtle kind of discrimination, based on location—the fact that they reside in rural areas.

The Commission recommends—

6. That rural people be given the same opportunity as urban people to participate in all social and economic programs designed to improve the quality of life.

Rural people have been overlooked by much of our social legislation. Until recently, for example, the Social Security Act of 1935 excluded farmers, farmworkers, and workers in farm-related industries. Most of the other social legislation has also excluded these people. Farm price-support programs have pumped billions of dollars into rural areas. But since the payments from these programs are related to the amount of land and the volume of production, the rural poor have received few of the benefits.

Some of the antipoverty programs, such as Special Impact and New Careers, are geared primarily to urban areas. In general, the rural poor have received far less than their fair share of antipoverty funds. Rural areas contain 40 percent of the nation's poor people. And in view of the high average cost of serving people in an area of low population density, these areas should actually get *more* than 40 percent of the funds. But in reality, rural areas today receive less than one-third of the OEO funds. In earlier years they got even less. This is partly because local governments have been unable, and in some cases unwilling, to overcome the redtape involved in getting the antipoverty projects funded.

Thus, the rural poor have been subject to discrimination on the basis of their residence.

Equal Opportunity Before the Law

Many rural families have been thrust into great hardship and privation because of unfair treatment before the law. Many of the problems disclosed by the recent Crime Commission report[9] are doubly severe in rural areas.

A few of the situations that cause or perpetuate rural poverty are as follows:

- Excessively high bond requirements. Many of the poor must go to jail for minor offenses, or for crimes they did not commit, because they cannot post bail. They lose their jobs, and have trouble getting new jobs after they get out of jail. Meanwhile, their families suffer great economic, physical, and psychological hardships.
- Lack of adequate legal counsel. A good lawyer can inform the accused of his rights, and can often protect him against unjust imprison-

[9] THE PRESIDENT'S COMMISSION ON LAW ENFORCEMENT AND ADMINISTRATION OF JUSTICE. THE CHALLENGE OF CRIME IN A FREE SOCIETY. Feb. 1967. Washington, 340 pp.

ment, thus preventing his family from becoming destitute.

- Lack of rehabilitation training and job placement. After a long jail term, a person comes out with fewer marketable skills and less chance of getting an adequate job than when he went into jail. This perpetuates his misery and that of his family.

All of these problems, plus many more too numerous to mention here, can and must be corrected—in rural as well as in urban areas.

The Commission recommends—

7. That State and local governments give immediate attention to changing laws where necessary and reforming correctional institutions so as to protect the rights of rural people.

Discrimination in Labor Legislation

Rural workers have been excluded from coverage of protective labor legislation that guarantees workers' rights to organize and to bargain collectively. Nor have they been protected against injury on the job, or against the risk of unemployment and disability. Until recently, farmworkers, especially, were untouched by these labor laws that most urban industrial workers take for granted. Even today, most farmworkers and many rural nonfarm workers are excluded.

Great injustice has been done in extending coverage of certain types of labor legislation to some workers and not to others. The Commission proposes to end the traditional discrimination against rural workers by extending the protective labor legislation to cover all workers.

The Commission recommends—

8. That the provisions of the National Labor and Management Relations Act, workmen's compensation laws, unemployment insurance, and old age survivors and disability insurance (OASDI) be extended uniformly to all workers.

A Combined Effort Is Needed

The Commission believes that the recommendations proposed in this chapter can greatly improve the economic environment and set the stage for the elimination of rural poverty. However, no one of these recommendations by itself can do the job. A comprehensive and coordinated plan of action must be implemented if the economic environment is to be made really favorable.

And even with a favorable economic environment, much more will be needed. The following chapters present additional recommendations that are essential to the elimination of rural poverty.

Memorandum of Reservation by David W. Brooks Concerning Recommendation 3

I question feasibility of government offering jobs to everyone at minimum wages because this would move many people from industry to government but I certainly prefer giving jobs to people rather than giving guaranteed income to them regardless of whether they work or not.

Memorandum of Reservation by David W. Brooks Concerning Recommendation 4

Although it is highly desirable for all farm labor, including owners of farms to have the benefit of minimum wages; I do not believe that the hours provision of the Fair Labor Standards Act can be properly extended to agriculture.

In the case of industry, hours can be planned, but not in agriculture due to weather conditions. All farm workers must work long hours during certain periods in order to prevent a great loss of production. Requiring payments for overtime work during these periods would force agriculture to pay a higher average wage rate than industry.

If agriculture is required to pay such wages, it is absolutely necessary, simultaneously, that the law provide parity prices and income for farms paying such wages.

Memorandum of Reservation by David W. Brooks Concerning This and Following Chapters

Although I have refrained from making a minority report, in my opinion some parts of the report cover matters which have little, if any, connection with the problems of rural poverty and, therefore, should have been eliminated.

Chapter 4

Manpower Policies and Programs

Every year millions of Americans pack up their belongings and hit the road in search of a job and a better place to live. A good many end up in the ghettos of our cities. Others continue to wander, swelling the ranks of migratory labor.

As a nation we have never really been much concerned about all this. We let the wandering go on and on without guidance. We may deplore the long-term consequences, when they take the form of violent riots in our cities, but deploring the consequences doesn't remove the causes.

It shouldn't be beyond the wit of man to provide some guidance to a potential migrant. At the moment, however, we are not equipped to tell him where he can get a job, or what the pay will be, or whether it is a job he can do, or how he can be trained for a new job, or where he can live, or what the rent will be, or whether he ought to take his family with him. We give him no choice but to try a leap in the dark. It shouldn't surprise us that the result is often tragic.

No one in his right mind would attempt to prevent Americans from moving from one place to another in search of jobs and homes. Some movement of this sort is desirable and inevitable in a free society. But aimless migration, born of desperation, by millions of Americans every year, doesn't make sense in a rich nation.

Not every low income family in rural America wants to move to the city, nor should it have to. Nor do the people who roam the highways every year in search of a job and a place to live do so because they have the wanderlust. They migrate because they don't know what else to do. There is a way to attack this problem. The first step is to agree on a nationwide manpower program, covering both rural and urban America, and the second step is to put it into effect. So far, we have taken neither of these steps.

This chapter explains what a nationwide manpower program involves and makes specific recommendations for building it.

The current situation in rural America is this: Employment in agriculture, forests, mines, and fisheries is declining faster than new jobs are being created in rural areas by construction, manufacturing, and service industries. At that, the rural unemployment get few of such new jobs as are created. They often don't know the job exists, they lack the skills needed, and they can't finance a move to a new job. So they remain poor.

Nationally, the unemployment rate has been running slightly under 4 percent. In rural areas the rate is much higher.

The seasonal nature of farmwork intensifies the problem. Not only is unemployment in agriculture about twice the annual average in nonagricultural industries, but the monthly employment rate also fluctuates sharply. In July of 1966 the agricultural unemployment rate was 3.5 percent. But earlier in the year, in February and March, it was 11.6 percent. In nonagricultural industries the unemployment rate did not fluctuate by as much as one percentage point throughout 1966, and the average for the year stayed close to 3.4 percent.

As a matter of fact, the situation is a good deal worse than the figures on unemployment suggest. Official statistics count a rural resident as employed if he works part-time, or a few days a month. The truth, of course, is that he is often underemployed, and almost as badly off as if totally unemployed. We have evidence that underemployment is widespread in rural areas, and as acute a problem as unemployment.

Using 1960 census data the United States Department of Agriculture has estimated the amount of underemployment among employed rural residents.[1] The figure is 18.3 percent for all employed rural residents; 16.3 percent for males and 23.7 percent for females.

The rate of underemployment was 8.3 percent for rural nonfarm males, and 20.4 percent for females. The rate of underemployment was highest among rural farm residents: 36.6 percent for females and 37.1 percent for males.

[1] Unpublished data from the Economic Research Service, U.S. Department of Agriculture.

We find high rates of unemployment and underemployment among operators of small farms as well as among hired farmworkers and migratory laborers. Among rural people working in forests, mines, and fisheries, we find a pattern of irregular employment, low wages, and poor working conditions.

There aren't enough new jobs opening up in rural areas to wipe out rural unemployment or make a dent in rural poverty. Even where new jobs do appear, the applicant needs help in acquiring a new skill for the job, in adjusting to new working conditions, or in moving to a new location.

Some people in rural America are able to find new jobs and acquire new skills with little assistance. Some climb out of poverty unassisted by moving out of a poverty area or by shifting from farm to nonfarm occupations. But for many others the move from farm to city, or from farm to nonfarm job, merely transfers their problems and their poverty. Still others, because of age or family ties and the lack of employment, have to stay where they are, boxed in.

A Comprehensive and Active Manpower Program

Changes in our rural economy are coming so fast, and they are so sweeping, that few rural workers can adjust to them without help. A manpower program can provide that help.

To be effective, the program must meet the specific needs of both workers and employers. The manpower services established by the program must be readily accessible throughout the country and also flexible enough to meet unique problems of workers, employers, and labor market areas.

To be effective the program will have to meet these requirements:

- Serve specific needs of both workers and employers.
- Make manpower services accessible to workers and employers in convenient locations throughout the country.
- Provide enough flexibility to meet the different problems of different workers, employers, and labor market areas.
- Be able to apply manpower policies actively and aggressively at local, State, and national levels.
- Have the capacity to assist workers and employers at the time they most need it.

The Need for Manpower Services in Rural Areas

More manpower services are needed to assess the capabilities of rural workers, to determine their problems, and to help them to prepare for jobs that afford self-esteem, dignity, and earnings to lift them out of poverty and to prevent others from falling below the poverty line. The availability of critical manpower services is an integral part of meaningful job opportunity for many rural workers and should be accessible to them in their immediate communities.

The Federal-State Employment Service system is the logical organization through which adequate manpower services can be extended to rural and urban workers. However, certain legislative, organizational, administrative, and programatic changes in the employment service are required to transform it into a viable and active force in rural communities.

The legislative authority on which the employment service system is based should be updated. Since 1933, when the employment service was established by the Wagner-Peyser Act, the role of this agency in the job market has expanded and shifted. Since its inception, the employment service has been concerned with finding jobs for workers in private and public employment. In the depression years of the 1930's this mission took the form of referring workers to relief and public works programs. With the passage in 1935 of the Social Security Act and the provision for State unemployment insurance programs, the employment service was given another responsibility—that of providing "work tests" necessary for the determination of workers' eligibility for unemployment benefits.

Subsequent legislation, which provided for benefits to returning service men and women from World War II and the Korean conflict, further increased the responsibility of the employment service for administering parts of these programs and for helping veterans to readjust to civilian employment conditions.

In the 1960's the employment service was assigned new responsibilities in the implementation of the Area Redevelopment Act, the Manpower Development and Training Act, the Economic Opportunity Act, the Trade Expansion Act, and a host of other manpower legislation that requires job market information programs and the provi-

sion of manpower services to workers and employers. Public demands for assistance through the employment service are likely to increase in future years.

Yet the employment service does not operate as a well-integrated, efficient system with a clear legislative mandate comparable to the tasks that it is expected to perform for all workers who need critical manpower services. The manpower services that the employment service is providing for rural workers are especially deficient. These services are nonexistent in some rural communities. Often they are most deficient where they are most needed.

In addition to low quality of manpower services in rural areas, a dearth of usable labor market information, and the wide disparity and gaps in available manpower services from urban to rural areas and even among rural areas, the manpower service system is fragmented.

For example, the Farm Labor Service deals with agricultural workers and employers as a special clientele. There are similar attempts to deal with migratory farm labor and other segments of the labor force. Such fragmented approaches have failed to meet the needs of their clientele, mainly because the employment and manpower service needs of many of these workers extend far beyond the areas and industries to which they are attached. Some agricultural workers need services that relate to nonagricultural employment, some urban workers need manpower services that relate to agricultural employment or to nonfarm employment in rural areas.

Because of the direct linkages and interrelations between rural and urban areas, and farm and nonfarm occupations and industries, a comprehensive approach to meeting the needs of all workers in an integrated and coordinated fashion is sorely needed.

The Commission recommends—

1. That a comprehensive Manpower Act be enacted by Congress to establish a national policy of providing necessary manpower services to all workers.

The new national manpower policy should make adequate provisions for the coordination of existing manpower programs, the establishment of necessary new programs, and the inclusion of all such programs into a national comprehensive attack on employment problems. The Federal-State Employment Service system should be restructured and upgraded to occupy a key role in the implementation of the national comprehensive manpower program.

The local offices of the employment service should continue to certify workers' eligibility for unemployment benefits based on the availability of suitable work. However, the employment service and its local offices should be relieved of all other responsibilities pertaining to the processing of unemployment compensation claims and the administration of the unemployment compensation system. This would enable the employment service to concentrate on its main concern—matching workers with jobs, and related functions. Then, an image of the employment service could be projected that would attract workers and employers who need these services.

The Commission recommends—

2. That the Employment Service System and the Unemployment Compensation System be separated, legally and administratively.

To some extent, the poor quality of manpower services available to rural workers generally, and the wide disparity of manpower services among regions, States, and areas, can be attributed to the current organization of the Federal-State Employment Service System. Actually, there are 50 State systems and a Federal system, all financed totally by the Federal Government. The Federal system consists of a national office and 11 regional offices. The national office has jurisdiction over the regional offices. However, neither the national office nor the regional offices have real jurisdiction or authority over the State systems. The regional offices serve more or less as liaison and mail drops between the national office and the States. The national office can suggest guidelines and standards through the regional offices for the States. However, such guidelines and standards can be ignored by the State employment service administrations since they are subject to the authority and jurisdiction of State governments. Indeed, most of the top administrative offices in the State systems are political appointments. Reportedly, in some States almost all of the personnel in the State offices are political appointees. The Commission does not wish to condemn political appointment in the employment service per se. However, such appointments should not be allowed if they are not in the

best interest of the employment service program.

In short, the State employment service systems operate mostly as independent entities and there is no supervisory or regulatory body exercising real authority and leadership in coordinating them to the end of providing high quality, dependable manpower services in all parts of this country.

The Commission recommends—

3. That the Federal-State Employment Service be reorganized to form a national unified system with appropriate assignment of responsibility and authority at the Federal, regional, State, and local levels. If it is necessary to federalize the employment service to implement fully a comprehensive manpower program in all areas, the Commission would endorse such a measure.

A comprehensive Employment Service Act should be enacted by Congress, and the Office of Farm Labor Service and other agencies primarily concerned with such functions should be combined into one national employment service system. A beefed-up program should be structured for the regional offices. New guidelines and regulations with teeth in them should be formulated and issued to the States. The national office, acting through the programs of the regional offices, should cooperate actively and creatively with the States in extending standard manpower services to all workers through the local offices.

The Commission recommends—

4. That the Federal Government participate in the employment service programs at State and local levels, to whatever extent is necessary to guarantee equitable and complete service to all rural people.

In part, the inadequacy of the current employment service system in meeting the manpower needs of rural workers can be attributed to insufficient allocations of financial resources to this important end. Currently, there are about 2,000 local employment security offices in the entire United States. Many of these offices operate part-time. Many only accept unemployment compensation claims and do not engage in any employment service activities. The range of services and the qualifications of staff personnel vary widely. The present number of offices engaged in employment service activities is hardly enough to serve workers in more than 3,000 counties and a host of cities, towns, and districts.

The Commission recommends—

5. Increased appropriation of money for the purpose of enlarging and upgrading the employment service staff, especially at the local level, and for increasing the number of employment service offices to the level required to provide standard manpower services to workers throughout this country.

A modernized employment service system will do little for rural workers without substantive manpower programs tailored to finding jobs for these workers and for helping them to qualify for the kind of work for which they are best suited. The local offices of the employment service are convenient points of contact with workers and employers who need or could benefit from certain services. In the context of a typical labor market area, a suggested "package" of manpower services is presented in table 1.

Manpower services extended to workers through the employment service system must be organized as manpower programs. From the standpoint of workers and employers in local labor market areas throughout this nation, several related programs can be discerned from sorely needed services. They include:

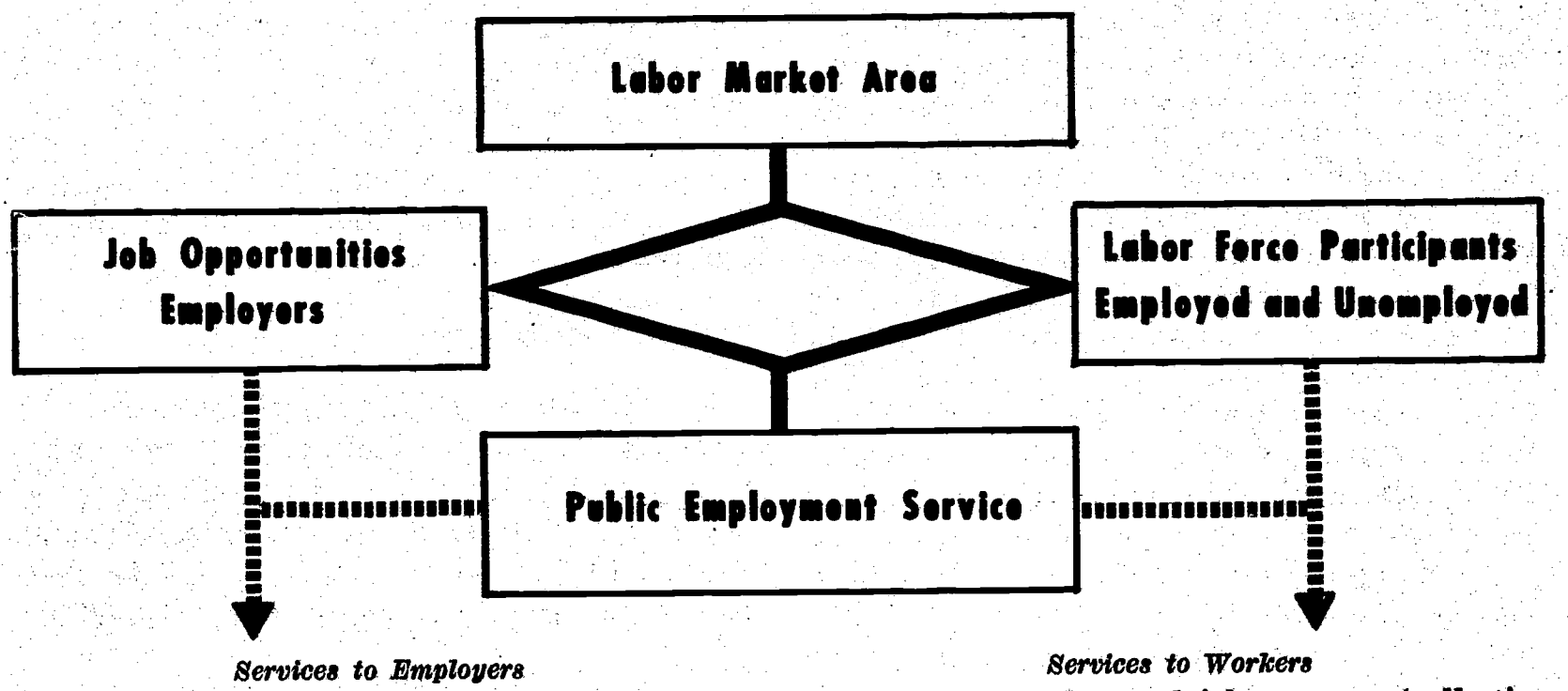
1. A labor market information and placement program.
2. An individualized manpower assessment program.
3. A job-oriented training and retraining program.
4. A manpower adjustment program.
5. A comprehensive and active approach to manpower problems.

In the remaining part of this chapter recommendations are offered to improve these programs and to make them available to rural workers.

Improving the Labor Market Information System

If a worker is unemployed or underemployed, or if he contemplates entering the labor force, reliable information about available job opportunities and conditions surrounding them is essential

TABLE 1.—Schematic presentation of typical local employment service program.



Services to Employers

1. Matching job vacancy and worker (collection of data on current and anticipated job vacancies).
2. Consultation on labor problems and requirements internal to firms and establishments (skill shortage and labor turnover, for example).
3. Consultation on labor market conditions and trends external to firms and establishments.
4. Consultation on complying with labor laws and standards; requirements for participating in on-the-job training programs subsidized by Government and similar programs.
5. Assistance in dealing with manpower problems connected with plant location, shut-downs, cutbacks, and expansion; assistance to farmers with seasonal manpower requirements.

Services to Workers

1. Matching worker and job vacancy (collection and processing of data on job applicants).
2. Testing, occupational guidance, career counseling, and recruiting.
3. Dissemination of job market information; publication of job vacancy data; use of mass media bulletins.
4. Referrals to job-oriented training and retraining slots, including institutional training, apprenticeship training, and on-the-job training; also referral to literacy training, general education, technical and professional.
5. Administration of labor mobility and relocation programs, certification of eligibility, payment of allowances; arrange for and provide necessary supportive services to commuters and migrants.

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to his decision and efforts to participate more effectively in the labor force. Such workers need adequate, reliable, and current information on job vacancies, including the essential characteristics and requirements of existing job vacancies as well as the conditions under which jobs can be obtained and held.

Similarly, employers who need workers as a result of expansion or regular turnover of their work forces must have adequate, reliable, and current information on the qualifications and requirements of job applicants in order to hire workers for jobs in which they can make the most satisfactory contributions to productive activities. In job seeking and hiring, the individual decisions of workers and employers can be improved by extending to them more and better job market information.

However, this is only a part of the justification for a viable and comprehensive job market information system. Such a system is also indispensable to an active labor market program which is needed to assist disadvantaged workers, especially in rural areas.

The present system of collecting and disseminating job market information to employers and

job applicants is disjointed and fragmentary. Not enough of the total number of job placements are effected through the public employment service.

Apparently, most workers and employers are not aware of the worker-job matching service offered by public employment offices, or they feel that superior information is available through other channels, such as private employment offices, word-of-mouth, directly from employers, or through mass communications media. Employers file only a small share of their job vacancies with the public employment offices, and they reject a high percentage of the job applicants who are actually referred by these offices. This means that the public employment service penetration of the job market is small if not almost negligible in many labor market areas despite the recent establishment of 150 Youth Opportunity Centers to serve the needs of disadvantaged young workers.

The placement penetration rate—jobs filled by the employment service as a percentage of the total openings—is estimated at 16 percent for the United States. This compares with 40 percent for West Germany, 33 percent for Sweden and the Netherlands, and 25 percent for Great Britain. Experts are of the opinion that penetration rates of no less than 25 to 30 percent would be needed to enable an employment service to do an effective placement job and to provide essential labor market information for an active manpower program.[2]

Hence, the overall placement penetration rate of the employment service in the United States must be greatly increased if we are to have an effective manpower program.

Undoubtedly, there are wide variations of placement penetration rates among local employment service offices. Most likely those with the lowest placement penetration rates are located in rural areas. This results in great disparity and deficiency in the quality and range of manpower services available to rural workers.

If all employment service offices extend their outreach in the manner recommended below, an increased volume of job market information can be generated for each area. Surpluses and shortages of job vacancies and job applicants can be ascertained for each area in any given period, a persistent surplus of job vacancies should stimulate increased recruitment activities, or job-oriented training. A surplus of job applicants should signal intensified job development or job creation in the private sector through investment incentives, or through public service employment. In this way manpower problems could be foreseen and prevented.

The Commission recommends—

6. That all employment service offices actively collect and maintain current lists of job vacancies in the public and private sectors of their immediate labor market areas. Federal, State, and local governments should file their vacancies with the employment service offices.

The Commission further recommends—

7. That all employment service offices actively collect and maintain current lists of workers in their respective labor market areas who are available for job placement. Special efforts should be made to register the unemployed, the underemployed, and disadvantaged workers.

This kind of aggressive outreach can be expected to bring the employment service offices in closer contact with problems of workers and employers.

Another aspect of the labor market information program concerns the linkage of sources of information from the demand and the supply sides of area, regional, and national labor markets and the effective use of information sources to rationalize and coordinate manpower programs.

The Commission finds that current data on employment conditions in rural America are not available as they are for metropolitan areas. The decennial census alone, on which most estimates of employment conditions in rural areas for intervening periods are based, is not sufficient. The dearth of information and data on rural areas in which unemployment and underemployment are concentrated leads to neglect of these problems. Greater disparity in the application of policies and programs to reduce these problems can result from differences in the quality and scope of available information for rural and urban areas.

[2] ALFRED L. GREEN. MANPOWER AND THE PUBLIC EMPLOYMENT SERVICE IN EUROPE, A STUDY OF PROGRAMS AND OPERATIONS. December 1966, p. 19.

The Commission recommends—

8. That appropriate Government agencies (the Bureau of Labor Statistics and the Bureau of the Census) in cooperation with the Employment Service undertake regular surveys of labor market conditions in rural areas, comparable to those currently conducted for metropolitan areas and the nation as a whole.

The recommended labor market survey data should be combined with supplementary data sources to provide a clear picture of the magnitudes, dimensions, and trends of employment, unemployment, and underemployment in rural areas. Analysis and use of labor market data from all sources should be an integral part of the manpower planning and development process.

The Commission recommends—

9. That the local public employment office(s) in each labor market area be required to develop annual comprehensive plans for providing maximum feasible employment and training opportunities for labor force participants in their respective areas.

These comprehensive manpower plans should be based on current and anticipated job vacancy data and job applicants data in addition to other complementary sources of data. Modern electronic and telecommunication equipment and techniques should be utilized, where feasible, to process, store, and transmit information on job applicants and job vacancies that cannot be matched within areas to other areas where surplus job vacancies and workers exist.

Recently, the Department of Labor in cooperation with other government agencies initiated a Cooperative Area Manpower Planning System (CAMPS). It involves the development of annual manpower plans in all States and in some localities in accordance with Federal guidelines issued jointly by the participating Federal agencies. The plan helps to coordinate the programs of MDTA and OEO, and other human resource programs. Rapid extension of the CAMPS program to rural areas would be a step in the direction of the Commission's recommendations.

Local labor market areas comprise regions, and regional labor markets comprise the national labor market in which workers and employers in all parts of this nation should have access to knowledge about jobs and job applicants wherever they exist.

This Commission concurs with the recommendations of the National Commission on Technology, Automation, and Economic Progress: [3]

> With local centers feeding into regional centers information relevant at that level, and these in turn feeding into a nationwide job and manpower bank, the service could provide detailed information on the manpower requirements of job vacancies and the personal characteristics of job seekers. The technological knowledge is available for the equipment and the costs are within reasons.[3]

The Commission recommends—

10. That a computerized nationwide service for matching workers and jobs be established and maintained as an integral part of the U.S. Employment Service system.

Manpower Assessment Programs

Based on extensive job market information, local employment service offices should occupy excellent positions for counseling workers on the requirements, working conditions, and salary scales of present and future jobs. Such important information should be supplied, free, to individual workers, to the public schools, and to organizations concerned with education, training, and the development of human resources.

However, intelligent decisions regarding the occupation or profession that individuals wish to follow are based on more than a knowledge of the present structure of opportunities and how they are shifting over time; they are also predicated on an assessment of individual achievements, personal traits, aptitudes, and capabilities. Aspirations that last for a lifetime are often formed at early stages of childhood. Some are passing dreams but many harden into commitments and occupational attachments. For the poor, the development of aspirations is too frequently delayed, distorted, and frustrated by the conditions under which they live. As the conditions that stifle aspirations of our poor youths in rural America are alleviated, the employment service could perform a useful service

[3] National Commission on Technology, Automation and Economic Progress. Technology and the American economy. Vol. 1, February 1966, p. 50.

by helping them to discover themselves in relation to present and future job opportunities.

The smaller communities' program is another example of a possible approach to meeting the needs of rural workers, employers, and areas for comprehensive manpower services. This program utilizes mobile teams of interviewers, counselors, and test administrators and is initiated in a community at the request of local leaders.

The program helps individual residents of rural communities by providing them with the services—counseling, testing, and placement—of a regular employment office. Each individual in the labor force has the opportunity to discuss his work plans with a professionally trained employment counselor. Applications and test results are turned over to the nearest local employment office for continued service.

The program also helps community development organizations by making a comprehensive study of the manpower resources of the area, including information on the potential skills of the work force. This information on potential skills is of particular interest to prospective employers and can also be used in developing vocational training programs. The program also assists development groups in making a detailed study of the other resources in the area which can be used by the community in planning for the expansion of job opportunities.

After 3 to 4 months the team moves on to another rural county. From 1959 to the end of 1964, 42 counties had received the services of this program.[4]

Again, the smaller communities' program is an example of token effort in the right direction. However, the job of helping rural workers to catch up and to participate effectively in the labor force will never be accomplished except through a massive program extended to workers everywhere in this country on a regular basis.

An active vocational counseling and guidance program is needed in every rural community to prevent much of the unemployment, underemployment, and misallocation of human resources that we observe in rural America today.

Local employment service offices should not be expected to provide all of the vocational guidance and counseling services that are needed in rural America. However, they should be expected to provide job-market-oriented information for counseling programs in schools and other local institutions working with young people. Moreover, they should be prepared to offer professional vocational guidance and counseling services to current workers.

The Commission recommends—

11. That a manpower assessment program be extended to workers and youths through the local employment service offices.

This program should include testing, counseling, work samples, and other techniques needed to enable workers and youths to assess their capabilities and to make free and intelligent occupational choices.

Individual assessments and occupational choices of persons in each local market area should be recorded, aggregated, and cross-tabulated by age, sex, etc. Analysis of these data in relation to present and future manpower requirements could be used to forecast possible labor market imbalances. Appropriate steps can be taken to prevent or reduce them.

Job-oriented Training and Retraining Programs

For workers in rural America who experience frequent or prolonged periods of unemployment and underemployment, suitable training opportunities with jobs at the end of them are perhaps the most meaningful and productive assistance that can be provided. Adequate training opportunities are necessary in order to enable many workers to act on the information and advice obtained through vocational guidance and job market information programs.

There is absolutely no question about the desirability of providing adequate training opportunities to workers, especially disadvantaged workers. Benefits to trainees and to society far exceed the costs of offering training programs. For example, one investigator conducted a study of 373 Connecticut workers who were involved in job training courses. The purpose of the study was to weigh the benefits and the costs of retraining the unemployed and to determine if retraining the unem-

[4] U.S. Department of Labor, Bureau of Employment Security. Smaller communities' program. Employment Security Review and Employment Service Review.

ployed is a good investment for the individual workers, the government, and the economy.[5]

Among other findings the study revealed that:

(1) The average annual gross income of the workers who used the retraining was $500 greater than their expected incomes in the absence of retraining.

(2) Over a 10-year period, however, the total economic value to the average individual in the total sample was estimated at between $450 and $850. In a decade, estimated benefits to individual trainees are reduced considerably by increased income and social security taxes, smaller unemployment benefits, and the extent that retrainees leave the occupation for which they were trained.

(3) Expected benefits per worker enrolled in retraining were much higher for the government than for the individual. Expected benefits to the government per worker—defined as increases in tax revenues, decreases in unemployment transfer payments, and the average present value of the expected benefits of retraining for the economy—were estimated at between $5,500 and $8,000 for a 10-year period.

(4) Retraining benefits were multiplied still more in the total economy by virtue of making unskilled and semiskilled jobs available to other workers who would otherwise be unemployed. The net benefits to the total economy per worker over the 10-year period were estimated as being between $20,000 and $30,000.

Considerations of benefits in relation to costs of retraining yielded benefits worth 2.5 to 5 times the costs to the previously employed worker. Benefits to the government were 16 to 23 times the costs to the government, and benefits to the economy were 67 to 100 times the costs to the economy.

Despite the enactment of the Manpower Development and Training Act (MDTA) of 1962, as amended, the organization of job-oriented training programs is scattered among several Federal agencies. The job training system is disjointed, and there is little likelihood that a sufficient number of training slots will be available in any location or areas to meet the training needs of workers.

In comparison to the extensive training needs of unemployed and underemployed workers in rural and urban America, institutional and on-the-job training under MDTA are only token operations.

The total number of trainees approved in the MDTA program for the fiscal year 1967 is estimated at 250,000. Manpower training under the act is projected for 500,000 persons by 1970—300,000 in the institutional program and 200,000 in the on-the-job training program. This will provide training for less than 1 percent of the estimated labor force of 86 million workers by 1970.[6]

The fragmentation of training programs is due partly to the lack of assignment of responsibility to a single authority for overall planning, coordination, and administration of these programs.

At the Federal level, responsibility for the administration of job training programs is distributed among several agencies. The bulk of the responsibility for vocational education is assigned to the Vocational Education Division of the Department of Health, Education, and Welfare. Work experience programs under Title V of the Economic Opportunity Act have been delegated to HEW by OEO and are administered in the framework of the welfare programs. OEO operates the Job Corps program itself, but has delegated the Neighborhood Youth Corps (NYC) to the Department of Labor. Within the Department of Labor MDTA is administered by the Manpower Administration. The Bureau of Employment Security, the Bureau of Apprenticeship Training (BAT), the Bureau of Works programs, and the Office of Manpower Policy, Evaluation, and Research (OMPER) are components of the Manpower Administration. These manpower and training programs have not been consolidated and integrated into one national comprehensive manpower program. Moreover, the need for coordinating the Department of Labor training programs with those in HEW, OEO, the Economic Development Administration, and the other Federal agencies has not been satisfied.

At the State and local levels, job-oriented training efforts are weaker and more fragmented than they are at the Federal level. There are 50 or more departments of vocational education, or equivalents, in 50 States, operating 50 or more vocational education programs. Gross disparities in quality and scope of vocational education often exist from State to State, and from school district to school

[5] M. E. Borus. A benefit-cost analysis of the economic effectiveness of retraining the unemployed. Yale Economic Essays, vol. 4 (2), Fall 1964. New Haven: Yale University Press, 1964.

[6] Congress of the United States, Joint Economic Committee. Federal programs for the development of human resources. Vol. 1. December 1966, p. 374.

district within States. Generally, the training received by young people in vocational education courses is not geared to preparation for jobs or to requirements of the job market.

In far too many cases, job-oriented training, and literacy training to support it, are not available at all at the local level. Frequently, no local coordinating agency exists, or it does not act affirmatively to mobilize and organize training resources in local communities to meet the training needs of adult workers. The relatively few MDTA and BAT training projects and activities in this kind of setting, so prevalent in rural areas, usually screen easily trainable workers from the top, leaving those most in need of training untouched, and widening the gap between relatively advantaged and disadvantaged workers.

The Commission recommends—

12. That all existing manpower development, training, and retraining programs be organized and administered as a single comprehensive job training program. Training activities under the Manpower Development and Training Act, the Bureau of Apprenticeship and Training system, the Bureau of Works programs, OEO training programs, and similar programs should be incorporated into the comprehensive training program and closely coordinated with the functions of the Vocational Education Division of the Department of Health, Education, and Welfare.

Training activities at the State and local levels should be coordinated and properly integrated into the comprehensive manpower program.

In the modern dynamic economy that exists in the United States today, job skills become obsolete at a fast rate. The skills required to perform most jobs change so fast that workers cannot keep up with them through job performance alone. Sometimes jobs and the skills needed to perform them disappear altogether. New skills must be acquired if some workers are to continue to work or to participate effectively in the labor force. Hence, there is a great need for workers to continue training while holding jobs, or to return to training full time. Many firms, labor unions, and other organizations have established programs to provide people with an opportunity to improve their skills in order to qualify for better jobs. However, current job-training opportunities fall far short of meeting the total training needs of rural workers.

This shortage of job opportunties in rural areas, especially on farms, has precipitated a massive exodus of manpower from rural to urban areas that dates back at least to 1920. Gross migration probably was two to three times at large as net migration during this period.[7] During the 1950's net migration from farms was over 1 million per year. Since 1960 it has declined somewhat to more than 850,000 persons per year. However, the slight decline in farm to nonfarm net migration is due largely to the reduced number of farm residents rather than to a reduction in the number of migrants relative to the number of farm residents.[8]

The Commission recommends—

13. That adequate job training opportunities be provided for workers to maintain and upgrade their skills and to qualify for better jobs.

Institutional and on-the-job training programs through MDTA plus apprenticeship training programs should be coordinated with vocational education in rural communities to meet the total training needs of rural workers.

Many rural workers and adults, especially in the South, need literacy training and other types of training that do not relate to job skills as such. Nevertheless, such training is fundamental to occupational preparation, to job holding, and to participation in civic and community life.

Manpower Adjustment Programs

Sufficient job vacancies do not exist in some labor market areas to employ all labor force participants residing in or near these areas.

Through guaranteed employment as recommended in chapter 3, additional jobs can be developed and created, but chronic unemployment and underemployment may still exist in some areas after such possibilities have been exhausted. At the same time, labor shortages—more job vacancies than job applicants—may exist in other areas. Such labor market imbalances can be reduced, and in some cases eliminated, by providing minimum

[7] C. E. Bishop. Dimensions of the Farm Labor Problem. *in* Farm Labor in the United States, C. E. Bishop, ed., Columbia University Press, New York: 1967, p. 5.

[8] U.S. Department of Agriculture, Economic Research Service.

assistance to workers who may wish to move from areas where jobs for them cannot be found, developed, or created, to other areas where jobs do exist.

In a dynamic economy, labor market imbalances often shift through time from area to area. In order to remain employed or to obtain gainful employment in their chosen occupations some workers may find it necessary to move from labor surplus areas to labor shortage areas. Sometimes jobs which cannot be found for unemployed workers in their area of residence are plentiful in other parts of the region, State, or county. Without minimal assistance some workers are not able to relocate themselves and their families in order to accept jobs, or to undertake job training.

Since 1963, the U.S. Department of Labor has conducted demonstration mobility projects under the provisions of the Manpower Development and Training Act. These projects have been conducted under a variety of conditions. The Public Employment Service has had about 2 years' experience with pilot projects to provide employment opportunities by relocating workers.

Through September 1965, over 14,000 workers were interviewed in 16 mobility projects in 14 States. Of the 6,216 found initially eligible for relocation assistance, 2,086 indicated that they were not interested in relocating. Of the remaining workers, 1,336 were actually relocated to jobs in other areas.[9]

Certain factors have been identified as being essential to a successful relocation program. First, workers must possess training, skills, and talents required by their new jobs. It was also found that workers must be motivated by a sense of personal or professional achievement to be gained by relocating.

For unskilled poverty-stricken workers, financial allowances have proved invaluable in assisting them to relocate successfully. For certain groups, such as relatively disadvantaged workers moving from rural areas to urban areas, supportive services take on more importance than financial assistance. Movements from rural areas to small towns and cities require fewer supportive services than movements from rural areas to large cities. Provisions for supportive departing and settling-in services should be a part of any relocation program.

[9] U.S. DEPARTMENT OF LABOR, BUREAU OF EMPLOYMENT SECURITY. MOVING WORKERS TO WHERE THE JOBS ARE. Employment Service Review, June 1967, pp. 38–40.

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Major obstacles to relocation include lack of suitable inexpensive housing, prospect of financial loss in selling present home, number of children in school and proximity of the move to the beginning or close of the school year, lack of information, and false hopes of things getting better where they are.

The Commission recommends—

14. That a relocation program be established in the Department of Labor and that mobility and relocation assistance be provided for disadvantaged workers who cannot find gainful employment where they now live, but for whom jobs and training opportunities can be located in other labor market areas.†

A worker is deemed to be disadvantaged, from the standpoint of this recommendation, if he or his primary family is poor by the prevailing poverty criteria. A poor worker and his family should be eligible for necessary assistance, including financial payment and supportive services, if he desires to move and if suitable job opportunities or training opportunities cannot be found in his home area.

The Commission recommends—

15. That for the purpose of administration, coordination, and certification of eligibility, the local public employment offices should perform key roles in the implementation of the relocation program.†

Expanded and improved, as suggested in other parts of this report, the public employment offices should integrate mobility and relocation assistance into the area manpower planning and development program. Relocation payments should include:

a. Travel and living allowance for persons seeking job interviews for jobs recommended by the public employment service.

b. Relocation allowance for moving households and families of workers who successfully obtain permanent jobs certified by the public employment service. The relocation allowance should include

†See comment by Vivian W. Henderson and James O. Gibson at end of this chapter.

payments for moving expenses and minimally required settling-in expenses.

c. Travel and living allowance, relocation allowance and assistance for undergoing training recommended by the employment service when training is located outside workers' areas of residence.

d. Supportive service for relocated workers; that is, assistance in straightening out affairs in old community before departure, if requested; information and counseling on living conditions and requirements in new communities; referrals to social agencies; resources and facilities in new communities; and other newcomer services.

The Commission recommends a relocation program for disadvantaged workers only as a last resort. All efforts to find, develop, and create suitable employment opportunities for workers in their home areas should be completely exhausted before they are considered for relocation assistance. Such assistance should be provided in a manner that will enable workers to choose freely where they want to live and work. Also, relocation is considered as one of the possible ways by which workers may adjust to changing labor market conditions.

Necessary safeguards should be devised to preclude possible misuse of this relocation program.

In few cases should it be necessary to provide relocation assistance to workers in moving from one State to another. Fewer moves from one region to another are expected with the assistance of this relocation program. Thus, the vast majority of the moves would be intracounty and intercounty within States.

Rural workers especially must often make several kinds of labor market adjustments simultaneously. As they move to places where jobs and training opportunities are located, they may also wish to change occupations. Since skills, work habits, and working conditions are often quite different among occupations, the transition can be enormously difficult, if not insurmountable, without some assistance.

Many workers and their families who change their residence should be assisted in adjusting to conditions in new communities. Finding adequate housing and developing a feeling of belonging in new communities are some of the ingredients of successful relocation. A variety of social services may be needed to minimize or to prevent problems inherent in this kind of transition.

Special Manpower Problems

A comprehensive manpower program must be capable of meeting special and unique problems of workers and labor market areas. Groups that need special manpower services include: physically and mentally handicapped workers, older workers, youths, Negro farmworkers in the Southeast, Mexican-American resident workers in the Southwest, Mexicans who cross the border as commuter workers or who enter the United States extra-legally; and migrant workers.

Stipulation of the kind and amounts of special manpower services required to reduce substantially the employment problems among these groups is beyond the scope of this report. Nevertheless, the manpower and employment problems inherent in the Mexican-American border situation can be cited as an illustration of the severity and the complexity of some of these problems and the need to tailor services to meet them.

Several intricate factors are involved in the Mexican-American border situation in the Southwest. Wages for farmwork along the border are extremely low relative to the wage structure in the United States, but high relative to prevailing wages on the Mexican side of the border. The Mexico-United States wage differential in farmwork and nonfarmwork is reflected in differences in levels and standards of living. Mexican workers are attracted into the United States, increasing the supply of labor and in some cases reducing the work and wages for domestic workers. The influx of Mexican workers and their families under these conditions create severe problems in international relations, labor management relations, racial relations, and relations between newcomers and Mexican-American residents. This is also a source of some of the poverty in the United States, not only among the newcomers themselves but among longer residents whose conditions are affected adversely by increased competition of Mexican immigrants.

Workers from Mexico came into the United States in large numbers after World Wars I and II. Most came to seek farmwork in the Southwest. Some came into this country legally as contract laborers. Others entered illegally—the "wetbacks."

During the early 1950's estimates of wetbacks crossing the border ranged as high as 100,000 a month. Most of the wetbacks returned to Mexico of their own volition, but many thousands were

deported. As illegal aliens in this country, they were totally without legal rights. None of the usual protections for workers or citizens applied and they were at the mercy of employers.

Mexicans known as "green card holders" are legal residents of Mexico, entitled to commute to the United States for work. Known as braceros, they work primarily during periods of peak demand for farmwork.

This practice was regulated under Public Law 78 which was enacted in 1951 as a temporary Korean War emergency measure. A series of temporary extensions carried the program through 1964 when Public Law 78 was terminated. Since 1964 the Secretary of Labor has admitted some temporary contract workers in reduced numbers, under the authority of the Immigration and Nationality Act (P.L. 414).

The use of foreign workers on temporary farm jobs has declined sharply in recent years. In 1965 California was the only State in which braceros were employed on farms in significant numbers. (See table 2.)

TABLE 2.—*Annual peak employment of foreign agricultural workers,[1] by selected States, 1959[2] and 1964–65*

[Thousands]

State[3]	1959	1964	1965	Nationality[4]
Total for U.S.[5]	308.2	92.8	23.7	------
Arizona	16.3	7.2	----	M
Arkansas	39.0	4.0	----	M
California	83.6	63.9	17.2	M
Colorado	5.7	6.0	----	M
Florida[6]	10.3	14.0	8.5	B
Maine	8.1	7.0	3.8	C
Michigan	11.0	12.8	----	M
New Mexico	19.5	1.3	----	M
Texas	136.8	15.6	----	M

[1] Foreign nationals contracted for temporary farmwork in the U.S.

[2] Year of all-time peak employment of foreign workers.

[3] Only States with employment of 5,000 or more in 1959 are shown separately.

[4] Only the most important national group is shown: M—Mexican; B—British West Indian; C—Canadian.

[5] Refers to that time of year when agricultural employment of foreign nationals was at its peak for the U.S. as a whole.

[6] Data for Florida refer to the crop season rather than the calendar year.

SOURCE: U.S. Department of Labor Report of Manpower Requirements, Resources, Utilization, and Planning. March 1966, p. 132.

Although substantial progress has been made in recent years in regulating the supply of foreign workers in this country, more vigorous regulation is warranted in view of the inadequate attention to these problems in the past, a rapidly growing domestic labor force, and declining number of jobs through mechanization of farmwork. The reasonable expectations of domestic hired farmworkers for accelerated increases in wages, job security, and better working conditions cannot be realized unless the supply of workers—foreign and domestic—is balanced with available jobs.

The Commission recommends—

16. More vigorous and careful enforcement of laws and regulations governing the recruitment and employment of foreign workers.

More specifically, this means that (1) the entry of foreign nationals into this country illegally should be stopped completely; (2) commuters from foreign countries should be further regulated. Those in the labor structure whose wages are consistent with the laws should be encouraged to establish residence in the United States. For those whose wages have a depressing effect on the economy steps should be taken to restrict and finally prohibit their entry until such a time that their presence does not create unfair competition; (3) in no case should foreign workers be employed as strikebreakers, or to jeopardize the job security of domestic workers, or to depress domestic wage levels; and (4) special attention should be focused on the welfare of migrant workers along the border in order to maintain health, housing, education, and labor standards prevailing throughout the country.

The implementation of this recommendation will assure better treatment, adequate jobs, and income for foreign workers who enter this country. This will enhance their chances of becoming prosperous and productive citizens rather than joining the ranks of the poor and disadvantaged. Moreover, further disorganization of labor markets will be prevented and basic requirements for effective application of a comprehensive manpower program will be strengthened. The foreign workers, domestic workers, employers, and the economy as a whole will be beneficiaries.

This is not to suggest, however, that the migrant farm labor problem, or the entire farm labor problem, for example, can be successfully attacked

and solved within the framework of migrant labor on the farms, or even in the rural areas. The Commission is of the opinion that feasible solutions to these problems extend to various parts of the total economy—farm and nonfarm, rural and urban.

A Comprehensive and Active Approach to Manpower Problems

The general situation prevailing in farmwork has been described by one noted authority thus:[10]

> Because farmwork has practically no obstruction to entry, poor people who have limited employment alternatives are found here in large concentrations. But most of any current farmworker population is temporary and transitional. Therefore, the therapy of social policy is properly not to be directed toward them as "migrants" or as farmworkers. Their needs are those of all . . . underprivileged people—sound mental and physical health, education, training, and protection against discrimination. They are therefore a category of all of the potential clientele of the Nation's antipoverty-equal opportunity program.
>
> The farm employment economy into which poor and disadvantaged workers enter does not offer much opportunity for self-improvement. It is a scene of chaotic and uncertain employment relations; it lacks the regimen and discipline of a competitive market; it lacks the structure of a labor market, partly because farmworkers are excluded from virtually all labor legislation. Competition has traditionally been among workers, not among employers. With unrestricted entry and work that is divisible, 200 persons may be taken on to share a harvest that could be handled by 50.
>
> This is an area of employment that could be rationalized, i.e., given more of the structure and performance characteristics that are found in labor markets. Doing so would have a two-way benefit: (a) toward the welfare of workers who would have more certain, longer, and higher paying employment; (b) toward more efficient use of manpower in the national interest. However, the declining total employment of persons on farms will be accelerated and total welfare will be improved only if those displaced from agriculture are effectively absorbed elsewhere.

The Commission recommends—

17. A comprehensive approach to meeting the manpower needs of workers in rural America, embracing: (a) Inclusion of farm labor with nonfarm labor and rural workers with urban workers; (b) appropriate combinations of the various components of the manpower program recommended in this chapter; and (c) extension of manpower services to the poor and the nonpoor according to their individual needs and aspirations.

Since most manpower problems with which the Commission is concerned are multifaceted and interrelated, program recommendations to meet them must be balanced, comprehensive, and active. A manpower program geared exclusively to the matching of jobs and workers in the economy may be as imbalanced as one that is geared exclusively to tailoring jobs to suit the talents, interests, and aspirations of workers. Hence, the Commission seeks to foster the development of human resources in a manner that will also serve the manpower needs of areas, regions, and this Nation. An appropriate balance between these two sets of considerations is the desired end.

A piecemeal approach to problems of human development and manpower utilization is not only ineffective; it can be damaging and can result in waste of scarce resources. It was pointed out earlier that effective vocational guidance and vocational education programs are quite dependent upon job market information programs. Other interdependencies strongly suggest that a piecemeal approach to manpower problems in rural America is ineffective, if not useless.

Manpower problems in rural areas and poverty conditions that are connected with them are long standing. Social, economic, and technological changes are tending to intensify these problems. They must be met head on with massive, active programs at levels that will reverse hardening and accelerating trends. Weak and passive approaches to manpower problems with which the Commission is concerned in this report would be tantamount to failure and defeat.

Memorandum of Reservation by Vivian W. Henderson and James O. Gibson Concerning Recommendations 14 and 15

These recommendations are designed to bring improvement in labor market adjustment on the part of workers moving from rural to other areas. We concur that mobility assistance for workers has validity for this objective. National migration policy is needed to bring order and structure to movement of poor people pursuing new and better opportunities. However, the recommendations

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[10] VARDEN FULLER. HIRED FARM LABOR IN THE WEST. (Unpublished report prepared for the National Advisory Commission on Rural Poverty.)

as adopted by the Commission emphasize facilitating the departure of rural migrants. We have reservations on this point.

Providing jobs and opportunities for rural people where they are is a thread that winds through the entire report. It appears self-defeating to suggest this cannot be done and therefore provision should be made to subsidize, even as a last resort, movement of the rural poor to other places. These subsidies should go toward creating jobs and opportunities so people can exercise options in their local areas.

Moreover, expansion of voter registration and increased political participation, particularly in rural areas of the South where Negroes make up substantial parts of the population, threaten existing power relationship and could be motivating factors for mobility assistance programs to be used as devices to de-populate those areas. (It has been noted that by refusing to adopt food stamp and commodity distribution programs public officials in some counties are systematically starving Negroes into moving to other areas, *Atlanta Constitution*, September 4, 1967.)

Much of the migration that takes place involves movement from remote rural areas to smaller towns and cities. Often such places are stop-off points for rural people in transit. Emphasis should be placed on providing halfway communities, multi-purpose centers and reception centers in and near smaller towns and cities as well as metropolitan areas. With proper programming and provision of supportive services, migrants may find it easier to adjust to labor markets in smaller towns and cities and the flow to large urban ghettos may be abated. Regardless of this point, however, emphasis in mobility assistance programs should be placed on receiving migrants and their adjustment in new environments.

Appendix

TABLE 3.—*Local employment security offices, by States and territories and by functions, February 1967*

State or territory	Total	UI, ES, and farm	ES and farm	UI only	ES only	UI and ES	YOC only	Farm only	Other combinations [1]
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Alabama	43	32	3	4	2	------	2	------	------
Alaska	9	3	------	------	------	4	1	------	1
Arizona	42	15	4	3	4	9	2	5	------
Arkansas	34	27	1	3	1	1	1	------	------
California	186	50	8	23	14	24	26	40	1
Colorado	34	32	------	------	1	------	1	------	------
Connecticut	31	22	1	2	2	1	2	------	1
Delaware	4	3	------	------	------	------	1	------	------
District of Columbia	7	------	------	1	5	------	1	------	------
Florida	76	1	33	29	1	------	6	6	------
Georgia	39	33	2	1	1	------	2	------	------
Guam	1	------	------	------	1	------	------	------	------
Hawaii	8	4	1	1	1	------	1	------	------
Idaho	26	21	------	------	1	3	1	------	------
Illinois	74	41	4	9	9	1	10	------	------
Indiana	38	24	6	4	1	------	3	------	------
Iowa	48	------	33	11	2	------	1	------	1
Kansas	33	20	10	1	------	------	2	------	------
Kentucky	31	23	1	4	------	1	2	------	------
Louisiana	27	18	------	1	3	2	3	------	------
Maine	16	14	------	------	1	------	1	------	------
Maryland	25	16	2	------	2	2	------	2	------
Massachusetts	56	35	4	7	4	------	6	------	1
Michigan	78	3	------	7	8	54	5	------	1

See footnote at end of table.

Appendix—Continued

TABLE 3.—*Local employment security offices, by States and territories and by functions, February 1967*—Con.

State or territory	Total	UI, ES, and farm (1)	ES and farm (2)	UI only (3)	ES only (4)	UI and ES (5)	YOC only (6)	Farm only (7)	Other combinations[1] (8)
Minnesota	39	31	2	------	------	2	3	------	1
Mississippi	54	-------	36	16	1	------	1	------	-------
Missouri	57	27	1	------	19	8	2	------	-------
Montana	25	23	------	------	1	------	1	------	-------
Nebraska	22	18	2	------	1	------	1	------	-------
Nevada	11	7	1	------	------	2	1	------	-------
New Hampshire	11	10	------	------	------	------	1	------	-------
New Jersey	54	24	4	12	6	2	4	2	-------
New Mexico	23	20	------	------	1	1	1	------	-------
New York	166	70	9	13	36	26	12	------	-------
North Carolina	56	44	------	------	1	10	1	------	-------
North Dakota	17	9	4	------	3	------	1	------	-------
Ohio	97	61	10	5	10	2	9	------	-------
Oklahoma	34	27	------	------	3	2	2	------	-------
Oregon	30	25	1	------	2	1	1	------	-------
Pennsylvania	121	80	3	18	5	1	11	------	3
Puerto Rico	13	9	------	------	3	------	1	------	-------
Rhode Island	15	8	1	4	1	------	1	------	-------
South Carolina	34	27	2	2	------	------	3	------	-------
South Dakota	17	15	------	------	1	------	1	------	-------
Tennessee	46	27	1	5	4	1	4	1	3
Texas	116	60	17	5	7	6	5	16	-------
Utah	19	11	2	1	3	------	1	1	-------
Vermont	14	10	2	------	1	------	1	------	-------
Virginia	39	26	------	------	3	8	2	------	-------
Virgin Islands	5	-------	------	2	3	------	------	------	-------
Washington	37	26	5	1	2	------	3	------	-------
West Virginia	28	24	------	------	1	------	3	------	-------
Wisconsin	37	21	5	3	6	------	1	------	1
Wyoming	16	15	------	------	------	------	1	------	-------
Total	2,219	1,192	221	198	188	174	159	73	14

[1] Including four offices with employment service and youth opportunity center functions; four offices with unemployment insurance, employment service, farm placement, and youth opportunity center functions; three offices with unemployment insurance and farm placement functions; two offices with farm placement and youth opportunity functions; and one office with unemployment insurance, employment service and youth opportunity center functions.

(1) Unemployment Insurance, Employment Service, Farm Placement.
(2) Employment Services and Farm Placement.
(3) Unemployment Insurance only.
(4) Employment Service only.
(5) Unemployment Insurance and Employment Service.
(6) Youth Opportunity Center only.
(7) Farm Placement only.

SOURCE: U.S. Department of Labor, Manpower Administration, Bureau of Employment Security, *Directory of Local Employment*, Security Offices, February 1967.

Chapter 5

Education—Helping People To Help Themselves

There were more than 700,000 adults in rural America in 1960 who had never enrolled in school. About 3.1 million had less than 5 years of schooling and are classified as functional illiterates. More than 19 million had not completed high school (*1*).[1]

This pool of adults with low levels of educational achievement is being fed by a stream of rural youth. More than 2.3 million rural youth aged 14 through 24 dropped out of school before graduating in 1960. About 8.7 percent of them—some 199,000—completed less than 5 years of schooling (*2*).

Status of Rural Education

Rural adults and youth are the product of an educational system that has historically short-changed rural people. The extent to which rural people have been denied equality of educational opportunity is evident from both the products of the educational system and the resources that go into the system. On both counts, the quality of rural education ranks low.

Low levels of educational achievement of rural adults give some indication of the poor quality of education in the recent and distant past. In 1960, the average years of schooling for the urban population 25 years of age and over in the United States was 11.1. This compares with 9.5 years for rural nonfarm and 8.8 years for rural farm people. Only 11 percent of the rural adult population had any college education compared with 19 percent of the urban population (*3, p. 20*).

While rural youth are getting a better education than their parents, the level of educational achievement is still lower than for urban youth. Twenty-eight percent of rural nonfarm youth and 23 percent of rural farm youth aged 14 to 24 in 1960 dropped out before graduating. This compares with 21 percent for urban youth (*2*).

Not only do rural students drop out sooner, but the percentage of those who go to college after completing high school is much lower than for urban youth. In 1960, about twice as high a proportion of urban as rural youth were enrolled in college (*4, p. 117*).

Those who enroll in college have a hard time competing with students from urban schools. A study of students entering Iowa State University, for example, from urban and rural backgrounds showed that rural students scored lower on entrance examinations and more often had deficiencies in preparation that had to be made up (*5*).

The ingredients of any educational system include teachers, buildings, facilities, curriculum, and programs. Their quality in rural schools, compared to urban schools, is low.

Because of low teacher salaries, rural schools are not able to attract and hold the better teachers. Small communities have fewer high school teachers with five or more years of college and more elementary teachers without a college diploma. The percentage of rural teachers not properly certified is about twice as high as for urban teachers (*5, p. 7*).

Failure of rural schools to attract and hold good teachers is also related to the poor facilities in many rural schools. In spite of considerable consolidation of school units, rural schools in general are smaller and less well equipped than urban schools. There are still about 10,000 one-room schools in this country—mostly in rural America (*6, p. 5*). Vast improvements have been made, but some of these small schools still have outdoor privies and are without running water (*7, p. 23*).

Those facilities that are generally associated with scholastic achievement are notably short in rural schools. A recent study, sponsored by the Office of Education in response to the Civil Rights Act of 1964, and referred to as the Coleman report (*8*) indicated, for example, that fewer rural schools have science and language laboratories. The report showed discrepancies in many other physical facilities generally associated with a good school by today's standards.

[1] References, indicated by italic numbers in parentheses, are listed at the end of this chapter.

Rural Schools and Poor People

Bringing the quality of rural schooling up to the level of urban areas would greatly improve the educational opportunities of the rural poor. This alone, however, will not solve the educational problems of economically deprived students. An even larger disparity in quality of schooling exists within rural areas than between rural and urban areas. Some of the most modern schools in the country exist in rural areas. They are in sharp contrast to the one- and two-room schools that are scattered across the landscape. The "poor schools" most often are associated with poor people and poor communities.

The more fundamental problem with respect to the education of the rural poor is the failure of even the better schools to meet their unique educational needs. It was concluded in the Coleman report that ". . . whatever may be the combination of nonschool factors—poverty, community attitudes, low educational level of parents—which put minority children at a disadvantage in verbal and nonverbal skills when they enter the first grade, the fact is the schools have not overcome it." It was found that the gap in achievement scores between minority students and white students actually widened as the grade level increased.

A very significant finding of the Coleman study is that factors associated with the individual student were more important in explaining differences in educational achievement than factors associated with the schools. For example, all of the "school factors" combined, such as the training of teachers and quality of facilities, were not as important in explaining differences in achievement scores as the student's attitude regarding the amount of control one has over his or her destiny. Students, regardless of race, who had a strong conviction that they could control their future achieved at a higher rate than those who did not. The importance of this finding is illustrated by the fact that the variability among individual pupils within the same school was about four times greater than the variability among pupils between schools.

The big challenge facing the educational system is to develop the capacity of schools to cope with differences among students from varying social and economic backgrounds. Too many people associated with rural schools view students from deprived homes and communities as unwilling or unable to learn. There are many studies and demonstrations that disprove these theories. There are many public school systems that can be looked to as examples of what can be done.

Two good examples of schools that have developed effective programs are discussed in a report of the Task Force on Economic Growth and Opportunity (*9, p. 183*).

The failure of the rural school system to serve adequately the special needs of disadvantaged students is associated with many factors. A big one is lack of knowledge on how to deal with their unique problems. However, many schools need freedom from local pressure and support from outside the community as much as they need new technicians.

Federal Programs Have Been Inadequate

While the educational system has not met the needs of the rural poor, neither have Federal programs to correct the situation been adequate. Too often the attempt has been to fit students into the existing school system. Many of the programs have done little to develop the system so that it is better able to cope with the variance that exists among children from different social and economic backgrounds.

The Federal Government cannot hope to deal with the problems of disadvantaged students through programs that leave the basic educational system unchanged. The vast array of Federal programs that are in operation involves only a small proportion of the large number of children who need special attention. These programs cannot hope to compensate for the literally hundreds and thousands of young people being rejected yearly by the public schools as they are now operated.

Some of the programs, it is true, represent attempts to improve the basic educational system. The Elementary and Secondary Education Act and the Teacher Corps should make an impact on the structure of the school system. Because these programs are funded on a year-to-year basis, however, and depend on projects developed by local school districts it is difficult to tie them into the permanent, continuing school program.

There is much to be learned about educating students who are socially and economically deprived. The school system needs help with its task. The Commission favors the development of programs to test and demonstrate new techniques. However, more attention should be given to defin-

ing the objectives of these programs as they relate both to the individual and to the school system. Programs that move beyond the testing-demonstration stage and become operational should relate closely to each other and to the normal operations of the school system.

Programs that prove effective cannot continue to be justified on the basis of their research value. At this point, they must be extended to the total population with sufficient safeguards to preserve their quality. To continue to operate effective educational programs on a piecemeal basis, available to a few while the masses are denied, represents the grossest form of discrimation.

Recommendations

The relevance of education to rural poverty is obvious. A person without a good education simply cannot cope with the complexities of life around him. The uneducated become the victims of progress rather than its beneficiaries. Its specific relevance to poverty is embodied in a statement included in the Report of the President's Commission on National Goals, "education serves all of our purposes—liberty, justice, and all other aims—but the one it serves most directly is equality of opportunity" (*10*).

Education in the context of rural poverty must be recognized as an investment in human capital—an investment that pays great dividends to the individual and society. Schultz estimated that the return in the form of higher earnings to individuals on investments in education in the late 1950's was about 40 percent for elementary schooling, 12 percent for 4 years of high school, and 11 percent for 4 years of college (*11*, *table 17*).

The high returns to society for investments in education are indicated in a study by Denison.[14] This study attributes 23 percent of the growth in real national income in the United States between 1929 and 1957 to increased education of the labor force and 20 percent to the general advance in knowledge (*12*, *table 32*).

Education is vitally important to youth in rural communities regardless of their economic status. By its very nature, the typical rural community offers few options in terms of either employment or social activities. The paucity of alternatives affects all that people do, think, and plan for. Studies have concluded that a low level of occupational aspirations among rural youth is associated with the dearth of impressions and lack of visible alternatives in the rural community (*13*). The educational system must help make up for these environmental deficiencies.

Many aspects of rural education need attention. However, the Commission recognizes that priorities must be set. First, consideration must be given to meeting the educational needs of children from low income families. Children must not be relegated to the ranks of poverty along with their parents because of inadequate education.

Attention must also be given to those youths and adults who for some reason dropped out of the school system before getting sufficient knowledge and skills to function in the type of rural environment that now exists. They must be reclaimed and brought back into the system or provided with informal education that will allow them to make adjustments to their particular situation.

Recommendations that follow begin with early childhood education and extend to the problems of adult education. They will not solve all of the problems associated with rural education. However, the Commission feels they will go a long way towards helping rural people to help themselves.

Elementary and Secondary Schooling

There are many factors associated with the success or failure of the elementary and secondary schools to educate children from disadvantaged homes. Some of the most crucial are discussed in this section. Recommendations are made accordingly.

Early Childhood Education.—The basic learning which has taken place by the time a child is 5 or 6 years of age is likely to influence all later learning. A critical factor relating to educating the rural poor is that many rural children enter the first grade having never been to town. Some do not know the difference between a knife and a fork or an apple and an orange.

Though these are extreme cases, it is generally true that children from poor families get little help at home in learning to read or write or speak, do not really know what parental stimulation is, rarely find their parents interested in how well they do (*14*).

The child in a middle-class home, in contrast, is given a great deal of instruction about the world

around him. He learns to use language and fix aspects of the world in his memory and to think about the similarities, differences, and relationships. Parental instruction is individual and related to the experiences, actions, and questions of the child. Parents of middle-class homes make greater efforts to motivate the child, to reward him and to reinforce desired responses (*14*).

The only effective means of coping with the educational needs of early childhood is to supplement the educational capacities of the home through formalized programs. Numerous studies indicate that intervention to counteract these adverse environmental conditions can be effective (*14*).

However, those who design programs to overcome educational deficiencies that result from poverty need to remember that while a family may be poor, the parents usually impart certain desirable and invaluable traits to their children. Children from poverty homes generally are warm and friendly with a well-developed sense of humor. They are generally more mature for their age, and more have great receptivity to therapeutic techniques. Contrary to the thinking of many, parents of disadvantaged children generally want their children to get a good education. This came through clearly in the Commission's hearings. However, they place little value on education for the sake of education. They see it as a means of getting a good job and preparing one to get along in today's world (*15*).

Children from homes with adequate incomes have been attending preschool programs for years. Private nursery and kindergarten programs, however, are too expensive for low income rural families. States in the South, in particular, where low income rural families are concentrated, do not provide public kindergartens.

The Headstart program has attempted in recent years to cope with this early childhood education problem. However, only 210,000 children were enrolled in 1966 in the full-year program. There are about 2.2 million children in the age group 3 to 5 from homes with extremely low incomes.[2] It is apparent that this program has passed the testing and demonstration phase. There is no excuse for not extending programs of this type to the total population.

[2] Data supplied by Office of Economic Opportunity, 1967.

The major problem with Operation Headstart and many other preschool programs, other than the limited enrollment, is that they operate in large part outside of the mainstream of the educational system. They enroll young children in one of the best programs available from the standpoint of teachers and facilities. When they leave these programs, however, they go into an elementary school system that does not provide for continuous development. In many rural areas, they go from the highly progressive learning environment of a Headstart program to one that is traditional and restricted in terms of the development of the individual child.

The Commission recommends—

1. That every child beginning at age 3 have an opportunity to participate in a good preschool program and that wherever possible preschool programs be operated by or in close cooperation with the school system that will have continuing responsibility for the education of the children. Preschool programs should involve a normal distribution of children from different social and economic environments.

It is very important to make preschool programs part of a continuous school system. This does not mean, however, that the programs have to be administered directly by the regular school system. It is also important to enroll a higher proportion of children from middle-class homes. Results of the Coleman study showed that mixing children from different backgrounds in educational programs is one of the most important factors associated with educational achievement (*8*).

Parents also should be involved in the planning and conduct of preschool programs. In fact, educational programs for parents should be conducted simultaneously with programs for children. A big problem in educating children from deprived homes is the lack of continuity of educational experiences in the home and the school (*16*).

Experience with Headstart and other preschool programs indicates that it is not enough to give students special educational experiences before starting school. Individualized assistance has to be continued on into the elementary school system by teachers who have been trained to deal with the needs of these children.

The Commission further recommends—

2. That every elementary school system have access on a continuing basis to specialists in the early childhood education of socially and economically disadvantaged children.

These specialists should have a thorough understanding of the latest techniques of early childhood education relating to socially and economically deprived children. The specialists should work with classroom teachers and school officials in developing programs for students who need help in order to participate fully in normal school activities.

The Commission encourages rural schools to experiment with several techniques of meeting the educational needs of children in these important early years. Some innovations that might be appropriate include a longer school day, summer programs, teacher assistants and tutoring programs, use of diagnostic instruments, and development of more effective instructional materials.

Attention must be given to meeting the basic physical needs of children at an early age, particularly children from culturally deprived homes. Recommendations to satisfy these needs are offered in other sections of this report.

BETTER CLASSROOM TEACHERS.—Experience with the Elementary and Secondary Education Act and other compensatory education programs indicates that the quality of classroom teachers is probably the most important factor in the schooling of economically deprived children (*17*). School dropouts with both high and low IQ levels consistently associate the reason for dropping out with their teachers.

A general overhaul of the rural educational establishment with respect to teachers is long overdue. First, teacher salaries must be increased to attract more talent to rural areas. There is also need to improve the training of teachers and to provide equipment and facilities for them to be effective. Particularly in rural areas the attitude of many teachers is provincial since they return to teach in their home community. They are victims of traditional attitudes which adversely affect the teaching of children from deprived socioeconomic backgrounds (*7*).

Federal funding to supplement teacher salaries in low income rural areas has become essential. The tax base has been so eroded in most of these areas that they cannot compete with urban areas for good teachers.

The Commission recommends—

3. That Federal funds be appropriated to enable the States to raise salaries of teachers in rural schools so that they may be competitive with salaries of the better urban schools.

In this program for supplementing teacher salaries, it will be essential to stipulate that the higher salaries are to insure better teachers and better schooling for disadvantaged children. To this end guidelines will be useful. Higher salaries may be conditioned on certain levels of teacher training and education. Schools may have to be accredited by State or regional agencies. Provision should perhaps be made to give teachers time and money for advanced training or special training related to teaching the rural poor.

The Commission is impressed with the dedication of many teachers in the public schools. More rewards for excellence might stimulate greater effort.

The Commission recommends—

4. That private foundations and industry take a more active interest in the quality of rural school teachers and set up a system of awards for excellence.

These awards should give particular attention to the performance of teachers with culturally deprived students.

The difference in standards for teacher training and employment among States and institutions is itself a violation of equality of educational opportunity. It is suggested that serious consideration be given to the establishment of minimum qualifications of teachers in public schools throughout the country.

Research and development efforts in education are expanding rapidly. It is essential to the improvement of classroom instruction to design a means of effectively disseminating the new knowledge that is being generated. Seminars and workshops have been insufficient.

The Commission recommends—

5. That an "educational extension service" be created to facilitate the adoption and effective

use of new educational technology in elementary and secondary schools.

This service should work closely with the network of national and regional education laboratories authorized by the Cooperative Research Act as amended by Title IV of the Elementary and Secondary Education Act.

The Commission is impressed with the concept of a national network of 20 regional educational laboratories which would speed progress in education at all levels. These laboratories represent an association of colleges and universities, State departments of education, schools, and other educational interests working together to solve the educational problems of a geographic area.

It will be essential to coordinate the efforts of the laboratories and to build on the knowledge that is accumulated. It would be the responsibility of the extension service to draw on this knowledge and to bridge the gap between the development of technology and its application in the classrooms. Extension personnel would work closely with State departments of education and for a time might be attached to local school systems which need assistance. They would also work very closely with teacher training programs at the State level.

Good teachers are in extremely limited supply throughout the country. Universities need Federal aid to improve and expand their teacher education programs, including the training of specialists in the teaching of language, arts, and arithmetic to the disadvantaged. The Commission also hopes that teacher training programs will give attention to the problems that are unique to rural areas and to rural people.

MORE AND BETTER GUIDANCE AND COUNSELING.—A basic problem of the rural poor is the lack of continuity in the learning process. Major gaps exist between the home and the school and between the school and society. There are also major breaks within the school system. Students from poverty families are not able to bridge these gaps as effectively as those from nonpoverty families.

Many students drop out of school where these breaks in the flow occur—between grades, at the end of the legal age of compulsory school attendance, between high school and post high school institutions.

Means must be developed to close the gaps and otherwise reduce the number of students who drop out. A good guidance and counseling system in elementary and secondary schools will help. It must be *drastically* different, however, from the present system. A system that is much more innovative and creative must be developed.

The need for effective guidance and counseling is particularly important in rural schools because the gap between high school and college or a job is so wide. Most rural youth must leave the local area either to get additional schooling or to get a job. They must have professional help in making this transition.

The Commission recommends—

6. That Federal, State, and local governments take the necessary action to provide a more effective guidance and counseling program in rural schools.

This will require more counselors to work with students at all age levels, with special attention to dropouts and potential dropouts. It will also require job placement and followup. *At least one counselor in each high school should be a full-time or part-time employee of the public employment service.*

The task of orienting students to the world of work has been woefully neglected by counselors in the public schools. In the words of one researcher, ". . . Apparently the professionalization and spread of school counseling has begun to take on a case-work, clinical character; such terminology as 'sibling rivalry,' 'overly dependent,' 'unhappy at home,' 'girl crazy,' is substituted for the much tougher task of orienting the child to the world of work" (*18, p. 38*). The author of this statement may be wrong in his judgment regarding the difficulty of different aspects of the guidance and counseling function. However, the Commission agrees that the job counseling aspect has been neglected.

A good guidance and counseling program in a rural school should, as a minimum: (1) Establish and maintain rapport with every student in the school system beginning when the child first enters school, (2) provide intensive personal consulting services to students in all grades, (3) assist all students to make rational choices regarding future educational and occupational alternatives, (4) provide an effective liaison between the school, student, family, and community, (5) provide consultations for classroom teachers and school administrators on problems relating to students and

school programs, and (6) administer a student work-study experience and financial aid program.

An effective counseling service could make a significant contribution to the rural school system. Too many students are being prepared for jobs that do not exist any more or for jobs that represent a dead end street. Many of the students who graduate from high school are not finding jobs because of an inadequate school program or because they are not directed to the jobs that are available.

The counseling program should give much more attention to keeping parents informed about school programs as they relate to their children. In the final analysis, it is the parents that have the greatest influence on the child. If the parents feel that education is important and that the programs in the school are relevant to occupational opportunities, they will support the school and encourage their children to get a good education.

It is very important in the education of disadvantaged students to involve both parents and students in the planning of educational programs. The attitude of students regarding the amount of control they have over their environment has been found highly related to achievement in school (*8*). Involving parents and students in a meaningful way in the planning of school programs will demonstrate to the entire family that they do have some control over their own destiny. The counselors and teachers can develop a better relationship between the school, the student, and parents. However, only those responsible for the basic school programing can involve them adequately.

The Commission recommends—

7. That parents and students at appropriate ages be involved at all levels in the planning and development of school programs.

WORK-STUDY AND FINANCIAL ASSISTANCE.—The value of part-time work in helping children from economically deprived homes to stay in school has been clearly demonstrated by the Neighborhood Youth Corps, by work experience programs under the vocational education acts, and by the work-study program under the Economic Opportunity Act. The Neighborhood Youth Corps has in many cases cut the high school dropout rate to a fraction of what it had been.

Students need to be exposed to the world of work at an early age. Part-time work in public agencies and private industry enables them to see at first-hand how education can help them get ahead in the world. Part-time work will also help them develop habits that will be useful both in school and on the job. It is also important for youngsters from poor families to have a chance to earn money. Participation in useful work will not only make the academic aspect of schooling more meaningful, but will make the transition from school to work smoother—the world of work will have come alive to them. The academic side of schooling can be strengthened because of increased motivation (*8*). The Commission is concerned that work-study programs are not available to many students in rural areas.

The Commission recommends—

8. That programs providing part-time work both in school and out of school be extended to every rural school system in the country.

It suggests further than a fund be provided to each school system to help meet the financial needs of students on a continuing and flexible basis.

This means that programs such as the Neighborhood Youth Corps should be an integral part of every rural school system. Counseling and guidance personnel in the school should be fully involved in the administration of these programs and perhaps be the custodian of the special fund. Whoever administers the fund should be given maximum flexibility in using the money to help students meet special needs such as paying off a debt, getting medical attention, or whatever is necessary to keep them in school. It might be noted that in a major research project on the cause of dropouts from high school, financial reasons were listed *first* by both pupils and parents (*19*).

Most students who drop out of school indicate that one of the main reasons they drop out is because they feel that the curriculum is not preparing them for anything useful. Students and parents alike in one study stated this as the second most important cause of dropping out (*19*).

The public schools must develop more and better occupational education programs to serve the large percentage of students who do not go to college. In order to do this, occupational education must be upgraded so that it no longer portrays the image of a *second-rate* kind of education. It is a well-established fact that schools in general over the

years have regarded occupational education programs as a dumping ground for incompetent students. Academic teachers hold the programs in low esteem, which makes it difficult to attract good vocational teachers. A lack of general support for occupational education is also reflected in obsolete equipment and inadequate supplies and materials.

The cost of textbooks is a tremendous burden for needy families. In recent years, many States have made books available free of charge to all students. In other States, however, the books have to be rented or purchased by parents. The special fund referred to above should not have to be used to purchase books.

The Commission recommends—

9. That every needy child be provided books free of charge.

OCCUPATIONAL PREPARATION.—The college graduating class of 1966 in the United States represented 20 percent of those who began first grade. For rural areas, it would probably be closer to 10 percent. About 8 out of every 10 students that began school together sought employment in jobs requiring less than a college degree. Only 8 percent of those not going to college received any vocational training in high school (*20*).

One reason why occupational education programs suffer from low prestige is that they are often not in tune with changes in the economy. They are preparing students for jobs that no longer exist or teaching them techniques that have long since been discarded by industry. Programs in many schools do not orient students to a world of work, but rather zero in on teaching a specific job that may not even exist by the time the student graduates.

The Commission is concerned about the poor quality of occupational education in the public schools because of the importance of technical training in today's economy and because of the relationship of technical education to the interest needs of students from low income families.

The Commission recommends—

10. That the Federal Government in cooperation with the States develop and expand occupational education programs that will enable students to adapt to a changing society. Such programs should be developed at the elementary, high school, and post high school levels.

Occupational education in high school should concentrate on developing good work habits and adaptability. It should orient students to a cluster of occupations rather than prepare them for a specific job.

Occupational education programs in high school should blend with general education so that it is not a one-way street. The student should still have an option after graduation to (1) Go to college, (2) enter a post high school technical institution, or (3) enter into employment.

Federal funding of vocational-technical education should include incentives to insure that schools cooperate closely with industry and organized labor. The programs should merge with on-the-job training and apprenticeship programs. Attention should be continually given to job obsolescence and equipment changes in response to new technology. Arrangements should be worked out with industry so that the school can concentrate on the more basic skills, with specific job training left to industry.

A basic problem in providing good occupational training programs in the public schools is the cost of equipment and facilities and the shortage of good teachers. Many rural schools cannot afford an effective program. The Commission encourages exploration of techniques of sharing facilities among schools, including the development of equipment pools. It might be even more appropriate to share teachers and students.

BETTER ORGANIZATION AND ADMINISTRATION.—The quality of rural education is closely associated with a continuing large number of small schools. Most of these small schools have inadequate libraries, poor facilities and equipment, high teacher turnover, low salaries, inadequate health services, inexperienced teachers, inadequate supervision, restricted curriculums and extra-curricular programs, inexperienced administrators, community pressures for status quo, little chance for educational research, and too few teachers (*21*).

In many instances, small rural schools must be maintained because of transportation problems and the relative isolation of the community. Special assistance must be given to these schools—both financial and technical. Many things can be done, including more effective use of educational television, film, audio tape, and automated self-

teaching devices. These schools might also benefit from sharing services with other schools to make specialization possible. They may also share pupils for certain courses.

The advantages of consolidation of both school districts and school units, however, are such that only in extreme cases should schools with small enrollment be maintained. Research indicates that excessive costs are found in schools having fewer than 10 teachers and that unit costs in schools having fewer than 100 pupils are about twice as high as those in schools with more than 200 pupils. One study found that per capita costs decrease rapidly as enrollments rise to about 200 pupils, decrease less rapidly up to nearly 700 pupils, and level off in schools ranging from 700 to 3,000 students (*21*).

It is apparent that States must take the leadership in achieving school system reorganization. Local schools cannot be expected to vote themselves out of existence.

The Commission recommends—

11. That States establish uniform criteria for the organization and administration of school systems within States.

State education agencies are being requested to assume more responsibilities for the total educational program. Their functions and responsibilities have been increased tremendously in recent years as a result of such programs as the Elementary and Secondary Education Act and the Teacher Corps.

It is appropriate that the State agencies take over more responsibilities because of the need for more equitable programs among school districts throughout the State. It is especially important to rural areas to have a strong State organization. Many of the programs currently being planned at the local school district level probably should be "packaged" at the State level.

State education authorities need to develop an overhead unit that can effectively support local school systems. This involves more than planning. It involves research and operations. Many educational programs that deal with special problems such as those associated with poverty have significant economies of size. The State educational agency should have the resources to plan and carry out supportive services. This might involve helping local school districts plan programs for economically deprived youth and providing specialists to help implement the plans. The State agency should carry on a continuing program of research and evaluation of the public school system within the State.

A stronger State unit could facilitate the development of comprehensive programs at the local level by helping many local schools work together and share facilities and teachers. Where consolidation of small schools cannot be achieved, functional linkages among schools might be feasible. Specialization of function by grouping several small schools may be one way to improve the quality of programs without massive consolidation.

The fact is that States have a major role in the development of school programs. Their role has expanded recently and will assume even greater significance in the future. School programs are not likely to be of higher quality than the programing that lies behind them at the State level.

The Commission recommends—

12. That a substantial increase be made in Federal funds and technical services to help State education agencies develop a more effective program, including supportive services for rural school systems.

MEETING THE NEEDS OF SPECIAL GROUPS.—There are several groups of people in rural America with problems so severe that they deserve special attention. They include children of migrant families, Indian Americans, children of families whose mother tongue is not English, and Negro children.

Migrant Workers.—The educational status of migrant children was summarized by former Secretary of Health, Education, and Welfare, Anthony Celebrezze: "Migrant agricultural workers are often described as America's forgotten people and their children are referred to as the most educationally deprived group of children in our Nation. They enter school late, their attendance is poor, their progress is slow, they drop out early; consequently their illiteracy is high. Studies indicate that most migrant children are far below grade level and that their school achievement is usually under fourth grade."

Of the approximately 415,000 children of migrant parents, it is estimated that 175,000 to 225,000 do not migrate, but stay at their home base with relatives. It is these who have the best opportunity to get a good education. Obviously, any

effort that can be made to stabilize the family in the community will help the child (*4, p. 379*).

The children of migrant families who move with the family have the greatest difficulty in getting a good education. The problem is to make it possible for them to stay in school. Many migrant families are not willing to leave their children at home when they migrate. Children are an integral part of the working family complex. Young girls of school age are often kept out of school to babysit. Teenage boys work in the fields.

Day-care centers for preschool children and infants are helpful. But more aid is needed. Schools along the path of migration may be able to set up meaningful educational programs for migrant children, if the schools are provided with adequate financing. Unfortunately, local funds are rarely available to provide additional classrooms, teachers, transportation, and supplies for children of the migrants. Local people are reluctant to tax themselves for the education of children who may reside in their district for periods of only 2 to 8 weeks.

The Commission recommends—

13. That Federal grants be expanded for the education of migrant children.

The Office of Education should give priority attention to evaluation of the different techniques that are being used in the education of migrants with the idea of developing a procedure for dealing with the problems that could be adopted more universally.

The Commission further recommends—

14. That adult education programs be coupled with education programs for children of migrant workers on an expanded scale.

Basic adult education programs should be provided for adults along with compensatory programs for youth. A learning environment would thus be created in the home.

Children From Non-English-speaking Homes.— It has been estimated that there are over 2 million bilingual and bicultural children of non-English-speaking ethnic or nationality backgrounds in this country. Many of these children find that when they enter school, they are listening to a teacher who speaks a language they do not understand.

This is a major problem in many schools. It is especially acute in rural areas in the Southwestern States. Educational levels of Spanish Americans in these States are from 3 to 6 years below that of the white population. A part of this low level of educational achievement is associated with language and cultural barriers (*4, p. 394*).

The communication problems of students of different national and ethnic backgrounds is associated with symbols and content of educational materials as well as the basic language. In general, teaching materials relate to the cultural heritage of this country and illustrations are in terms of the white majority. Children from different national and ethnic backgrounds often cannot relate stories in their books to their home or community environment.

Many schools facing this problem have developed commendable programs. For example, a program initiated in Miami schools in response to the recent influx of Spanish-speaking children from Cuba illustrates that the problem can be solved (*22*). This program involved the development of an entirely new set of textbooks and other teaching materials—old symbols were discarded and cross-cultural symbols inserted. The techniques used will help develop within the students a positive sense of identity and at the same time an appreciation of the different culture associated with American life in general.

The Commission recommends—

15. That Federal grants be made to local educational agencies that enroll a significant number of students whose mother tongue is not English to develop bilingual and other special programs to overcome the communications problem.

The Commission further recommends—

16. That at all levels schools assist, through the curriculum, textbooks, and other resources, in the development of a positive sense of identity and pride within and between all children; furthermore, that curriculum materials be developed and utilized with these objectives in mind.

Indian Americans: School census figures show that in 1966 there were 152,114 Indian children

between the ages of 6 and 16. Indian children present extraordinary needs because of culture and language differences, isolation, poverty, and a relationship with the dominant society that has been marred by broken hopes and promises.

Indian people have not in the past enjoyed the full benefits of American citizenship. For some time, determined efforts were made to destroy the many cultures of the Indian on the ground that they were major deterrents to full membership in our society. Schools were the institutions charged with this destructive function. As a result, a few Indians made the traumatic adjustment but many more did not.

After years and years of effort, characterized by many failures, a new day is dawning for the Indian people. Finally, through a recognition that Indian people, as well as all other Americans, must have a voice in their future and in policies and programs affecting them, Indian education is changing from an "either-or" emphasis to a "both-and" approach. This change, which basically resulted from the desires and demands of the Indians themselves, now makes it possible for an Indian to be *both* an Indian *and* an American, proud of both and combining the best of each, instead of the disastrous and divisive approach which forced the Indian to make a choice of being *either* an Indian *or* an American.

The profound change in attitude mentioned above creates a climate in which Indian education can be an effective tool in raising the overall standard of living and well-being of the Indian American. However, the needs are *so great* that unless intensive effort is made the original American will continue to be denied full partnership in our society.

The Indian Education Center at Arizona State University estimates in 1967 that on the Navaho reservation the average number of years of school completed by Navaho adults over 25 years of age is less than 2 years. Furthermore, there are approximately 8,000 Indian children out of school, in many instances because no facilities are available. Since the birth rate of the Indian is among the highest in the nation, the problem of providing education for every Indian child is becoming more and more acute.

There is an urgent need to get teachers who understand and respect the Indian. Special teacher preparation programs must be developed to assure that schools enrolling Indians are staffed with teachers who can reach and inspire Indian children.

Even today Indian education often fails to provide a curriculum based on the needs and wishes of the Indian people. The "Dick-Jane" approach is still dominant, with father shown wearing a suit, carrying a newspaper under his arm, and coming home to a large house from which emerge several blonde, blue-eyed children.

At the insistence of Indian leadership this is changing. Indian history, biographies, culture, and stories are being prepared for use in schools enrolling Indians.

An example of the new look in Indian education can be seen at the Rough Rock Demonstration School located on the Navaho reservation. This school is controlled by a five-member all-Indian school board of which only one member ever attended school and then only for 3 years. Yet these "uneducated" Indians are providing imaginative and creative leadership, which has astounded educators, Congressmen, and others. The school is proving conclusively that Indian people *do care* about the education of their children and *are able* both to direct and control that education regardless of their level of formal education. In less than a year over 50 different tribes have visited Rough Rock to see how it was organized and to learn how it might be replicated on their own reservation. The future of Indian education lies in such an approach where Indian people are maximally involved and in control.

Indian tribes and Indian people must in increasing measure have the opportunity to enjoy the right to control their destiny, including even the right to be wrong.

The Commission recommends—

17. That a classroom seat be provided for every Indian child of school age.

18. That the schools serve as a focal point of community life with significant and meaningful involvement of Indian people, including local control. It is further recommended that education of Indian children be in day schools located as close to the homes of Indian children as possible.

19. That community development be used as a key element in Indian education and that schools be staffed with people trained in this

276-696 O—67——5

area. Indian education should serve the total educational needs of the tribe and community and not be confined to the education of children.

20. That Indian history, biographies, and culture be included in the school curriculum as a means of assisting Indian youth in acquiring a positive self-image.

21. That in schools wherein Indian students are in a minority a special effort be made to meet their unique needs.

22. That a comprehensive program of research on Indian education be conducted, including examination of curricula, teaching procedures, followup studies of graduates and dropouts, and local control and involvement.

Negro Children and Other Racial Minorities.—The Coleman report points out glaring weakness in the education of Negro youth. Results of this study show that the level of educational attainment of Negroes decreases relative to whites as both progress in grade. For example, in the sixth grade, the average Negro student is about one and one-half grades behind the average white student in verbal achievement. By the 12th grade, the average white student performs at or slightly below the 12th grade level, whereas the average Negro student performs below the 9th grade level (*8*).

It is obvious that Negro youth are not receiving equality of educational opportunity with white students. A large part of this is due to the isolation of youth by race in the public schools. Scores on achievement tests show that Negro youth benefit significantly from being in school with a large white enrollment even when other factors associated with the quality of schooling are controlled. On the other hand, the scores on achievement tests for white students are not significantly affected by the racial composition of the school.

Quoting from the Coleman report (*8*):

> **The principal way in which the school environments of Negroes and whites differ is in the composition of their student bodies, and it turns out that the composition of their student bodies has a strong relationship to the achievement of Negro and other minority pupils.**

In spite of efforts to bring about a better racial balance in schools, the trends show that racial isolation has in fact been increasing. Figures showing a decreasing proportion of Negroes in all-Negro schools are misleading. There has been a substantial increase in the number of Negroes attending *nearly* all-Negro schools (*23*).

The Commission is seriously concerned about the lack of progress in improving the education of Negro youth. A large percentage of rural poverty is concentrated in the Negro community, and in most cases it is associated with extremely low levels of educational attainment.

A report "Racial Isolation in the Public Schools" was submitted to the President in February 1967 by the U.S. Commission on Civil Rights. This report recommended that *Congress establish a uniform standard for the elimination of racial isolation in the schools.* Appropriate legislation and measures to make this recommendation effective were spelled out. The recommendations would emphasize State action in response to Federal standards. The Commission wholeheartedly endorses the program proposed to the President.

The Commission recommends—

23. That immediate action be taken to implement proposals by the Commission on Civil Rights to eliminate racial isolation in the public schools in the interests of both students and teachers.

While it is important that a better racial mix be achieved within the schools, the Commission recognizes that merely putting people in proximity to each other will not eliminate racial isolation. The general attitude of the white community—and especially school officials—with respect to the ability of minority students to learn and participate fully in society must change if the racial problem is to be overcome.

The problem of educating Negro and other minority youth is complex. A significant factor that must be considered in attempting to solve the problem is job discrimination. This results in education not being worth as much in an economic sense to minority students as to whites (*24, p. 22*). It is difficult to get students to pursue high educational objectives when they see others who pursued these objectives earning low wages or looking for jobs. About 20 percent of nonwhite teenage boys were unemployed in an average month in 1966 (*25*, p. 41).

The Coleman report showed, however, that Negroes and other minority groups do benefit from

improvements in schooling—more than white students.

The Commission recommends—

24. That government at all levels give priority attention to improving the quality of schools that have in the past served a student body that was predominantly Negro.

As better racial balance is achieved in the schools, the number of schools that are predominantly Negro should eventually be very few.

RURAL SCHOOLS AND COMMUNITIES.—From about 1935 to 1955, nationwide interest in rural education was focused on the concept of the "community school." The principal idea was that the school should be an integral part of rural community life, the curriculum should incorporate community problems as essential elements in the instructional program, and all community agencies and resources should be coordinated in the teaching-learning activities of the rural school.

The Commission is concerned about the movement away from this concept, since it is still valid in rural communities. Rural schools are needed more than ever to serve as a focus of community life—provide recreation facilities for youth and adults, serve the needs of adults for continuing education, provide a cultural dimension to rural communities and, most of all, provide leadership for overall community development. The rural school can make a great contribution to solving the problems of low income rural people.

The Commission recommends—

25. That rural school personnel exercise greater initiative in using the resources of the school to serve the whole community, and that foundations, industry, and labor groups give greater support to schools in developing activities related to community problems.

The schools should coordinate community development efforts with the area development districts discussed in other sections of this report.

The school represents a tremendous investment in capital resources. These resources should be used fully and effectively. The school building in particular should be available for all types of community programs.

COMPULSORY SCHOOL ATTENDANCE.—Two States, Mississippi and South Carolina, no longer have a compulsory school attendance law. In Virginia, local governments have the option to adopt a law or not to have one.

The rejection of compulsory attendance laws since 1955 represents a step backward in public education. Many court decisions over the years have reflected the strong belief among Americans that children must receive at least a minimum of education (*26, p. 5*). Not only is this a child's right; it is a necessity in a democracy. The Commission, therefore, is concerned that any State in the Union would leave the decision regarding school attendance to a young child or to parents who may not recognize the value of an education.

The Commission recommends—

26. That States that do not now have a statewide compulsory school attendance law take immediate steps to enact one.

Special Educational Programs for Adults

The educational system faces a monumental task in supplying the continuing educational needs of adults who have had the prescribed dose of formal schooling. Efforts must be made, however, to atone for years of neglect which resulted in a piling up of adults in rural America without enough basic education to learn a skill or comprehend new technology. These people must be provided more general education, technical training, and informal education to help them cope with specific problems.

BASIC EDUCATION.—In 1964, there were approximately 15.1 million heads of families, or 31 percent of the total in the United States, with 8 years or less of formal schooling. The percentage of all family heads in rural areas with 8 years of schooling or less is much higher. The Commission views the problem associated with these adults as commanding priority attention.

The Commission recommends—

27. That the Federal and State governments step up present efforts to eliminate illiteracy and increase the level of general education among adults, and that other institutions and agencies serving rural people, such as churches, community organizations, business organizations, labor unions, Cooperative Extension

Service, and agricultural agencies, be enlisted in support of these programs.

An effective adult educational effort on a wider scale is a necessary base for training and retraining rural people for specific jobs. Job training and retraining on a greatly expanded scale is one of the more pressing needs of low income rural people. Programs related to this need are discussed in another section of this report.

INFORMAL EDUCATION.—The educational needs of many rural families must be met on a continuing basis. Those that have been neglected in the past, however, must be given extra attention. Specifically, the Cooperative Extension Service, which is the educational arm of the U.S. Department of Agriculture and the land-grant universities, must have its mission clearly identified with the problems of low income rural families. A continued and closer working relationship between the Extension Service and the Office of Economic Opportunity is necessary in meeting the informal educational needs of rural families.

Boxed-In Farm Families.—Many farm operators with less than $3,000 annual net income, beyond middle age, and with limited education are boxed in. The majority of these families will remain in rural America. They have little capacity for nonfarmwork and in most instances find farming their best alternative. Farming is a way of life to them and they have no desire to move to an urban area.

In recent years, pilot programs have shown that incomes of these farmers can be improved. A notable example is the Yorkville Management Class begun on July 15, 1963, by the Tennessee Division of Vocational Education. The results of this class showed (*27*):

> . . . attendance averaged 97.4 percent. Average net income for the trainees, both white and nonwhite, in 1962 had been $343, but by 1964 it was $1,285. Of the 19 men who completed the course, 14 increased their incomes by more than 100 percent, and all are confident that their incomes will continue to grow through coming years.

Intensive work with small low income farmers through such projects as the one referred to above indicates what can be done through the introduction of new commodities, improved practices, better management, cooperative activities, and wise use of credit. The Office of Economic Opportunity in cooperation with the Extension Service and the Farmers Home Administration have shown that this is possible in many sections of the country. As larger farms shift away from labor intensive commodities as a result of a tight labor market, the prospects for low income farmers to increase their earnings with horticultural and specialty crops looks brighter.

These programs have also demonstrated that to communicate adequately with many low income farmers and get the response required, techniques of education and assistance must take a different tack than the techniques used with average farmers. Frequent farm visits, counseling, and record-keeping by the educator are essential. A telephone call to determine if an insecticide has been applied on schedule may mean the difference between success and failure.

The Commission recommends—

28. That Federal funds be appropriated and earmarked to create management consultant teams to work intensively with low income farmers around 45 years of age and older.

These teams would make maximum use of subprofessionals. Farmers involved in this program would be eligible for a training allowance equivalent to that provided enrollees in manpower training programs.

This management consultant program should utilize the credit program authorized under the Economic Opportunity Act and other resources that might increase family income. (See the discussion on farm credit in chapter 13 of this report.) The consultants would be expected to provide assistance to farmers in obtaining part-time work off the farm as this is made available through expanded public works. This program should probably be administered cooperatively by the Extension Service, the Office of Economic Opportunity, and the Farmers Home Administration.

The program recommended should not be initiated prior to an intensive market analysis to determine the extent to which production of commodities on these small farms can be increased without seriously depressing prices. Since such a high percentage of total farm production comes from larger commercial farms, there is reason to believe that a significant increase can take place on the smaller farms without seriously affecting the market. This program should be recognized as a short-run program to help boxed-in farmers and

not a long-run solution to the small farm problem. Other recommendations are directed at preventing farmers from getting boxed in.

Younger Farmers on the Margin.—Thousands of younger farmers earning a poverty income are on the way to joining the boxed-in group. Many are receiving just enough assistance from educational and credit agencies to keep them on the verge of poverty. There are some who, with additional help, could develop a viable farming operation. Others should take advantage of a training program and other services and move into a nonfarm job. Preventing young farmers from becoming entrenched in a poverty situation should be on the priority list for agencies serving rural America.

The Commission recommends—

29. That Cooperative Extension in cooperation with the Employment Service and other rural agencies provide younger low income farmers with the information they need to decide whether to stay in farming or seek nonfarm employment. Moreover, if a decision is made to stay in farming, appropriate rural agencies should provide intensive assistance to help them develop a viable farming operation.

Low Income Rural Families.—Low income families not only need to earn more but also need to learn how to spend their incomes more effectively. The wives of most rural families in poverty have little formal education. They have not had the advantage of attending homemaking classes in high school and many have not been involved in the home economics program of the Extension Service. Many would not know how to take care of the family's nutrition, health, and clothing needs even if money were no obstacle.

Some of the more successful community action efforts by the Office of Economic Opportunity in cooperation with Extension home economists have been with the wives of poverty-stricken families—teaching them to stretch income by buying low-cost food and preparing it so that it is appetizing and nutritious, teaching them how to make attractive clothing with low-cost materials. All this has helped to upgrade the quality of life in these homes.

The Commission recommends—

30. That the Federal Government provide funds to create homemaking teams composed of professional and subprofessional aids to work intensively with all low income rural families.

These teams should provide personalized counseling and educational services. The Extension Service should call on voluntary leadership developed through home demonstration clubs to supplement this effort.

Out-of-School Education for Rural Youth.—Many organizations in rural areas which seek to serve the needs of rural youths have a specific orientation designed to meet one or more needs of the youths. Despite the proliferation of these programs, many pressing needs of youths are not met and those from low income families are neglected.

Cooperative Extension places entirely too much emphasis on enrolling youth in 4–H clubs and not enough on solving the problems of youth. Extension ought to concern itself with juvenile delinquency, parent training, child care, and youth opportunities. In carrying out its youth program, Extension's primary audience should be youth-organization leaders, parents, and school officials, among others.

Children from low income families in particular need to be involved in real life experiences, in leadership development programs, and in the entire range of community activities. In too many instances, the rural poor are excluded from many of the organized youth programs, either because their parents cannot afford the fees or because they simply do not fit in with the other members.

The Commission recommends:

31. That the Cooperative Extension Service devote more of its efforts toward development of a comprehensive youth program that focuses on the total development of the individual. This may involve less emphasis on 4–H clubs.

It is also suggested that a fund be established to enable rural youths from low income families to attend youth camps and to participate in other useful projects.

Education for Social and Economic Development.—The well-being of people in rural America depends largely upon how well the local leadership comprehends the changes that are taking place in society and their ability to adapt community institutions to these changes. Contrary to the thinking of many people, there is no such thing as bypassed areas in the American economy. Every

community is affected in one way or another by the forces of national growth. Some communities or areas grow at a rapid rate, others decline, and a few remain static.

At the community level, it is a serious problem for the leadership to adjust to these forces of growth and change. The problems of accommodation to growth are about as difficult as those associated with a lack of growth. For example, in growing communities, these problems include overcrowded schoolrooms, inadequate water and sewage facilities, and not enough recreation facilities.

On the other hand, declining communities are faced with a shrinking tax base and a loss of leadership resulting from out-migration. The community must exert tremendous effort to maintain the quality of public services. In many instances, such communities must join with others in order to remain viable. Communities that remain static in terms of population have the problem of meeting the growing demand for public services without increased local resources.

The land-grant universities have contributed significantly to the structural upheaval in rural America. Imbalances in the rural sector to a large extent are the byproduct of technological changes in agriculture. These universities that responded so well to the charge given them to develop agricultural technology should be given another charge at this juncture. They should at this stage focus attention on helping people in rural America to adjust to the forces of change—to restore order to their lives and to their communities. People who have fallen by the wayside need help, and communities ripped apart at the seams have to be put back together.

The Commission recommends—

32. That the land-grant universities concentrate more research and extension education resources to problems of people and communities in adjusting to changes brought about as a result of economic growth and development.

Particular attention needs to be given to the problems of small business and small communities.

In the past few years, attempts have been made to extend the resources of all universities to the problems of rural and urban communities and to industry through such programs as Title I of the Higher Education Facilities Act of 1965 and the State technical assistance program.

However, as they now exist, these programs are limited in their potential. Funds are made available to colleges or universities on the basis of specific project proposals. It is extremely difficult for colleges and universities to use funds effectively when they are appropriated in this manner. They cannot plan over a long enough period to develop expertise in transferring technology to problems of the community as they have, for example, in technical agriculture.

The projects taken on by the universities result in what amounts to "educational convulsions"—sapping the strength and energy of the regular faculty and taxing physical facilities. Duration of the projects does not permit re-tooling, and it is difficult to recruit competent staffs. Generally faculty and facilities already used to capacity are called on to exert additional effort.

The Commission recommends—

33. That each State select one university or university complex which will develop, as an integral part of the university, a program of continuing education and public service.

It is also suggested that the Federal Government streamline administration of all Federal programs relating to this function and allocate funds to the States by an appropriate formula. It will be desirable for Federal personnel to work with the States in designing programs and achieving coordination. This Federal cooperation, however, should not include authority to cut off funds in the short run.

In all probability, universities involved in such a program will find it necessary to establish the kind of continuous program and organization embodied in the concept of the Cooperative Extension Service. To be comprehensive, and to serve the total community, however, all of the resources of the university will have to be brought into play.

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Memorandum of Reservation by Vivian W. Henderson and James O. Gibson Concerning Recommendation 24

While we certainly agree with the intent of this recommendation, which calls for the redistribution of resources as well as students, we believe that in the context of rural America it tends to reinforce one of the most misguided of the reactions to the findings of the Coleman report and the report of the Commission on Civil Rights on Racial Isolation in the schools. Both reports indicate that low income racial concentrations adversely affect the ability of schools to teach Negro children. Obviously, correcting these imbalances in Harlem, Chicago, the District of Columbia, and other large urban concentrations of Negroes will entail massive changes which present tremendous problems politically, financially, and mechanically. Many reactions to the reports reflect despair at soon accomplishing these changes and argue against "writing off" the educational needs of Negro children in those urban areas where de facto segregation can be expected to remain for some years to come. Recommendation 24 addresses itself to such conditions.

However, rural America does not have these concentrations. Integration of dual school systems should proceed immediately, and nothing which compounds or prolongs concentration and isolation of minority children should be tolerated.

Chapter 6

Health and Medical Care

This Commission is profoundly disturbed by the health problems of low income people in rural America. Nowhere in the United States is the need for health service so acute, and nowhere is it so inadequate.

The statistical evidence is overwhelming yet the statistics barely suggest the inequity and the discrimination against the rural poor in medical and dental care and in modern health services.

We have failed miserably to protect the health of low income people in rural areas. The health service they get is not only inadequate in extent but seriously deficient in quality. It is badly organized, underfinanced, rarely related to the needs of the individual or the family. Such health service as there is too often is discriminatory in terms of race and income and heedless of the dignity of the individual.

This Commission is strongly of the opinion that comprehensive, continuous health service of the highest quality should be accessible to all Americans regardless of race, income, and place of residence. The recommendations offered in this report are designed to help achieve that goal.

First, however, consider the facts that describe the problem. We begin with the facts of infant mortality. They underscore the situation in rural America as few things could.

Infant and Maternal Mortality

The level and trend of infant and maternal mortality have been used as indicators of the social and economic conditions and the general health level of population groups. The infant death rate for the United States has declined from 69 deaths per 1,000 live births in 1925–29 to 24.8 in 1964. This rapid decline has been due chiefly to a reduction in mortality from infectious diseases. Today more than 70 percent of all infant deaths occur in the first month of life. The principal causes of these deaths relate to obstetrical problems, congenital malformation, and prematurity. The infectious diseases, however, still are a problem for infants during 1 to 11 months of life.

Although infant deaths have declined for both white and nonwhite groups, the relative difference between white and nonwhite infant deaths has increased. The infant mortality rate for nonwhites was 71 percent higher than that for whites in 1940, 87 percent higher in 1963, and 90 percent higher in 1964. The 1964 nonwhite infant death rate of 41.1 per 1,000 live births represents a lag of over two decades in the nonwhite group (*1*).[1] The nonwhite infant death rate after the first month of life was 108 percent higher than for whites in 1945–49, and 170 percent higher in 1964. (See table 1.)

As shown in figure 2, infant mortality is especially high in the rural South—in the Southeastern States where the Negro population in rural areas is large and in the States with concentrations of the Indian and Mexican-American population.

Maternal mortality, like infant mortality, has declined significantly over the years. Since 1951 maternal mortality in the United States has declined more than 90 percent. However, the relative difference between white and nonwhite maternal mortality has increased. In the early 1940's maternal mortality among nonwhite mothers was on the average slightly less than double the rate among white mothers. Since 1955, the rates among nonwhite mothers have been approximately four times those among white mothers (table 2).

In 1964, one-third of the 1,343 maternal deaths in the United States were mothers in rural areas and small towns of less than 10,000 inhabitants located outside of metropolitan counties. The maternal mortality rate of 40.9 per 100,000 live births in these largely nonurbanized areas was much higher than the national average of 33 deaths per 100,000. The lowest maternal death rate, 25 per 100,000, prevailed in the largely suburban areas surrounding the nation's great cities (*2*).

[1] References, indicated by italics in parentheses, are listed at the end of this chapter.

INFANT MORTALITY RATE, UNITED STATES AND EACH COUNTY, AVERAGE ANNUAL RATE, 1956-60

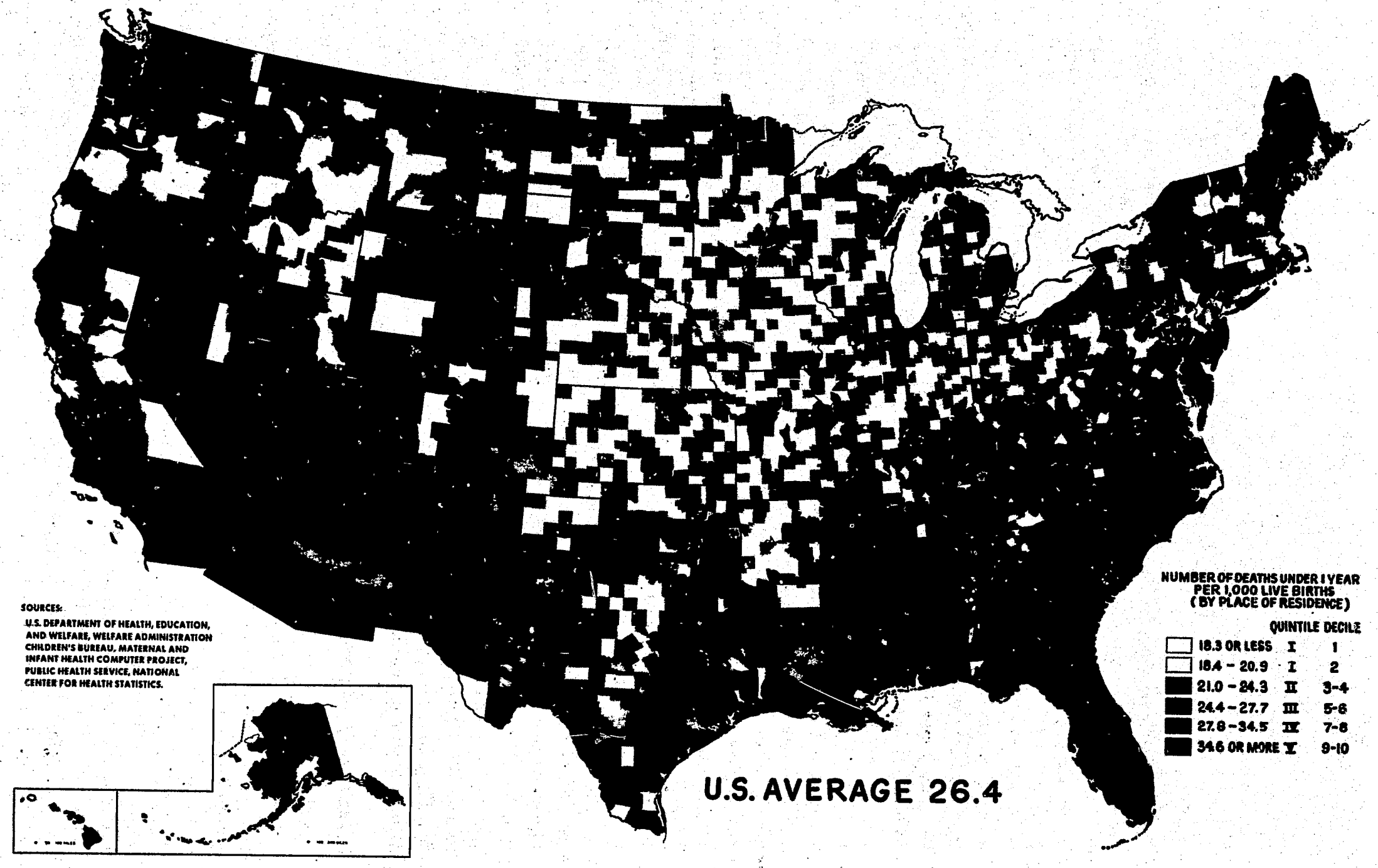


FIGURE 2

TABLE 1.—*Infant mortality rates per 1,000 live births, United States, 1915–64*

Period	Deaths under 1 month (Neonatal)		Deaths from 1 month to 11 months (Postneonatal)		Percent excess of nonwhite over white	
	White	Nonwhite	White	Nonwhite	Neonatal	Postneonatal
1916–19	42. 3	58. 1	49. 6	89. 5	37	80
1920–24	38. 7	51. 1	34. 5	64. 2	32	86
1925–29	36. 0	47. 9	29. 1	57. 6	33	98
1930–34	32. 5	48. 2	22. 9	47. 5	48	107
1934–39	29. 5	41. 4	19. 7	39. 9	40	103
1940–44	24. 9	35. 6	14. 1	31. 3	43	122
1945–49	21. 8	30. 3	9. 2	19. 1	39	108
1950–54	18. 6	27. 4	6. 8	17. 3	47	154
1955–59	17. 6	27. 7	5. 8	15. 9	57	174
1960	17. 2	26. 9	5. 7	16. 4	56	188
1961	16. 9	26. 2	5. 5	14. 5	55	164
1962 [1]	16. 9	26. 1	5. 5	15. 3	54	178
1963 [1]	16. 7	26. 1	5. 5	15. 4	56	180
1964	16. 2	26. 5	5. 4	14. 6	64	170

[1] Excludes New Jersey, since no provision was made for white-nonwhite distinction on birth and death certificates

SOURCE: H. C. Chase, *White-Nonwhite Mortality Differentials in the United States*, HEW Indicators, June 1965.

Health Status [2]

The evidence is clear that there is a definite relationship between illness and income. We know that the progressive nature of illness ultimately interferes with normal productive activity and results in reduced income. We also know that poverty and its associated conditions—inadequate nutrition, unsanitary living conditions, and other effects of poverty—results in frequent and long illness which in turn results in inability to work.

Limitation of activity due to chronic illness is more prevalent among the poor than among the rich. This relationship is even more pronounced when chronic illness affects the person's ability to work at a job, to do housework, or to go to school. Regardless of income, rural residents, especially the elderly, are much more likely to have disabling chronic health conditions than their urban counterparts (table 3). Rural persons also have higher rates of injuries than urban residents, have more days of restricted activity, and lose more days from work due to illness and injury than their urban counterparts. The injury rate from motor vehicle accidents is highest among rural nonfarm residents. Rural farm residents have the highest rate of injuries caused by work-related accidents. Accident death rates are higher among rural than among urban people. In 1963, rural residents accounted for 3 out of 5 deaths caused by accidents.

[2] Unless otherwise indicated, data in this section are based on unpublished data provided by the National Center for Health Statistics, Public Health Service, U.S. Department of Health, Education, and Welfare.

TABLE 2.—*Maternal mortality per 100,000 live births, United States, 1915–63*

Period	White	Nonwhite
1915–19	700. 3	1, 253. 5
1920–24	649. 2	1, 134. 3
1923–29	615. 0	1, 163. 7
1930–34	575. 4	1, 080. 7
1935–39	439. 9	875. 5
1940–44	238. 0	596. 4
1945–49	110. 8	328. 4
1950–54	48. 9	128. 7
1955–59	28. 2	112. 4
1960	26. 0	97. 9
1961	24. 9	101. 3
1962 [1]	23. 8	95. 9
1963 [1]	24. 2	98. 1

[1] Excludes New Jersey since no provision was made for white-nonwhite distinction on birth and death certificates.

SOURCE: H. C. Chase, *White-Nonwhite Mortality Differentials in the United States*, HEW Indicators, June 1965.

TABLE 3.—*Percent of persons with limitation of activity due to chronic conditions, by degree of limitation according to age and residence, United States, July 1963–June 1964.*

Residence and age	All persons	Persons with no chronic conditions	Persons with one or more chronic conditions			
			Total	With no limitation of activity	With limitation, but not in major activity [1]	With limitation in amount or kind of major activity [1]
ALL AREAS						
All Ages	100	54.6	45.4	33.3	3.4	8.7
Under 15 years	100	80.0	20.0	18.0	0.9	1.1
15–44 years	100	52.8	47.2	39.4	3.3	4.5
45–64 years	100	33.9	66.1	45.8	5.8	14.4
65 years and over	100	17.2	82.8	33.2	7.6	41.9
URBAN						
All Ages	100	54.7	45.3	34.1	3.3	7.9
Under 15 years	100	79.5	20.5	18.5	0.9	1.2
15–44 years	100	53.1	46.9	39.7	3.2	4.0
45–64 years	100	35.4	64.6	46.5	5.3	12.7
65 years and over	100	19.2	80.8	35.5	7.3	38.0
RURAL NONFARM						
All Ages	100	54.4	45.6	32.0	3.6	9.9
Under 15 years	100	80.4	19.6	17.7	1.0	0.8
15–44 years	100	51.5	48.5	39.9	3.5	5.1
45–64 years	100	30.5	69.5	44.8	6.7	18.0
65 years and over	100	12.8	87.2	28.6	8.1	50.5
RURAL FARM						
All Ages	100	54.6	45.4	28.9	4.2	12.3
Under 15 years	100	83.5	16.5	14.8	1.0	0.7
15–44 years	100	54.8	45.2	34.2	3.8	7.2
45–64 years	100	29.7	70.3	42.7	7.8	19.8
65 years and over	100	13.3	86.7	26.9	8.5	51.3

[1] Major activity refers to ability to work, keep house, or engage in school or preschool activities.

SOURCE: Unpublished data provided by the National Center for Health Statistics, Public Health Service, Dept. of Health, Education, and Welfare.

Because the rural poor do not have easy access to appropriate health services early in the illness, the result is much greater disability. Available data on services provided by physicians and dentists clearly show that the poor are less likely than those with higher incomes to receive adequate medical care. The lack of medical care is most acute among the children of the poor.

Regardless of income, rural farm residents average fewer physician visits per person—consultation with a physician or services provided by a nurse or other person under the physician's supervision—than rural nonfarm and urban residents. Rural residents, especially the children of the rural poor, are less likely to have used the services of a physician during the year than their urban counterparts. And relatively more rural residents than urban residents have never seen a physician.

Twice as many persons in families with incomes of $7,000 or more, compared with those in families with less than $2,000 income, use the services of specialists during a 1-year period. To take but one example, about 20 percent of the children under 15 years of age were examined or treated by a pediatrician during the year. This proportion was 9.6 percent for those in the lowest income group and 29.4 percent for those in families with incomes of $7,000 or more (*3*). Moreover, children in higher income families and those living in metropolitan areas of the country are more likely to have a routine physical examination than those in low income families and those living outside metro-

politan areas and especially on farms. This lack of medical care in the early ages is especially tragic since a large proportion of the handicapping chronic conditions could be prevented or corrected by early detection and proper treatment at appropriate ages in childhood. (See figure 3.)

The relationship between health care and income is even more striking for dental care. The poor rarely see a dentist. One-fourth of the poor have never seen a dentist. Only 24 percent of the persons in families with less than $3,000 income, compared with 57 percent of those in families with $7,000 or more income, visit a dentist during the year.

Children suffer most in the lack of dental care. Only one out of four children under 15 years of age in families with incomes of less than $3,000 has ever received any dental care, while three out of four children in the $7,000 or more income group have visited a dentist at least once during a year. It is well known that most of the dental ills in adults can be traced to childhood neglect. Among the rural poor this lack of dental care, especially among children, becomes very acute. Rural residents receive consistently less dental care than their urban counterparts regardless of their economic status.

It is possible that because many people regard conditions needing dental care only as inconveniences they often postpone visits to the dentist for examination and treatment. This may be particularly true of low income rural families. Because of the inaccessibility of dentists, and in an attempt to avoid dental expense, they often delay going to a dentist until they are in pain or have other acute discomfort. The results are predictable: among those who go to a dentist, the lower their income, the more likely that the visit includes extractions. For the poor, dental care when it occurs is curative rather than preventive (*3*).

Although three-fourths of the people in the United States have some kind of health insurance coverage to protect them against the cost of medical care, unfortunately the poor who need it most do not have such protection. About one-third of the persons in families with incomes of less than $2,000 have health insurance compared with nine-tenths of the persons with incomes of $10,000 or more (fig. 4). Regardless of income, the rate of insurance coverage is lowest for rural farm residents, a fact which partially reflects differences in patterns of employment between urban and rural areas. The proportion of persons with insurance protection is lowest for the rural poor on southern farms.

The amount of money people spend to maintain or regain their health varies markedly by the amount of family income and size of the family. The combined impact of family income and family size on personal health expenditures becomes most pronounced for the maintenance of health care of the children. For example, expenditures for health care of a child living in a three-member family with an income of $7,000 or more are five times greater than the amount spent for health care of a child in a family with seven or more members and an income of less than $2,000.

Regardless of income, as population density decreases, the per capita expenditures for health care also decrease. The amount spent on health care is lowest among the low income rural farm families, and particularly the amount spent for the health care of the very young children. This is consistent with the low level of medical and dental care among rural farm families as well as the low proportion of persons with health insurance coverage (*4, p. 14*).

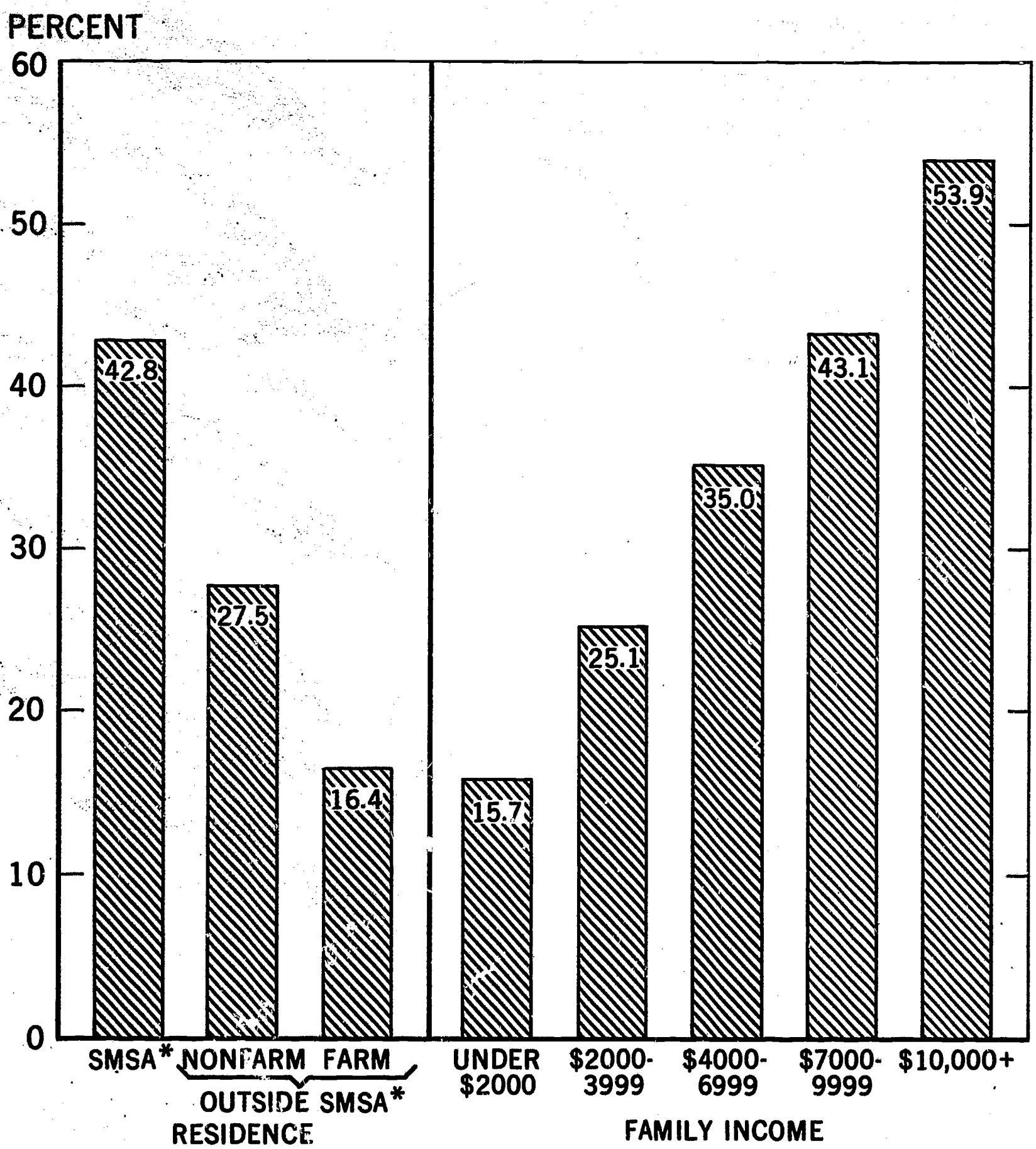
Health Manpower and Facilities

The scarcity of health manpower and facilities in the low income rural areas is alarming and is not likely to be corrected overnight. Although about 30 percent of our population still lives in rural areas, only 12 percent of our physicians, 18 percent of our nurses, 14 percent of our pharmacists, 8 percent of our pediatricians, and less than 4 percent of our psychiatrists are located in rural areas (*5*).

Because of continued population growth, advances in medical knowledge, and overall improvements in the opportunities of the people, the demand for health services and, therefore, for health personnel to provide the services, will continue to increase. Existing shortages of doctors, dentists, nurses, and other health personnel are likely to last for some time. Shortages of hospital beds and high quality extended care facilities—such as nursing homes and other homes for the aged, chronic disease hospitals, and geriatric hospitals—also are not likely to be corrected in a short time. Needless to say, the strain will be felt most in rural areas of the nation.

Health personnel tend to concentrate in metropolitan areas and to specialize. The number of

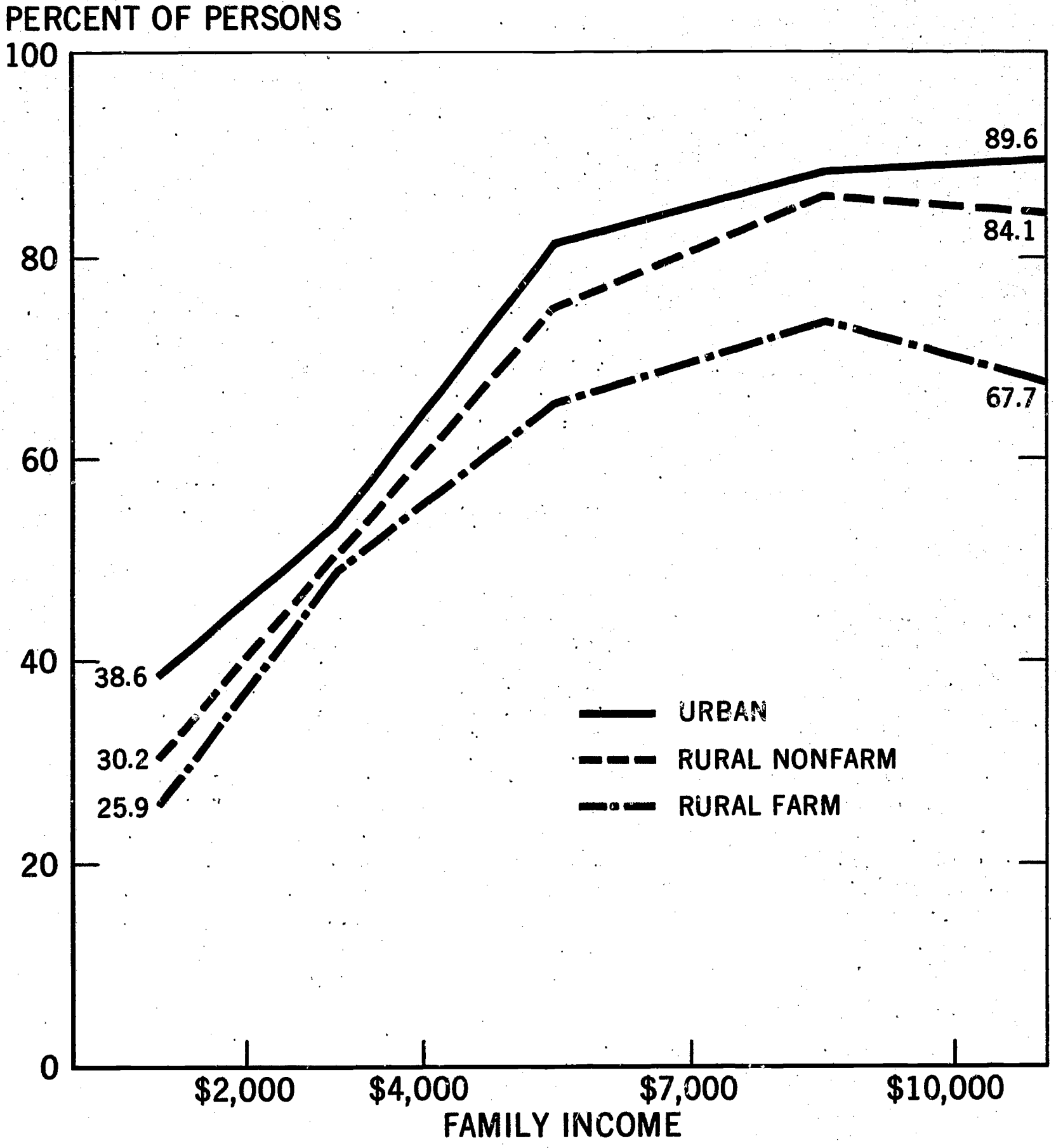
Figure 3. Percent of persons under 17 years of age who had a routine physical examination in the 12 month period July 1962-June 1963



*SMSA: Standard Metropolitan Statistical Areas

Source: National Center for Health Statistics: Physician Visits. United States, July 1963-June 1964. " Vital and Health Statistics" PHS Pub. No. 1000-Series 10-No. 19.

Figure 4. Persons with hospital insurance coverage by family income and residence, July 1962-June 1963



Source: Unpublished data provided by the National Center for Health Statistics, Public Health Service, Dept. of Health, Education, and Welfare.

physicians per 100,000 population is 53 in isolated rural areas compared with 195 in large metropolitan centers (fig. 5). The isolated counties are conspicuously lacking in specialists and physicians employed by hospitals and industry. Hence, the continuing decline in the ratio of general practitioners to population during the last decade becomes more critical for rural areas than urban because rural people depend on general practitioners more than on specialists.

Despite an increase in the number of dentists, the ratio of dentists to population has declined during the past decade (fig. 6.) The ratio of dentists to population ranges from 69 per 100,000 persons in large metropolitan areas to only 27 in the isolated rural areas. The nurse-population ratio ranges from over 300 per 100,000 persons in urban centers to 126 per 100,000 in the isolated rural areas of the country (*6*).

In recent years the operation of the Federal-State hospital construction program under the Hill-Burton Act of 1946 has increased the number of hospitals in rural areas. However, with the rapid population growth the ratio of the number of beds in general hospitals to the nation's population has increased very little.

Although quality of hospital care cannot be measured solely by the number of beds, we do know that the size of the hospital to some extent reflects the services available. The larger hospitals are better staffed with technical personnel and specialists and are generally better equipped. But rural people have to depend largely on the smaller hospitals. In these small hospitals in the outlying areas, free organized outpatient departments are seldom found.

Historically, the States have had responsibility for the care of the mentally ill and the mentally retarded. However, mental hospital standards vary from State to State. In each of the four most urbanized States the ratio of mental hospital beds "acceptable" to the State supervising agency exceeds 30 per 1,000 population. In the four most rural States, this ratio is lower than 3 per 1,000. The staffing problems in these hospitals are even more acute. The result is that senile and other psychotic patients from rural areas usually end up in seriously substandard facilities (*7*). Often patients remain in mental hospitals because of a lack of extended care facilities in the community. Many of these patients are elderly, and suffer from physical illness which results in psychiatric disorders. Often when these physical illnesses receive appropriate medical or surgical treatment, the psychiatric disorder disappears.

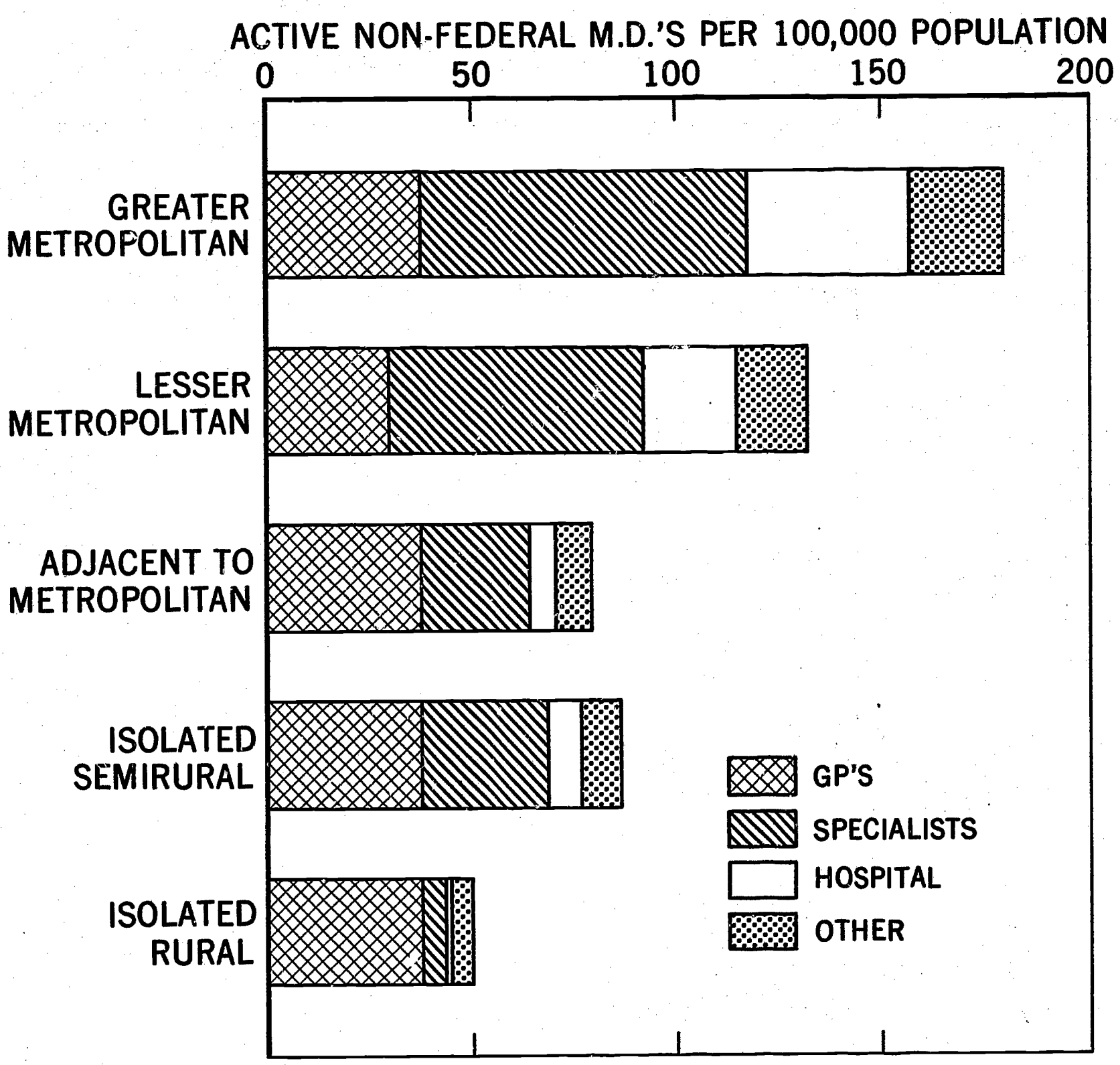
In recent years mental deficiencies, psychoses, and neuroses are some of the important disorders for which the Federal Government has assumed financial responsibility. Federal funds have stimulated the assessment of mental health resources and needs of each State and the construction and initial staffing of community mental health centers. In a variety of ways treatment for the mentally ill is being brought back into the mainstream of community-based health services. With modern drug treatments it is often unnecessary for a patient to remain in isolated hospitals for long periods. As a result, community mental health programs financed largely by Federal and State governments have spread across the nation.

Outpatient psychiatric clinics for rural children and youth are often the only mental health resource available in rural areas. In 1961 only 4 percent of clinics serving children and youth in the nation were located in rural areas. The 35 States without any rural clinics had around 65 percent of the rural children. Rural clinics provided only 1.5 percent of the total clinic man-hours of service per week. More of the rural clinics are operated on a part-time basis and have smaller staff than urban clinics. These data are not surprising considering the very heavy concentration of psychiatrists in the large metropolitan areas (*8*).

The more affluent rural residents can and often do obtain medical services in the hospitals in distant cities. However, distance continues to be a problem for the rural poor who lack the ready means of transportation, financial resources, and the medical awareness needed to obtain medical and surgical services in the large city hospitals.

To make matters worse for the poor living in the isolated rural areas of the country, services have become increasingly centralized so that availability of transportation and of time to take advantage of these services becomes an additional problem. Dispersion of hospitals and clinics is necessary. However, in rural areas population density is not high enough to make feasible the operation of well-staffed hospitals.

Figure 5. Urban-rural[1] differences in physician supply, 1962



[1] Counties within standard metropolitan statistical areas, as defined by the Bureau of the Budget, are here classified as greater metropolitan (if they are part of a SMSA of 1 million or more population) or lesser metropolitan (SMSA population of 50,000 to 1 million). Adjacent counties are counties that are not themselves metropolitan but are contiguous to metropolitan counties. All other counties are classified as isolated; semirural counties contain an incorporated place of 2,5000 or more population, rural counties do not.

Source: Health Manpower Source Book, Section 18, U.S. Department of Health, Education, and Welfare. Public Health Service, Washington, D.C.

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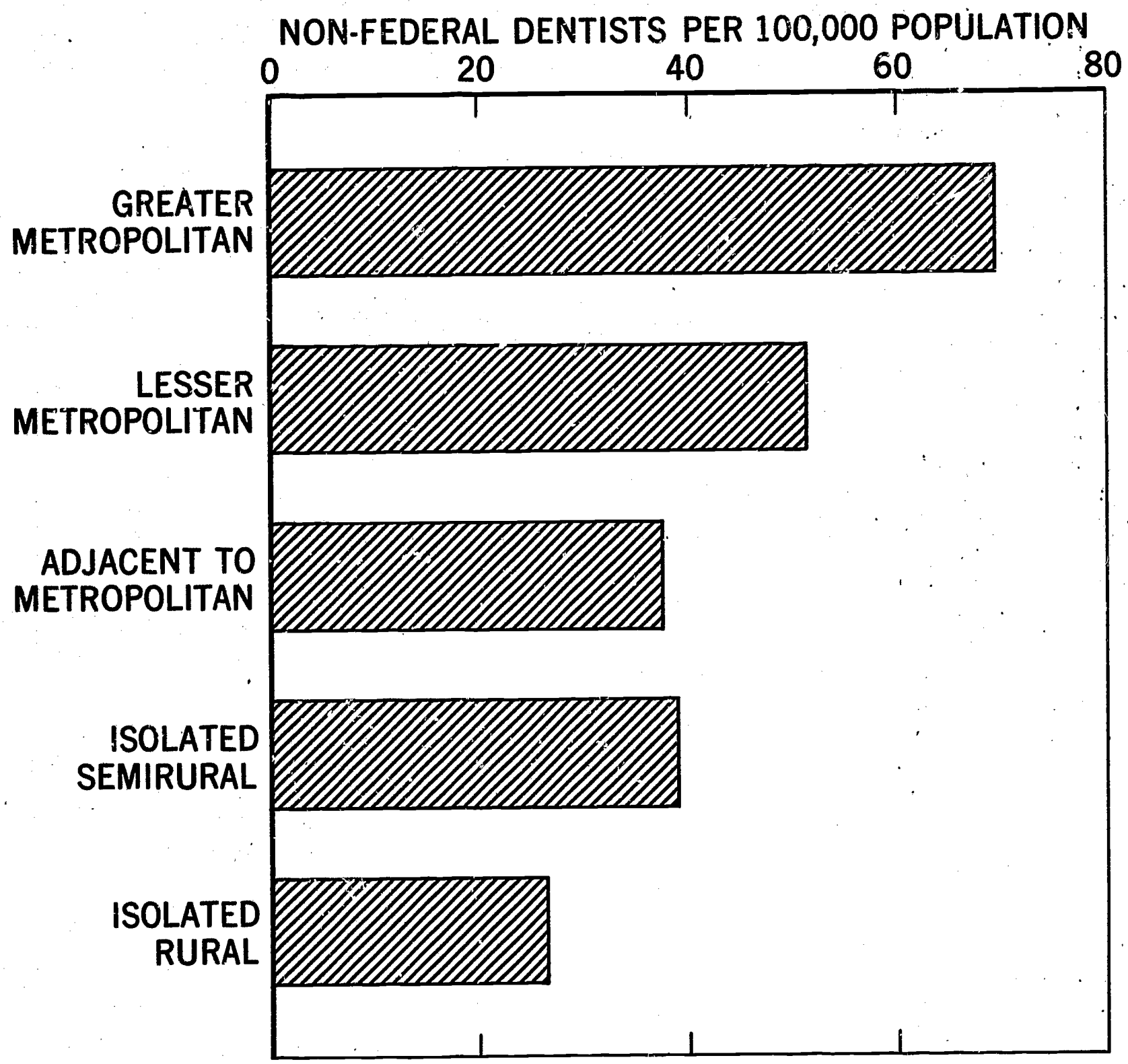
Figure 6. Urban-rural[1/] differences in dentist supply, 1962



[1/] Counties within standard metropolitan statistical areas, as defined by the Bureau of the Budget, are here classified as greater metropolitan (if they are part of a SMSA of 1 million or more population) or lesser metropolitan (SMSA population of 50,000 to 1 million). Adjacent counties are counties that are not themselves metropolitan but are contiguous to metropolitan counties. All other counties are classified as isolated; semirural counties contain an incorporated place of 2,500 or more population, rural counties do not.

Source: Health Manpower Source Book, Section 18, U.S. Department of Health, Education, and Welfare. Public Health Service, Washington, D.C.

Recommendations

Federal resources have been devoted to a wide variety of programs to increase the supply of medical resources. The Public Health Service Act provides for traineeships for professional nurses, grants for graduate training in public health, and grants for training of personnel for State and local health work. The Health Professions' Educational Assistance Act of 1963 and its amendments authorize grants for the construction of teaching facilities for medical, dental, and other health professional schools, and grants to improve the quality of health professional education. The 1966 amendments to this act encourage physicians, dentists, and optometrists to practice in poor rural areas by forgiving up to 100 percent of their Federal educational loans. The Allied Health Personnel Training Act of 1966 is designed to augment allied health manpower resources. The act authorizes construction grants to teaching facilities, grants to improve curriculum, and project grants to develop new teaching methods and to spur the development of new types of health personnel.

In addition to Federal aid, State and local efforts to improve the supply of rural physicians have taken many forms, ranging from offering rent-free modern office facilities to physicians to full financial support to medical students who will set up practice in rural areas.

In spite of these and other efforts the shortage of health resources in rural areas persists. Immediate attenion should be given to devising ways of augmenting the supply of health resources in rural areas. There are two approaches to meeting this problem, and both need to be taken into account: (1) Add to the supply by increasing medical facilities and training more health manpower, and (2) increase the efficiency with which health resources are used.

The Commission recommends—

1. That cancellation of educational loans in return for service in rural areas under the Health Professions' Educational Assistance Act be extended to cover a wider variety of professional and subprofessional health manpower than is now covered.

Every attempt should be made to encourage more students to specialize in the medical professions. High school counseling should be strengthened in this area.

The Commission recommends—

2. That Federal funds available under the Health Professions' Educational Assistance Act be used much more extensively to construct medical and dental schools and to encourage innovations in education and training which promote the efficient practice of medicine.

The curriculum of medical and dental schools, especially in rural States, should include a course of advanced clinical experience in a field setting. Such a requirement will provide an opportunity for a rural type of medical and dental experience not obtainable in the metropolitan area in which the college is usually situated.

It is obvious that the increase in the demand for physicians and dentists will far exceed the increase in the supply unless ways are devised to use physicians more efficiently. This need is very acute in child health. If we simply continue present methods of providing health service, it would be almost impossible to assure comprehensive care for all the children of the poor. However, many of the tasks now performed by physicians could be handled by trained assistants, supervised by physicians. The use of physicians' assistants would reduce both the number of additional doctors needed and the cost of providing care.

The Commission recommends—

3. That a corps of subprofessional health personnel working under the supervision of doctors and dentists be developed and trained.

Programs for the training of subprofessionals should be established in local areas and coordinated with the medical colleges in the State. In some cases and for certain categories of personnel, commmunity colleges should establish programs to provide associate degrees in various subprofessional specialties. Other training to perform many tasks might be provided for aids with less than high school education. Federally supported health care programs should be used to provide training to the assistants, as well as to exert leadership in the use of this type of personnel.

The Commission recommends—

4. That a National Rural Health Corps of trained volunteer health personnel be established to work in rural areas with serious health needs.

These volunteers may be physicians, dentists, nurses, medical and nursing aids, or other specified health workers. The utilization of Health Corps volunteers in rural areas should be within the framework of comprehensive local health care programs approved by the State department of health.

The Commission recommends—

5. That the Federal Government encourage and promote the development of group practices, especially prepaid roup practices in rural areas, and assist in establishing facilities to be used for this purpose.

Group practice enables the doctor to work a regulated work week and be relieved of the pressures of a rural physician practicing on his own. He gains the professional stimulus of close professional contact with his partners and may also be free to leave temporarily for study with the assurance that his patients will be cared for. Groups of doctors working together can make more efficient use of equipment, auxiliary personnel, and consultation than doctors practicing alone.

Often elderly persons in rural areas suffering from chronic physical or mental illness are placed in institutions far away from home for long periods in isolation from their family and community. Such persons could be taken care of more effectively and economically in their own homes by a visiting nurse or a health aid under medical supervision.

The Commission recommends—

6. That high quality home care programs be developed to serve the elderly and the chronically ill in rural areas.

These programs should operate through a centrally administered team approach under medical direction, consisting of the physician, public health nurse, social workers, and health aids from the local community.

Policies and programs to increase the number of physicians have as their primary purpose an increase in the quantity of health services, not merely an increase in the number of doctors. An increased supply of manpower would not by itself make such services more available to those who need it, unless accompanied by programs to enable persons to obtain such services. We therefore need to organize a system of health services which will assure that the total population can obtain adequate medical care.

The Commission recommends—

7. That community health centers tied into a regional system of hospital and specialized services be developed in rural areas.

Comprehensive outpatient and routine inpatient, preventive, curative, and rehabilitative services should be available to all. Such centers should include as their essential components a program of comprehensive maternal and child health care as well as a program of early detection and treatment of chronic conditions.

These centers should be flexible enough to meet the needs of the communities. In the isolated rural areas, such centers could take the form of mobile units traveling on a regular basis within specific geographic areas in order to provide continuing health care over time to all persons within the area. This would enable the use of regional hospital-based medical staff supplemented by health workers, medical and dental assistants, and subprofessional aids from the local community.

Arrangements should be made with the regional hospital to provide backup referral and consultative services for patients who present unusual diagnostic or highly specialized problems and to provide consultation and technical assistance in program planning and appropriate use of existing and new categories of health personnel. Wherever possible, full advantage should be taken of university hospitals and their staff.

The Commission recommends—

8. That a national program of comprehensive dental care for children be developed with special provisions to meet the needs of the poor in rural areas.

In the initial years, this program should be established on a pilot basis in selected areas of severe needs. Care should be provided on an incremental basis, covering children of first grade age only in the initial year and adding a grade a year. The schools should provide a setting in which continuous access to the largest number of children is assured and the most productive use of dental manpower is achieved. This service should be incorporated with the functions of the community health

centers, when these are established. Mobile dental units (such as those used by the Indian health program) should be used to take dental services to the isolated rural areas.

As part of such a program of comprehensive dental care a program of fluoridation of community water supplies should be offered. Federal grants for installation, operation, and maintenance of equipment should be available to communities which decide to fluoridate their water supply. Such a program can reduce dental disease in the population served by more than 50 percent at minimum annual expense, thus also reducing dental needs and costs of dental treatment in subsequent years. A program of comprehensive dental care in a community which has had a fluoridated water supply during the period in which the teeth "served" were being formed will cost approximately $13 per child per year. The cost is approximately $30 per child per year in a community without fluoridated water. Fluoridation costs per year would be approximately 12 cents per capita or 71 cents per child served. (*9*).

The Commission recommends—

9. That maximum use be made of available Federal funds to provide adequate care for mental illness and mental retardation to all through such programs as subsidized multicounty mental health centers.

These services and facilities should be tied in with the regional health centers in terms of organization, staffing and services offered.

The Commission recommends—

10. That modern techniques of communication and transportation be effectively used to serve the isolated rural areas and to bring the rural physician into close association with the regional health centers.

The use of helicopters, small planes, and two-way radios for emergency care service as well as for regular medical service in the outlying areas should be extended. Moreover, the increasing potential of computerized communication systems could be of crucial importance in the organization and delivery of health care in outlying areas. The use of closed-circuit television, telephonic transmission of electrocardiogram tracings, electronic analysis of electrocardiograms, rapid recall of individual health records and the like should be explored.

The cities of America are far ahead of rural areas in providing medical care. One of the several reasons is that public health departments in cities have been better financed than those in rural areas, better staffed, better equipped, and more alert to the needs of the people. In recent years some of these agencies have expanded their activities to include such programs as dental services for children, prevention of accidental injuries, promotion of mental health, and early detection of chronic conditions. County health departments in rural areas, as a rule, have neither the staff nor the facilities to meet the needs of the poor.

The Commission recommends—

11. That public health agencies in rural counties and multicounty districts be strengthened, their role in the community be expanded, and the services offered be updated to meet the current needs of the people in keeping with national health goals.

It is not enough simply to develop facilities and services for adequate health care unless along with these goes the assurance that all persons can also afford to use them. Many people—both the poor and the not-so-poor—face financial ruin from medical bills because of inadequate or no protection against the cost of medical care. Prolonged illness and hospitalization can drag most of us into poverty. And, as indicated earlier in the chapter, this is especially true of rural residents, for they are less likely than urban residents to have adequate provisions for medical care.

Over the years the Federal Government has assumed increasing responsibility for the medical care of specific categories of persons based on need. The principle of social insurance for health care was accepted for the first time by the United States with the passage of the 1965 Medicare amendment to the Social Security Act which provides health insurance for the aged. Medicare, a federally administered program, offers two kinds of benefits for persons aged 65 or older: hospital insurance (for hospitalization and related care) which is universal for all aged persons, and supplementary medical insurance (for physicians' services and some other medical services) which is a voluntary program. Benefits are uniform

throughout the nation. Undoubtedly, this program has been a boon to the rural aged and has corrected many of the deficiencies of voluntary health insurance in rural areas. However, this program still has limitations, especially as it affects the rural residents. It still is hemmed in with time limits, deductibles, and problems of enrollment in the medical insurance benefits of the program. Moreover, it does not cover persons under 65 years of age.

It was hoped that Title XIX of the amendment, commonly known as the Medicaid program, would solve the problem. Medicaid is a Federal-State program designed to provide medical assistance to all needy and "medically needy" persons as defined by each State. The objectives of this Federal-State program are: (1) To provide medical assistance for all persons who are receiving financial assistance, or who would be eligible for such assistance, under federally aided public assistance programs, and all persons under age 21 who, except for a State requirement, would be eligible for assistance through the program of aid to families with dependent children (this represents the minimum coverage called for under this program for purposes of Federal participation); (2) to permit States at their option to provide medical assistance to those groups of medically needy people who would qualify under the public assistance categories if they were in sufficient financial need; and (3) if the States choose, to provide medical care to all medically needy children under age 21, even if they cannot meet the eligibility requirements for financial assistance under public assistance programs. The remaining needy persons 21–64 years old who cannot qualify under the federally aided medical assistance program may be included in the program at the States' expense.

There are growing indications, however, that in many instances only those persons on public assistance qualify for medical assistance under this program. Moreover, criteria for eligibility and the benefits offered in addition to the minimum requirements are not uniform across the nation. Very few States have incorporated the originally conceived idea of medicaid into their programs. And there are difficulties in financing the program, getting the cooperation of doctors, and untangling other redtape attached to the legislation. The financial problems are not surprising when only those in greatest need participate; per patient costs obviously will be high. As of July 1967, 24 States had not yet implemented the program, and a large proportion of these have large low income rural populations. The economic potential of these States being low, the range of optional services offered by the participating low income States is narrower than in the more affluent States. Often these optional services are offered only to public assistance recipients. The income levels defining the medically needy are also lower in these States.

Moreover, the 1967 House amendments to the act, if passed, will drastically reduce the income ceiling in defining the "medically needy" for purposes of Federal participation in the program—Federal sharing will not be available for families whose income exceeds 133⅓ percent of the highest amount ordinarily paid to a family of the same size in the form of money payments under the AFDC program.

The Commission recommends—

12. That the Federal Government immediately develop a comprehensive program to meet the medical care needs of rural America.

The Commission realizes that the recommendations made thus far will take time to put into effect. The health needs of the rural poor, however, are acute. Thousands of these people need help *today*. They need drugs, immunization, diagnostic evaluation, treatment, and corrective surgery—a wide range of medical services.

The Commission therefore recommends—

13. That the Federal Government act at the earliest possible moment to support and administer programs which will provide adequate medical treatment for low income residents of rural areas.

Here are some ways this recommendation can be carried out:

(a) *Federal funds should be provided to employ local private physicians to serve for one or two days a week in the rural areas to provide the essentials of medical care.* The U.S. Public Health Service could place on an emergency basis one or two doctors, nurses, and appropriate paramedical personnel in each county to work with the rural poor.

(b) *A federally financed program of early detection and treatment of congenital and other handicapping disorders in children* should be

launched immediately in these health-depressed rural areas.

(c) *The maternal and infant care project grants as well as the comprehensive child health project grants for school age and preschool children* authorized under Title V of the Social Security Act were specifically developed to serve the poor in areas with concentration of low income families. These projects are designed to reach out into the community for early detection, preventive health services, and medical care for mothers and children among a population most acquainted only with care in emergencies. Limitation in funds has restricted the area covered. These projects *should be continued beyond their 5-year period of authorization and appropriations for these projects should be immediately and substantially increased to enable rapid expansion of these projects in rural areas of dire need.*

Attention must be given to meet the nutritional needs of these children. Recommendations to satisfy these needs are offered in an other section of this report.

Migrant Health

The health problems of migratory farmworkers and their families are an extreme case of the problems encountered by the rural poor across the nation. Health services for migratory farm families have been almost nonexistent. Being nonresidents in most of the areas where they do seasonal work, these people are usually ineligible for medical assistance from local public hospitals or welfare departments.

In 1962 the Migrant Health Act was enacted authorizing grants by the U.S. Public Health Service to State and local agencies for health services to migrants. Assistance offered by the Public Health Service under this legislation has stimulated some communities to adjust their local health services in order to extend them to the seasonal farm families. In fact, the act authorizes general ambulatory medical care instead of the restricted preventive services conventionally offered by rural county health departments.

Although these projects have improved the health care of many migrant families, the program's impact, relative to the problem, is still extremely inadequate. The legislative authority for the migrant health program expires in June 1968.

The Commission recommends—

14. That the Migrant Health Act be renewed in 1968 with sufficient funds to expand the program in terms of geographic coverage and services offered.

In order to insure continuity of services the renewed legislation should include a broader definition of migrant worker to cover the entire migrant community, especially in the home-base areas. Concerted efforts to improve interarea communication and coordination should be made, and community education and inservice orientation for health workers should be intensified.

Indian Health

Another distinct rural population group for which the Federal Government has taken responsibility is the Indian American. The Indian Americans are predominantly rural people, desperately poor, and concentrated on Indian reservations in 23 States which have Federal Indian reservations. In 1965, approximately 381,000 Indians, including Alaskan natives, depended in varying degrees upon the Indian health programfor health services. They are widely dispersed on about 250 Federal Indian reservations in various colonies and adjacent communities and in several hundred villages in Alaska.

Despite the various problems in providing health services to the Indian Americans, considerable progress has been made in improving their health during the past decade. Indicators of improvement are the reduction in mortality from communicable diseases, especially tuberculosis, and lowering of infant death rates.

However, mortality from communicable diseases and deaths among babies after the first month of life are still far greater than those in the general population. Most of these infant deaths are from respiratory conditions, gastroenteritis, and diarrheas which are frequently associated with the home environment—inadequate sanitation, crowded housing, lack of safe water supplies, and limited facilities for practicing modern hygiene. Nearly one-sixth of all Indian deaths in a year are attributable to tuberculosis, and gastroenteric and other infectious diseases, reflecting, in part at least, grossly substandard living conditions, poor nutrition, rigorous climate, and inadequate sanitation. Nonetheless, the infectious diseases are

slowly being displaced by degenerative conditions and noninfectious diseases. Leading causes of death today are accidents first (156 per 100,000) and diseases of the heart second (142 per 100,000).

Another measure of progress during the past decade has been in the expansion and improvement in hospital and clinic facilities. By 1965, the Indian health program was operating 49 hospitals, 30 health centers with full-time staff, 16 school health centers, and many field health stations. In addition, contractual arrangements were in effect with hundreds of community hospitals to provide inpatient services and extended care to beneficiaries where no public health service facility is available and for emergency services.

Comprehensive curative, preventive, and rehabilitative services are provided at all facilities, and include public health nursing, maternal and child health care, dentistry, nutrition, sanitation, and health education. Indians are trained to serve in both professional and nonprofessional positions in the health program, thus relieving to some extent the problems of shortages of staff. Indian participation is encouraged in all phases of the health program.

Real progress in environmental health services began only in 1959 with the passage of the Sanitation Facilities Construction Act. The lack of safe water and the inadequacy or absence of facilities for human waste and refuse disposal contribute to the rapid and widespread movement of communicable diseases. By the end of 1964, basic sanitation facilities were made available to over 24,000 Indian and Alaskan native families in more than 350 communities.

This level of accomplishments in sanitation projects however, represents only 29 percent of the total effort required to provide beneficiary families with essential water and waste-disposal facilities. At the present regular budget level it will take about 15 more years to meet the current estimated need for such facilities.

The Commission recommends—

15. That the Federal Government act with urgency to bring the health of our Indian people up to the national level.

Special attention and funds should be provided for environmental health. The program of training Indians to serve in professional and nonprofessional positions in health programs should be expanded.

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(*6*) U.S. Department of Health, Education, and Welfare. HEALTH MANPOWER SOURCE BOOK, SECTION 19, 1962, and HEALTH RESOURCES STATISTICS, 1965.

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(*8*) Carol L. McCarty and Beatrice M. Rosen. MENTAL HEALTH AND MENTAL HEALTH SERVICES IN RURAL COMMUNITIES. *In* "Rural Youth in Crisis: Facts, Myths, and Social Change," U.S. Dept. Health, Education, and Welfare.

(*9*) U.S. Department of Health, Education, and Welfare. MATERNAL AND CHILD HEALTH CARE PROGRAMS. October 1966.

Chapter 7

Family Planning Programs

President Johnson in his special message to Congress on health and education in March 1966 stated:

> . . . We have a growing concern to foster the integrity of the family and the opportunity for each child. It is essential that all families have access to information and services that will allow freedom to choose the number and spacing of their children within the dictates of individual conscience. . . .

Relatively few rural families have access to the information and medical service they need for family planning. Moreover, the poorest rural families, who need the information and medical service most, have the least opportunity to get it. So rural America has more than its share of large—and poor—families.

Figures on births in rural America indicate the extent of the problem. Among white rural farm families with low incomes (under $2,000), the average number of births per woman is 48 percent higher than for the nation as a whole. Among nonwhites the average is 156 percent higher. And these figures are averages not the extremes (*1*).[1]

A vicious circle of poverty and fertility is at work. Because these people are poor, they do not know how to plan their families nor do they know where to turn for help in planning. Because they do not limit the size of their families, the expense of raising unwanted children on inadequate incomes drives them deeper into poverty. The results are families without hope and children without future.[2]

Given the opportunity to plan their families, the rural poor at least have a chance of emerging from poverty. Without family planning, the possibility of reducing poverty in rural America (or in urban America, for that matter), becomes more remote. The success of programs dealing with employment or education or health in rural areas depends in considerable degree on the ability of the poor to control the size of their families.

A Closer Look at the Problem

From the health point of view the characteristics of the rural poor are clear and grim. Not only do the rural poor produce far more children than they can afford, but they have a higher rate of stillbirths, premature births, and illnesses and deaths among both infants and mothers.

In recent years the birth rate for the nation as a whole has been declining and the traditional rural-urban fertility differences have been narrowing. And yet the rural poor, especially the nonwhite farm families in the South, continue to reproduce at rates little lower than those found in some countries of the Far East. In these areas of excessive fertility, not surprisingly, the number of dependent children is an acute problem, accompanied by increased migration of the wage earners to the city—aggravating distress in both rural and urban areas.

The importance of excessive fertility among the poor lies not so much in its effect on the national birth rate as in the accumulation of difficulties it imposes on the poor themselves. Unwanted pregnancies can, and often do, wreck any chance for a better life for either parents or children. The problem of educating the children grows harder and the drain on low incomes becomes heavier. Public support becomes more and more unavoidable. Children, inevitably, are emotionally and culturally deprived. They add to the total of school dropouts. The resulting stress and disorganization of family life are often too much for the father. In thousands of cases he gives up and deserts the family.

[1] References, indicated by italic numbers in parentheses, are listed at the end of this chapter.

[2] Katherine Oettinger, Deputy Assistant Secretary for Family Planning and Population, Department of Health, Education, and Welfare, declaring that family planning services should be available to all, in her speech *The Most Profound Challenge* goes on to say: ". . . It is the families of the poor who too long have suffered spiritual dejection and demoralization after bearing successive babies without hope of these children being able to achieve their full potential or breaking the cycle of poverty. . . ."

The areas of excessive fertility are also the areas of high infant mortality (see ch. 6). The wide disparities in infant death rates within the United States indicate that many infants are dying needlessly. The high rate of premature births, a lack of medical service, and the inability of the family to provide adequate food, clothing, and housing also contribute to high infant mortality.

In recent years the proportion of premature births has increased, and this increase is due almost entirely to the increase in premature births among nonwhites. Premature births often result from childbearing at very early or late periods of life, shorter intervals between births, and a larger number of children born to a woman. These conditions are more prevalent among those who do not receive prenatal care. Moreover, a large proportion of babies born prematurely do not survive. Three of every five infants who die during the first 4 weeks of life are born prematurely.

Prematurity is also more prevalent among illegitimate births. Illegitimate births have increased nationally since 1940 and are concentrated among nonwhites (fig. 7). The largest proportion of illegitimate births occurs to women under 20 years of age. Chances are that these women have had no, or hardly any, prenatal care.

The effects of illegitimacy on both mother and child obviously are serious. The mother's opportunities in life are drastically reduced. Her education is cut off, and her employment opportunities are severely limited. There is a high probability the child will grow up in an unstable family environment, with irregular maternal attention, suffering the lack of a father figure, and with limited economic resources.

Induced abortions are related to unwanted pregnancies, and they often lead to severe illness or death of the woman. Although no exact figures are available, unofficial estimates of illegal abortion range up to a million or even more each year—that is, up to one for every four live births (2, p. III, 45). An estimated 40 percent of all deaths to women associated with complication of pregnancy or childbirth have been related to induced abortions.[3]

[3] Testimony of J. D. Beasley before the Senate Government Operations Subcommittee on Foreign Aid Expenditures, 1966, to support H.R. 5710.

Adequate prenatal and maternity care, although useful in its own right, does not substitute for family planning information and service. In a study of still births and infant deaths among the medically indigent in the New Orleans area, almost three-fourths of the deaths could not have been prevented by ideal prenatal care, better obstetric management, or better medical management of the terminal illness. The principal reason for the failure to prevent these deaths was that the mothers were suffering from serious health problems before their last pregnancy.[4]

Infant mortality is a gross measure of infant health of the population. High mortality is also a symptom of a high incidence of illness and physical deficiencies in infants. Prematurity, a factor in high infant mortality, is closely related to mental retardation, brain damage, and congenital malformation. Both infant mortality rates and mental retardation rates are substantially higher than average for fourth and subsequent births. These infants account for half of all yearly infant deaths and a larger proportion of infants born mentally retarded.

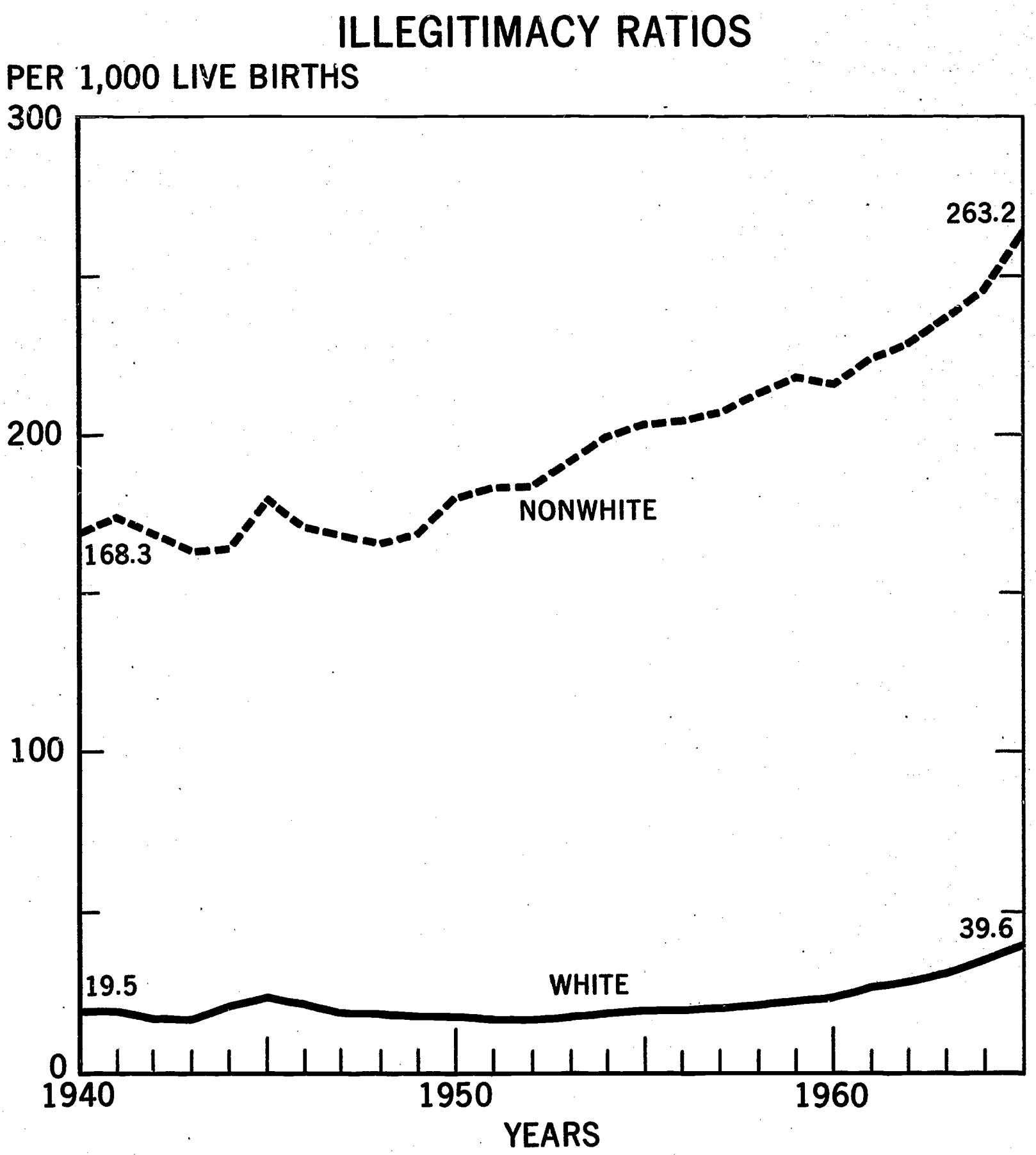
Kesseler of the World Health Organization describes the relationship between health and family size (*3*):

> Essentially, the reproductive wastage which high infant mortality produces promotes patterns of reproduction which further compound hazards of health and survival of mother, newborns and infants. These patterns are characterized by high natality, and include childbearing beginning at too early ages, in too rapid succession and in too great number. Moreover, high fertility with its inherent demands on the mother both during pregnancy and after birth, tends further to decrease infant care and thus perpetuates environmental risks. . . .

Kessler's diagnosis applies particularly to the low income families of rural America. They are the people who desperately need information and medical help in order to plan their families—and they are the last to get it. Yet family planning is one part of health care which for the least expenditure can do most to prevent the wastage and tragedy of unwanted pregnancies. The cost-effectiveness of family planning, according to studies conducted in the Department of Health, Education, and Welfare, is greater than that of any other health measure available (*2, p. IV, 12*).

[4] J. D. Beasley, see footnote 3.

Figure 7. Ratio of illegitimate births per 1,000 live births, United States, 1940-1965



Source: Vital Statistics of the United States, 1965, Vol. I, Natality, p. 1-24. National Center for Health Statistics, Public Health Service, Washington, D.C.

Family Size Preference and Unwanted Pregnancy

The notion is widespread, especially among more affluent Americans, that either the poor want more and more children, or just don't care how many they have. This notion has long been a chief obstacle to any program for providing family planning services under medical supervision to the poor and the medically indigent.

Common as this notion may be, it is no longer true, if it ever was. The poor do tend to have more children than people with adequate incomes, but the evidence is overwhelming that many of the children born to the poor are unwanted.

More than 70 percent of the patients receiving public health maternity services in Florida did not want any more children, and more than 90 percent of those desiring to have additional children preferred to wait 2 or more years for the next baby (*4*). Darity (*5*) likewise found that the women in the Mecklenburg birth control clinic in North Carolina desired one to two children but had an average of four to five.

National studies of the growth of American families show that the poor have more children not because they want them, but because they do not have the information and the resources to plan their families effectively according to their own desires.

Most couples in the United States, rich or poor, white or nonwhite, urban or rural, want two to four children. And yet about 17 percent of all couples reporting in national surveys said their last child was unwanted. Among nonwhites this proportion is 31 percent. Among the less educated (who are also likely to be poor) 32 percent of the whites and 42 percent of the nonwhites said that their last child was unwanted (fig. 8). The highest proportion of couples with excess fertility, that is, those whose last child was unwanted at the time of conception, was 48 percent for nonwhites who live on farms in the South or who have Southern farm background (fig. 9). The white-nonwhite differences in fertility are largely accounted for by the high fertility of the nonwhite couples who live in the rural South and those who have Southern farm origin (*6*).

The poor and less educated are less successful in preventing unwanted pregnancies partly because they use ineffective methods irregularly. Among women with no more than grade school education, almost 45 percent of the unwanted pregnancies occurred before the couple began using any method of family planning; an additional 31 percent were due to irregular use (*6*). Preliminary data from the National Fertility Survey conducted in 1965 indicate that the proportion of couples who have ever used—or expect to use—contraception is lowest among nonwhites living on a farm.[5]

Family planning techniques have been significantly advanced in recent years, especially with the introduction of the various oral contraceptives (pill), and the intrauterine devices (IUD). These techniques may bring effective birth control methods within the means of poor families. The pill is one of the methods of contraception most widely used by American couples. Its use has increased every year at an increasing rate (*7*). Oral contraceptives are accepted enthusiastically by the poor when they have adequate information and services. The pill has been largely responsible for such success and spread as there has been of family planning programs among the rural poor.

Although the pill has become one of the major means of regulating fertility, its use is concentrated among the younger and the better educated women. It has been adopted primarily by couples who would otherwise have used, or were formerly using, the more effective of other available methods. Differences related to education probably reflect the greater awareness and adoption of new techniques among the better educated. Among women who have never heard of the pill, about 2 percent have some high school education, compared with more than 14 percent who did not go beyond grade school.[6] These education-related differences probably also account for the lesser awareness in rural areas where the level of education is generally low. The proportion of women who have never heard of the pill is substantially higher among low income women and among women living on a farm or with a farm background than among higher income women and among those with no farm background. This proportion is even higher among nonwhite women.[7]

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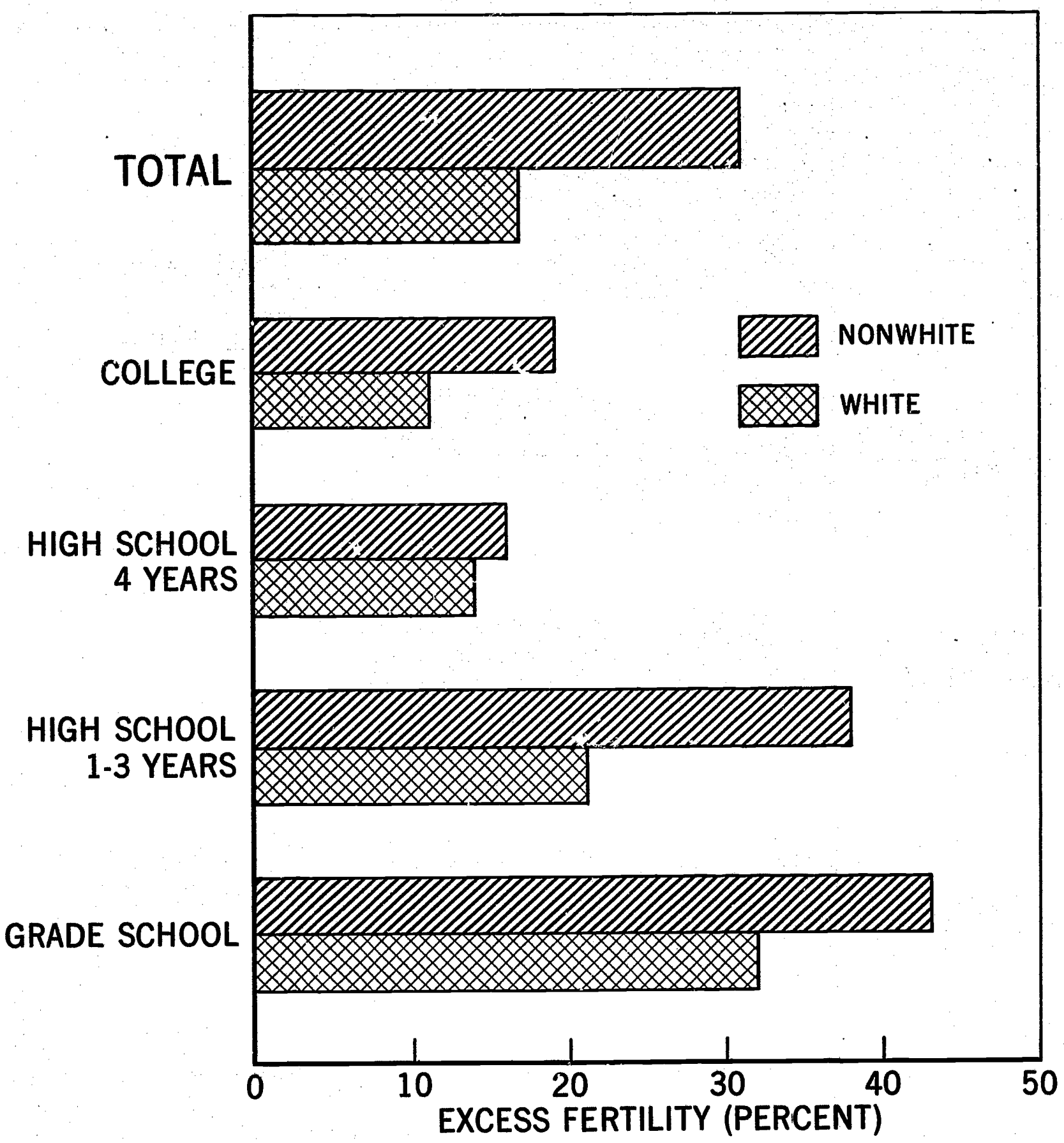
[5] Based on unpublished data from the 1965 National Fertility Survey provided by C. F. Westoff, Princeton University and N. B. Ryder, University of Wisconsin.

[6] Based on a national survey conducted in 1965. See (*8*).

[7] Based on unpublished data from the 1965 National Fertility Survey provided by C. F. Westoff, Princeton University and N. B. Ryder, University of Wisconsin.

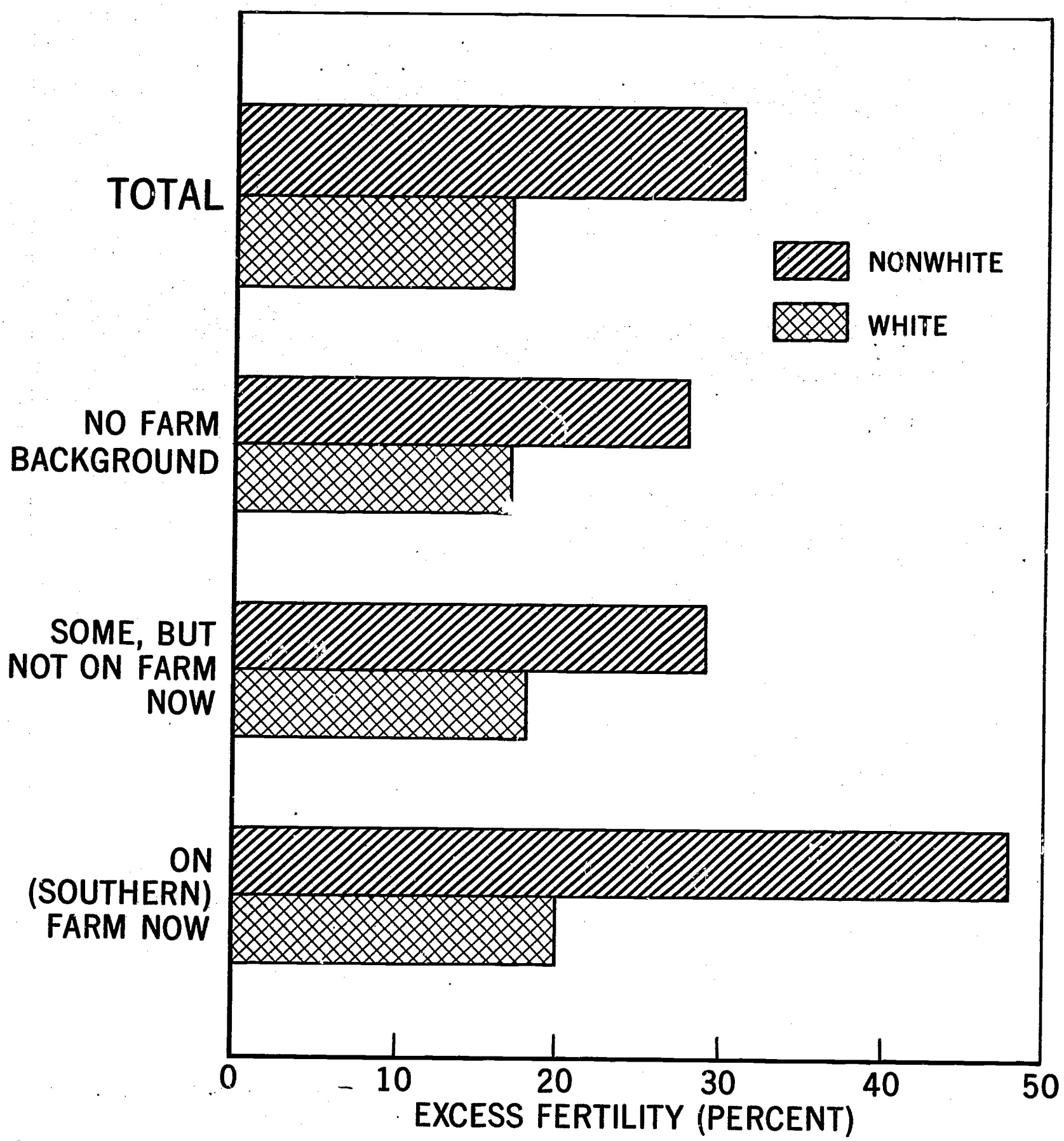
Figure 8. Excess fertility[1] of whites and nonwhites, by wife's education, 1960



[1]Excess fertility: The husband or the wife or both did not want another child at the time of the last conception.

Source: P.K. Whelpton, A.A. Campbell, J.E. Patterson, Fertility and Family Planning in the United States. Princeton University Press, 1966.

Figure 9. Excess fertility[1] of whites and nonwhites, by couples farm background, 1960



[1]Excess ferility: The husband or the wife or both did not want another child at the time of the last conception.

Source: P.K. Whelpton, A.A. Campbell, J.E. Patterson, Fertility and Family Planning in the United States. Princeton University Press, 1966.

Current Status of Family Planning Programs

In a broad sense family planning is a complete medical service which includes not only limitation of family size but also child spacing and correction of infertility. It further includes a complete medical examination of the woman, including a Pap smear screening test for cancer.

Family planning services, as an integral part of adequate medical care, have been routinely and easily available to the well-to-do through the private physician. The importance of equal opportunity for all families to have the freedom to choose the number of children they want and when they want them, regardless of income, color, or location of residence, is widely accepted today.

In practice, however, public and private family planning programs currently are serving only about 10 to 12 percent of the more than 5 million medically dependent women who are potential patients for subsidized family planning services. This leaves roughly 90 percent without effective access to modern family planning services. Only 6 percent of the rural women in need are currently receiving subsidized family planning services (*9*).

Most low income families have little, if any, faith in their own effectiveness and ability to control the course of their lives. Although these families do not want unusually large families, their culture has accustomed them to frequent childbearing, and they often have little knowledge of the fundamentals of procreation and about effective methods of fertility regulation (*10*, *11*). They regard the burden of numerous children with the same fatalism and despair with which they face their extreme poverty. If they can be made aware that they do have freedom of choice in the size of their family, the result may be an increase in both their economic well-being and their self-respect.

The conditions under which the poor receive medical care have a direct bearing on the availability of family planning services to them. A large proportion of low income women deliver their babies in public hospitals or wards of private hospitals. Contraceptive services are not so routinely and easily available to poor families through most public hospitals, health departments, and welfare agencies as they are to the middle class families through their private physicians. The attitudes and behavior of the health professionals and the physical arrangements of many public clinics add to the obstacles that poor families have to surmount in order to receive instructions and services to regulate their fertility.

One wonders how many middle-class couples who now practice birth control effectively would continue their practice under the conditions imposed on these low income families (*12*):

> . . . It is useful to recall the story of Sadie Sachs which started Margaret Sanger on her work for birth control. As a public health nurse on New York's Lower East Side in 1912, Mrs. Sanger had carefully nursed back to life Mrs. Sachs, who was hemorrhaging after self-induced abortion. When Mrs. Sachs finally recovered, she asked the doctor to tell her how to keep from becoming pregnant. The doctor's immortal reply was: "Tell Jake to sleep on the roof."

Where family planning information and services under medical supervision have been offered to the rural poor by both public and private programs, participation has been high and the proportion of women continuing the service has remained high. In many of these families, a family planning program brings an aspect of modern medicine for the first time.

Some examples of successful services are the programs in eastern Kentucky, in Mecklenburg County, N.C., and the programs recently established in Lincoln Parish, La., and in rural counties of Alabama. Many of these programs started with volunteers and private contributions, have benefited by grants from OEO and from the Children's Bureau maternal and infant care project grants. Some of the programs in the rural Southern States have been in operation for over two decades and were started by State and local health departments as well as voluntary agencies.

These programs have demonstrated both the demand for, and the feasibility of, family planning services in rural areas. They have also shown how much can be done with little staff and funds. A variety of approaches have been used in these projects to suit the needs of the different communities: Using health teams, including physicians, nurses, fieldworkers, and subprofessional assistants, and providing transportation or using mobile units to reach people where they live when it is not feasible to establish a permanent clinic.

However, without substantial governmental assistance, these programs are hardly sufficient to meet the total need.

Less than 1 percent of the amount currently expended for health by government agencies is needed for a program of modern family planning

services for the more than 5 million medically indigent women throughout the United States. This family planning program would cost approximately $100 million annually for medical services and supplies, of which $42 million is needed in rural areas (*9*). State and local health agencies, especially those in predominantly rural States, will need substantial Federal financial assistance for immediate massive expansion of family planning programs.

In recent years, Federal agencies have announced new policies in the area of family planning and various bills for family planning programs have been introduced in the Congress. However, progress in implementing policies and passing legislation has been slow. Given the widespread desire on the part of the poor to regulate the size of their families, it is up to Federal agencies—with new legislation if necessary—to take the following three steps to attain the goals of an adequate family planning program:

(1) Create an awareness among low income families of the possibility of choosing their family size and spacing their children.

(2) Provide the means to enable the poor to have the number of children they want and when they want them.

(3) Make voluntary family planning services as readily available through publicly supported programs as they are through private.

In order to achieve these goals, it will take leadership by all levels of government in cooperation with private groups.

The Commission recommends—

1. That Federal funds be appropriated and earmarked to establish greatly expanded public and voluntary family planning programs for those who would not otherwise have access to such service.

Funds should be made available to public agencies and institutions and to hospitals and other nonprofit organizations to develop voluntary family planning programs to serve low income families.

Such programs should include dissemination of information and medical supervision to all individuals who desire such information, assistance, or supplies. Such programs should guarantee freedom from coercion or pressures, and should provide a variety of methods suited to individual conscience and need. These programs should be developed with special attention to rural areas, reaching out to the people in their own neighborhood, using mobile units where needed, community institutions, and subprofessional assistants and fieldworkers from the local areas.

At the present time very few hospitals in nonmetropolitan counties provide family planning service. Women are most interested in family planning after they have just delivered a baby. Hospital-based clinics are the most economic and efficient mechanism for providing family planning services. In fact, hospitals that have introduced such services in post-partum clinics have reported a doubling of the rate of return for post-partum examinations.

The Commission recommends—

2. That family planning services in post-partum clinics be introduced in every hospital with an obstetric service.

The local public health departments can play a critical role in identification of potential family planning patients, in carrying out information programs, and in providing continuing care for patients. The number of local health departments providing family planning service has increased in recent years. In rural areas, however, health departments often have limited family planning programs operating in only a few counties.

The Commission recommends—

3. That health departments expand family planning programs with special attention to rural areas. Family planning information and services should be included as an essential part of all maternal health services provided.

Most of the existing family planning programs focus on the problem of family limitation and excess fertility. They tend to omit an integral part of the overall program, the man in the family. His attitude toward family planning may be a decisive factor.

Another aspect of fertility regulation is adequate spacing of births. When too many children come too soon, the economic strain on a poor family is often overwhelming. Still another factor is the timing of the first birth. Often this factor is of

greater importance for the poor than prevention of the 7th or 10th or 14th birth.

The Commission recommends—

4. That family planning information and services be made available to persons before the first child is born.

Such information and services should be provided to both men and women. For example, such information could be routinely provided at the time of application for a marriage license. In States where a medical examination is required before marriage the physician can play an important role.

The Commission recommends—

5. That special programs be developed to provide social, health, and educational services to young boys and girls to reduce the incidence of illegitimate births and of early marriages necessitated by pregnancy.

Schools, churches, responsible parents, health officials, and physicians could all contribute to such programs. Steps should be taken to provide such education in the public schools at the elementary and secondary levels and in other youth-serving agencies. Discussion should include the meaning of family planning in relation to family welfare and specific knowledge of methods of family planning in its relation to responsible parenthood.

The Commission recommends—

6. That information on child spacing and family planning services be made available to the public.

This would provide the general understanding that family planning is the new frontier of public health, and is a fundamental part of preventive medicine. It is a medically practicable, economically feasible, and generally acceptable approach to several basic problems of modern society. The mass media can be of special help in stirring interest among the people on family planning education and the availability of family planning service. Radio, television, and the press show a growing interest in the subject.

There is need for much closer working relations among the various professional workers in rural areas. Often the medically indigent in an area deal with two or more sets of professionals who have only sporadic contacts with each other. Frequently, the social workers work against the family planning workers. Most social workers, and for that matter many health professionals, have not been taught the importance of family planning for helping families maintain their health as well as their economic integrity. Social workers, doctors, and other health professionals do not normally receive instructions in family planning techniques, counseling, or referral in the course of their formal education. Their qualifications, enthusiasm, and attitudes towards their potential clients are of crucial importance in the success of a family planning program.

The Commission recommends—

7. That Federal funds be provided to facilitate basic training in family planning together with short-term training of public health physicians, public health nurses, social workers, administrators, subprofessional assistants, and fieldworkers.

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Chapter 8

Helping Those in Need

Millions of people in rural America need immediate assistance. They cannot provide for themselves and their children. They must have assistance if they are to escape from poverty. It is the view of this Commission that this assistance should be provided from public sources.

In the early history of this nation, those who were considered in need were given charity. Assistance was on an individual and voluntary basis or through organizations such as the churches. The charity system was local, and it was hit or miss. The form of assistance was entirely at the discretion of the donor, who was presumed to know the needs of the recipients. When assistance was given, it was usually in the form of food, clothing, shelter, and medical services.

There was a deep-seated feeling about the morality of work. The able bodied were assumed to be able to earn an income high enough to support themselves and their dependents, provided they were willing to work. Furthermore, able-bodied people were expected to provide for the needs of their relatives.

Persons who were disabled, however, or who for a variety of reasons were unable to participate in the market economy, were deemed worthy of assistance. There emerged, therefore, two categories of people—one group which by virtue of various disabilities was considered worthy of assistance, and a second group which deserved to be poor because of what was thought to be an unwillingness to work.

For the last 30 years, government has accepted the responsibility for helping to meet the needs of the poor. Numerous programs have been developed to meet their diverse needs (*1*).[1] However, the traditional values of the charity system have left their mark upon the programs of government. Consequently, we do not have a comprehensive, well-coordinated program.

Even today, some categories of people are considered worthy of assistance, while others are not. Categories for which assistance is provided from public sources include the elderly, the blind and the physically and mentally handicapped, disabled veterans, and children living in households headed by females. The above groups are provided with cash benefits through the old age, survivors and disability insurance (OASDI) program; veterans' compensation and pension programs; and public assistance and general assistance programs.

Other people with low incomes are provided with benefits in kind through programs such as direct food distribution, food stamp, public housing, child care, and Medicare.

Special programs also have been developed to aid the work force. These include the enactment of a minimum wage, unemployment insurance, workmen's compensation, work relief, and aid to depressed areas.

Through many of these programs, income is transferred to low income families. However, the extent to which the poor are served varies among the programs. For example, unemployment insurance payments go largely to those who would not be poor even without these programs (*2*). Public assistance payments, on the other hand, go largely to those who remain poor even after receiving the assistance.

Rural people, and especially those engaged in agricultural occupations, have not participated fully in the social welfare programs in the United States. Farm people were exempted from the Social Security Act in 1935; and farmers, farmworkers, and workers in agriculturally related occupations were specifically exempted from most other major labor legislation, including the unemployment insurance programs, the Labor-Management Relations Act, the Fair Labor Standards Act, and most State workmen's compensation acts. Instead, the major effort made to improve the incomes of farmers and farmworkers was through programs designed to reduce the supply and increase the prices of farm products. Since these programs placed emphasis upon increasing prices, the benefits from the programs were related to the amount

[1] References, indicated by italic numbers in parentheses, are listed at the end of this chapter.

of farm products sold rather than to the needs of the people. Consequently, most of the benefits went to the owners of land. Many farm people have received little or no benefit from the farm price-support programs or from the social welfare programs of the 1930's.

Although farm people now participate in social welfare programs to a greater extent than they did when many of these programs began, farm families still are less likely than nonfarm families to participate in these programs. In spite of the fact that on the average farm families have lower incomes and a larger number of dependents than other families, they participate less in the public assistance programs.

Our transfer payment programs are much more effective in decreasing poverty among urban families than among rural families.[2] For example, if there had been no income transfer programs in 1961 the number of urban poor families would have been 73 percent higher, while the number of rural poor families would have been 37 percent higher (*3*). Of the several transfer programs, the most important in raising incomes above poverty levels were the old age, survivors and disability insurance program and veterans' pensions and compensation.

In making its recommendations, the Commission has concentrated on improving assistance programs and on providing rural people with equal opportunity to share in them. The recommendations of the Commission have been developed with two underlying principles in mind. First, it is the view of the Commission that every effort should be made to provide opportunities for employment for those who are able to work. Recommendations made in chapters 3, 4, and 5 to develop jobs and to provide education and training for those living in poverty in order to assist them in obtaining employment have this as their purpose. Second, for individuals who cannot earn an income large enough to lift them above poverty, assistance in meeting the basic needs should be provided from public resources. Recommendations to meet these needs are made in this chapter.

The Commission finds that most people prefer assistance in cash rather than assistance in kind. Cash benefits provide the recipients with greater freedom to choose what they will consume. They place more responsibility upon the recipients than do benefits in kind. The Commission urges that future government assistance programs place more emphasis upon benefits in cash.

Nevertheless, the Commission is convinced that the costs to society of failing to provide for minimum food, clothing, health, housing, and education needs are so high that special programs should be developed to assure that these specific needs are met for low income families. But when special benefits in kind are provided for low income groups, these benefits should be related to income in a manner that is not insulting to the dignity and self-respect of the recipient. The Commission is of the view that the programs should be so designed as to phase out benefits automatically as income increases.

The Commission has reviewed the major public programs through which assistance is provided to needy families and has developed recommendations for changes in some of them. Included in this chapter are recommendations for changes in the old age, survivors and disability insurance program, the public assistance programs, special food and clothing programs, and the unemployment insurance program.

An Expansion of OASDI Benefits

The old age, survivors and disability insurance program is an earnings-related insurance program administered by the Federal Government. Under the program, employees and employers pay a tax based upon the earnings of the employee. The money collected is used to pay benefits to persons 65 years of age and older, to surviving dependents of participants, and to disabled participants. This is a compulsory income insurance program and not an antipoverty program. The benefits provided to a person under this program are based upon the payments made by him and his employer. Benefits are paid as a matter of legal right. They are made without regard to need or means to support oneself.

In 1967, old age, survivors and disability insurance payments will amount to approximately $21 billion.[3] These benefits reach about one in five of the poor in the United States. The program is most

[2] The term "transfer payments" is used to include income received from public benefits and pensions, public and private relief, and veterans' pensions and compensations.

[3] The remainder of this section draws heavily upon the report PROGRAM ANALYSIS: INCOME AND BENEFIT PROGRAMS, U.S. Dept. of Health, Education, and Welfare, October 1966.

effective in meeting the needs of the elderly. Almost two-thirds of those receiving benefits under the program are retired workers and their spouses. In 1965, almost one-third of the payments made through OASDI went to the poor. However, three-fourths of this went to those who were 65 years old and over.

The extension of the OASDI program to farm families during the 1950's greatly reduced the difference in incomes of elderly farm and nonfarm residents. It has been estimated that in 1954 median income of families with heads of family aged 65 and over was $1,091 for farm families and $1,929 for comparable nonfarm families. By 1960, the median incomes of farm and nonfarm families with heads of family aged 65 and over were $2,294 and $2,352, respectively (*4*). Much of this improvement in the income position of elderly farm people resulted from the extension of the OASDI program to farmers.

The program does make a major contribution toward reduction and prevention of poverty among the aged. Approximately 40 percent of the OASDI beneficiaries are poor as defined by the Social Security Administration. Without the benefits of this program, however, 75 percent of the present beneficiaries would be poor.

Since the OASDI program has had a major impact in decreasing the number of poor, it is often suggested that benefits provided by this program be increased as a means of further decreasing the number of people in poverty. However, this would be an inefficient way to reduce poverty because relatively little of the increased benefits would go to the poor. One study recently estimated the effects of a 20-percent increase in OASDI benefits (*5, p. 25*). It concluded that less than one-fifth of the increased benefits would go to the poor.

Under the benefit formulas used, if OASDI payments were increased by 50 percent rather than 20 percent, the poor would get an even smaller percentage of the benefits. This is so because benefits are paid to those who are not poor as well as to those who are poor, and each increase in incomes means that a larger percentage of the benefits goes to those who are not poor. Therefore, increases in OASDI benefits are not a very efficient means of achieving further decreases in the number of poor people.

The Commission is disturbed by the fact that under the OASDI program the elderly are penalized heavily for taking a job. Benefits for retired persons less than 72 years of age are reduced 50 cents for each $1 of earnings between $1,500 and $2,700 and $1 for each $1 of earnings in excess of $2,700. In effect, this constitutes a built-in "tax" of 50 percent on the earnings between $1,500 and $2,700 and a 100-percent "tax" on earnings above $2,700. This provision was placed in the legislation to discourage people from looking for jobs, and it undoubtedly does. There is reason to believe that it also contributes to poverty.

The Commission is of the view that fundamental changes are needed in our OASDI programs.

The Commission recommends—

1. That coverage under the Social Security Act, or equivalent, be extended to all employed persons not now covered, and that the program be gradually converted to a self-financing, compulsory insurance program.

2. That the penalty on earnings of retired persons be eliminated.

Public Assistance Programs

The public assistance programs in the United States are cooperative programs of the Federal, State, and local governments, in which cash assistance is granted to certain categories of people who are in need and lack the means to meet their needs. Assistance is provided to the elderly, the blind, those who are partially or totally disabled, and to dependent children in families headed by females. Each State determines its own standard of need by developing estimates of the costs of a minimum level of living. The State also determines the proportion of the need it will provide through payments to those whose income falls below the need standard. The Federal Government provides funds on a matching formula basis to support the public assistance programs. The formulas vary among programs.

Great variation exists among States and counties in the level of payments. In general, as the number of participants in a county increases, the average assistance payment per recipient decreases. The number of recipients is heaviest in the South, where the average assistance payment per recipient is lowest.

Eligibility criteria vary among locations, and the eligibility is based heavily upon an elaborate test of means to provide self-support (*6*). Strict

adherence to this means test requires caseworkers to spend a great deal of their time investigating and keeping records, time which could otherwise be used in advising and helping clients. Witnesses appearing before this Commission complained repeatedly that caseworkers were under orders to make detailed and degrading investigations. It is as if the clients were assumed guilty of wrongfully accepting money until they proved themselves innocent. This flagrantly violates a basic principle of justice in the United States. The procedure is degrading both to the caseworker and to the beneficiary, and offsets much of the material good the program provides.

Moreover, requiring caseworkers to be detectives is a gross misuse of their special training. They have been trained to provide the poor with counsel and assistance. The more time they have to spend certifying the eligibility of clients, and investigating them, the less time they have for the counseling and assistance which the poor desperately need.

The presumption that able-bodied persons are able to earn enough money for self-support is used as a basis for denial of assistance to many individuals and families. In most States able-bodied parents in unbroken families are ineligible for assistance irrespective of their income. Only families headed by a female with dependent children are eligible for assistance. This requirement encourages the breaking up of destitute families.

The strict adherence to a means test also decreases the participation of farm families in these programs. Many needy farm families, who otherwise might be eligible for participation, own small tracts of land. Even though they receive little or no income from their land, they are reluctant to sell or to assign it in order to qualify for public assistance. The participation rate in these programs, therefore, is low among rural farm families (*3*).

Since each State determines its own needs standard and the percentage of need that will be met through public assistance, the State can vary the percentage of need met for each category of recipients. Most States provide a lower percentage of need for families with dependent children than for other categories of needy persons. The adoption of a program of assistance based solely upon need would eliminate the discrimination against families with dependent children.

The Commission believes that those who are able to work should do so. It is disturbing, therefore, that in most States, the public assistance programs place heavy penalties on earnings. These penalties provide a strong deterrent to earning a living. In most States any earnings of families on public assistance are deducted from the public assistance payments to those families. For each dollar of earnings, public assistance payments are decreased by one dollar. In effect, this represents a 100-percent tax on earnings. This obviously destroys incentive to work, and it perpetuates poverty.

Persons who obtain a job paying more than the level of public assistance benefits are immediately dropped from the rolls, even though the job may be seasonal or temporary. When the job terminates, eligibility must be reestablished. Typically, reestablishment of eligibility involves a substantial delay and extreme hardship to the families concerned. This feature effectively discourages labor force participation, especially in seasonal jobs such as farm employment. One witness who appeared before the Commission testified as follows:

> I get aid for my children which is $120 a month from ADC, which is not nearly enough, but I mean that's all I have, so I wanted to get a job. In order to get a job that pays enough money to take care of a family as large as mine I enrolled in this educational school taking a course in upholstery. . . . I worked for a particular firm in the city for about 2½ weeks and I was laid off for lack of work. Then I didn't have a job and I wasn't on ADC and I wasn't going to school. I didn't have anything. About, oh, I guess about a couple of months later they accepted my application to put me back on ADC.

This Commission is of the view that assistance programs must be so designed that the penalties on labor force participation are greatly decreased or eliminated and so that social caseworkers are freed to spend their time assisting those in need. If this is to be done, however, it will be necessary to simplify and standardize criteria for eligibility.

The Commission recommends—

3. The adoption of the recommendation of the Advisory Council on Public Welfare that there be a nationwide needs standard, with due consideration given to differences in costs of living by family size, region, and city size.

4. That in relation to the appropriate needs standard, eligibility for financial aid and social services be determined by family income and net worth.

A simple statement of net worth such as that used by the Veterans Administration should suffice.

The Commission recommends—

5. That the Federal Government provide funds to the States to cover the payments required by the basic needs standards and the costs of certification.

Federal funds should be given only to States that enroll all those in need in the program. State and local governments desiring to pay in excess of the minimum needs standard could do so.

The Commission recommends—

6. That public assistance recipients be permitted to earn a specified amount without reduction in benefits, and that, thereafter, benefits be reduced by less than a dollar as earnings are increased a dollar.

For example, if public assistance payments for a family were $150 per month, the family could be permitted to earn $50 per month in additional income without a reduction in benefits. Thereafter, if benefits were reduced 50 cents for each $1 earned, public assistance payments would automatically cease when the earnings of the family reached $4,200 annually. The level of earnings exemption should be established after a national survey of families. It should be established at a level that would permit no more than a 50-cent reduction in benefits for each $1 earned. In order to discourage family dissolution, single-person families should be excluded, except in case of disability. This change in the benefits schedule would encourage clients to earn as much of their living as they can.

The Commission recommends—

7. That no residence requirements by city or State be established as conditions of eligibility for participation in the program.

Special Food Programs

This Commission has been shocked by the increasing evidence of serious problems of hunger, malnutrition, and starvation among the people of the United States (7). Special programs are necessary to meet the food needs of many impoverished people. Some of our current programs should be modified at the earliest possible date in order to make them more effective in meeting these needs.

Direct Food Distribution Program

In cooperation with the State and county governments, the Department of Agriculture, through its commodity distribution program, distributes surplus food to needy persons. The direct food distribution program is carried out under Section 416 of the Agricultural Act of 1949, P.L. 81–439. Under this act, commodities previously acquired by the Commodity Credit Corporation may be donated to the States for a wide variety of charity and welfare programs, provided that the market price of commodities is not endangered thereby.

The State and county governments establish criteria for eligibility for participation in this program. The criteria now used are similar to those used for participation in the public assistance programs in the State.

Through its commodity purchase programs, the Federal Government determines the combination of foods to be distributed. The food is distributed directly through government channels. Participants must obtain the specified foods from the designated distribution point. The local government must bear the costs of transportation and storage space for the commodities and provide the personnel to certify eligibility and to supervise the distribution.

Participation in the food distribution program is voluntary. Local governments that do not wish to participate are not required to do so. Only 143 of the 300 poorest counties participate. Likewise, individuals who may be eligible for participation may choose not to participate. The program may be discontinued at any time at the discretion of local officials. Participants hold the view that officials making the decisions with respect to the initiation and continuation of the food distribution program at the local level sometimes use this authority to force people to work in menial jobs.

The direct food distribution program was not developed to meet the needs of the poor but to get rid of surplus farm commodities. The program gives little consideration to the desires of the needy. Since the Federal Government acquires the commodities at prices in excess of those prevailing in the market, a high percentage of the benefits of the program goes to the producers of surplus foods.

Food Stamp Program

The food stamp program is intended to help low income families to improve their diets. Communities desiring to participate in the program receive local authorization and State approval. The Federal Government is requested to initiate the program in the communities concerned. In order to participate in the program, a State must develop a plan and it must be approved at the federal level. Eligibility for participation is related to State and local public assistance programs. Under the food stamp program, each week eligible persons purchase food stamps that can be used to buy food. The price of the stamps varies with the income of the recipient. As the income of a family increases, the price paid for stamps increases until it no longer pays the family to participate in the program.

As the program is now operated, the State and local governments must provide personnel for certification of participants, and they must pay other administrative costs. Some counties, therefore, choose not to participate. Moreover, because of the strict means test applied to participants, many who are in need do not participate even in counties where the program is authorized.

The direct food distribution program has many disadvantages that the food stamp program does not have. The limited variety of foods and the relative lack of consideration of the desires of the recipients of food assistance in the direct food distribution program make the food stamp program preferable. The food stamp program allows more variety in the purchase of foods by participants. It uses the normal market channels, and it does away with many of the humiliating, degrading characteristics of the direct distribution system.

Nevertheless, there are several weaknesses in the food stamp program as it now operates. First, some money is needed to purchase the stamps, and some destitute families are unable to participate in the program because they do not have the money to buy the stamps. Second, local authorities must request that the program be initiated in a county, and the local government must share the administrative costs. Consequently, participation is very limited in some of the areas where the need is greatest. Third, the program creates a second form of money which can be used only for the purchase of food. This restriction limits the freedom of the participants to buy other commodities.

Under the present system, qualification for participation in the program varies substantially from State to State, but the program is financed largely by Federal funds.

The Commission recommends—

8. That the food stamp program be extended to all counties and that the direct food distribution program be phased out.

9. That uniform nationwide criteria be established for participation in the food stamp program, with eligibility based solely upon the number of family members and income per family.

10. That the minimum fee for purchase of stamps be removed. Destitute families should be given stamps without cost.

11. That in order to encourage local participation, the Federal Government bear the costs of certification and administration of this program.

School Food Program

The national school lunch program and the school milk program have helped considerably in providing for the basic nutritional needs of school children. Schools participating in the recently authorized pilot breakfast program also are enthusiastic about this program. Many children from rural areas find it necessary to travel long distances in order to attend school. The long hours of travel make it difficult for many children to obtain a balanced diet of meals served at normal hours in the home. The breakfast program would be especially helpful to children from isolated rural areas.

Nevertheless, many children from families which are unable to pay the price of the meals refuse to participate when they think other children will know they are receiving a free meal. One witness who appeared before the Commission testified as follows:

> My son, right now, he is going to school and he can get free lunches, but he don't want them because he feels that his playmates are going to say that he has to accept free lunches. And I can understand it, but I can't make him, you know. I tell him "you get free lunches, eat them, or don't eat all day." He won't go in there and

get a free lunch because he is thinking about what his little buddies may say. Children are like that . . .

The Commission recommends—

12. That all schools in rural areas initiate both school lunch and school breakfast programs as soon as feasible.

13. That stamps be used to purchase all meals served in the schools. The stamps should be sold by the school at a price to cover the cost of the meals, and children whose families are participating in the food stamp programs would be provided with stamps for meals served at school.

Special Clothing Program

Most American children don't know what it is to be without adequate clothes. A good many children of rural poor families, however, have clothing that is inadequate to assure good health. Many have clothing that is so inferior that they are ashamed to go to school. Their embarrassment and sense of indignity in the presence of other children is acute. The result is a poor attendance record, inadequate education, and a feeling of inferiority which can leave a permanent scar. It seems to this Commission that children from low income families should not be deprived of an adequate education because they can't afford decent clothing.

The Commission recommends—

14. That low income families be authorized to purchase clothing stamps for children in school. As in the case of food stamps, the price of the clothing stamps would increase as per capita family income increases.

Unemployment Insurance Program

The unemployment insurance system has been important in sustaining the income of most wage and salary earners since its enactment as a part of social security legislation 30 years ago.

This is a Federal-State program designed to replace a portion of the wages of a worker who is unemployed through no fault of his own. It is an insurance program, and payments are made to covered workers as a matter of right. The program has pumped billions of dollars into the economy during periods of high unemployment, and has protected millions of covered workers and their families from the adverse physical and psychological effects of being without income during prolonged periods of unemployment.

Unfortunately, due to limitations and exclusions in almost all State unemployment compensation laws, this protection is not extended to workers in the agricultural industry. This means that in rural areas farmworkers and many other workers, whose wages are minimal at best, are denied this income support during repeated periods of unemployment. This represents a double standard in our social insurance system that should be corrected. There can be little doubt that the absence of unemployment insurance coverage for approximately 2.8 million hired farmworkers contributes substantially to rural poverty.

A further examination of the unemployment compensation laws in effect in the various jurisdictions indicates that benefit levels for workers currently covered vary greatly among States and territories. It is significant to note that almost without exception, benefits are lowest in States with the highest incidence of rural poverty.

The Commission recommends—

15. That Federal legislation be enacted that will (a) extend the unemployment compensation system to cover all workers who are employed by any employer who uses a substantial number of man-days of hired labor during a calendar quarter, and (b) establish minimum standards for benefits, coverage, qualification, and eligibility provisions with which State laws must comply.

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Chapter 9

Rural Housing

Decent housing is an urgent need of the rural poor. They live in dilapidated, drafty, ramshackle houses that are cold and wet in winter, leaky and steaming hot in the summer. Running water, inside toilets, and screened windows are the exception rather than the rule.

Mrs. Willie Anderson, wife of a migrant farmworker, testifying before this Commission in Tucson, Ariz., described the shacks for migrant farm laborers near a small town in California as follows:

> The houses were raggedy. It would come a dust storm, the wind would blow, and everything in the house would shake, and the dust would blow in through all the cracks. It was just bad.
>
> . . . Most of the people . . . just like ourselves before we moved, they don't know what it is to get up and turn a faucet on and get hot water; and they don't know what it is to get into a bathtub in a bathroom, you know, and take a bath. They have to heat their water on the stove and take a bath in a tin tub. They don't know what it is to have heat in their house. . . .

Census data show these conditions are all too typical:

- In 1960, 27 percent of occupied rural housing was classified as substandard—deteriorating or dilapidated—compared with 14 percent for urban areas.
- Of the 9.2 million substandard occupied housing units in the nation, 3.9 million were in rural areas.[1]
- More than a million rural homes are dilapidated—structurally unsafe for human occupancy. Many of these homes are beyond repair.
- Less than 1 in 4 occupied rural farm dwellings have water piped into their homes.
- About 30 percent of all rural families still use the traditional privy.
- Fewer than half of all rural homes have central heating. Most rural homes are heated by kerosene-, gas-, wood-, or coal-burning stoves. The result is uneven heating and an ever-present danger of fire.
- Nearly 60 percent of all rural families with incomes of less than $2,000 lived in houses that were dilapidated or lacked complete plumbing.

Rural families who rent are twice as likely to occupy substandard housing as families who own their homes. Twenty percent of rural owner-occupied units were substandard, as compared with 42 percent of the renter-occupied units. Although less than 29 percent of rural housing was renter-occupied, families that rented housing occupied more than half of all dilapidated housing.

A disproportionate number of the elderly occupy substandard housing in rural areas.

The South has the highest proportion of substandard housing in the country (table 1).

TABLE 1.—*Percent of rural dwellings that were sound and had all plumbing facilities, United States, 1960*

[Percent]

Region	Rural farm	Rural nonfarm	Rural, total
South	36.5	47.2	44.8
North Central	58.9	60.3	59.9
Northeast	64.9	71.3	70.8
West	69.7	65.4	66.1

SOURCE: U.S. Census of Housing, 1960—U.S. Summary (table 2).

This is not surprising, for this region has the lowest per capita income, the lowest median family income, the largest families, and the largest proportion of the nonwhite population who are especially disadvantaged.

For eight southeastern counties in Kentucky, substandard housing in the rural communities

[1] According to the definitions in the 1960 Census of Housing, "deteriorating" housing needs more repair than would be provided in the course of regular maintenance. "Dilapidated" housing does not provide safe and adequate shelter and in its present condition endangers the health, safety, or well-being of the occupants. Such structures have such critical defects that they should be extensively repaired, rebuilt, or torn down. "Substandard" housing, as used in this report, includes deteriorating and dilapidated dwellings.

ranged from 66 percent to 74 percent of the total of all rural housing.[2]

In West Virginia, a State whose population is 60 percent rural, "two-thirds of rural nonfarm dwellings are dilapidated, or lacking in sanitary facilities, or both." [3]

Nonwhites occupy, proportionately, far more substandard housing than whites. Among the nonwhites, Negroes (who make up 92 percent of the nonwhite population nationally, and 98 percent in the South) occupy the largest share of the rural substandard housing. Among rural households with a nonwhite head, 31 percent (more than 360,000) of the housing units were dilapidated, in contrast with 5 percent for households with a white head. In addition, more than 400,000 houses occupied by a family with nonwhite head were deteriorating. Less than 40 percent of nonwhite families had water piped into the home; less than 7 percent had central heating. Owner-occupancy among nonwhites was approximately three-fifths the rate among whites, while renter-occupancy was twice as high:

Color of household head	*Owner-occupancy (percent)*	*Renter-occupancy (percent)*
White	73.3	26.7
Nonwhite	45.7	54.3

Housing Program

The deplorable condition of rural housing is a matter of neglect and discrimination. The rural poor simply cannot provide adequate housing for themselves out of their meager earnings; nor have they shared equitably in Federal housing programs. Not until 1961 were funds appropriated for public housing for the rural poor.

If the problem is to be solved, a multifaceted program must be instituted. New programs must be developed to increase the supply of housing for renter and owner-occupied housing.

Rent Supplements

Providing adequate housing for all who need it is a tremendous undertaking. As pointed out above, there are in the rural areas 1.1 million dilapidated housing units which need to be replaced. At the present rate of replacement, more than a generation will have passed before they are replaced. This estimate does not include 2.8 million houses which are deteriorating and also may soon be dilapidated.

Clearly this is an area in which private capital is needed. The investment of private capital will not only provide much needed housing, but it will also increase employment in rural areas. The most feasible way to encourage private enterprise to build housing for low income rural families is to increase the appropriations and improve the operation of the rent supplement program.

The Commission recommends—

1. That funds for rent supplements be greatly increased to provide rental housing for the rural poor.

There are two reasons rent supplements are favored as a basic answer to housing the rural poor. In the first place, the rural poor, by virtue of their poverty, usually cannot afford to buy a house even with low "interest" rate insured loans. Secondly, many of the rural poor find it necessary to move to find jobs. The recommendations in chapter 10 should help in providing new employment opportunities for people in rural areas. While the development of jobs and housing are related, the Commission believes that incentives are needed both for the construction of houses and for job development. However, housing is needed now. In many instances renting will allow the needed flexibility, and it does not rule out later ownership. As incomes rise, renters have the opportunity to purchase homes.

As the program is presently administered, rent supplements can be paid only to private nonprofit or limited-dividend entities, or to cooperative housing corporations. Formation of the necessary entities can be and should be accomplished. But the rent supplement program could operate more directly, and perhaps more easily, if the payments were made directly to the tenant rather than to the landlord.

To this end the following suggestion should be considered: The present formula for computing the supplement to a poor tenant's rent requires him to pay an amount equal to a quarter of his income. The government's supplement then pays

[2] Testimony of Ernest H. Walker, acting director, CAP, Council of the Southern Mountains, Inc., "Community Action in Rural Appalachia," before Senate Labor Committee, March 13, 1967, p. 8.

[3] Report of the Governor's Task Force on Housing, Charleston, W. Va., May 1967, p. 8.

the balance of the rent to the nonprofit-entity landlord on the basis of a prior contract. It is suggested that the system be reversed; that the grant be given to the tenant. The amount of the grant could remain the same as the supplement now given. But instead of being a supplement it would be a basic grant. The tenant would then be free to supplement it with his own income and rent housing on the open market, spending slightly more or less than a quarter of his income on housing according to his preference for housing and other items.

Poor people with housing money and the freedom to shop would provide an incentive for profit-making builders, as well as nonprofit organizations, to supply their housing.

Under the proposed system the basic housing grants would be paid to the poor in the form of redeemable stamps or certificates with which the tenants would pay the landlords. The landlords, in turn, would redeem the stamps, or certificates, from the government. This provision would insure that the grants were spent on housing, as intended, and landlords could be required to show that they were charging fair rents before receiving cash. Moreover, landlords who violate open-housing regulations would be precluded from redeeming the stamps for cash.

This plan might be more expensive than present rent supplements in that allowance must be made for profit by private industry, whereas rents are paid now only to nonprofit organizations. But the program would stimulate the housing industry and would be simpler and less expensive to administer. Most important, since it does not require setting up special landlord entities, but operates in the regular market, this approach might get a lot more people housed.

Public Housing

Home ownership for every rural family is an unrealistic goal. Subsidized public housing for rural low income families is as necessary as it is for urban low income families. Not until the Housing Act of 1961 were funds appropriated for the construction of low rent public housing for rural low income families. Even now, in spite of the urgent need, the construction of low rent public housing for rural low income families moves slowly.

There are several reasons for the lag in the construction of public housing in rural areas. In the first place, many rural communities do not have a central water system or sewage disposal system. These are legal requirements and must be met. Secondly, the dispersed pattern of rural housing tends to increase the unit cost of construction. Thirdly, for the most part there is no authority, or agency, in rural areas to administer a public housing program. Each of these difficulties can be overcome.

Funds have been appropriated under the community renewal program of the Department of Housing and Urban Development for the development of central water supply and sewage systems. The Federal Government will pay up to two-thirds of the cost. Appropriations for this program should be increased. Farmers Home Administration has a similar program.

While construction of low rent public housing on the plan of mass production may be desirable, it is not absolutely necessary. Under the program, it is permissible to build houses individually. The more practical plan, however, would be to build them in clusters. This would retain individuality and at the same time, provide each family with essential facilities at low cost.

Public housing requires a local housing authority to administer the program. Rural areas do not have public housing authorities, for the most part. For example, of the 75 counties in Arkansas only 8 have countywide housing authorities, and these are mainly associations of towns in the same county organized for purposes of single management. In the past there was little need for public housing authorities, since public housing was limited to urban communities. The need is apparent now. For only where there is a responsible agency can funds for public housing be obtained.

The Commission recommends—

2. That countywide housing authorities within area development districts be established for the purpose of administering a program of public housing in rural areas.

In some States this will require enabling legislation. Where this is necessary, the States should be urged to act without delay. Many counties will not have the funds with which to pay a competent staff, and others will lack professional personnel to administer the program. The Federal Government is urged to give financial and technical assistance to counties where the need exists as soon as the counties are ready to comply with the recommendation. As area development districts—see

chapter 10 for the introduction of area development districts—are organized it is expected that the countywide housing authorities will be phased into them.

Statewide Nonprofit Housing Corporations

It is proposed that nonprofit housing corporations created at the State level join the public and private organizations in increasing the supply of housing. Their functions would be to: help form district and county housing organizations; render specialized forms of technical assistance to the local groups; conduct demonstration projects; act as a catalyst to get the private financial interests to invest more in housing; provide pressure for action from government; underwrite and subsidize housing loans; and build housing where there are no local organizations to do it.

The Commission recommends—

3. That the States create statewide, nonprofit housing corporations through which private and public interests can combine to provide housing.

The form or organization should be thought out carefully by each State, but in each case there must be effective representation of all of the interests. It should not be dominated by State officials, though the ones whose programs can aid housing should be effectively involved.

The States should provide some, perhaps most, of the initial money required to organize and staff the corporations, though contributions from private sources will help establish their constructive interest. The Federal housing programs should be studied to find ways in which they can encourage formation of State corporations, for instance through planning grants, and ways through which they can help the ongoing programs through loans and underwriting and purchase of obligations.

Self-help Housing

One experiment in providing housing for low income rural families is mutual self-help housing. Under this program, families living in reasonable proximity to each other pool their resources in order to purchase materials at more favorable prices. They also do much of the work of constructing their homes with the assistance of technical supervision.

Self-help housing has serious limitations. In the first place, the family must be able to repay the loan. Hence, many of the poor may find it impossible to participate in the program. Secondly, the individual must have sufficient time after work to contribute his share of labor to the project. If he is employed full-time, the "do-it-yourself" project competes with his full-time job and may result in considerable absenteeism. Thirdly, the program is most effective when several neighbors are within reasonable distance of each other and are willing to cooperate in the venture. Fourthly, self-help housing is a long process. It requires organization, planning, and a period of training for each participant to learn the skills he must have in home construction.

Despite these problems, in many instances the rewards of home ownership compensate for all the difficulties encountered. Moreover, participants learn skills which may lead to jobs in the construction industry, and some have found steady employment there. The results to date of the self-help housing programs sponsored by government, private enterprise, and nonprofit organizations indicate that they should be supported on a much larger scale.

The Commission recommends—

4. That Federal funds for mutual self-help housing be appropriated to extend and place on a sustaining basis the experimental program such as that of the Farmers Home Administration.

Loans should be made on sufficiently liberal terms so that a larger proportion of low income families can participate than can do so under present limitations.

Grants for Housing Repairs

The Farmers Home Administration administers a loan program for the construction and repair of rural housing. However, poor families are unable to participate in the program to any appreciable degree because they are unable to meet the agency's qualifications. To qualify for a loan, the applicant (a) must be a farmer or be expected to engage in farming; (b) must have an equity of 25 percent or more of the total value of the loan at the time of settlement; and (c) must be able to give reasonable assurance of his ability to repay the

loan. Clearly, the requirements of this program effectively exclude the lowest income families. Most of the rural poor are nonfarm laborers who have low incomes and unsteady employment. They can never be expected to repay the full amount of the loan that may be necessary either to make major repairs to the home to make it habitable, or to purchase a new home.

Amendment of the Housing Act in 1961 made a modest appropriation for assisting the lowest income rural families. Under provisions of Section 504 of the Housing Act, grants could be made for the repair of dilapidated housing, that is, housing that was unsafe for human occupancy without major repairs. However, to be eligible, the family must own the home. The limit of individual grants was $1,000. The average of the grants made was about $800. The Housing Act of 1965 raised the ceiling on grants to $1,500. However, this section of the act has not been funded since 1965. In any case this provision has had little impact on improving the housing conditions of the rural poor.

If any significant progress is to be made in making major repairs to the dilapidated houses occupied by the rural poor, a much more liberal grant and loan program than presently exists will be necessary.

The Commission recommends—

5. That Congress be requested to increase greatly appropriations for grants and loans for the repair and construction of housing for low income rural families.

Administration of Housing Programs

Our present housing programs simply have not met the housing needs of the rural poor. The families who are in greatest need do not qualify for loans and grants under existing legislation.

Both the Department of Housing and Urban Development and the Farmers Home Administration administer programs of housing for rural low income families. Under HUD's community renewal program, small communities (less than 5,500 population) may obtain funds for comprehensive planning and water and sewer development. Also, the Housing Acts of 1961 and 1965 provide loans and grants for rent supplements to low income families, for housing the elderly and the migratory farmworkers, and for self-help housing.

The Farmers Home Administration has the major loans, and grants program for rural low income families. It also has a self-help housing program, a program for housing for migratory farmworkers, and a program of rent supplements for rural housing. There is overlapping of jurisdiction between FHA and HUD. In given situations each department may apply different criteria. There are frequent delays; and the maze of redtape is frustrating to the applicant. With authority divided there is always the danger that the programs in neither department will be funded adequately.

The Commission recommends—

6. That the rural housing programs be centralized and that a substantial portion of housing appropriations be earmarked specifically for rural housing.

The great gap in the rural housing supply will require that a substantial share of national housing funds be spent on rural housing. The money should be earmarked consistent with recommendation 16 in chapter 14.

Racial Discrimination in Housing

The disparity in housing occupied by nonwhites, mostly Negroes, as compared with housing occupied by whites is part and parcel of the disparities observed in other patterns of life—education, employment, and health. While Negroes experience all the disabilities of the poor, these are compounded by the additional fact of racial discrimination in every facet of life. Housing segregation, based on race, is practiced as rigidly in rural areas as it is in cities. Racial discrimination has denied Negroes equal access to commercial credit institutions in rural areas, despite Federal authority to dissuade these institutions from racial discrimination in making loans. Only since the passage of the 1964 Civil Rights Bill have Negroes participated in any appreciable degree in the housing loan programs administered by the Farmers Home Administration. This is an intolerable situation, and one which must be met squarely and firmly in dealing with the problem of rural housing. Every vestige of racial discrimination in the occupancy of rural housing must be removed. Especially important are access to credit and participation in *all* housing

programs. Until this is accomplished, whatever else is done will be self-defeating.

The Commission recommends—

7. That the Commission on Equal Opportunity in Housing, created by Executive Order 11063, be fully implemented.†

Authority presently exists which can do a great deal to reduce the discrimination often experienced by nonwhites, especially Negroes, in rural areas, particularly in the South. That authority should be used.

The Commission recommends—

8. That Title VI of the Civil Rights Act of 1964 be enforced to prohibit any federally insured bank, mutual savings bank, or savings and loan institutions from discriminating, on the basis of race, in making home mortgage loans, or from making home mortgage loans to persons who do not give legally enforceable assurances that they will sell or lease on a nondiscriminatory basis.†

It is the responsibility of the Congress as well as the Executive to completely eradicate racial discrimination from this important aspect of American life.

Therefore, the Commission recommends—

9. That the Congress enact the Fair Housing legislation now pending before it in the Administration's Civil Rights Bill.

Housing Problems of Special Groups

Housing the rural poor is not a simple matter. The situation is complicated by the special problems of migratory farmworkers, Spanish Americans, and Indian Americans.

Migratory Farmworkers

Migratory farmworkers as a group are discriminated against. They are not welcome to take up permanent residence in the communities where they work for a brief period, or season each year. They are tolerated because their labor is necessary to harvest crops. Established residents and service organizations have little contact with them and want less.

Although Federal funds have been available for many years for the construction of housing for migratory workers, farmers and farm associations have been reluctant to build housing for migratory workers with the aid of these funds. Many farmers are unwilling to make the capital investment required for the construction of housing for migratory workers in spite of the liberal terms of financial assistance by the Federal Government. Moreover, they are reluctant to build housing and maintain it in good condition, since they fear it will be vacant for much of the year.

While some improvements have been made in recent years, the general condition is still deplorable. Twenty-eight States have enacted legislation establishing minimum standards for living space, provisions for running water, bath and toilet facilities, cooking and dining space, sewage disposal, and requiring more frequent inspection of labor camps to see that standards are met. In general, however, housing for migratory labor is still intolerable. The following citation is all too typical. In one State, in 1966, of 760 migratory labor camps, occupied by 20 to 25 persons, 420 (55.26 percent) were approved. These 760 camps had a total of 717 deficiencies, including the following:

Camp site (general conditions, safety hazards)	75
Building disrepair, lack of sufficient doors or windows	56
Poor mattresses, not enough beds	28
Absence, or disrepair, of screens	102
Unsanitary privies, and in disrepair	245
Unsanitary storage and improper disposal of garbage and refuse	146
Water supply, improper well construction	14

Spanish Americans

The living conditions of Spanish Americans stand out because of their concentration regionally, and because they are a distinct cultural group. Traditionally they have been the objects of discrimination and exploitation. Although for decades they were primarily rural, presently almost 80 percent of their population is urban.

According to the 1960 Census there were approximately 3.5 million people with Spanish surnames in the United States. Although they constituted a relatively small proportion of the total population, they made up 12 percent of the popula-

†See comment by James O. Gibson and Vivian W. Henderson at the end of this chapter.

tion of the five Southwestern and Western States of Arizona, California, Colorado, New Mexico, and Texas. Approximately 1.4 million Spanish Americans live in California and another 1.4 million in Texas.

Forty-six percent of the rural Spanish Americans are employed as farm laborers, a large proportion of whom are migratory farmworkers. In 1960, 103,000 of the 261,000 Spanish-American farmworkers (39 percent) did some migrant farm wagework. Twenty-five percent of the 409,000 migrant farmworkers in 1960 were Spanish Americans; however, they were only 5 percent of the 3.3 million nonmigratory farmworkers.

The average income level of Spanish Americans was much below the income level of the southwestern area as a whole. Fifty-two percent of the rural Spanish-American families had incomes of less than $3,000.

The housing of Spanish Americans in the southwestern region is far below the level of most of the area. A study of housing conditions in central New Mexico revealed that while 89 percent of the homes had electricity:

only 33 percent had water piped into the home;
only 26 percent had flush toilets;
only 13 percent had telephones.[3]

Another study showed that only a third of the rural Spanish-American families in Atascosa County, Tex., had indoor plumbing, and only a fourth had hot running water.[4]

Recommendations in this chapter would provide a greater supply of housing for migratory workers. Implementation of recommendations 7 to 9 would relieve Spanish Americans of ethnic discrimination and enable them to participate in all housing programs designed to improve the quality of housing of the rural poor.

Indian Americans

The housing conditions of Indians and Alaskan natives are worse than those of any other minority group in the nation. Of the 76,000 houses on Indian reservations and trust lands, at least three-fourths are below minimum standards of decency. The houses are grossly overcrowded. More than half are too dilapidated to repair.

Virtually all the shelter of Alaskan natives is unsound, dangerously overcrowded, and unfit to live in.

The Public Health Service says that "lack of safe, available water supplies and waste disposal facilities . . . is in large measure responsible for the high incidence of preventable diseases that still prevail among Indians and Alaskan natives." The conditions under which they live not only threaten their life, health, and morale, but are a major contributing factor to their continuing poverty and their isolation from the fruits of progress.

Up to 1961 little effort was made to alleviate the housing problems of Indians and Alaskan natives. More recently, the problem has been acknowledged, and from a large inventory of national housing devices, several have, at long last, been invoked that are proving helpful. The number of dwelling units provided, however, has been minuscule in relation to the need. Housing construction for Indians—about 1,000 to 1,500 units annually—is not even keeping pace with deterioration, decay, and population growth.

The Housing Assistance Administration (HAA) is administering the program which has been providing the bulk of the new housing for Indians. Indicative of the response is that 80 Indian tribes have organized housing authorities and applied for grants for some 5,500 homes. Half of these homes are low-rent public housing projects, and the other half are "mutual self-help" undertakings. The low-rent projects include 960 dwelling units which have been completed and 301 which are under construction. The average cost is $17,500, and they require rent payments equaling one-fifth of family income. The self-help undertakings are being built under the supervision of the Bureau of Indian Affairs (BIA). Land and labor are contributed by the Indian people, and materials, equipment, and skills are paid for from HAA funds. Some 136 units have been completed at an average unit cost of $9,300 and 314 are under construction. Ownership is possible, on the average, after 17 years of payments. The program is small, but it marks an important beginning.

HAA has been recently considering a "turnkey approach" under which a tribal housing authority will agree to buy houses designed and built by a private contractor. HAA feels that this will produce houses faster and up to 20 percent cheaper. If it were successful and substantial, it

[3] Olen E. Leonard and Helen W. Johnson. Families in the Spanish-surname population of the Southwest. U.S. Dept. Agr., Agr. Econ. Rpt. 112, April 1967, p. 22.
[4] *Ibid.*

276-696 O—67——8

would offer a hopeful prospect to a group of Americans too long neglected.

Other housing programs from the general inventory of Federal housing aids have also been helpful although unsubstantial. In the 1960–65 period, only 393 FHA-insured loans were made to Indian families. In the same period, only 124 home construction loans were made by the Farmers Home Administration. Despite the large number of Indian war veterans, few have qualified for the Veterans' Administration Mortgage Guarantee program. The Bureau of Indian Affairs, through its revolving credit funds, has made loans for both new housing and housing improvement indirectly through the tribes, but between 1960 and 1965 only 1,200 families benefited with new homes. In the past 4 years BIA has produced 368 new homes for the most severely handicapped families, mainly in the northern tier of States.

The Office of Economic Opportunity is sponsoring two experimental programs for Indian housing. One is on the Rosebud Reservation in South Dakota, involving 375 units of minimum standard at an overall cost (including site preparation and outdoor sanitary facilities) of $5,000. The other project at three Minnesota reservations is designed to train Indians in the building trades. The costs per unit are expected to be $11,400. OEO and the manpower development training program will expend $6,600 per unit for supervision and training costs. A few Indian tribes have also set aside specific sums for new housing and home improvement; but these have been of minor significance in relation to the total situation. The $10 million authorized in 1966 for housing Alaskans at a maximum per unit cost of $7,500 will provide homes for no more than about 1,300 native families.

If all of these programs were carried to their maximum projections and if all of the HAA-assisted dwellings were completed in a year, it would be hardly more than a demonstration. The rate of building would not keep pace with the continuing deterioration and dilapidation, needs resulting from families moving to centers of employment, and continuing population growth.

Impediments to more rapid progress are fiscal, administrative, and legal. BIA's revolving funds of $27 million are largely committed to outstanding loans, and they embrace much more than housing. In fiscal year 1967, BIA had only $1 million appropriated for its direct home improvement program.

The Federal Government's housing dollar does not go as far as it should. Indian housing costs are often inflated by as much as 25 percent by the Department of Labor's policy of determining prevailing "Davis-Bacon" wages for construction under government contract. Under this policy, union scales prevailing for commercial construction in urban centers become the standard, rather than prevailing wages for housing construction in the private sector on or near the reservations. Wage rates for housing construction on the Arizona side of the Navaho reservation, for example, are based on the Phoenix rate plus a travel increment, bringing the total hourly wage for common labor to $3.74 an hour, or more than double the prevailing rate on the reservation.

HAA has demonstrated resourcefulness in its programs, but no administrative unit on Indian problems exists within the agency.

There are also differences in viewpoint between HAA and BIA requiring resolution. HAA's insistence on high standards has prolonged the construction period of some housing and has increased costs. At the same time, BIA feels that under HAA's "turn-key approach" builders will look more to maximizing their profits than to spending time and effort to ensure full participation in the building by the Indian beneficiaries.

The legislation governing the Farmers Home Administration in making housing loans to low income reservation Indians has been interpreted to mean that the agency cannot make loans to those who are not actually farming, or who lack marketable titles to their land. Additional congressional authorization is needed.

Similarly, the HAA's authority to make loans and grants for repair and improvement up to $1,500 per dwelling is restricted to urban renewal areas. Few conventional institutions have shown interest in Indian housing operations with government guarantees.

Present programs are not meeting the fundamental requirements of those most desperately in need of housing, particularly the hard-core rural Indian poor. While the housing assistance made available to reservation Indians in the last few years through the formation of tribal housing authorities has helped, it has demonstrated serious deficiencies.

Major problems include the high construction cost of low-rent housing and the indifference to its upkeep by its renters, the long construction period

for mutual self-help housing, the difficulty of small groups in qualifying as housing authorities, and the dearth of Indian managerial ability. Conventional loans are available to very few Indians. The unavailability of electricity or water has excluded many Indian and Alaskan native families from HAA-assisted housing because the Agency construes the law as requiring running water and sanitary facilities. Insistence on these requirements has meant that many rural and other Indian groups are excluded from the benefits of housing aid.†

The Commission recommends—

10. That a unit of the agency administering rural housing administer a comprehensive housing program for Indian Americans, and that sufficient funds be appropriated to bring the housing for them to a par with that for other Americans as soon as possible.

Presently, funds for Indian housing are administered by the Bureau of Indian Affairs, the Housing Assistance Administration, and the Department of Housing and Urban Development. If the program is administered by a single unit within a unified housing agency a comprehensive program can be developed more efficiently. The unique problems of Indian housing can best be given proper consideration under such an arrangement.†

Comment by James O. Gibson and Vivian W. Henderson Concerning Recommendations 7 and 8

We believe that this Commission has grapled earnestly and honestly with this persistent and grievous blight on America's promise of equality for all. At a time when racial hostilities are so apparently in danger of escalating and polarizing, when minorities are aggressively seeking the end *now* to segregation and discrimination in all their guises, and when the enemies of equality of opportunity are ascendant in the local, State and National legislatures of the nation, the very survival of our country requires continuation of the strong executive leadership in civil rights exhibited in the early days of this administration. We are, therefore, gravely disturbed that action by the executive branch has been so sluggish in the area of housing discrimination.

We cannot increase the total housing supply for our low and moderate income families by increasing density in the urban ghetto, and we cannot get unemployed Negroes to the jobs they need when the majority of new jobs are arising in suburban America where Negroes are not permitted to live.

The President has rightly asked the Congress to act in this area, but he cannot fail to use such authorities as he already possesses to deal with this problem. There has not been a meeting of the President's Committee on Equal Opportunity in Housing since June of 1965; it does not have a full complement of Commissioners, and there has been no chairman or executive director since late 1966.

We call for action by the President *now*. Let him demonstrate to the Congress and the Nation the leadership the problem calls for.

Comment by Robert A. Roessel Concerning the Paragraph Preceding Recommendation 10

Economic and housing improvement go hand in hand. The development of population centers where new industries are located offers an opportunity for such economic improvement for Indians. But unless housing is made available where industry is located, development is impeded and frustration invited. Any plan for the development of economic enterprise of benefit to Indians must, therefore, call for a simultaneous housing program in such growth centers.

Comment by Robert A. Roessel Concerning the Discussion Following Recommendation 10

In developing a comprehensive housing program for Indians the following considerations are essential:

a. Adequate funds must be made available so that the Bureau of Indian Affairs can employ an adequate staff of Housing Assistance officers.

b. Funds must be made available for adequate water and sanitation facilities development in Indian reservations.

c. Farmers Home Administration should be authorized through legislation to make direct loans to non-farm Indians if they hold leases on their land or can furnish adequate security other than fee ownership.

†See comment by Robert A. Roessel, Jr., at end of this chapter.

d. Demonstration programs by HUD in Indian Housing should be greatly expanded. Rehabilitation loans and grants for repair and improvement now available in urban renewal areas should be extended to include Indian reservations.

e. The rigid standards of HAA, while suitable in some cases, are not suitable in all and require a far greater flexibility in their application. HAA should receive the requirements for heat, electricity, running water, and inside sanitary facilities where the Public Health Service recommends it, or where the lack of such facilities entails inconveniencies but is no threat to health and safety.

f. The Rosebud Sioux type of housing program currently supported by PHS, HHF, OEO, and BIA should be expanded to other reservations.

Chapter 10

Area and Regional Development

The Problems

In all parts of this nation there are today whole communities and even regions that are depressed, bypassed by growth—poor. Many of these are rural communities caught in this swirl of our nation's economic growth and technical change. Some more than others have borne the brunt of these forces but have garnered few of the benefits. These are the poverty-stricken and depressed rural communities. Few of these communities have had control over the forces buffeting them; they have been unable to alter the forces for the better.

The problems of the poverty-stricken rural communities include a lack of employment opportunities, inadequate public facilities and services, and fragmented planning, which is frequently of poor quality. Certain problems of community growth are discussed in this chapter. Recommendations are made to help communities help themselves in surmounting their difficulties. The recommendations do not provide programs that can be followed by all communities. The issues and problems are too complex and ill-understood. Yet the recommendations do form a framework and a strategy within which individual communities may provide the needs of their residents and quicken the pace of development.

Employment Opportunities

The lack of job opportunities in poverty-stricken rural areas usually stems from sharp declines in the manpower needs of the natural resource industries—agriculture, forestry, fisheries, and mining—and the failure of other industries to replace the jobs lost and to provide jobs for new entrants to the labor force. The industries attracted to rural communities—especially the smaller, more remote communities—are not rapid growth industries in terms of employment. Istead, they are textiles, food and kindred products, apparel, wood products, lumber, furniture, and miscellaneous manufacturing. Of these industries only apparel manufacturing experienced rapid employment increases from 1960 to 1965.

More important, however, is the fact that most manufacturing and service industries have always located in larger communities—in counties containing towns larger than 25,000 population and in standard metropolitan statistical areas (SMSA's).[1] During the 1950's, 90 percent of the national increase in employment occurred in SMSA's. And from 1959 to 1964 SMSA's captured about 72 percent of the national growth in private nonfarm employment covered by social security.[2]

Developments in transportation and communications systems along with the expanded network of roads and highways have confronted many villages with competition from larger towns and cities. The result has been extension of the trade areas of the larger towns and cities into areas once served by villages. The same developments have made it possible for rural people to commute farther to jobs in towns and cities. Moreover, modern transportation and communications systems have made it possible for industry to decentralize somewhat. Manufacturing and trade are moving from the central cities of large SMSA's to the suburbs, to smaller SMSA's and their suburbs, and to counties adjacent to SMSA's. Manufacturing continues to grow rapidly in the larger towns, also (*1*, *2*).[3]

In varying degrees rural areas are now parts of larger economic communities with a dominant town or city as a center, the community encompassing several counties. The linking of rural to urban areas is continuing and indeed the rural-urban distinction is becoming meaningless. Rural

[1] An SMSA is a county or group of counties containing a city of at least 50,000 population and its accompanying urban and suburban areas.

[2] Material for this section came from unpublished data supplied by E. S. Dunn, Jr., of Resources for the Future, Inc., and by the Regional Economics Division, Office of Business Economics, U.S. Dept. of Commerce; CLAUDE C. HAREN, A CHANGING RURAL AND URBAN AMERICA, Econ. Res. Serv., U.S. Dept. Agr., Dec. 1966; and TECHNOLOGICAL TRENDS IN MAJOR AMERICAN INDUSTRIES, Bulletin 1474, Bur. Labor Statis., U.S. Dept. Labor, Feb. 1966.

[3] References, indicated by italic numbers in parentheses, are listed at the end of this chapter.

poverty is concentrated in communities where the process is moving slowly and where the centers are weak and underdeveloped. If these centers can be stimulated sufficiently and the rural periphery can be more closely linked to the center, jobs for the presently unemployed and underemployed may be developed. And the flow of people from poverty-stricken rural areas to the nation's metropolises can be replaced in good part by employment nearer their homes and in the nation's smaller cities and towns.

Public Facilities and Services

Many public facilities and services available to urban people and firms simply do not exist in rural areas; and those that do are frequently of substandard quality. There is no need to dwell on the consequences of such items as poor schools; absent or inadequate health and medical facilities; meager libraries; and little public transportation: they have been elaborated in earlier chapters.

The availability of these and other public facilities and services is crucial both to the rural poor and to the rural communities themselves. To the poor their availability provides access to the crucial preconditions—education, health, job information, and transportation—for escaping the ranks of the poverty stricken. To the community their presence or easy availability is necessary for new and expanding industry.

The problems confronting local governments in providing these services and facilities are complex. Three stand out in relative importance: population size and density, the availability of public revenue, and local leadership and initiative.

The influence of population size and density on costs and quality of service is crucial. For most public services, per person costs are relatively high for the small villages, lower for small to medium-size cities, and appear to be higher for the very large cities. The effect of population size and density is as great on quality, particularly for services in which specialized technology plays a key role.

James Conant has estimated that a high school graduating class of at least 100 (which requires a community population of around 10,000) is needed to provide an academically acceptable elementary and secondary education. Other public services (for example, police departments, district hospitals, health departments, library systems, and highway departments) require *minimum* population levels of 50,000 to 100,000 if they are to make full use of modern practices (*3*, *4*, *5*).

In the absence of population concentrations of this magnitude, most rural residents suffer from a combination of inferior public services and high per capita costs.

A second essential requirement to the provision of community services and facilities is the availability of public revenue. Here, too, the rural community faces serious trouble: the number of taxpayers is on the decline; taxing jurisdictions are severely restricted in size; and over two-thirds of all local revenue is raised through the use of antiquated and poorly administered property taxes—taxes that fail to yield revenues sufficient to meet local needs.

Finally, without leadership and initiative at the local level, public facilities and services will likely prove insufficient. Yet, few rural communities are large enough to employ full-time administrators, not to mention highly trained professionals. Furthermore, the rapid out-migration of young adults erodes most indigenous leadership before the community can benefit.

Planning and Programing

In response to the problems facing rural areas, a myriad of private and public development organizations at town, county, multicounty, and region levels has been established. Each organization strives to create jobs and improve the facilities and services in its area. Moreover, other districts have been created which are concerned with natural resource conservation and development. These include water and sewer, soil conservancy, small watershed, and irrigation districts, and river basin development regions. Finally, bills presently before Congress would add yet another layer of districts over the already existing ones.[4]

Many of these groups and areas have attempted to prepare comprehensive plans. Many have prepared plans specific to their particular foci. Still others have not planned at all.

The attempts at comprehensive planning have not been unqualified successes. Many plans have been largely descriptive of the area and have contained little analysis of area problems and opportunities. Many have been unrealistic in what they

[4] Senate Bills Nos. 2088 and 2134, 90th Congress, 1st Session. The former establishes "urban poverty areas" while the latter establishes "rural job development areas."

set out to do given area resources and location. Some have been well-documented sets of realistic plans which can succeed if carried out.

Many development districts are inappropriately laid out so that their programs have little effect on the economic and social forces they seek to change. Frequently the districts are too small to control sufficient resources to affect growth. Too often they do not take into account the interrelationships between town and country that must be used and strengthened if development efforts are to succeed.

The result is an overlapping patchwork of districts and regions, their plans and programs. Too often the boundaries of the districts and regions are not appropriate for maximum effect of the plans and programs they initiate. Too frequently the plans and programs they develop and implement are unrealistic, ill-prepared, mutually inconsistent and actually work at cross-purposes with other plans and programs. Under such circumstances it is not surprising that the energy, planning, and monies expended by the myriad of organizations and districts do not achieve their goals.

Better delineated districts and realistic planning and programing within each district, along with Federal aid in the form of grants and loans for planning and for public facilities, subsidies for industrial development, and finally tax reform, hold promise as means to stimulate growth and improve the social and economic climate in rural areas. These are discussed in ensuing sections of this chapter.

Organizing Communities for Development

The overall goal of community development is the economic and social improvement of the community so that the community's residents participate fully in the opportunities and responsibilities of our society. To achieve this goal, the full gamut of problems and opportunities should be examined and programs implemented for their solution and realization.

Community development programs should be specific to a geographic area and the people who live there: this is the community. For these programs to be successful the geographic bounds of the community must be delineated carefully. This section discusses some criteria for delineating the community boundaries, discusses briefly community organization, and recommends the establishment of "area development districts" throughout the country. Chapter 11 fully discusses the organization of communities.

Area Development Districts and Their Organization

Delineating Area Development Districts.—The frontiers of communities have enlarged and expanded through time. They now cut across town and county boundaries because people and their activities do. A rural resident may operate a farm or work on one. But he buys his supplies for the farm and family in town. Or he may live in the open country and commute to a job miles away in a town or city. His children are frequently bused to school in a nearby city or town. His church is likely to be in a nearby village or town. He may buy more expensive items like a car or television in the largest town in the area for there he can make a better selection. In short—country, town, and city are one; they cannot be separated.

The delineation of an area development district, therefore, involves the selection and specification of a growth center and the surrounding country it serves, including the rural periphery that is economically linked to the center. The function of the growth center is to act as a focal point for growth and to house the public facilities and services which serve the entire district. The growth center and area development district must be delineated together. Though no hard and fast criteria can be laid down, some principles can be followed.

The area development district should be the area in which most of the residents work, shop, and spend the majority of their leisure time. This area depends on its present and prospective economic activities, its potential labor supply, its population density, the size of the growth center, its location relative to other centers, and the present and potential road and highway system. With few exceptions, the area is larger than a single county.

The potential labor supply in an area is important if industrial development is contemplated. If the trends of the 1950's continue into the 1970's, some areas will not have adequate labor supplies to support rapid industrialization unless in-migration occurs. For instance, two important overall trends exist in labor force projections for southern areas. First, in general, if the trends of the fifties continue through 1980 within the South, the male

labor force will increase rapidly in metropolitan areas; will be stable or slowly increasing in areas adjacent to metropolitan areas; and will be stable or declining in areas further removed from metropolitan areas. Second, the female labor force will increase rapidly throughout the South, if the trends established in the fifties prevail. This is partially a result of a national trend plus the fact that southern industry is increasing its use of females more rapidly than males.[5]

The growth potential of a center depends on its size, location relative to other centers, and its past growth, because its economic and social functions vary with these characteristics. The growth patterns of the nation's largest metropolitan areas figure prominently in the nation's growth, and their spheres of influence encompass the entire country or major parts of it. Most other metropolitan centers have a diverse manufacturing, communications, trade, and service base and have self-sufficient growth. Smaller centers within commuting distance of metropolitan areas tend to become dormitory towns supplying labor and some specialized manufactured and processed products to the metropolitan area, and basic services to their own residents and local rural areas.

The same size of center outside the direct influence of metropolitan areas may assume more of the functions of metropolitan areas, having a more diverse manufacturing sector and supplying more services to a broader area. In areas well beyond the influence of metropolitan areas, the towns function as service centers for the surrounding farming, fishing, mining, and forest industries and have few manufacturing activities. This situation is common in the Great Plains, Southwest, and Rocky Mountain States. In such cases strengthening the center's service nature and providing better and more accessible public facilities to the population of the district may be more appropriate goals than industrialization.

In some areas the center is diffuse, made up of numerous smaller towns close together and densely populated outlying areas. Finally, some few densely populated areas with no towns and only villages may have the potential labor supply and location relative to markets so that a center can be created. The center may be an expansion of an existing village, a development to encompass a number of villages in close proximity to each other, or a complete "new town." However, appropriate locations for these types of activities may be very few in number.

Considerations such as these suggest that the national importance of the largest SMSA's be recognized and that each of these multicounty metropolitan areas be area development districts. Smaller SMSA's should be the centers of area development districts which are larger than the multicounty SMSA itself, for adjacent counties are closely linked to them. Outside the influence of SMSA's, a larger town if possible should be designated as the center and the total population of the area as well as commuting and trade patterns should be considered in delineating the area development districts.

The Public Works and Economic Development Act of 1965 provides for the creation of multicounty economic development districts. But each district must contain at least two "redevelopment areas." A redevelopment area, in brief, is a labor area—county, city, or Indian reservation—which is depressed in the sense that its actual or impending unemployment rate is high, its income level is low, or it has sustained heavy population loss. In rural America, redevelopment areas typically are single counties. The act provides for planning grants and grants and loans for public facilities and for industrial development. Both redevelopment areas and multicounty economic development districts qualify for such assistance.

A number of problems exist with these types of designation. First, a redevelopment area need not be in an economic development district. In such cases funds may be misspent because the redevelopment area may be an inappropriate location for industry or public facilities. No account is taken of the economic links the redevelopment area has with surrounding areas and centers.

Second, the requirement that an economic development district must include at least two redevelopment areas leads in some cases to gerrymandering just so an economic development district can be created. The result is a district with little relationship to the geographic patterns of economic activities in the area. Federal funds

[5] Projections made by the Commission. Male and female labor force data by State Economic Area for 1950 and 1960 were projected on a straight line basis to 1970 and 1980. These were then corrected to projections by States for the same years. The State projections are found in: D. F. JOHNSTON and G. R. METHEE, LABOR FORCE PROJECTIONS BY STATE, 1970 AND 1980, Special Labor Force Report 74, Bur. Labor Statis., U.S. Dept. of Labor.

spent in such districts have less impact than if the district had been created more along the lines of the economic activities in the area.

Third, under present regulations Federal aid under the act may go only to the redevelopment areas and the growth centers in an economic development district. Neither of these may be the best location for the facilities or industries called for by the plans of the district.

Finally, the Public Works and Economic Development Act may be criticized as being problem centered. When high unemployment rates are imminent or after an area has come upon severe economic problems, comprehensive planning monies are available and the area becomes eligible for assistance under the act. Once the immediate problem is solved, all aid, including planning aid, is cut off: the program may cure but it never prevents. Planning aid should always be available because through comprehensive planning and programing for well-delineated areas some of the conditions which lead to chronic depression may be avoided.

The formation of area development districts should correct many of the disadvantages of the present economic development districts.

The Commission recommends—

1. That multicounty area development districts, each with a present or potential growth center, be established throughout the country.

The Commission believes that States, counties, and municipalities are in an excellent position to know their economies and the interrelationships among cities, towns, and counties. Therefore, the States, in cooperation with their political subdivisions, should have the responsibility for delineating area development districts utilizing guidelines established by the Federal Government.

The Federal Government should cooperate in this effort. The President, in a memorandum dated September 2, 1966, called for coordination at the Federal level of federally assisted comprehensive planning efforts. He encouraged State and local planning agencies to work together in using consistent sets of economic estimates for planning common districts. Furthermore, he stated that "the boundaries for planning and development districts assisted by the Federal Government should be the same and should be consistent with established State planning districts and regions." [6] These districts could be area development districts.

The Commission accepts the criteria established in the Public Works and Economic Development Act of 1965 for the designation of redevelopment areas as adequate only for the identification of poverty-stricken and depressed areas within area development districts. Once identified, these poverty-stricken and chronically depressed areas should be included with more prosperous areas and have a large center if at all possible. This will allow the more prosperous parts and the large center to aid the depressed parts and increase the growth potential of the area. Furthermore, the requirement that at least two redevelopment areas be in a district should be removed. This will eliminate the inappropriate districts created under the present criteria.

Despite the fact that areas functionally linked with growth centers may cut through counties, area development districts should be composed of whole counties. Counties may not have the resources and flexibility to cooperate with and coordinate their plans and programs with more than one area development district. Hence placing whole counties in area development districts may ease their administrative burdens and add to the potential success of the development effort.

However, districts should not stop at State borders if counties on either side of the border are functionally linked. Circumstances in which an area development district should cross a State line arise typically when a growth center lies on or very near a State line. States, far more than counties, have the resource and administrative flexibility to make such districts workable and successful. Interstate compacts and regional commissions are two means for affecting such cooperation and coordination.

Most Indian reservations are designated redevelopment areas by the Public Works and Economic Development Act of 1965. Because of the variability among reservations and the tribes themselves, it may be difficult for some reservations to work fruitfully as part of a larger area development district. Flexibility in the consideration of Indian reservations, therefore, is desirable.

ORGANIZATION OF AREA DEVELOPMENT DISTRICTS.—The establishment of area development

[6] Memorandum from the President requesting coordination at the Federal level, Circular No. A–80, Sept. 2, 1966.

districts is meaningless without appropriate organization to undertake comprehensive planning and program implementation. Moreover, if the organization works independently of government, private groups, and interests, little of benefit will be accomplished, areas will continue to be disorganized, and the possibilityof different groups working at cross-purposes with insufficient resources will increase. The purpose of an area development district is to create an organization within and through which the diverse interests and groups in the district can cooperate and coordinate overall planning and programing. Therefore, the makeup of the organization is crucial.

Chapter 14 contains a discussion of the appropriate organization of area development districts. Because of the differing situations found in different States and area development districts, flexibility of organization is necessary. The possibilities range from a league of local governments to an organization of representatives of Federal, State, and local agencies and of private interests and groups. Directly connected to the organization and responsible to it should be a professional planning staff to carry out the technical aspects of the planning process.

It is also crucial to provide local private interest and minority groups a strong voice in the planning and programing. Chapter 11 discusses and recommends an advisory council to the development district organization. Its function is to aid in the identification of problems, to initiate ideas for planning and programing, and to review and evaluate the plans and programs for the area development district.

Regional Planning Commissions

Many issues and problems are broader than an area development district or even a State. A structure which allows planning and programing for development across area development district and State lines is necessary. This section discusses the need for a rational set of regions and the present regional commissions and recommends an alternative set.

The Public Works and Economic Development Act of 1965 enables States to cooperate and coordinate with one another on planning and economic development programs within the context of Regional Action Planning Commissions (Title V). To date six commissions have been created, including the Appalachian Regional Commission which was created under the Appalachian Regional Development Act of 1965.

The Commissions are: Appalachia, Four Corners, Ozarks, Coastal Plains, New England, and the Upper Great Lakes.

The multistate concept provides an excellent vehicle for the coordination of interstate planning for economic development, thereby allowing for a more rational expenditure of economic development funds. Out of these efforts it is possible to organize a set of plans and programs which dovetail and are consistent with the plans, both of individual area development districts within a given region and individual regions across the nation.

Yet, the full measure of these advantages cannot be realized unless the boundaries of the regions are consistent with prevailing patterns of economic and social activities. If the boundaries are illogical from an economic development and planning point of view, the region's potential success is compromised.

The regional commissions now operating were formed on the basis of a number of criteria, chief among them being the degree of underdevelopment. This is measured in terms of the area's rate of unemployment and out-migration, its level of income, the condition of housing, the availability of health and educational facilities, and the accessibility of private capital. Strict adherence to these criteria leads to the delineation of regions made up almost solely of poverty-stricken areas with few if any prosperous growth centers.

Thus, from the standpoint of their geographic boundaries and focus, our present regional commissions are problem centered with little flexibility to consider the full range of opportunities for development. As such, they are ill-suited for comprehensive planning and development, particularly in a long-run context. Though the regional commission concept as it is currently practiced recognizes the arbitrariness of State boundaries in development planning, it fails to appreciate the importance of building on a structure of districts like the area development districts. In cutting across these areas, frequently including only their depressed parts, the region denies itself important support from nearby growth areas. It is the Commission's view that greater care must be exercised in delineating regions and more attention devoted to combining areas that share something other than economic and social stagnation.

Beyond the problems associated with delineating

regions through adherence to what we consider to be inappropriate criteria, there are problems associated with the unplanned and uncoordinated spread of Regional Action Planning Commissions. An expansion of these regions in which poor communities are grouped together will only stretch already insufficent resources over more lagging regions and hence dilute the beneficial consequenc s in each.

A more appropriate course would be to establish regions composed of area development districts throughout the country for the initial purpose of creating a forum for the interstate planning and coordination of programs of mutual concern. Interstate highway and road networks, facilities such as hospitals and correctional institutions, and multistate water and pollution—all might be cooperatively addressed within the regional framework. The delineation of area development districts that cross State boundaries also could be accomplished within the regional framework.

To obtain maximum benefits from multistate regions, several other innovations are necessary. In a later chapter in this report the Commission recommends that all Federal regional offices be placed in the same location for each region. The boundaries of these regions should coincide with those of the regions for multistate planning and programing. This not only would allow the States to plan and program in a regional setting; it would also provide a vehicle for the Federal Government to cooperate fully with the regions, and facilitate the coordination of programs which involve the Federal Government. Furthermore, it would provide a consistent set of regions on which an economic information system could be organized. Such a system could provide the multistate regions and the Federal Government with a flow of economic intelligence on which to plan programs and evaluate their performance.

Finally, consideration should be given to making the Federal Reserve Districts of the Federal Reserve System coincide with these regions. Federal Reserve Banks perform a vital regulatory and service function to the banking community of their districts as well as to the district as a whole. Moreover, they already are a source of much valuable economic information. In this regard, the banks could develop data on interregional and intraregional capital flows, information which is of crucial importance to economic development analysis and planning. They could be valuable in conducting economic analyses of the region and as an additional body to aid in the formation of regional development goals and in regional development planning. Indeed, the Federal Reserve Banks of Minneapolis and Boston have successfully engaged in some of this kind of activities.

The Commission recommends—

2. That the Federal Government, with the cooperation of the States, should establish regions made up of area development districts encompassing the entire nation.

The organization of these regions should be worked out with the cooperation of the States and Federal Government. The organization may differ from region to region to take into account the different situations in each region. Once formed, these regions should be eligible for comprehensive planning assistance. And they should be given the authority to submit project proposals to the Federal Government for grants and loans for multistate projects.

Helping Communities Help Themselves

Few counties, towns, and cities have sufficient resources to alter significantly their conditions, growth rates, or potentials. They all too often lack professional help in their planning and they lack the funds to mount programs appropriate to meet the problems. Furthermore, the boundaries of these units are no longer relevant for the purposes of stimulating growth and of providing facilities and services to meet the needs of people, especially the poor. Consequently, the plans and programs of these entities have not been as productive as they could be.

The creation of area development districts is one measure to correct this situation. Through their creation, more relevant boundaries can be drawn and the area development districts should have under their purview more resources with which to plan and program. This is not enough, however. Despite the fact that area development districts should have more resources than individual towns and counties, they do not have the resources to provide the facilities and services needed to engage in fruitful comprehensive planning, either to meet the needs of the residents or

to attract industry and create jobs. Aid from the States and Federal Government is essential. This section discusses ways of providing and coordinating these funds.

Planning Grants

The Commission believes that any area development district can profit from well-designed planning by knowledgeable planners and district leaders. Indeed, through planning, a district may be able to avoid economic and social distress. Moreover, planning should result in the wiser use of all Federal grants-in-aid and loans.

Title III of the Public Works and Economic Development Act of 1965 provides planning monies for technical assistance, research, and information to redevelopment areas and economic development districts. As was pointed out before, this is a curative program only. Section 701 of the Housing Act of 1954 provides planning monies to States, counties, municipalities, and other areas. Area development districts must plan and program for their development.

The Commission recommends—

3. That area development districts be eligible for comprehensive planning grants from the Federal Government.

Comprehensive planning grants for all areas should be administered by one Federal agency. Chapter 14 contains a recommendation to this effect. Thus, the agency should handle planning grants for area development districts, regions, and other units.

Title III of the Public Works and Economic Development Act also provides for research, training, special studies, and activities by the Economic Development Administration to aid depressed areas. These programs should be continued. Furthermore, planning monies currently available to redevelopment areas and economic development districts under this act should be used to augment comprehensive planning grants and should be available only to area development districts containing designated redevelopment areas.

Planning money should be available from other agencies as well as the Federal Government. State and local governments should contribute to the planning process by providing planning funds. Private agencies can also make a significant contribution to the planning process by financing special studies which would add to the quality of the plans and programs.

Action without planning leads to waste and even chaos. Planning without action is an equal waste and also a hypocrisy. Sometimes agencies responsible for economic development or poverty programs will expend their resources in planning. But because of poor leadership, inefficiency, politics, or other reasons no meaningful action for growth or the alleviation of poverty will result. Sometimes agencies will expend resources in the name of planning (which, for similar reasons, is not meaningful planning) and meaningful action cannot follow. Community and agency leadership must be ever alert to these pitfalls.

Federal Grants and Loans for Public Facilities and Services

Information currently available indicates that per capita construction and operating costs of most public services and facilities are higher in rural areas than elsewhere. More important is the fact that these are of mediocre quality. Central to the problem is that individual rural political jurisdictions are too small to provide these basic services at reasonable cost and acceptable quality. Furthermore, in a number of fields, health being a prominent example, most rural areas cannot support full-time specialists. Present arrangements preclude part-time specialists in most rural areas. Any attack on these problems must circumvent these difficulties. The Commission believes that the area development district, aided by Federal grants and loans, provides a vehicle through which cooperative planning, provision, and operation of good quality public facilities and services may be achieved at moderate cost.

In discussing ways to meet the immediate and future needs of residents of area development district, it will be useful to distinguish between the urban centers and the rural periphery since each has a significantly different part to play in the process of area development.

THE RURAL PERIPHERY.—The overriding objective in the outlying rural areas should be to ensure that the residents have maximum feasible access to the benefits of necessary public services. Although many rural areas are too sparsely populated to support the construction and operation of many of these facilities, the services of the facilities in the

growth center can be extended to people throughout the area development district.

To illustrate, in elementary and secondary education the use of mobile teaching laboratories, public television networks, traveling counselors, and the like, all operating on an areawide basis, could materially strengthen many rural school systems. Rural health facilities could be upgraded through creation of fixed and mobile health clinics, staffed by personnel from district or regional hospitals located in or near the service growth centers. The principal purpose of the health clinics, which could be staffed partially by subprofessionals, would be the treatment of elementary health needs. Cases requiring more sophisticated attention would be referred or transported to the base facility.

Similar arrangements could be made for the extension of other types of services. Police and fire protection, libraries, public transportation, and highway construction and maintenance are examples of other services that would readily accommodate tie-ins of this nature.

Considering the general scarcity of public facilities in rural areas, and their costs, it is doubly important that those which are there be fully utilized and conveniently located.

Neighborhood service centers should be placed in convenient locations throughout the district, probably in towns and villages satellite to the district's growth center. The Commission believes that many of the necessary services might be located in a single building or complex of buildings; for example, the primary and secondary school, the health clinic, a day-care nursery, the branch library, an office of the employment service, and community meeting rooms. Costs could be shared by the various agencies and the basic services would be centrally located, convenient to the residents, and close enough to each other so that there could be close cooperation and coordination among the agencies represented.

Since many people in isolated rural areas lack transportation, they are unable to take advantage of health, training, and employment services, or of recreational and cultural facilities located several miles away. Thus transportation from outlying areas to the neighborhood center and to the growth center is needed. A low-cost public transportation system based at the community centers should be provided. In some rural areas school buses in free hours could be used to transport people to and from the neighborhood service centers.

The Commission recommends—

4. That neighborhood service centers be created located conveniently throughout area development districts and linked with specialized facilities in their growth centers. Publicly supported transportation systems should be connected with these centers. The Federal Government should move immediately to establish pilot neighborhood service centers in selected area development districts to act as demonstrations and laboratories for experimentation.

Four Federal agencies currently are experimenting with a neighborhood centers pilot program in 14 cities.[7] The Commission believes that a similar pilot program should be established in selected area development districts in rural areas. The goals of this pilot program should be to investigate the range of services needed, the problems of coordinating them, necessary linkages with facilities in the district center, and the costs of the neighborhood centers. Private agencies and foundations also should be encouraged to participate in the pilot program so that ideas from all segments of society are brought to bear.

Federal agencies with grant-in-aid and loan programs should encourage projects proposals from area development districts for such centers and transportation systems, especially in poverty-stricken areas.

THE GROWTH CENTERS.—Investments in the public services and facilities of the growth centers themselves should be of different, though complementary, character. The rapid rates at which these areas are likely to grow suggest that investments in these centers merit high priority. For the same reason, it is important that these investments be predicated on carefully reasoned planning.

The public facilities of the growth centers should serve residents of both the center and the outlying periphery of the area development district. Specialized services requiring a sizable uses base would be located in or near the center. These specialized services might include a major airport; a regional hospital; a specialized vocational training center; a college or university; major television and radio stations (including public stations); a comprehen-

[7] The pilot program is administered by the Washington Interagency Review Committee composed of representatives of the Departments of Housing and Urban Development; Labor; and Health, Education and Welfare; and of the Office of Economic Opportunity.

sive library; the centralized planning and coordinating agencies for public education and for highway construction and maintenance; and police and fire protection. Facilities functioning in the outlying portions of the district would be serviced through these agencies and facilities.

In summary, public facilities in area development districts should be planned so that the central, specialized facility is located in the growth center and smaller branch facilities are strategically located in neighborhood service centers throughout the periphery. Particular attention must be given to ensuring that the benefits of these services reach all district residents, including those in outlying areas of the district.

Title II of the Demonstration Cities and Metropolitan Development Act of 1966 requires that "all applications made after June 30, 1967, for Federal loans or grants to assist in carrying out open-space land projects or for the planning or construction of hospitals, airports, libraries, water supply and distribution facilities, sewerage facilities and waste treatment works, highways, transportation facilities, and water development and land conservation projects with any metropolitan areas" [8] be reviewed by a designated areawide planning agency. Projects which are consistent with an acceptable areawide plan then become eligible for supplementary grants under Section 205 of the act.

The Commission applauds the areawide orientation of the act and the bonuses to projects which are consistent with the areawide comprehensive plan. Such provisions should be made available to all area development districts.

The Commission recommends—

5. That supplementary grants, in addition to the usual Federal grants, be awarded to any federally aided project which is consistent with the comprehensive plans of area development districts.

This might be achieved by amending Title II, Section 204 of the Demonstration Cities and Metropolitan Development Act to include all area development districts. Or additional legislation could be enacted to achieve for area development districts outside metropolitan areas what has been achieved for metropolitan areas. Planning and programing within the area development district context would, thereby, be encouraged.

Areas suffering from severe poverty will require a more concerted boost than will be provided through the array of general grant-in-aid programs covered by this legislation. Assistance for these areas is lodged under separate authority which requires modification of a similar nature.

The Commission recommends—

6. That the Public Works and Economic Development Act of 1965 be amended to provide grants for developing adequate public services and facilities in area development districts afflicted with severe poverty.

Qualification for these grants should be contingent upon (1) the preparation of an acceptable area development district plan and (2) the satisfaction of explicit requirements concerning the area's fiscal effort and its degree of need. The criteria presently employed in designating redevelopment areas would be suitable for ascertaining the degree of need. Upon satisfactorily meeting these conditions, any location in the area would become eligible for grants covering up to 80 percent of the cost of projects consistent with the area development district plan. The supplementary grants to projects which are consistent with the plans of the area development district should be applicable in these cases also.

Helping Communities Attract Industry

Too often migration is not a solution to the underemployed or jobless rural poor. Claude Brown asked: "Where does one run to when he's already in the promised land?" when he described the migration to Harlem of the southern rural Negro as a psychological journey "to the promised land." (*6*, p. viii). The promised land turned out to be just another desperate, isolated ghetto, albeit urban rather than rural.

The crucial problem is jobs—steady, well-paying jobs—not only for rural Negroes but for most of the rural poor. Too often the only option open to the poor is to journey elsewhere; too often "elsewhere" is the urban ghetto; and, too often, steady, well-paying jobs are not available there either.

[8] "Demonstration Cities and Metropolitan Development Act of 1966" (P.L. 89–754, 89th Cong., S. 3708, Nov. 3, 1966, Title II, Sec. 204). Metropolitan areas are defined as SMSA's unless otherwise specified by the Secretary of Housing and Urban Development.

Migration to the urban ghettos of our largest cities is not a solution for the rural poor unless employment opportunities are available. The evidence presented earlier indicates that manufacturing and trade are moving from the central cities to the suburbs of our large metropolitan areas and to smaller metropolitan areas and larger towns. Fruitful employment in smaller cities and towns throughout the country, as well as in and near poverty-stricken rural areas which show economic potential, is an effective solution. Positive steps should be taken to attract more jobs to these locations. These steps should not simply relocate jobs from one place to another. The jobs must be new; more of the national growth in employment should be directed into the smaller cities and towns in and near depressed areas.

The measures recommended earlier in this chapter will stimulate industrial development indirectly. These are not enough. The energies of private industry should be engaged directly as well as indirectly; private capital should be stimulated to flow more rapidly into lagging regions and areas with economic potential.

Direct industry subsidies lower the cost of locating in one area versus another. If the subsidies are substantial, industry can be stimulated to expand or locate in otherwise high cost locations. Of course, given large enough subsidies, any location can be made attractive to industry. But in very high cost locations, once the subsidies cease, no more industry will locate or expand in the area. And those that are there will slowly close down and move to lower cost locations. There are some poverty-stricken rural areas which are not economically viable. Industrialization in these areas is not a feasible solution.

If enough industry can be brought into an area which is suited to industrialization, other industries (for example, manufacturing, business services, and trade) will be attracted to the area. Then the area will be in a position of self-sustaining growth and direct industry subsidies will cease to be needed.

While both private and public agencies currently offer subsidies of one kind or another, the Commission is concerned primarily with those of public agencies. Subsidies offered by local, State, and Federal Governments are of four broad types: outright grants, low interest loans, various arrangements designed to lower taxes, and the building of industrial facilities and sites to rent to new and expanding industries.

Municipal industrial development bonding has grown rapidly in recent years and has stirred much controversy. Twenty-three States allowed such bonds, of the full faith and credit or revenue types, as of 1963, and other States are considering enabling legislation.

The main issues in the controversy are their taxation side effects, the dangers to specific municipalities of overencumbering themselves, and their competitive effects. The taxation issue arises because the interest on such bonds is tax exempt; thus the locating industry reaps an indirect Federal subsidy in addition to lower interest rates. Some argue that since the Federal Government does not have a voice in deciding whether the industry should locate in the municipality, it should not have to subsidize it (*7*).

There is some concern that communities may overencumber themselves by floating industrial development bonds or giving concessions on local taxes. The results of too generous subsidization might prevent the local government from financing needed public facilities and services, or prevent them from subsidizing other industries. However, advocates argue that a new industry brings new tax revenue through existing taxes and in any event other taxes can be levied.

Finally, it is pointed out that since the practice of issuing such bonds is spreading rapidly, soon all communities will use them and the effect of the subsidies on the location of industry will cancel out. Or, what is more likely, more affluent communities will outbid depressed communities and the purpose of the subsidies will be contradicted.

Industrial location decisions are very complex, the final result being a blend of a host of factors. They include labor costs, transportation costs, availability of and proximity to markets and supplies, the presence of public facilities and communications, and the overall attractiveness of the community as a place to live. A local community must consider these and other factors as it deliberates whether to grant a subsidy to a firm and if so, the size and type of the subsidy. The Commission urges local governments to consider carefully the advantages and disadvantages of these devices before employing them.

Because of the inadequacy of industrial development subsidies at the Federal level, the Commission believes that local subsidies are vital to the

development of local areas. However, when the Federal subsidies that are recommended later in this chapter are put into effect, certain local subsidies should be discouraged.

The Commission recommends—

7. That local industry subsidies be discouraged, if they either lower the ability of communities to finance and pay for needed public facilities and services or threaten their tax revenues.†

The Federal Government, for instance, could remove the tax exempt status of municipal industrial development bonds.

The crucial point regarding the use of local subsidies to influence industry location is that any community in any State with enabling legislation can grant them. Prosperous and depressed communities alike can make use of them and the result may not be the creation of jobs where the jobs are needed—in or near potentially viable depressed areas. Thus, if our nation wants to stimulate industrial development in specific areas and regions, stimulation should come from and be administered by the Federal Government. The Commission believes that industrial development of the smaller cities and towns of the country is essential, especially in our currently lagging regions.

Furthermore, certain of the Commission's recommendations may raise the cost of locating in and near depressed areas and tend to erase existing incentives to locate there. Chief among these is the recommendation for a uniform, national minimum wage. It will partially erase labor cost differences between the South and the rest of the country and hence retard the movement of industry into our poorest region. However, it may speed the adjustment of areas which do not have the potential for industrial development. But for areas which do have industrial potential, recommendations are needed for industrial subsidies to re-establish their cost advantages and enhance their growth rates.

The Economic Development Administration administers subsidies for industry location in depressed areas. Redevelopment areas and economic development districts are eligible for industry grants, loans, and loan guarantees. These subsidies, therefore, serve to stimulate industrial development in poverty-stricken areas, urban and rural. This legislation should be placed in the context of area development districts.

The Commission recommends—

8. That any location in area development districts which include redevelopment areas be eligible for industry grants, loans, and loan guarantees under the Public Works and Economic Development Act of 1965.

Such grants, loans, and loan guarantees typically cover part of the cost of land acquisition; the costs of buildings, machinery, and equipment; and initial working capital. These subsidies are most attractive to firms that find it difficult or impossible to borrow in the private capital markets at prevailing interest rates. They are likely to be new ventures and small companies which are expanding. Large corporations typically have more access to the private capital market than small companies and new firms and may finance new plants at least partially out of retained earnings. Tax incentives for locating in smaller cities and towns may be a greater stimulus to large corporations than the present subsidies of grants, loans, and loan guarantees.

Bills have been introduced in Congress which provide liberalized investment tax credits, accelerated depreciation schedules, better carry forward and carry backward provisions, and deductions on wages and salaries paid to low income persons if a company locates in depressed rural areas.[9] However, the bills establish a set of designated depressed areas separate from the redevelopment areas established by the Economic Development Administration. Furthermore, the bills give the administration of the program to the Department of Agriculture. Another bill grants similar tax incentives to industries locating in poverty areas of large SMSA's (over 250,000 population), and gives its administration to the Department of Housing and Urban Development. Like the bill for rural areas, it would establish designated areas separate from redevelopment areas.[10]

The creation of additional designations for depressed areas (rural or urban), the fragmentation of the administration of industry subsidies among

†See comment by Robert A. Roessel, Jr., at end of this chapter.

[9] See, for instance, Senate Bill No. 2134, 90th Congress, 1st Session.

[10] Senate Bill No. 2088, 90th Congress, 1st Session.

many departments of the Federal Government, the restriction of the tax incentives only within depressed areas, and the exclusion of poverty areas in SMSA's smaller than 250,000 population appear needless and unwise to the Commission. The criteria for redevelopment areas should be used to identify depressed areas—urban and rural alike. One agency rather than many should administer the certification procedures for tax incentive purposes as well as other direct subsidies to stimulate industrial development in specific locations. Furthermore, tax incentives to stimulate industrialization within every depressed area is not wise. Some of these areas would benefit more from the industrial development of towns and smaller cities near and within commuting distance of them.

Finally, the Commission is concerned that industrial development within urban ghettos may trigger more senseless migration of the rural poor to equally depressed and socially isolated urban ghettos. Industrial development of, and job creation in, smaller cities and towns closer to where the rural poor now live and within commuting distance of their residences is the wiser alternative. But tax incentives are powerful tools to influence industrial location and should be used.

The Commission recommends—

9. That tax incentives such as liberalized investment tax credits, accelerated depreciation schedules, and broader carry forward-carry backward provisions be given to firms locating or expanding in area development districts which include redevelopment areas.

In addition to subsidizing the private sector, and extending grants and loans to State and local governments, the Federal Government can influence the growth rates and prosperity of lagging areas and regions through its own decisions on locating new Federal installations and on purchasing goods and services. The Federal Government's location and procurement practices do significantly stimulate particular areas and regions. Yet from the fragmentary evidence available, it appears that Federal procurement practices generally benefit the wealthier, more densely populated areas of the country. This is particularly true of defense expenditures (*8, 9, 10*). This is to be expected, however, because the wealthy, densely populated areas contain the bulk of the nation's industrial activity. And, of course, Federal procurement and location practices have played a part in the development of the wealth and industrialization of these areas.

To date little has consciously been done to stimulate lagging regions and areas through Federal procurement and location practices. Defense Manpower Policy No. 4 encourages the placement of defense contracts with firms in labor surplus areas designated by the Department of Labor. And the General Services Administration encourages firms in labor surplus areas and redevelopment areas to bid on any items of supplies and equipment it buys.[11] The evidence suggests that these have been ineffective.

Government procurement and location practices should aid in the development of particular towns and cities. But they should only complement, not dominate, the private sector. Specific government needs for supplies and manpower are very unstable. This is particularly true of defense and space needs. Program changes, Congressional appropriations, international relations, and technological change account for this instability.

Detroit and Oak Ridge are two examples of dependence on Federal Government employment and purchases. Detroit experienced difficulties because of the shift in defense emphasis from mechanical equipment to jet and missile systems. The West Coast, of course, prospered by this shift. Oak Ridge, Tenn., the site of much Atomic Energy Commission activity, especially during World War II, had a peak population of 75,000 in 1945. As of 1965 its population was 30,000.[12]

The Federal Government should contribute more than it now does toward guiding area and regional development. This goal should be included in a positive way with other goals influencing Federal procurement and location practices. Local and State governments should do likewise, although their employment location decisions will be more important than their procurement decisions.

The Commission recommends—

10. That the Federal Government use a portion of its procurement expenses and invest-

[11] See Executive Order No. 10773, 23 Fed. Reg. 5061 (1958); and, Federal Property and Administrative Services Act of 1949 as amended, P.L. 81–152.

[12] Bureau of the Census, U.S. Dept. of Commerce, and Oak Ridge Operations, Atomic Energy Commission, Oak Ridge, Tenn.

ment expenditures for new installations to stimulate growth in particular lagging regions and areas.

The Federal Government could employ a number of devices in using its budget to stimulate growth in lagging areas. For instance, a portion of the supplies the Federal Government buys could be purchased only from firms located in specified area development districts. Another device would be to guarantee that Federal contracts will be let for a certain number of years in particular lagging area development districts if selected types of industries locate or expand there. Finally, the growth centers of lagging area development districts could be given preferential consideration as locations for new Federal facilities.

Improving Public Revenue Sources

Area and regional development is expensive. It is especially so in the lagging and poverty-stricken areas and regions where the problems are to raise the quality and accessibility of existing public facilities and services as well as to introduce badly needed new ones. Public revenue from all levels of government is required.

Categorical Federal grants and loans are essential and should be increased as new needs arise. They emphasize and directly support programs to which society assigns high priority. They bring to lagging regions and areas specific programs most needed to stimulate growth. They serve as innovating tools in the hands of the Federal Government to test programs to meet new needs. And they are persuasive in involving State and local governments in the tasks these units have neglected.

But categorical Federal grants and loans meet needs felt at the national level only. They are not responsive to the unique needs of particular States and localities which are felt at the State and local levels but are not general enough to arouse national interest and support. Furthermore, through the usual matching features, they command State and local revenue, thereby reducing the flexibility which States and localities urgently require in meeting the specific needs of their residents. In addition, State and local governments typically do not have the revenues to modernize their administrative practices and pay salaries to remain competitive with business and industry.

State and local governments must be financially viable. Their present revenue systems are plagued with a number of problems which prohibit them from adequately meeting the needs of their residents. The Commission has concentrated on only a few of the outstanding problems.

Local tax problems include the small size of taxing jurisdictions, inefficient and inequitable tax administration, and an unsatisfactory distribution of the costs and benefits of publicly financed facilities and programs. The insufficient size of most taxing jurisdictions, however, lies at the root of many of the problems.

The benefits of a publicly financed facility or program often "spill over" the boundaries of the tax jurisdiction which finances them, and are enjoyed by residents of areas which do not contribute to the support of these facilities and programs. Thus, rural residents contribute to the education of an individual who moves to another area to live and work. Urban residents spend their weekends in rural districts at public recreation areas their taxes do not support. And rural commuters help overburden city streets which are maintained and policed by city taxes. Increased mobility, a reliance on property taxes at the local level, and the insufficient size of local tax jurisdictions cause and will increase such occurrences.

The problem, of course, is that all those who benefit from publicly financed facilities and services cannot contribute to the construction and operation of the facilities through their taxes because they live outside the tax jurisdiction. And those who are taxed are reluctant to tax themselves for facilities and services from which they may not benefit.

Property taxes now account for nearly 90 percent of all local tax collection. They owe their importance at this level to being one of the few taxes that can be administered on a relatively localized basis. Still, their administration requires technical competence if it is to be done efficiently and equitably; in too few cases are efficiency and equity achieved.

Furthermore, local taxing authorities are severely restrained in their application of local taxes by State constitutional and statutory limitations. Many States restrict the maximum tax rate of local governments to a specified percentage of assessed valuations; some also limit the amount of taxes a local government can levy to make principal and interest payments.

The State-imposed limitations bear a heavy share of the responsibility for the recent upsurge in the number of special districts. By creating these districts, local governments are able to circumvent State taxing restrictions. Thus, State governments have unwittingly contributed to the growing complexity and inefficiency of a badly fragmented system of local governments.

The Commission recommends—

11. That State governments be encouraged to assist in the improvement of local tax systems by (a) enlarging tax jurisdictions, (b) standardizing taxation procedures, and (c) removing or easing constitutional and statutory limitations on the taxation and borrowing authority of local governments.

State governments can facilitate these reforms by providing technical assistance to local governments.

Even with local tax reform of the types recommended, State and local governments are plagued with inequitable, unproductive, and unresponsive revenue systems. These problems in combination prevent State and local governments from providing comparable public services to all their residents.

Most of the public needs associated with growth relate to functions traditionally provided by State and local governments. The magnitude of State and local needs is reflected in the rapid growth of State and local expenditures. Between 1948 and 1964, State and local general expenditures rose by $52 billion while Federal general expenditures for civilian purposes rose by only $14 billion; the number of State and local employees increased by 90 percent compared to an increase of 22 percent in Federal civilian employment; and State and local per capita debt rose by $355 compared to a decline of $91 of Federal per capita debt (*11, p. 3*).

For the most part sales and property taxes are the domain of State and local governments while the Federal government has primary claim on the income tax. Sales and property taxes respond more slowly to national and area growth than does the income tax. Although many States levy income taxes, they cannot rely too heavily on them because of the much greater use the Federal Government makes of the income tax. Thus, the revenues of State and local government do not respond as rapidly to growth as does the demand for public facilities and services.

Moreover, some areas of the United States lack the resource base required to provide enough revenue to even come close to satisfying local needs. For these depressed areas, local tax reform alone offers no meaningful solution. Assistance from other more affluent regions is the only practical short-run solution. Some of these areas are already making above-average tax efforts; yet, because of the small tax base they have to draw upon, they are largely incapable of providing the public services and facilities so badly needed.

Many State and local governments do not make as great a tax effort as they should with the taxes at their disposal. Thus their revenue systems are unproductive. Equally important is the fact that many State and local taxes are inequitable because they are not based on the ability to pay. Tax reform must entail not only the creation of productive revenue systems but equitable ones as well.

The Commission believes that the Federal Government cannot be neutral with respect to State and local tax reform. It cannot remain indifferent to unproductive revenue systems which do not yield enough revenue to support the responsibilities of State and local governments in supplying needed public facilities and services. Nor can it view with equanimity heavy State and local tax burdens which partially offset federally financed aid to the poor. The Federal Government should make flexible grants to State governments. These flexible grants should be awarded *only* to States which have equitable and productive revenue systems. Various techniques are available to determine the equity and productivity of State and local revenue systems. See, for instance, Shannon (*12*). The flexibility of the grants plus features of the grants which offset part or all of the revenue foregone by shifting tax burdens from people with low incomes are adequate to stimulate State and local tax reform.

The Commission recommends—

12. That the Federal Government make flexible grants to States based on the equity and productivity of their revenue systems to stimulate the creation of equitable and productive, State and local revenue systems.†

†See comments by Robert A. Roessel, Jr., and by James O. Gibson, Vivian W. Henderson, and Miles C. Stanley at end of this chapter.

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Memorandum of Reservation by Robert A. Roessel, Jr., Concerning Recommendation 7

In my estimation recommendation 7 is not practical for the conditions that exist at present. It presupposes a situation wherein Federal subsidies will be in effect so that there will be no need for local subsidies. I do not believe we are that close to realizing heaven on earth and therefore feel the recommendation is inappropriate at this time. Surely all agree with the need to strengthen the ability of States to meet the industrial and employment needs in each State.

However, I am not convinced that the present recommendation will assist rural poor areas to develop; in fact, I fear it may be used to hinder that development. I do believe local industry subsidies are in many cases the only way rural poverty areas can hope to attract industry so vital to the growth and development of those depressed areas. Therefore, I do not want to go on record supporting a recommendation that may interfere with this growth. I do not accept the qualifications in the sentences preceding the recommendation since it is predicated on a set of circumstances that at best will be the exception and not the rule: I feel it would make better sense morally and practically to base recommendations on reality.

Memorandum of Reservation by Robert A. Roessel, Jr., Concerning Recommendation 12

I object to recommendation 12 because it does not adequately insure that the grants from the Federal Government to the States go for the people and purposes intended. As the recommendation is worded it appears to be primarily concerned with tax reform and that grants are made to individual States as a means to encourage such reform.

I am completely in favor of tax reform which would place a greater tax responsibility on those who can better accept that additional commitment. I support a nonregressive tax system which will lessen the burden on the poor.

But I do not believe the present recommendation guarantees that the grants generated by such reform will go to those programs directed at areas and people in greatest need.

The voices of the rural poor are weak and often unheeded. The axiom "the squeaking wheel gets the grease" is true, and the forces in competition to receive the grants will be vocal and well organized. Pressure and lobby groups will speak loudly and clearly in demanding that the money go for programs they support. The rural poor and the city slum dwellers will be bypassed. Proper safeguards must be developed, including perhaps categorical grants, so that the money goes toward programs designed to assist the rural poor. I do not feel the present recommendation includes these safeguards. In recommendation 14, chapter 14, specific safeguards are outlined for a grant-in-aid program. I feel this protection should be incorporated into this recommendation.

Memorandum of Reservation by James O. Gibson, Vivian W. Henderson, and Miles C. Stanley Concerning Recommendation 12

While we recognize the potential benefits that might accrue through augmenting the revenues of

the States by noncategorical grants, we have reservations about the wisdom of recommendation 12. We remain doubtful that the conditions under which the grants will be awarded will be successful in stimulating tax reform at State and local levels. Unless the stimuli are substantial, the grants will be given to States on the basis of the current equity and productivity of their systems and will not encourage further reform; States' revenue systems which are unproductive and regressive will remain so. Furthermore, it will be difficult to establish fair formuli for making such grants: what constitutes an equitable and productive revenue system in one State may not be in another. This will depend upon the particular taxes levied in each State and the economic conditions in each.

More importantly, we fear that some States will use the grants to perpetuate social and economic discrimination along racial and ethnic lines. And we doubt that either the rural or the urban poor will receive the benefit of noncategorical grants, given their representation in State legislatures.

Chapter 11

Community Organization

The basic principle underlying social legislation in this country is one of helping people and communities help themselves. None of the programs recommended in this report will solve the problems of rural poverty unless the people themselves become involved and concerned. In the final analysis, it is up to the people through proper organization and action at the community and neighborhood levels to see that opportunities become realities. The purpose of this chapter is to explore avenues by which the members of a community can organize and take action to help themselves.

In past times, when small homogeneous rural villages blanketed the nation, people tended to identify with their immediate locality. Most villages possessed a strong "community spirit"; interests as well as problems were shared within these small areas. There was no compelling reason for the resident of one town or county to be directly involved or interested in what was happening in an adjoining county or in the nearest large city. In most respects, each village was a community complete unto itself.

It has become increasingly obvious that community must now be defined in terms of an area that encompasses several counties grouped about a town, city, or metropolis. It is closely akin to the area development district described in chapter 10. Within each multicounty area, one can identify subareas, or neighborhoods, each of which is scattered about a smaller town or city.

The geographic size varies from one community to the next. Community boundaries cut across political jurisdictions—city, county, and State—and sometimes overlap. Community includes those who share common interests in the significant activities, public and private, that reach the local level. Its geographic dimensions are determined by the degree of economic and social integration and "by the extent to which important items in the lives of the people are tied to specific locations" (*1, p. 15*).[1]

[1] References, indicated by italic numbers in parentheses, are listed at the end of this chapter.

Thus, we had best begin by agreeing that the rural society we have known for the past 100 years is no longer possible. The world has grown more complicated and more interdependent. Relationships, both individual and group, have become more complex, extending further, and involving more people in more complicated ways. We have to recognize that our hamlets and villages are parts of a larger community which must include urban as well as rural elements if either is to thrive. If we accept this change in the rural community as a fact, which it is, we then have to shape our policies and programs to fit the new fact.

Citizen Involvement

As the dimensions of community have changed, so also has the role of the citizen. He has a local responsibility, as always. But he also has an enlarged responsibility toward his larger community. In addition to participating in local elections, his knowledge and advice are needed in the planning and decision-making that occurs at the areawide level.

It should go without saying that participation in the electoral process is the right and responsibility of every citizen. The fact is, however, that the poor are frequently denied the opportunity. The fulfillment of this right is basic to any effort at community organization and, for this reason, deserves high priority. Every effort must be made to see that all barriers—legal, informational, institutional, and economic—are eliminated.

Ways must also be sought to draw the individual into a closer and more meaningful relationship with the governmental process beyond merely participating in elections. Techniques must be developed to bring the major issues of the day before the people and, in turn, to accurately convey the people's judgment back to our public servants. Government has an obligation to reflect the views and the needs of all the people, an obligation it has not always honored. We urge elected officials at every level of government to give increased at-

tention to improving communication between themselves and their constituents.

Potentially, the citizen can contribute much more in solving problems at the community level than he usually does. First, he can be of invaluable help in problem identification as well as in the planning process. Local people, being closest to a problem, often view it differently and see implications that might otherwise be ignored. Their advice can be indispensable on matters of the social costs and benefits of proposed programs. Second, local people can contribute significantly by keeping government officials on their toes—prodding them when they become lethargic, reminding them of their proper role when they become unresponsive in their duties. Finally, local leaders can provide an essential communications link between the neighborhood and the community at the levels where decisions are made.

Still, the foundation of citizen involvement ultimately rests at the local neighborhood level. Only by reaching out into the shantytowns, the hollows, and the isolated villages is it possible to reach the rural poor. Communication between the rural poor and the remainder of society is extremely weak. If the programs this Commission is recommending are to reach the people for whom they are intended, more effective communication must be established between people and government. The best programs will result from a careful melding of the views of those experiencing the problems and those vested with the authority and responsibility of program planning and execution. Organization at the neighborhood level can provide valuable assistance in accomplishing this.

Furthermore, neighborhood organization can help local people in accomplishing certain specifically defined goals which, despite their limited nature, contribute to a better life for those involved. The construction of elementary water supply systems, neighborhood beautification, and the building of neighborhood centers are examples of projects that are practicable for people acting locally.

Through involvement and participation in activities of this nature, the poor can begin to capture a sense of belonging and responsibility. The poor are lacking in more than material goods. They suffer from acute feelings of helplessness and insecurity. By giving the poor a voice and a part in local neighborhood projects, we can begin to improve their outlook on life and their ability to have some control over their own destinies.

Neighborhood organizations can also provide a useful forum for conducting educational programs to assist the poor. While we must continue to rely on the public educational system for a major contribution to the solution of poverty in the long-run, more immediate needs must be met in less conventional ways. Adult education at the neighborhood level in homemaking, health care, citizenship, family planning, literacy, and vocational skills is sorely needed. Through organization in the villages and the crossroad settlements, these needs can begin to be met.

Finally, neighborhood organization can lay the groundwork for representation of the poor at the higher, decision-making levels of government. Most major community interests are represented in the political process, often through several organizations. The poor are an obvious exception; they have been disenfranchised. Organizational efforts for this purpose must be started in the neighborhoods, though they must not be allowed to stop there.

These are some of the tasks that can be accomplished through organization at the neighborhood level and through the mobilization of local resources. Most existing community development programs are organized along these lines. Yet, important as these efforts are, they are not enough. Many of the issues in which the poor have a vital stake are not decided locally; many of the resources required to combat poverty are not available locally. If citizen participation is to achieve its fullest potential it must not be allowed to culminate in the neighborhoods but must extend to the larger community as well.

Present Efforts at Community Organization and Development

As of 1957–58, there were an estimated 14,000 organizations whose prime concern was community and area development (*2, pp. 15–19*). This included almost 2,000 community development corporations and nearly 5,000 local chambers of commerce and boards of trade, in addition to some 3,100 local planning and zoning boards. However, many of these efforts are not "community" oriented since they are often concerned with the problems of a single function or interest within the community.

Two Federal agencies have made concerted attempts within recent years to organize communities, at least partly for the purpose of combatting rural poverty. These agencies are the Office of Economic Opportunity through its Community Action Program and the Department of Agriculture. Though each has its own distinctive method of operation, the two organizations frequently share common objectives.

The Community Action Program

Since its establishment under Title II of the Economic Opportunity Act of 1964, the Community Action Program (CAP) has served as the principal action agency of its administrative parent, the Office of Economic Opportunity (OEO). Broadly stated, its purpose is to ". . . provide stimulation and incentive for urban and rural communities to mobilize their resources to combat poverty . . ."[2] To accomplish this, OEO makes grants to private nonprofit and public agencies to cover up to 90 percent[3] of the cost of organizing and administering local Community Action Agencies (CAA's). In practice, almost three-fourths have been organized around private nonprofit agencies, many of them created specifically for this purpose (*3, p. 28*).

The CAA's may be formed to represent any urban or rural area, including a State, metropolitan area, county, city, town, multicity unit, or any sufficiently homogeneous area, without regard to political boundaries or subdivisions. Despite the broad permissiveness of the legislation, most are organized along conventional political boundaries. Of the 513 CAA's funded as of September 30, 1965, about 60 percent were organized along single-county lines with the remaining 40 percent evenly divided between city and multicounty units (*3, p. 43*). The number of CAA's has grown rapidly since 1965 and now stands at around 1,040. Of the approximately 620 CAA's now operating in rural areas, about half are based in single counties and half in multicounties (*4, p. 21*).

The central purpose of the CAA is to identify local poverty problems and to develop programs that will work toward their solution. Some of these programs are directly administered by the agency itself; for many others, the CAA acts merely as a broker. In the latter capacity, CAP serves as a clearinghouse through which local needs are matched with all Federal poverty programs. The range of programs for which the CAA's have assumed direct responsibility include remedial reading, literacy instruction, job training, employment counseling, homemaker services, health services, child development, and legal services.

The Department of Agriculture

Several action agencies within the Department of Agriculture have been involved in community development programs for many years. The Farmers Home Administration, the Soil Conservation Service, and the Cooperative Extension Service are the agencies most closely identified with the Department's work in this area.

In late 1966, the President directed the Secretary of Agriculture to (*5*)—

> (a) provide an "outreach" function by utilizing all the facilities of the Department of Agriculture field offices in the task of assisting other federal agencies in making their programs effective in rural areas and (b) take the initiative in identifying problems of the rural communities which require the coordinated effort of various departments and agencies for their effective solution.

The Secretary thereupon directed the Farmers Home Administration to assume primary responsibility for implementation of the "outreach" function in the field.

To accomplish this, the Farmers Home Administration, in combination with representatives of other agencies of the Department of Agriculture, have worked through Technical Action Panels at the county, area, and state levels throughout the country. These panels are composed of representatives of several agencies of the Department of Agriculture in addition to representatives of other local interests. Their purpose is to assist local people in identifying community problems, to coordinate Federal programs, including antipoverty programs, and to provide technical assistance in the implementation of these programs.

The Rural Community Development Service (RCDS) is the central liaison between the Department of Agriculture and other Federal agencies operating antipoverty programs. Operating under direction of the Assistant Secretary of Agriculture for Rural Development and Conservation, RCDS is charged with providing Technical Ac-

[2] Economic Opportunity Act of 1964 as amended through Dec. 1, 1966. P.L. 88-452, Title II, Sec. 201.

[3] The Director may, under extenuating circumstances, provide grants that cover the entire cost.

tion Panels with information about relevant non-USDA programs.

Another agency dealing with the problems of community organization and rural poverty is the Cooperative Extension Service. The Extension Service is cooperatively administered by the Department of Agriculture, the land-grant universities, and county governments. It is not a line agency of the Federal Government. Its original purpose, as described in the Smith-Lever Act which created it, was to—

> . . . aid in diffusing among the people of the United States useful and practical information on subjects relating to agriculture and home economics, and to encourage the application of the same . . .

The phenomenal increase in American agricultural productivity is in part a reflection of Extension's contribution to the achievement of this goal.

However, improving the productivity of commercial agriculture has been only one of several challenges facing rural America. The elimination of widespread poverty has been another. Though Extension's responsibilities extend in many directions, their efforts to solve this particular problem have been less successful than their work in other areas. However, there is evidence that Extension has recently made a stronger effort to deal with the unique problems of the rural poor.

The Extension Service approach to community organization and development differs from that of the Community Action Program in several important ways. Education and the dissemination of knowledge are basic to the Extension philosophy. "Extending" information to and working cooperatively with people and their organizations—"educating for action"—is Extension's central aim. A spokesman for the Extension Service has said their objective is (*6*)—

> . . . to involve as many people as possible within an area or region in educational programs which not only develop awareness and understanding of the problems and opportunities, but which also provide them the knowledge and tools for taking necessary action.

In working toward this objective, the Extension Service attempts to operate as a behind-the-scenes catalyst. Working in this capacity, it provides educational support, often through existing community organizations, to individuals or groups wanting to develop community resources. The Extension Service does not itself assume any formal responsibility for the operation or administration of action programs or agencies at the community level, though it may cooperate with other groups in their initial organization.

In recent years Extension has served as an informational resource and has helped develop a wide variety of community development programs. At the present time, Extension has something less than 400 full-time staff members at the county, area, and State levels working on community resource development problems. They have contributed directly to recent antipoverty efforts by: helping in the organization of several hundred Community Action Programs, assisting in the development and implementation of over 1,500 CAP-administered projects, training and supervising professional and subprofessional workers employed by other agencies in antipoverty programs, assisting in the establishment of Manpower Development and Training Act programs, working with community and multicounty resource development committees, assisting several hundred thousand low income homemakers in the more effective use of the Food Stamp and Food Distribution programs, and establishing day care centers.

Strengths and Weaknesses of Present Efforts

How successful or unsuccessful have these organizational efforts been in reducing poverty? Perhaps the most promising sign is the very fact that we as a nation are giving more attention to the problem. This is reflected in the multitude of new Federal, State, and local efforts "to do something" about poverty. The Economic Opportunity Act of 1964 and the expanded efforts of the Department of Agriculture are two specific illustrations of the form these efforts are taking.

There is something very personal about poverty. It is more than a material problem, it involves human values, attitudes, and expectations. Its basic elements can be dealt with only in a personal way, through the involvement of the poor themselves. Several programs, especially the major Federal programs, have recognized the fundamental importance of this tenet and have incorporated it within their programs. Though they have not always achieved success, they are to be commended for their efforts. Their failures are more a reflection of our inadequate understanding of the problem and how to cope with it than with our lack of respect for its importance.

The Commission is particularly impressed with the success of the Community Action Program on many Indian reservations. The process of community involvement on these reservations has succeeded in lifting the people's attitude from a feeling of despair to one of genuine hope. We suggest that the Indian experience be studied for lessons that might be of value in other contexts. In this regard, we commend the reader's attention to the published report of the hearings held before this Commission (7).

It is also encouraging that some programs have recognized the importance of institutional as well as economic barriers. There is ample evidence that many local institutions, North and South, are unable or unwilling to forthrightly address the problems of local poverty. Racial and ethnic discrimination is still a serious impediment. Some community organization groups have demonstrated surprising resourcefulness in working around these barriers.

These are the hopeful signs—signs that we are beginning to move in the right direction. But there are other indications that warn against complacency or overconfidence in our past record or our present course. The fact remains that 14 million Americans live in rural poverty. Why is this? Where have our programs failed?

Fundamental to any successful decision-making process is the identification and delineation of appropriate objectives. Present programs are not doing well in this regard. There is considerable confusion over the goals of community development. Some groups appear to be interested in organizing members of a community almost for the sake of organization alone. In such cases, organization tends to become an end in itself. While there is merit in viewing organization as an intermediate goal, without a program leading to more tangible results, the involvement and hope being sought might instead yield increased frustration and despair. Organization only begins the process. The Commission fears that a combined lack of leadership, expertise, and resources have caused many rural Community Action Agencies to fall prey to this dilemma. Many of the Department of Agriculture's efforts to coordinate its agencies for antipoverty and development purposes at the local level have suffered from similar problems.

Other community development groups, particularly those associated with commercial interests, have a much different orientation. These groups tend to see development in terms of raising the aggregate income of an area through the attraction of industry and the creation of new jobs. Though the poor can sometimes benefit from the creation of additional jobs, in the absence of coordinated efforts to upgrade job skills, the hard core among their ranks stand to gain very little. These development groups do not normally seek to involve the poor nor to alter the present distribution of person income, at least not in favor of the poverty stricken. Reductions in the extent of local poverty are almost incidental to the major objectives of these groups.

The manner in which existing community organization efforts have been structured has also been a source of difficulty. There has been a critical lack of attention given rural areas. The initial mistake has often been to separate programs into two neat, but largely disfunctional, components—rural and urban. The case against this dichotomous approach has already been made. But over and above this problem there has been a basic inequity in the allocation of resources between the two. The rural poor have been seriously shortchanged. In some cases this can be traced to program administration; in other instances the exclusion has been legislative.

One of the leading reasons that rural poverty has been slighted lies in the very nature of the problem. The environment in which rural poverty exists is a particularly forbidding one. It is characterized by: (1) a dispersed population, making communication and organization extremely difficult; (2) an absence or deficiency of public facilities and services; (3) a scarcity of local leadership and expertise; (4) a deepseated resistance to change; and (5) a local power structure that often stands unalterably opposed to any outmigration of population. These obstacles make the problems of *rural* poverty that much more difficult. Administrators and legislators have therefore been reluctant to devote scarce resources to a problem about which they know so little. As a result, the rural poor have received less attention when in fact they require more.

Another problem concerns the fragmented and localized nature of many community organization efforts. We appreciate the importance of involving people at the neighborhood level. These projects can serve an extremely useful purpose in bettering present environmental conditions and instilling a sense of community involvement. This is the place to start. But it is not the place to stop.

Many of the major societal decisions affecting the well-being of the poor are made at higher levels in society, beyond the village or county boundaries. The provincial nature of most organizational efforts is obviously attributable in large measure to the difficulties of organizing on the basis of a sufficiently large area. The price of forming on a larger area basis is a looser, less intimate organization; however, the price of *not* forming on a larger base is a less effective and largely powerless organization. Clearly, some form of organization is needed at both levels. Yet, it seems to us that too many of the limited resources of both the Community Action Program and the Department of Agriculture are being expended on projects that are too restricted in scope.

An additional weakness concerns the use of existing organizations and expertise in combating poverty. Some groups make every effort to work through existing organizations, public and private. Others avoid working with local authorities entirely. The Cooperative Extension Service and the Community Action Program have largely taken opposite routes in this respect. While the Extension Service endeavors to work through the "establishment" whenever possible, CAP tends to avoid joining forces with the established power structure, especially in rural areas. A more flexible approach would seem to be in order. Local and State authorities can and should be used more effectively than they have been to date. On the other hand, indifference to the plight of those in poverty by these same authorities should not be allowed to serve as a deterrent. Both approaches have their time and place; but circumstances, not an inflexible agency philosophy, should be the deciding factor.

Staffing has also been a major source of difficulty in nearly all cases. The Community Action Program has suffered at all levels from an inability to attract enough competent personnel. In large measure, this failure can be traced to a combination of inadequate standards and job insecurity. The Cooperative Extension Service has suffered from a different sort of staffing problem. Though it too employs many capable people, Extension has historically focused its attention on commercial agriculture and the problems of commercial farm families. Therefore, many of its employees have neither the ability nor the inclination to work with the poor.

The Farmers Home Administration is afflicted with a similar problem in its county committee structures. The objectives of the Farmers Home Administration have changed radically since the agency's establishment. The FHA now serves all parts of the rural sector—farm and nonfarm. Yet, the three-man committees that evaluate programs at the local level are sometimes ill-prepared to evaluate projects that do not directly relate to commercial agriculture. We suggest that the FHA give prompt attention to achieving broader representation on its local committees so they might more effectively deal with nonagricultural programs.

Recommendations

The Commission encourages and supports the many development efforts on the part of numerous public and private organizations working in rural areas. While some of the programs can have an impact on problems of poverty, the goals tend to be short run, and the programs often fail to be integrated with an established, overall planning program. The Commission also applaudds the effort being made under numerous auspices to involve local people in the planning process, for it feels the participation and involvement of local people is an essential part of any successful antipoverty program.

The Commission believes the following principles offer an appropriate guide in framing programs and policies designed to improve community organization:[4]

(1) Activities and projects undertaken must correspond to the basic needs of the community and to the expressed needs of the people.

(2) Though local improvements may be achieved through unrelated efforts in several fields, comprehensive community development requires concerted action in the establishment of multipurpose programs.

(3) Change in the attitudes of people are often as important as the material achievements of community projects during the initial stages of development.

(4) Community development should aim for increased participation of people in community affairs and revitalization of the existing forms of local government.

[4] Adapted from the United Nations Economic and Social Council, *Report on Concepts and Principles of Community Development* and Recommendations on Further Practicle Measures to *be taken by International Organizations* (New York: 1957), p. 13, mimeographed.

(5) The identification, encouragement, and training of local leadership should be a basic objective in any program.

(6) The resources of voluntary nongovernmental organizations should be utilized as fully as possible in community programs at the local, State, and national levels.

(7) To avoid unnecessary overlap and duplication of effort and to encourage maximum effectiveness, all related programs should be closely coordinated.

(8) To be fully effective, community development projects require assistance from higher levels of government—State and Federal.

(9) Economic and social progress at the local level necessitates parallel development on a wider regional and national scale.

(10) Implementation of a community development program on a national scale requires: adoption of consistent policies, specific administrative arrangements, recruitment and training of personnel, mobilization of local and national resources, and organization of research, experimentation and program evaluation.

In the recommendations to follow the Commission assumes that overall social and economic planning to be effective must be done in an area large enough to provide a reasonably comprehensive measure of social and economic unity and viability. Yet, the Commission is also committed to the necessity of broad representation in the planning process on the part of all subareas, interests, and action agencies already at work.

The Commission recommends—

1. That government agencies with the responsibility of fostering community organization and development expand their efforts. In doing so they should revise their approach to provide two coordinated sets of programs, one to meet needs at the local level and the other to accommodate areawide needs.

Community organization can perform useful functions at both the local and the area levels. However, the nature and scope of these functions are fundamentally different. It is vitally important that Federal agencies operating programs in this area recognize the importance of this distinction and make every effort to be responsive to it.

The Commission also recommends—

2. That community development councils broadly representative of all interests in the area be formed.

These councils should be formed in the context of the area development districts described in the preceding chapter of this report. They may be established in a variety of ways. When feasible, the councils should be formed in conjunction with a district governing board. When this is not feasible or when there is no governing board, State government should assume responsibility for forming the councils.

The responsibilities of the councils will vary, depending upon whether or not a governing board has been formed within the area. If a board exists, the council's duties should include the identification of problems in the district, the suggestion of solutions to problems, the provision of a link and communication channel between the governing board and the people, and the review of development proposals emanating from the board. If there is no board, the councils should assume the additional responsibilities of drafting district plans and laying the groundwork for the formation of a district governing body.

A community development council should represent all interests, including the poverty stricken, labor, industry, government, agriculture, religion, education, health, welfare, locality of residence, and existing action agencies. To insure that all interests and points of view are adequately represented, the Commission suggests that an organizational plan be submitted with that of the governing board for review and approval by the appropriate State and Federal agencies. The council should be large enough to represent all interests, but small enough to be operationally effective.

To help the development council carry out its duties more effectively, the Commission suggests making the council's chairman a voting member of the district governing board, when that body becomes operational.

The Commission recommends—

3. That the Office of Economic Opportunity take the following steps designed to improve

the operational effectiveness of its Community Action Program in rural areas:

(a) Reorganize Community Action Agencies (CAA's) along multicounty lines consistent with the area development districts described elsewhere in this report whenever feasible, insuring that both rural and urban areas are encompassed within each and, at the same time, maintaining the existing neighborhood structure as the basic unit upon which the multicounty organization is founded.

(b) Require all CAA's, in cooperation with the planning bodies of area governments, to submit for approval by OEO a detailed plan of their proposed activities within 1 year of their funding.

The Community Action Program does not presently require its CAA's to prepare a comprehensive plan. Though some planning is done using the agency's "program development" grants, it is rarely of acceptable quality. The Advisory Commission on Intergovernmental Relations has termed the absence of planning requirements a "serious omission" (*8, p. 166*). The Commission concurs and suggests that, with the help of outside technical assistance, all CAA's be required to prepare comprehensive plans, including a detailed inventory of local resources, existing public and private programs relating to antipoverty work, local needs, alternative means of meeting these needs and estimates of their respective costs, and a desired course of action. The Commission further suggests that OEO provide grants for this purpose and that appropriate safeguards be attached to insure that the monies are used exclusively for this purpose.

(c) Require CAA's to seat on their governing boards representatives of all local, State, and Federal agencies operating anti-poverty related programs within their jurisdictions.

For CAA's serving rural areas, it is particularly appropriate that the Department of Agriculture's Technical Action Panels and the Cooperative Extension Service be represented on these bodies.

(d) Adopt more rigorous standards in the employment of professional staff and assure employees a greater degree of job security. And, encourage the Community Action Program to employ subprofessionals drawn from the ranks of the poverty stricken whenever they can be effectively used.

(e) Strengthen CAA ties with units of local government by operating through these governmental bodies whenever feasible.

(f) Require periodic evaluation of all major programs by both internal research organization and impartial consultants from outside the agency.

(g) Develop and communicate to the CAA's a clearer, more specific sense of the Community Action Program's purposes and the ways in which these purposes might be achieved.

Though OEO has made many laudable attempts to identify its objectives, it has not always succeeded in communicating these to local and regional offices. There is frequent confusion and misunderstanding among its personnel at these levels. While the Commission respects the importance of local autonomy and flexibility in achieving community action, it is convinced that the Community Action Program would benefit from a more specific sense of direction.

(h) Develop techniques and programs and employ personnel specifically trained and oriented toward working with the rural poor and the unique problems of rural poverty.

(i) Form a staff of rural specialists, knowledgeable in various subject areas relating to rural poverty, to serve in an advisory capacity to the Director of the Office of Economic Opportunity.

(j) Extend community organization and legal aid assistance to all parts of rural America, particularly the rural South.

Organization and legal aid are two of the principle mechanisms by which the poverty stricken can obtain access to the rights and responsibilities of the larger society. The "Grass Roots" program,[5]

[5] Operation "Grass Roots" is an OEO program, patterned after the Medicare Alert program, that employs teams of community aids "to inform rural and small town low-income families about benefits available to them in their community, assist them to form area councils which can influence the conduct of their county's anti-poverty effort." *Operation "Grass Roots,"* (Office of Economic Opportunity, Regional CAA Bul. SFR–45, San Francisco, Calif., May 3, 1966).

now being operated by CAP on the West Coast, and the use of itinerant lawyers may prove particularly helpful in achieving these objectives. The "Grass Roots" program offers a unique opportunity to mobilize the social energy of the poor themselves through employment as community aids. A legal aid program using itinerant lawyers might also assist in bringing legal justice to those who are now denied it.

The Commission recommends—

4. That an interagency coordinating committee composed of representatives of the Office of Economic Opportunity and the Department of Agriculture be established for the purpose of strengthening and clarifying the relationship between their respective rural antipoverty programs.

These agencies bear primary responsibility for Federal efforts at community organization in rural areas. Their functions are closely related. Yet, the degree of cooperation and coordination between the agencies is extremely weak. The Commission is concerned that this lack of knowledge of each other's programs and purposes severely damages the effectiveness of the programs of both agencies. It must be recognized that each agency has a role to play—in close cooperation with the other.

The collective expertise of the Department of Agriculture can be most effectively employed in working on those poverty problems that relate specifically to agricultural production. This is the function for which Agriculture's particular combination of talents is best suited.

The Cooperative Extension Service occupies a unique position and can play an important part in antipoverty efforts. Its basic function has been to reach out from the Federal Government and from the land-grant colleges to provide citizens with a fuller understanding of their environment and with information and skills to help people solve their problems. The experience accumulated by the Cooperative Extension Service can be profitably employed beyond the farm gate and even beyond the rural setting. For this reason, we urge that the Extension Service become more closely affiliated with the Office of Economic Opportunity.

The Office of Economic Opportunity should bear ultimate responsibility for serving as the coordinator and catalytic agent of all antipoverty programs—rural and urban. Though rural poverty has its unique problems which, in turn, must be approached through unique programs, it is not subject to a treatment entirely separate from urban poverty. Solutions to rural and urban poverty are inextricably bound together. Organizing along separate rural-urban lines only delays realization of our ultimate goal.

The Commission recommends—

5. That the duties and responsibilities of the Cooperative Extension Service within land-grant universities be broadened and strengthened to encompass a wide range of major social and economic problems, including those associated with rural and urban poverty, regional development, and urbanization; and that all disciplines that can be effectively employed in dealing with these problems be represented within the Extension Service.

If it is not feasible to achieve these purposes through a reorganization of the Cooperative Extension Service, the Commission recommends that the university assume direct responsibility for the immediate development and operation of a full universitywide extension program.

6. That State Cooperative Extension Services—

(a) involve the State offices of the Office of Economic Opportunity in the planning of Extension poverty programs;

(b) require their local Extension committees to include representatives of the local CAA;

(c) require their local and area offices to work with CAA's;

(d) train their personnel adequately for the quite different demands of poverty work and the other aspects of a broadened role as recommended above; and

(e) restructure local Cooperative Extension Service programs on an area development district basis.

It is the belief of the Commission that the strategy for solving society's problems implicit in the direct action approach of OEO and the less direct educational approach of the Cooperative Extension Service are both legitimate and necessary to the solution of the problems of poverty. The Commission believes it extremely important that the Office of Economic Opportunity, the Cooperative

Extension Service, and other groups using these different strategies learn to appreciate each other's roles and to cooperate.

The Commission recommends—

7. That the Federal Government finance training programs for employees of public and private agencies conducting community and regional development programs.

These programs could be provided through those colleges and universities best qualified in the relevant fields of study. The Commission suggests that agencies active in community and regional development participate in design of the curricula and that grants be made to cover the expenses of both the institutions and the participants taking part in the programs.

While some instruction might be at a professional level, a great deal of useful information can be disseminated through subprofessional short courses and workshops. Special attention should be given to the training of professionals and subprofessionals for antipoverty, planning, and economic development work.

We would also suggest that appropriate Federal agencies be given formal responsibility for establishing and administering broad guidelines for these training programs. For example, responsibility for training programs relating to antipoverty work might rest with the Office of Economic Opportunity.

These guidelines should be designed to encourage training programs that would foster a mature, responsible, and *imaginative* approach to problem solving. At the same time, extreme care should be taken to see that the guidelines do not stifle or inhibit the realization of creative change.

Social change necessarily gives rise to expressions of antagonism and animosity. It is essential, therefore, that the individuals involved in these programs adhere to the very highest standards of personal conduct to ensure that the program's success is not jeopardized by their actions. The adoption of training program guidelines would, in our opinion, contribute to the accomplishment of this objective.

The Commission recommends—

8. That an interagency council composed of representatives of all State and Federal agencies operating programs within the area be established within each area development district.

The council would have a twofold purpose. First, it would serve as a central coordinator or clearinghouse for all State and Federal programs. In this capacity, the council chairman or cochairman could sit as government representatives on the district's community development council. Second, the council would serve as a training laboratory for the development of techniques for more effective interagency cooperation for community organization and development.

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(7) NATIONAL ADVISORY COMMISSION ON RURAL POVERTY. RURAL POVERTY: HEARINGS BEFORE THE COMMISSION, Tucson, Ariz., Jan. 26 and 27, 1967.

(8) ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS. INTERGOVERNMENTAL RELATIONS IN THE POVERTY PROGRAM. 1966.

Memorandum of Reservation by Robert A. Roessel Jr. concerning Chapter 11

While I completely support the thrust of this chapter, I feel it does not go far enough in encouraging local involvement and participation. In my opinion, the chapter is too concerned with standards and organization and not concerned enough with the hopes and aspirations of the poor people. In my estimation, the Chapter should highlight and focus the Commission's concern on human resources and the vital role the rural poor must play, not only in the identification of problems, but also in the development and implementation of programs.

While it certainly is true that rural society as we have known it in the past is rapidly changing, I feel we can retain many of the values which gave meaning and significance to rural life in the past. Surely, with the mechanization of farm work and all the modern improvements in agriculture, it is still possible for rural America to preserve the heart and soul which so uniquely contributed to the growth and dignity of this nation.

The problems identified in the chapter with respect to the need for an enlarged outreach of previously smaller communities are correct and proper. I feel that the vitality and significance of rural involvement and participation must not be lost in the process. As this chapter points out, citizens can: contribute to the identification of problems and the development of new perspectives on those problems, provide advice on proposed programs, keep government officials on their toes, and serve as a communications link. Furthermore, the rural poor can and must be involved in the development of the various programs designed to assist them in their communities. However, citizen involvement and participation does not, in my opinion, receive adequate emphasis in this chapter. My concept of the role of the citizen is an active and dynamic one, wherein both the identification of problems and the development of programs originate at the local level.

In order to replace hopelessness with hopefulness, the rural poor must see, feel, and be engaged in the programs they themselves develop and operate. The principle of community development listed in the chapter and adapted from the United Nations Economic and Social Council are, in my estimation, part of the most powerful and most important section of chapter 11. Massive programs controlled in distant localities may change the outward elements of a community, but they will rarely change the hearts of people. We must be willing to gamble on the poor and support their efforts in improvement and participation. The "father knows best" attitude has never, nor will it ever, solve the problems facing the rural poor. In a very real and direct way the rural poor must have the right even to be wrong.

The absence of emphasis on utilizing American youth is another shortcoming of chapter 11 in my opinion. Today in a world full of frustrations, anxieties, and disillusionment, American youth must be challenged to be involved in service oriented programs. The greatness of our nation, in large measure, depends on the concern for others that can be developed and encouraged in all Americans. The success of Peace Corps type programs conclusively demonstrates the large number of Americans of all ages who have a sense of dedication and a desire to serve. I feel a chapter dealing with community development and human resources should challenge American youth of all ages to respond to the needs of others through service in programs directed at their improvement. I believe attention should be directed toward finding Americans who have a sense of service and a commitment to the needs of others. Surely, this great nation has individuals who are motivated not only by material blessings but also by need and a desire of service to others.

Summarizing, my reservation to chapter 11 is not one of substance but rather of degree; I feel it goes down the road in the right direction, but does not go far enough.

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Chapter 12

Conservation and Development of Natural Resources

America has been, and continues to be, blessed with an abundance of natural resources. These resources provided the raw materials for America's leadership in the industrial revolution, provided the base for developing the world's most productive agriculture, and contributed immensely to our dramatic economic progress.

Nevertheless, much of our rural poverty has its roots in the way the benefits of our natural resources have been distributed. The geographical location of water, land, mineral, and other resources affected both settlement patterns and the location of growth centers. Early in settlement, the Appalachian and Ozark regions were sparsely populated. However, these and other areas of the country became overpopulated in relation to the natural resource base and available economic opportunities.

Many of our schools and public facilities were paid for by taxes levied against natural resources. Where public income from these resources has been low, because of the limited resource base, the resulting small investment in schools and other public services has contributed to rural poverty. The highly unequal distribution in ownership of land resources in many areas of the South, stemming from the plantation system, also has contributed to rural poverty.

As the country developed, access to income from natural resources became a less important factor in income distribution. The majority of Americans now derive none of their income directly from these resources. However, the patterns of growth definitely were influenced by the location of natural resources. These patterns have had perpetuating impacts on economic development and income distribution. Many people now highly dependent on income from their own labor in natural resource industries are in a state of poverty. The technological explosion in these industries has increased the skill level requirements of labor used and has decreased total employment, particularly in mining and agriculture.

Natural Resource Programs

Up until about the turn of the 20th century, our natural resource policies related principally to disposal and settlement of the public domain and to development of rivers and harbors for navigation. Our current array of Federal and State natural resource programs can be attributed directly or indirectly to the conservation movement which began about 1890.

Currently, Federal investment to conserve, develop, and manage our supply of soil, water, timber, mineral, marine, and wildlife resources approaches $4 billion annually.[1] About 60 percent of this total is investment in water and related land resource development. Federal investment to conserve and develop privately owned farmland—for example, irrigation, drainage, flood control, and erosion control—amounts to about three-fourths of a billion dollars annually. A similar amount is spent annually in developing and managing publicly owned lands, but little of it is directly related to developing natural resources for our increasingly urban industrial economy.

The natural resource programs were not conceived initially as programs to increase the incomes of low income families. Their objectives were to conserve and develop natural resources for the well-being of all. Some, such as the Tennessee Valley Authority, however, have had associated objectives of increasing income and employment of low income people. The Tennessee Valley Authority employed these people directly in project construction until World War II.

The Civilian Conservation Corps had the twin objectives of conservation and development of natural resources, and employment of the nation's youth. These young people, with the help of those in various other emergency work programs during the great depression of the 1930's, developed trails, roads, bridges, lodges, parks, timber stands, and other long-term improvements to our natural environment. Many of these improvements still are

[1] Derived from appropriations for fiscal year 1966

national assets. During the peak employment period of 1935–41, about 150,000 man-years of labor per year were devoted to the development of natural resources by the work groups.[2]

The resource conservation and development projects administered by the Soil Conservation Service represent another kind of public effort to stimulate growth of rural areas. These projects emphasize land treatment, land use adjustment, watershed development, development of outdoor recreational areas and facilities, and development of natural resource related industries.

Acceleration of public works projects has been one of the instruments in full employment policy. Much of this increased investment has been made in economically depressed regions with the expectation of increasing employment of people in those regions in project construction. Public works projects also are expected to add to the potential for regional economic development. Reclamation, small watershed, and river basin development projects frequently owe their justification to expected contributions to local and regional economic development.

About a decade ago, the Outdoor Recreation Review Commission brought national attention to the needs and potentials of recreational development. Programs to implement this interest have been initiated. Also, increased emphasis has been put on recreation as a purpose in river basin and watershed development.

A growing public concern has emerged about the quality of our natural environment. Our highway beautification program is one of the outgrowths of this concern. State and local governments also have stepped up their efforts to improve their natural environments. Other examples are increased efforts in water pollution abatement, wild river programs, and Green Thumb.

Green Thumb, Inc., is a subsidiary of the National Farmers Union, but it is funded by the Office of Economic Opportunity, State governments, and local groups. Green Thumb is a program to employ retired farmers in highway beautification, public park improvements, and related work. Currently, the program operates in seven States—Arkansas, Indiana, Minnesota, New Jersey, Oregon, Virginia, and Wisconsin.

Except for the Green Thumb program, there has been little direct association between programs to improve our natural environment and programs to reduce rural poverty. But the Green Thumb program is meager in relation to the needs and opportunities for improving our natural environment through public employment.

Problems and Recommendations

Natural resource investments can help the rural poor in areas where they live, through the contributions these investments make to sustained growth. Some of these investments are necessary to area economic development; some help people in areas where the investment is made, but hurt people in other areas; and some may create false hopes as to their contributions to increasing income and employment of the rural poor. The latter, in particular, is exemplified by the expectation of employing the rural poor in large-scale construction projects. Available evidence indicates that little, if any, direct employment of the unskilled rural poor occurs in this construction.[3]

Thus, we direct our attention to other possibilities of helping these people through natural resource development.

In relating natural resources and area economic development, the Commission is concerned primarily with adequate supplies of water, recreation areas, and facilities, and with improvement in the natural environment of rural areas. Emphasis is on bringing about a closer relationship between planning and administration of natural resource projects and area economic development. Major attention is given to employment of the rural poor in improving our natural environment. Development of farmland is considered in a broader context than area economic development because of the widespread consequences of public investments for this purpose.

Development of Water for Area Growth

The Commission believes that water resource investments should emphasize pollution abatement, municipal and industrial water supplies, and recreation more than they have in the past. No longer

[2] Summary of estimates provided by Forest Service, Soil Conservation Service, National Park Service, Bureau of Sport Fisheries and Wildlife, Bureau of Reclamation, Bureau of Land Management, and Bureau of Indian Affairs.

[3] Derived from unpublished data on wage rates in local areas of eastern Kentucky provided by the Department of Labor.

can we take for granted a cheap and plentiful supply of water. Ample supplies of good quality water for municipal and industrial uses for our growing population centers are increasingly expensive to achieve. Yet, water is necessary to their growth.

Many rural communities having potential as growth centers, or actually designated as such, are without supplies of the quantity and quality of water needed to provide for their envisioned growth. Development of supplies of water for anticipated or planned growth of small to medium-sized urban centers does not assure realization of this growth. However, programs designed to develop those centers must include water resource projects where ample supplies do not already exist.

A major problem in supplying water to areas in support of future growth is the inflexibility of our water institutions. In river basin development we have given priority to the traditional purposes of navigation, irrigation, hydroelectric power, and flood control. Water law has emphasized these purposes at the expense of purposes more relevant to the modern economy. The critical future demands for water will be for municipal, industrial, and related uses.

National demand for municipal and industrial water supplies is expected to more than triple by the year 2000. Paralleling this increased demand will be the need for greater amounts of water for pollution abatement and recreation. Much of the need for increased supplies of water will occur in developing rural areas.

This Commission concurs with the President's recommendation to the Congress in his budget message on January 24, 1967:

> Many regions of the country are facing increasingly critical problems of adequate supply and efficient use of water. I urge prompt enactment of legislation to establish a National Water Commission to assess our major water problems and develop guidelines for the most effective use of available water resources.

The Commission on Rural Poverty believes that new directions in national water resources policy are needed, with a reordering of priorities in purposes of water resource development—to give greater emphasis on municipal and industrial water supplies to support the growth of rural areas.

Current planning for investment in water resource development for urban uses is based primarily upon past trends in growth of the urban areas. It takes little account of the possible effects of programs designed to change the past patterns of growth, such as area economic development programs. Current planning for water resource investments is oriented to maximize the physical development of water in river basins, with the traditional purposes of water development receiving major emphasis. We believe this planning should be coordinated more closely with planning for the development of area development districts.

The Commission recommends—

(1) That planning and administration of water resource development for municipal, industrial, and other uses be consistent with objectives of economic development within area development districts.

Water and Sewage Systems

A large and growing proportion of our water resource investments is for establishing water and sewage systems. Much of the planning for these facilities is done independently of area development districts or regional economic development planning.

Adequate water and sewage systems do add to the attractiveness of communities for new businesses or industries. However, other factors such as available labor supply, transportation, and markets loom large in these location decisions. This Commission recommends elsewhere an emphasis on growth centers and their satellites in planning for economic development of area development districts. The Commission believes planning for water and sewage systems should be integrated with planning for the area development districts.

Where public funds for water and sewage facilities are limited, they could be used more efficiently for establishing these facilities either in the larger towns or in towns expected to experience the greater growth in population with economic development within the area development districts. In this development process, many of the hamlets and villages will continue to decline in attractiveness as places for business or industrial establishments, or as places to live, and adding new water or sewage systems will not reverse the trend. Others will become part of the structure of growth of the area.

The Commission recommends—

(2)(a) That area development districts take leadership in planning of water and sewage systems for communities within their boundaries, and (b) that primary emphasis in use of loans and grants for developing these facilities be given to communities with substantial potential for growth.

Improvement of the Natural Environment

The public lands contain about half of our timber resources, nearly half of the land area used for grazing, all of our public parks, a high proportion of all of our recreational areas and facilities and, of course, our roads and highways. These lands comprise a significant component of our natural environment.

Opportunities for additional public investment to conserve and develop these lands include road, trail, and bridge construction; reforestation and timber stand improvement; development and improvement of recreation areas and facilities; vegetation improvement and erosion control; and highway beautification. Any action to improve the quality of our natural environment could begin with additional investment to conserve and develop our public lands. Much of this work could be done by unskilled rural people.

The Federal agencies with responsibilities in administration of conservation and development of natural resources estimate they could employ, productively, about 75,000 additional man-years of unskilled labor per year for the next 20 years. Most of this labor would be used to bring about improvements in the natural environment.

The reports of the Outdoor Recreation Commission, and many other studies,[4] give us cause for concern about whether our rate of investment in outdoor recreational areas and facilities is adequate.

The staff of Resources for the Future, Inc. has projected timber and timber product shortages to begin near the year 2000.[5] The Forest Service projects shortages well before the year 2000.[6]

To date we have a limited amount of research information dealing with social values of improvements in our natural environment such as highway beautification, leveling and establishing vegetation on strip-mined areas, and clearing debris and unwanted vegetation from public view.[7]

In order to establish priorities in the use of limited resources for public investment to improve our natural environment, we need some guidelines for allocating a total investment among various purposes.

Recreation development and other investments in our natural environment add to the attractiveness of an area for economic development. However, the primary purpose of these investments is to enhance our enjoyment of the outdoors. These investments have potential of creating assets transcending the values reflected by increases in local area income. The economic benefits resulting from our recreational expenditures are more widespread than those contained within local areas. In addition, there are values to improvements in our natural environment not captured by our economic system.

By conservative estimates, the demand for outdoor recreation will triple during 1960–2000.[8] Part of this increase in demand arises from increase in population, and part from an increase in leisure time. Most of the increase in demand will occur near present and growing population centers. Thus, the greatest need is for recreational facilities for frequent visits such as day, overnight or weekend trips—not more national parks, hundreds of miles from population centers.

The Commission recommends—

(3)(a) That public service employment be expanded by employing the rural poor in developing our natural environment, especially outdoor recreational facilities in areas near the present and growing population centers; and (b) that the public agencies with responsibilities in improving our natural environment sponsor studies to develop guidelines for determining priorities for specific kinds of environmental improvements.

[4] For example: MARION CLAWSON AND JACK L. KNETSCH. ECONOMICS OF OUTDOOR RECREATION. The Johns Hopkins Press, 1966.

[5] HANS H. LANDSBERG, ET AL. RESOURCES IN AMERICA'S FUTURE: PATTERNS OF REQUIREMENTS AND AVAILABILITIES, 1960–2000. The Johns Hopkins Press, 1963.

[6] U.S. DEPARTMENT OF AGRICULTURE. LAND AND WATER RESOURCES, A POLICY GUIDE. 1962.

[7] Some problems in developing this information were well expressed in a Department of the Interior publication: SURFACE MINING AND OUR ENVIRONMENT. 1967, pp. 11–12.

[8] CLAWSON AND KNETSCH, *op. cit.*, ch. 7.

Acquisition of easements and rights of way for new recreational areas and facilities will be required to implement the first part of this recommendation in many of the area development districts.

Resource Conservation and Development Projects

The active resource conservation and development projects are located in about 20 multicounty areas, most of which are depressed rural areas, or areas with high rates of unemployment. The objective is to increase income and employment of people in these areas through conservation and development of natural resources and natural-resource-related industries.

The heavy emphasis on increasing farm production and closely related industries is questionable. With continued high rates of technological advance, employment in agriculture will continue to decrease. Depressed areas with people highly dependent upon agriculture need nonfarm and nonnatural resource industry job opportunities. Sustained economic development of the areas requires this industry reorientation.

Much of the work in resource conservation and development projects does add to the quality of the natural environment, but these projects should be oriented more to this purpose. Also, the planning associated with these projects could be, and ought to be, more closely associated with economic development planning for area development districts.

The Commission recommends—

(4) That the resource conservation and development projects emphasize water supply, recreation, and improvements in the natural environment in accordance with plans for economic development of area development districts.

Do We Need More Farmland?

Currently the Federal Government spends more than a billion dollars a year ($1.2 billion in fiscal 1966) to keep land out of production. This expenditure enables farmers to hold out of production about 40 million acres by programs of cropland diversion, conservation reserve, and cropland adjustment. This acreage is available for use whenever we need bigger supplies of farm products. In addition, we have several million more acres of cropland which can be converted to more intensive use when and if needed.

At the same time, the Federal Government, in pursuing a policy begun in 1902, appropriates large sums of money each year to reclaim and develop land for use in growing farm products. Much of this reclamation and development is made possible by developing water supplies for irrigation, usually as part of a multiple-purpose project which also may involve flood control, power production, and other purposes. Justification of the public cost of such projects (since a substantial public subsidy is involved) often depends primarily upon estimates of public benefits from the development of farmland.

That there may be local benefits is well established. Persons who live within a project area do stand to benefit from the development of farmland, especially if they are landowners.

Such development, however, may generate greater national costs than national benefits. Also, the use of scarce supplies of water for irrigating farms may sometimes deprive the locality of water for a higher value use.

In considering the question of national benefits versus national costs, we have to keep in mind that the aggregate national demand for farm products increases at about the rate of population increase. Increases in farm production exceeding the population increase must be accompanied by corresponding decreases in production somewhere else, unless the surplus is stored or exported. The areas losing production because of land development are those with the least advantage in farm production. They contain a high proportion of our rural poor.

Studies estimate that accumulated public investment in Federal reclamation projects in the Western States up to about 1955 has been responsible for displacing 5 percent of the farmworkers in the Southeast, the area with the largest concentration of rural poverty.[9]

Cotton and vegetables produced on newly developed lands in the West compete directly with production of these crops in the Southeast.

The value of cotton produced on Bureau of Reclamation irrigated lands in 1965 exceeded the value of cotton produced in the three States of Florida, Georgia, and South Carolina in 1964.

[9] GEORGE S. TOLLEY. RECLAMATION'S INFLUENCE ON THE REST OF AGRICULTURE. *Jour. Land Econ.*, May 1959.

The value of vegetables produced on these irrigated lands in 1965 was 60 percent higher than the value of vegetables sold by farmers in the entire southern region, except Oklahoma and Texas, in 1964. Oklahoma and Texas contain Bureau of Reclamation projects. The total value of crops produced on Bureau of Reclamation irrigated lands in 1965, amounting to approximately $1.5 billion, was about one-third the value of all crops marketed by farmers in the southern region, except Oklahoma and Texas, in 1964. Clearly, without this production on publicly subsidized irrigated lands in the West, much of the South could have stronger agricultural and rural economies, with fewer poverty stricken people.

Reclamation projects accounted for slightly over 8 million irrigated acres in the Western States in 1965. An increase of 5 million acres of Federal irrigation in the West by the year 2000 is probable, and doubling of the present Federal irrigated acreage by that time is possible [10]—unless in the meantime there is a drastic change in policy.

In addition to bearing the cost of the farmland development associated with reclamation projects in the West, the public bears a major share of the cost of other programs for developing privately owned farmland. These developments include irrigation, drainage, liming, fertilizing, and cover crops. The effects of this public expenditure on increasing farm output are similar to those from farmland development associated with reclamation.

Moreover, the rural poor get very little direct benefit from these expenditures because they own such a small proportion of the farmland. For example, farms under 140 acres in size received only about one-fourth of the agricultural conservation program payments in 1964. Yet, farms under 140 acres in size comprised more than half of the total number of farms.

The Commission recognizes the need to continue a program of educational and technical assistance to landowners to ensure continuance of good stewardship in conserving soil resources for future generations. It also recognizes that many socially desirable land use adjustments are unprofitable for private landowners to make.

Elsewhere in this report the Commission has recommended a commercial farm policy that stresses controlling the supply of farm products. It believes the need is urgent to bring about consistency in various programs affecting farm production, and consistency of these programs with poverty programs. This Commission finds it impossible to reconcile Federal expenditures for reclaiming and developing land with Federal expenditures for taking land out of production while surpluses of certain farm products mount.

The Commission therefore recommends—

(5) That land development programs of the Bureau of Reclamation, the Soil Conservation Service, and other Federal agencies be discontinued, and that no more public money be invested in developing privately owned farmland until the nation needs more land for producing the desired output of food and fiber products. Exceptions should be made where land development offers the only feasible escape from poverty for Indians and other specific groups of rural poor people.

"Excess Land" in Irrigated Areas

Reclamation law specifies limiting the delivery of water for irrigation to land in single ownerships of not more than 160 acres, unless the owners have signed contracts agreeing to sell the "excess lands" at prices approved by the Secretary of Interior. Over the years, the Congress has made a number of exceptions to this acreage limitation,[11] and administrative interpretation has permitted farm size on project lands to be more than 160 acres. For example, a husband and wife may each own 160 acres, and parents may make irrevocable transfers of lands to trusts for minor children. Also, one owner can lease project lands from another to increase the size of his farm operations.

Currently, there exists approximately 250 thousand acres of project lands in excess of the 160-acre limitation. About three-fourths of this excess acreage is within the Central Valley project in California, and much of it belongs to corporate farms. The "excess land" arises from establishment of irrigation projects on privately owned lands in ownership units larger than permissible

[10] Derived from data presented by GEORGE A. PAVELIS, IRRIGATION POLICY AND LONG-TERM GROWTH FUNCTIONS. Agricultural Economics Research, April 1965, pp. 50–60.

[11] MEMORANDUM OF THE CHAIRMAN OF THE SUBCOMMITTEE ON IRRIGATION AND RECLAMATION TO MEMBERS OF THE SENATE COMMITTEE ON INTERIOR AND INSNLAR AFFAIRS. ACREAGE LIMITATION—RECLAMATION LAW: Committee Print, Apr. 25, 1958, pp. 7–11.

under Reclamation law. The Secretary of the Interior has authority to fix the time limit considered reasonable for irrigators to dispose of excess acreage, and this time limit, ranging up to 10 years following project completion, is specified in the contracts with owners to sell the "excess land." Some of the current "excess land" is in violation of the contracts, and much of it is not under contract.

The Commission recommends—

(6) That the Department of the Interior enforce the 160-acre limitation on ownership units in the current irrigation project areas by expediting the sale of "excess lands" in viable size farm units, where enforcement, as administratively interpreted, would not result in farms too small to sustain families above the poverty level.

Chapter 13

Adjustments in Agriculture, Forestry, Fisheries, and Mining

The people employed in agriculture, forestry, fisheries, and mining supply the products and materials for our food, shelter, clothing, and manufacturing industries. It seems ironic that those closest to the mainsprings of our economic development are those most adversely affected by it. They have borne the brunt of the forces of technological development. Often their increased productivity has been rewarded by lower incomes.

The ranks of the poor in the agriculture, forestry, fishery, and mining industries are joined by other rural people whose well-being is linked directly with income and employment in these industries. Many villages and hamlets that once functioned as major service and trading centers for rural people now approach social and economic obsolescence. Many residents of these communities experience poverty as severe as do those less fortunate workers in agriculture, forestry, fisheries, and mining.

Economic development entails a process of decline in employment in industries providing the basic needs of people relative to employment in industries supporting standards of living above these basic needs. When shifts in this employment structure are rapid, as has been the case since 1940, a severe problem is experienced by those less able to compete either in the industries with declining employment or in other industries.

Today's farming on about the largest third of our farms is a highly skilled operation. It is likely to become more so. These farms, numbering about one million, account for over 80 percent of our farm production. Farm operator families without the skills or resources to keep pace in the farm technological race, and without offsetting nonfarm job opportunities, comprise a large part of the poverty problem.

Likewise, forestry, fishery, and mining industries are experiencing high rates of technological advance. Although some operations in forestry remain unskilled, many specialized operations require large investments in machinery and equipment. To many farmers and farmland owners, forestry provides a supplemental source of income. To many others, it is a low income business with limited opportunities for expansion. Also, to many it is an opportunity for seasonal employment even though the wage is low.

Today's fishermen must have modern equipment, large-scale operations, and much skill to stay above the poverty level. Poverty of fishermen is associated with small-scale operations, seasonality of available work, and low wage rates. Technological advance in this industry adds to the problems of the poor.

Similarly, miners now must operate complex machinery rather than picks and shovels. The recent high rates of technological advance in mining are exemplified by a decrease in employment by less than 10 percent in this industry during the three decades 1920–50, but a decrease of 30 percent during the single decade 1950–60.[1] Despite increasing total output, employment in mining is expected to continue declining in the foreseeable future, particularly in coal mining.

People most adversely affected by the processes in national economic development are those (1) in areas of high population density in relation to quantity or quality of natural resources, (2) with a traditional high degree of dependence upon farming, forestry, fishery, and mining industries, and (3) with limited opportunities for work in other industries.

The areas with people in severe poverty include the rural parts of the Appalachian and Ozark regions, the cutover regions of the Lake States, many farming areas of the South, parts of New England that became marginal or submarginal for farming, coastal areas from Maine to Texas having concentrations of fishermen, communities of migrant farmworkers in the Southwest, and American Indian Reservations. These areas were bypassed in the urban-based patterns of national economic development.

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[1] U.S. Department of Agriculture, Economic Development Division. Rural people in the American economy; and U.S. Department of Labor. Technological trends in major American industries, Bul. 1474, 1966.

Current Programs

Today's farm policy is dominated by acreage control and price support programs. Well over two-thirds of the federal cost of assistance to farmers, including export subsidies, is associated with efforts to balance supplies with demands for individual farm commodities. This is a commercial farm policy rather than a policy to alleviate rural poverty. Farmers receive benefits from this assistance approximately in proportion to their contribution to total farm output.

In contrast with agriculture, public programs for forestry, fishery, and mining industries place primary emphasis on research, technical assistance, and regulation. Public credit in support of private forestry enterprises is limited to loans to individual farmers or to cooperative associations, by the Farmers Home Administration. Financial aid to the fishing industry is of two kinds: (1) subsidies for fishing boat construction of up to 50 percent of the cost and (2) loans and grants to fishermen for operating equipment.

Independent operators in mining, as well as in forestry or fisheries, may qualify for Small Business Administration loans. However, to date, a minute proportion of Small Business Administration loans have been for these purposes.[2] Price support programs in these industries are limited to lead and zinc.

Owners of mineral resources receive benefits from tax policies such as depletion allowances. Low severance or property taxes on minerals by State and local governments also benefit owners of mineral resources.

Problems and Recommendations

The rural poor who work in agriculture, forestry, fisheries, and mining get limited assistance from current programs. Some of our current programs partially justified because of their aid to the rural poor actually have the opposite effect. Policies and programs recommended by this Commission and contained elsewhere in this report, if adopted, will assist the rural poor by—

- creating and sustaining additional income-earning opportunities,
- preparing them for taking advantage of these opportunities through education and training,
- assisting the unemployed in getting jobs,
- raising the minimum levels of wages and income maintenance,
- providing opportunities for better housing and health care, and
- improving the quality of rural life.

Some rural people will be assisted out of poverty as they take advantage of these policies and programs. Others will have added opportunities to avoid entrapment in agriculture, forestry, fisheries, or mining with incomes below the poverty threshold. However, other programs are needed to cope effectively with poverty of people in these industries and with the conditions tending to perpetuate poverty.

Agriculture

We believe technological advance in agriculture will continue at such a high rate that problems of adjustment from farm to nonfarm employment will be continual. This advance in agriculture will not assist the rural poor. In fact, most of the burden of this adjustment will fall on them—the farmers with inadequate resources to keep pace in adjusting the scale of operations and organization in production to attain or maintain viability.

We believe a viable commercial farm economy has major national benefits, and the farms should be sufficiently large and efficient to sustain incomes above the poverty level with a minimum of public assistance to those engaged in full-time farming. However, those farmers unable to attain or maintain viable farm units, and without nonfarm income to bring them above the poverty level, need assistance either in gaining access to nonfarm sources of income, or increases in farm income, or both.

Our current farm programs relating to supply management do result in a transfer of considerable income to farmers. But how much of this money goes to the poor?

A careful study of the distribution of benefits of the various farm commodity programs for selected years since 1960 reveals the following:[3]

- The 10 percent of rice producers with the smallest payments received only 0.1 percent—$1 in every $1,000—of rice program benefits. On the other hand, the 10 percent of producers

[2] Unpublished data of the Small Business Administration.

[3] JAMES T. BONNEN. THE DISTRIBUTION OF BENEFITS FROM SELECTED U.S. FARM PROGRAMS. (Unpublished report prepared for the National Advisory Commission on Rural Poverty, July 1967.)

with the largest payments received 48 percent of these benefits, and the top 1 percent of producers in size of payments received 15 percent of the total.

- The 10 percent of wheat producers with the smallest payments received 1.5 percent of these benefits. The 10 percent of producers with the largest payments received 44 percent of these benefits, and the top 1 percent of the producers in size of payments received 12 percent of the total.
- The 10 percent of feed grain producers with the smallest payments received 0.5 percent of the benefits of feed grain programs ($5 of every $1,000). The 10 percent of producers with the largest payments received 30 percent of these benefits, and the top 1 percent of producers in size of payments received 9 percent of total benefits.
- The 10 percent of cotton producers with the smallest payments received less than 1 percent of cotton program benefits; the 10 percent of producers with the largest payments received more than half of these benefits; and the top 1 percent of producers in size of payments received 21 percent of the benefits.
- The 10 percent of sugarcane producers having the smallest payments received 0.4 percent of the benefits of sugarcane programs. The half of the producers with the smallest payments received only 4.2 percent of the benefits. On the other hand, the 10 percent of sugarcane producers with the largest payments received nearly three-fourths of the benefits; and the top 1 percent of producers in size of payments received nearly one-fourth of these benefits.

The distribution of benefits of other commodity programs—tobacco, peanuts, and sugar beets—also were skewed markedly toward the upper income groups of farmers. It is clear that the price support and related programs do very little for the rural farm poor, and nothing directly for the rural nonfarm poor. Their existence, if defensible, must be justified entirely on other grounds.

Another study,[4] using a different approach, indicates that, in 1966, farmers with value of sales of $20,000 or more received net incomes averaging 129 percent of what a comparable amount of labor and capital would earn in nonfarm uses.

On the other hand, farmers with less than $5,000 in value of sales received net incomes averaging only 31 percent of what comparable resources would have earned in nonfarm uses. It would have been necessary to nearly triple the prices of farm products to increase the returns on these small farms to levels that compared favorably with returns for comparable resources in nonfarm uses. Furthermore, even with a tripling of farm product prices, many of the low income farm operators still would be in poverty because of their limited resources.

Thus, any conceivable price policy for commercial agriculture, within the range of acceptability to the American taxpayers, would contribute very little to solving the poverty problem in rural America.

OBJECTIVE OF COMMERCIAL FARM POLICY.—We believe supply control programs for commercial agriculture are needed in order to avoid problems of vast oversupply, or shortages, of food and fiber products. However, the supply problem in American agriculture is distinctly different from the low income problem of rural people, and we believe a separation of these problems is essential for designing efficient programs for coping with either.

The Commission recommends—

(1) That commercial farm policy be oriented to the objective of supplying the food and fiber products the nation wants for domestic uses and for export at the least attainable public cost.

We believe efforts are being made to reduce the cost of farm programs, and we encourage continuation of these efforts.

COORDINATION OF FARM AND OTHER PROGRAMS.—Even though the primary purpose of commercial farm policy should be to insure production of the supplies of food and fiber products the nation wants, this objective should not be pursued independently of other economic objectives. Our current farm policies tend to focus strictly upon the economic well-being of commercial farm operators and landowners, to the exclusion of the interests of farm laborers, tenants, rural communities, and society at large.

Public costs of farm programs, or program changes, can exceed the direct treasury costs. For

[4] U.S. DEPARTMENT OF AGRICULTURE. PARITY RETURNS POSITION OF FARMERS. Report to the Congress of the United States. U.S. Senate Doc. 44, 90th Cong., 1st Sess. 57 pp. Aug. 10, 1967.

example, the drastic reductions in cotton acreage in 1966 wrought hardship on many who were dependent upon work in cotton production for their livelihood. Although these workers eventually would have been displaced by technological advance in cotton production, the magnitude of the acreage change, coupled with the lack of antipoverty programs to take up the slack, brought forth a social cost inadequat ly considered in the acreage reduction decision. We believe the problem centers on lack of coordination of farm program changes with implementation of other programs.

The Commission recommends—

(2) That changes in farm programs for adjusting supplies of food and fiber products be coordinated with other programs designed to assist people adversely affected by these changes.

The Commission believes the Congress and the executive branch should review farm policy formation procedures and amend existing legislation, as needed, to permit the public interest to be more adequately expressed in commercial farm policy. We believe farm policy decision making should give more consideration to the needs of the nation as a whole than it has heretofore.

DISTRIBUTION OF FARM PROGRAM BENEFITS.—The distribution of farm program benefits should be given high priority in considering farm program changes. One of the Commission's concerns is whether tenants are getting a fair share of farm program payments.

Farm legislation gives the Department of Agriculture considerable flexibility in determining fair and equitable sharing of farm program payments between tenants (including sharecroppers) and landowners. For example, in cotton programs, the Food and Agriculture Act of 1965 (Public Law 89–321, Title IV—Cotton, Sec. 401 (10)) states—

> The Secretary shall provide adequate safeguards to protect the interest of tenants and sharecroppers, including provision for sharing diversion payments on a fair and equitable basis under this subsection. The Secretary shall provide for the sharing of price support payments among producers on the farm on the basis of their respective shares in the cotton crop produced on the farm, or the proceeds therefrom, except that in any case in which the Secretary determines that such basis would not be fair and equitable, the Secretary shall provide for such sharing on such other basis as he may determine to be fair and equitable.

Similar language is used to express how payments shall be shared under the wheat, feed grains, and cropland adjustment programs.

Limited information is available for assessing the practices used in determining how program benefits are shared between tenants and landowners. These shares are determined by Agricultural Stabilization and Conservation Service county committees. However, the legislation and administrative procedures permit wide variations in farm program payments shared by tenants and sharecroppers.

The Commission believes that there is need for more explicit guidelines, expressed in legislation, than now exists for insuring fair and equitable sharing of farm program benefits by tenants and sharecroppers.

The Commission recommends—

(3) That the Department of Agriculture sponsor studies on sharing of farm program benefits between tenants (including sharecroppers) and landowners for the purpose of establishing guidelines, for incorporation into farm legislation, on how individuals under various tenure situations shall share in farm program benefits.

The Commission questions whether it is necessary to make large cash payments to large-scale farms (including corporate farms) in order to attain supply control objectives. Current legislation does not limit the size of payments to any one participant in farm programs, although a number of efforts have been made in the Congress to limit these payments. Total payments to a single farm ranged up to about $2.8 million during 1966, and nine farms each received more than $1 million in payments (Senate Hearings Department of Agriculture and Related Agencies Appropriations, 90th Cong., 1st Sess., Pt. 3, 1967.)

A major drawback to designating a specific upper limit to payments to an individual producer is the frequent change in farm programs and the portion of the benefits distributed in direct payments. For example, in recent years, price supports for some crops, such as wheat, feed grains, and cotton, have been shifted from indirect payments through government participation in markets for these crops to direct payments to producers. Also, new programs to deal with excess supplies of farm products, such as land diversion programs, have

added to the portion of the benefits dispersed in direct cash payments.

Another problem in designating an upper limit in payments is the change in overall cost of the programs as the supply situation changes. The major purpose of the payments is to achieve supply control objectives, and this is the only purpose of the land diversion program and associated payments. The Commission believes that a successful implementation of a commercial farm policy, as expressed in the first recommendation of this chapter, will substantially reduce the overall level of payments to producers and thereby reduce the concern about the size of farm program payments to any one producer.

Nevertheless, payments to large-scale producers should be the minimum necessary for achieving the production of food and fiber products the nation wants. An upper limit on these payments should vary from year to year and among different commodity producers to permit taking into account the overall supply and demand situation for individual products and the type of farm legislation being implemented.

The Commission recommends—

(4) That the Secretary of Agriculture be given authority to fix limits each year on total farm program payments to individual producers which would be consistent with attaining annual supply objectives for individual farm products, and that he make these limits known to the public well in advance of the planting of the crops being supported.

ENLARGING SMALL FARMS.—The Commission believes that family farms should be of sufficient size, and have operators with sufficient managerial skills, to sustain incomes to operators and families engaged in full-time farming above poverty levels. Policies and programs should assist in creating a rural environment where family farms can prosper. The existing millions of low income farms attest to the shortcomings of our policies and programs.

The distribution of benefits of farm programs suggests two interrelated problems in low income farming: (1) too few resources, and (2) inefficiency in the use of these resources in farming. The first problem indicates a need for programs to bring about enlargement of the farm business; the second suggests the need for supervisory or management advisory services, either with or without a connection with extension of public credit.

Elsewhere in this report, the Commission has recommended special programs to provide intensive management services to low income farmers who have limited potential for adjusting to nonfarm employment. Also, the Commission has introduced recommendations which, if implemented, would permit many to gain access to nonfarm sources of income. There remains the major problem of increasing the size of farms for those who wish to engage in full-time farming.

The thousands of low production farms concentrated in areas of rural poverty, often on land marginal or submarginal for farming, pose an especially difficult problem in policy. In some countries, such as Sweden and Holland, farm consolidation and enlargement programs are integral components of national policy. In particular, these programs are coordinated with programs in manpower training and mobility assistance.

Unfortunately, a large proportion of our low income farm operators are boxed in—that is, they are past the prime work age, and they have limited potential for training designed to make them skilled nonfarmworkers. Furthermore, many are farming by choice, and they want to continue farming. This Commission respects the occupational preferences of the rural poor. However, many chose to farm because they lacked realistic opportunities for nonfarm sources of income. Others are literally tied to an inadequate farm because of family responsibilities. When the recommendations of this report are implemented, and the low income farmers are adequately informed of their alternatives, no doubt many will desire to shift to nonfarm employment. Others will want to continue farming, but on a larger scale.

The Commission proposes a voluntary program which would enlarge low income farms in rural areas and, at the same time, would permit changing the use of land submarginal for farming. Implementation of the program should be in coordination with economic development programs in designated area development districts containing concentration of low production and small farms. It also should be carried out in connection with manpower training, mobility assistance, and rural industrialization programs.

The Commission recommends—

(5)(a) That the opportunity for selling farmland at a fair market price to the Federal Government be provided low income owners who wish to retire or shift into nonfarm employment, and (b) that such land purchased be either diverted to public uses if submarginal for farming, or resold or leased to individuals for creating farms of viable sizes.†

This recommendation complements the proposed program presented elsewhere in this report to provide extension of managerial services to low income farmers who wish to continue farming until retirement. If they wish to continue farming, they will be assured an opportunity to sell their land at a fair price upon retirement. If they sell to the Federal Government, resale or lease then would permit consolidation with other land holdings. The public land-buying program also would provide assurance to those low income farmers desiring training and nonfarm employment that disposal of their real estate would not be an obstacle to fulfilling this desire.

The recommendation does not discourage continuation or increase in rural residences to accommodate those who wish to live in the open country, perhaps farm on a small scale, but who mainly are dependent upon nonfarm income for a livelihood. Many of the people now living on low income farms would turn to part-time farming or to full-time nonfarm employment if the recommendations for expanding nonfarm employment opportunities as presented in chapter 10 of this report are put into effect.

The implementation of recommendations providing for additional nonfarm sources of income will help many people now living on low income farms to increase their incomes. We believe that profitable farms can be created in areas of low income farming if the farm businesses can be increased. However, in view of the rigidity of the farm size structure in many of these areas, we believe the farm enlargement program proposed here would reduce the chances of future generations being tied to low income farming.

PUBLIC CREDIT.—The Commission recognizes a need for public credit to prevent farm families above the poverty line from sinking below it, and to increase the income of those in poverty who, by choice, wish to continue farming until retirement. However, the Commission believes that public credit should not be used to insure perpetuation of low income farming.

The Commission recommends—

(6) That public credit to low income farmers place primary emphasis upon adding sufficient assets to nonviable farms to make them viable, or to financing the purchase of viable farm units.

The Commission recognizes that many of the boxed-in farmers continue to need supervised credit to operate and to improve the operation of their farms. In addition to the regular operating loan program of the Farmers Home Administration, opportunity loans authorized by the Economic Opportunity Act of 1964 extend this kind of supervised credit to low income farmers. The Commission urges continuation of these programs, with increased assistance to the boxed-in low income farmers.

Forestry and Fisheries

Implementation of the recommendations elsewhere in this report will provide options for many of those employed in the forestry and fishery industries to substantially increase their incomes. Manpower training and mobility assistance, minimum wages, public service employment, and management advisory services will help. However, the small-scale, independent operations in these industries pose problems similar to the low income farm problems. These problems are especially acute for people past the prime work age.

Many of the independent operations in forestry actually are farms with timber, or timber products, as the major enterprise. Recommendations for the small farms should also apply to this group.

The Commission recognizes that supervised credit may be of considerable assistance to low income operators of forestry and fishery enterprises already established in these industries, who choose to maintain these activities until retirement. It does not wish to discourage such loans, particularly if the operators can be lifted out of poverty by this assistance. However, because of the seasonality of forestry and fishery employment, it would be difficult to assist many into full-time employment in these industries.

†See comment by James T. Bonnen, James O. Gibson, and Vivian W. Henderson at end of this chapter.

There may be a future technological breakthrough which would increase the production of fish meal for use as protein for animal or human consumption. Such a development could reduce the seasonality of employment in the fishing industry. However, part-time public service employment still may be necessary to alleviate the hardships due to the seasonality of the employment in forestry and fishery industries.

The Commission recommends—

(7) That loans, grants, and other public assistance to those with private operations in the forestry and fishery industries be geared primarily to establishing and maintaining viable businesses, and to reducing the adverse income effects of seasonality of employment to people in these industries.

Mining

Our natural resource industry tax policies are inconsistent, and this is particularly evident in the mining industries. On the one hand, depletion allowances subsidize private exploitation of our natural resources. On the other hand, property and severance taxes amount to payments for rights to private exploitation of these resources.

The Commission's view is that payment should be made to our public treasuries for the rights of private industry to exploit natural resources. Even though we have vast supplies of natural resources, they are exhaustible if they are stocks such as minerals, and the public interest in these resources extends beyond private interests. The Commission believes that the public interest in natural resources includes a financial interest in the returns therefrom, as well as an interest in proper rates of exploitation over time.

Depletion allowances range from 10 percent for coal and sodium chloride, to 27½ percent for oil and gas. The effect of these allowances is to encourage a more rapid exploitation of natural resources than otherwise would be the case.

One major problem with depletion allowances for coal, is that they encourage exploitation of the coal resources of the Appalachian region by outside corporations. Poverty in Appalachia is severe, and coal is the only physical resource with potential for sustaining many local economies in the region. One major reason for the severe poverty in the region is the long history of limited local public revenue from coal resources, coupled with rapid rates of exploitation. Continued encouragement of exploitation of these resources by outside interests through depletion allowances will prematurely remove the economic base in many communities in Appalachia, and add to the poverty in the region.

Property and severance taxes on mineral resources vary considerably among States, and among counties within States, even for the same resources. The Commission believes that the States should take the leadership in reducing or eliminating these variations. However, any action to make mineral resource taxation more uniform should be preceded by studies to determine exactly what the tax structure is for the various resources, and to estimate the economic consequences of various magnitudes of change in this structure to industries, labor, and State and local revenue. Public income from mineral resources is important for supporting schools and other public facilities needed for reducing poverty.

The Commission recommends—

(8) That the Federal Government institute needed reforms in depletion allowances and sponsor legal-economic studies of taxation of mineral resources for the purpose of developing guidelines for initiating needed reforms in taxation of these resources.

During the last quarter of the 19th century and the first part of this one, coal companies organized by northern and eastern speculators, and including some foreign interests, acquired ownership of most of the coal resources of Appalachia. The companies acquired mineral rights at very low cost, usually in such a manner as to avoid payment of local property taxes, and without obligation to compensate owners of surface rights and communities for damages incurred in mining operations. It must be recognized that the mineral rights were acquired at a time when mining technology permitted operations with minimal surface damage to land. However, the situation changed drastically with technology permitting massive strip mining operations since World War II.

Appalachia has paid a terrible price for the loss of its natural wealth to outside interests, and for the lack of safeguards to protect communities and owners of surface rights to land. In addition to tax reform, there is need for legislation to assure that

276-696 O—67——11

the cost of surface damages is borne by those responsible for these damages. This is a problem not only in Appalachia, but wherever mining results in a scarred and unproductive countryside.

The Commission recommends—

(9) That States enact legislation, where necessary, to insure fair and equitable compensation by owners of mineral rights, to owners of surface rights to land, for any surface damages incurred in mining operations.

Memorandum of Reservation by James T. Bonnen, James O. Gibson, and Vivian W. Henderson Concerning Recommendation 5

This program is intended to increase the options of low income farmers who decide on occupational changes, and to increase the assets of those desiring to be full-time farmers. While we agree that such ends are desirable, the recommended program must be administered carefully and watched closely to prevent perversion of the Commission's intent. The history of many programs in rural America is full of collusive relationships between local administrators and large landowners to the detriment of the poor, and of policies and practices hostile to racial and minority groups. Such a program as this, if administered along traditional lines in many rural counties, especially in the South, very likely will result in depopulation of unwanted minority concentrations and permit further land-grabbing by already large landholders. The idea of assisting the smaller, marginal sized farms to be enlarged to viable sizes, accompanied by fair and equitable compensation to those who decide to change from marginal farming to other occupations, has much merit; however, it must not be permitted to serve anti-minority attitudes, or to facilitate further concentration of land ownership in the hands of a few.

Chapter 14

More Effective Government for Rural Opportunity

The conclusion is inescapable that the severe poverty in rural America cannot be overcome without governmental assistance. Some of our governmental machinery, however, needs drastic overhauling if it is to attack rural poverty effectively. Much of it was designed to meet the needs of a time when rural and urban people were separate, distinct types, isolated from each other; when the population was less mobile; and when the pace of technological change and of transportation was slower. We can't expect this machinery to do today's job, even with new administrative procedures, or agreements among agencies to coordinate, or new organization charts. Some rebuilding will be required.

The purpose of this chapter is to recommend the basic changes in local, State, and Federal administration of government that are required to serve the needs of a rural America now closely linked with urban America.

Local Government's Role in Rural Opportunity

Important as local government is, candor compels the conclusion that it is marked in rural areas particularly by inadequate revenues, unprofessional administration, undersized jurisdictions and lack of real interest in the problems of poor people.

The structure of local government must reflect the fact that the area covered by economic and human activity has broadened. Contacts which once took place within the confines of a county and which centered on a rural, marketplace town now often spread over several counties and involve a hierarchy of cities and towns and counties. This larger area must be recognized, strengthened, and used for the sake of the economic and social development of the area and its people. Governmental machinery must be developed which can plan and administer effectively over the whole area.

Broadening of the area of activities has been a fact for some time, but the units of local government rather than developing so they can operate over larger areas and becoming fewer, have been increasing—in 1962 there were more than 91,000 units of local government in the United States.[1]

Two things account for the growing number. First, as the population grows, additional independent municipalities are often created in urban areas, instead of extending the corporate limits of existing cities. Second, special authorities are created.

The latter are created for many purposes, among which are rural fire protection, soil conservation, water supply, hospitals, and libraries. They are usually created to fill a need which general governments are not able or are unwilling to undertake, for instance because they have reached the limits of their taxing or borrowing authority.

The difficulty with special authorities is that they are limited in function and not directly accountable to the electorate or its representatives. Therefore, their operations cannot readily be coordinated with public policy for the area. The excessive spread of special authorities has tended to fragment communities and to disorder public decision-making.

There are, fortunately, countertrends running in the right direction. In some areas groups of local governments have joined together in planning or action organizations, or both, for economic development and for antipoverty programs. Several States have led in organizing multicounty programs. Successful experiments have been conducted on the joint provision of services by neighboring counties.

The States are as important to reform of local government as are the localities themselves, because they create local units and delegate powers to them. In the view of the Commission, the States have not generally lived up to their responsibilities for reorganization of local government and for

[1] U.S. CONGRESS, SENATE. HEARINGS, SUBCOMMITTEE ON INTERGOVERNMENTAL RELATIONS OF THE COMMITTEE ON GOVERNMENT OPERATIONS, PT. I, THE FEDERAL LEVEL. 89th Cong. 2d Sess., 1967, p. 2.

providing it with the authority and tools to do its job. The Commission urges both levels to study the findings of this report and to give continuing attention to local organization and administration.

The Commission recommends—

1. That area development districts be established under State law and assistance; that they be so organized as to involve coordination and cooperation of local government and private interests in planning and action; and that they have professional staff assistance available to them.

The concept and purposes of area development districts are discussed in chapter 10. In essence they should be able to plan for coordinated, comprehensive economic and social development within their areas, to promote action to carry out the plans through local, State, and Federal programs or through private organizations, and to raise or receive revenues to finance their operations. A full range of responsibilities would also include assumption of direct operating functions; for example, areawide library systems, health programs, administration of an area parks system, antipoverty programs, industrial development, vocational training, or pollution abatement.

Districts in some States can be organized under existing laws; in others further enabling acts will be needed. Complete legislation should provide rules for composition of the district governing board, and it should be flexible enough to allow for variations in the size of the areas as well as in the numbers of governments and interests involved. Legislation should also provide for selection of officers and for general rules for conducting the district's affairs. However, most States can begin organizing districts using State and local initiative and cooperation, under existing legislation, while gaining experience on which to base further enabling legislation.

Each State and area will have different problems in establishing districts, because of the variations in laws and practices concerning State and local government. The specific situation will determine the strategy to be used in creating them.

Since the point is to coordinate action and planning, the organization should involve both government and private interests. This can be accomplished either through direct representation or through procedures which allow them all to have a voice and which are aimed at securing commitment to concerted action.

In some instances the area organizations may be, in effect, subdivisions of State government. In others they may be composed of specially designed coalitions including representatives of local, State, and Federal government and private interests. The most effective model would be a league whose members are local, general-purpose governments such as counties and municipalities—effective because of their revenue-raising and action powers, and their representation of the entire electorate.

Coupled with formal organization, in each case, are possibilities for the involvement of advisory groups, with general scopes of interest or for advice on specific subjects, such as antipoverty action, agricultural development, transportation, or education.

While the governing board of the organization will provide decision-making authority, political responsibility, and the point of view of laymen, there should also be a professional staff, headed by a director, with as broad a range of disciplines as possible. The fact that cities have had good staffs has been one reason that they have been successful in using Federal and State aids in coordinated programs. Thus, a prime purpose of creating area development districts is to make professional talent available to all areas—rural and urban. State legislation should provide for staffing.

The district must have funds for its operations, which could come from member governments, from State and Federal grants, from donations, or from any revenue-raising authority granted by the State.

The Commission believes that economic and social development, including antipoverty programs, should be coordinated and planned on an area basis. Whereas the area development type of organization has tended to focus on economic development, it must be broad enough to include programs for people. The Commission has outlined an effective form of area organization which can help significantly to build the new type of rural-urban community which is needed and which can help to create opportunity for the rural poor and for all of rural America. It is urged that area development districts be formed and tested as rapidly as is feasible.

The Commission recommends—

2. That general-purpose government be used for the administration of public programs at the local level wherever possible.

This is preferable to creating special authorities or quasi-public corporations. General-purpose government (for instance, counties and municipalities) has policy-making and administrative powers spanning a wide range of public needs and can coordinate and administer complex programs for maximum benefits to the people. This cannot be done as readily when special authorities or private corporations conduct public programs. As an operating procedure there should be an attempt to locate programs within county governments in rural areas and to demand high-standard performance from them. Programs should be set up outside of general-purpose government only when it is evident that it cannot administer the programs effectively or will not accept responsibility.

The Commission recommends—

3. That local governments provide active and constructive assistance and administration in antipoverty programs and that they adequately involve the poor in the planning and administration of these programs.

All governments in the Nation are charged with promoting the welfare of the people. Local governments, both general and special purpose, thus have a responsibility for promoting opportunity for the poor. Poverty in a community depresses it morally, socially, and economically. It reduces the tax base. No local government can afford it; yet some have cooperated only halfheartedly, and others have openly resisted antipoverty programs. Those which make them an integral function of local government can bring to bear all of their considerable resources on money, personnel, and power, using Economic Opportunity Act funds as catalyst. The Commission urges that all local governments assume this responsibility and involve the poor fully in the program and decision-making.

It is recognized that government tends to devote its attention to matters on which there is effective civic pressure. So, when programs affecting the opportunities of poor people are administered by local government the poor must organize themselves and their allies to monitor the programs and to exert civic and electoral pressure.

Independent organizations are very important devices in organizing effective antipoverty action for communities, and in many places they have been the only way to get it done. The Commission feels that they are useful and necessary and that they should seek close cooperation with local governments, and vice versa. Poor people, like all people, want a voice in decisions that affect them, and they have been able to have it in the independent groups—but not so much in local government-run programs. The object, whether local antipoverty programs are administered by government or private agencies, should be effective use of the available tools and involvement of the entire community. Each community must work out the means to suit its own situation.

State Government and Rural Development

The State level of government has a key position in rural development and in any attempt to deal with rural poverty because, like local government, it touches people frequently and directly. However, State government, in the Commission's view, has generally failed to adjust to the needs of modern American society. The organizational and administrative methods of many States have not been brought up to date, sufficient revenues have not been raised to meet the needs of their people for public programs, constitutions need revision to reflect modern governmental practice, and local governments have not been delegated the powers they need to conduct their affairs nor the revenues with which to finance them.

In recent years the failure of States to recognize and cope with urban problems has been frequently cited, and this failure has been attributed with some justification to rural-dominated legislatures. What is less well-recognized is that the attitudes in State government which have hampered the cities have also hurt the rural areas, because they fail to recognize that the fortunes of rural and urban areas are interlocked and that rural areas cannot survive independent of cities. Towns and cities serve as the administrative, communications, service, and market centers for rural people; many rural residents work in them. Conversely, towns thrive on the market provided by rural communities, city people eat the produce of the farm, industries dependent on city services locate in rural places, and many people who consider themselves

urban, because they work in cities and use their cultural services, actually live in outlying areas.

Most of the States have done relatively little specifically for the poor, although they are constitutionally responsible for the welfare of all of their people and although they have traditionally been looked to for programs in the fields of education, health, welfare, and economic development, all of which are essential in dealing with the problems of poverty. Some of the States have even used their powers to maintain the status quo—to keep the poor in poverty—even attempting to block outside assistance. Such action seems to this Commission indefensible.

The Commission calls on all of the States to help solve the problem of poverty, to continue the governmental reforms some of them have begun, and to address themselves to the deficiencies cited above.

Though citing the faults and weaknesses of State governments, the Commission does not minimize their accomplishments and their potential for effectiveness. They are vested with essentially the same executive and legislative powers in domestic affairs as is the Federal Government, and can, when they are so inclined, act effecvtively. They provide a channel for initiative and a healthy diversity of approaches to the solution of problems in the public domain. Antitrust statutes were first developed by States, as was the first legislation concerning minimum wage and maximum working hours, the first antidiscrimination, child labor, and unemployment insurance laws, and the first rural antipoverty program.[2]

States are in a good position to plan and to set priorities within a national framework. While the Federal Government looks at programs and problems in aggregate terms and local government views them in particular, individual terms, States are so located in our governmental structure that they can combine these two viewpoints.

The States (with local governments, which are subdivisions of States) spend about twice as much money on civilian-domestic programs as the Federal Government and have well over twice the expenditures in education, welfare, and health.[3] In addition, the States and local governments spend or administer some $15 billion of Federal aid.[4]

Raising adequate revenue to meet responsibilities has been difficult for the States. Some of them have depended on sales and real estate taxes, whose revenue growth does not match economic growth and which fall heavily on the lower income group. Most now have income taxes, though there are practical limitations on the amount of revenue which can be raised in that manner due to the prior claim on incomes of the federal income tax.

Some of the States have tried hard in the fiscal field. An item of evidence is that State and local debt has quintupled in 20 years while the Federal debt has increased fractionally.[5] Also significant is the fact that many of the poorer States are well up on the scale in "how hard they try"—that is, their expenditures on education and other domestic programs in relation to per capita personal income are relatively high.[6]

The State and local personnel rolls have doubled while the Federal roll has increased fractionally over the most recent 20-year period,[7] yet the shortage of trained and qualified employees is a serious State problem. The pay scales are low compared to Federal standards, which is traceable to the revenue difficulties.

Notwithstanding the personnel shortage, the States have had to shoulder many new or additional responsibilities, in part because of the large number of aid programs passed by Congress in recent years. Coordination of Federal aids with each other and with State programs has become a major concern.

The Commission does not agree with those who would bypass State government or weaken its role. All levels of government must be used to best effect, and the States can be a major resource in the battle against poverty and for the welfare of our people if they assume their full responsibilities. If they do not, the Federal Government will have no choice but to fill the gaps, and to bypass the States in the administration of programs for the legitimate needs of United States citizens must be met.

The Commission recommends—

4. That State governments conduct comprehensive planning programs to serve as guides for the coordinated administration of State

[2] TERRY SANFORD. POVERTY'S CHALLENGE TO THE STATES. *In* Law and Contemporary Problems XXXI (1) :77–89. Winter, 1966.

[3] U.S. CONGRESS, SENATE, *op. cit.*, pp. 77, 79.

[4] *Ibid.*, p. 74.

[5] *Ibid.*, p. 80.

[6] U.S. BUREAU OF THE CENSUS. GOVERNMENTAL FINANCE IN 1964–65. G.F. No. 6, p. 50. (rev. Feb. 1967).

[7] U.S. CONGRESS, SENATE, *op. cit.*, p. 81.

and Federal services, and for interrelated rural-urban areas.

The need of the rural people today is not simply for more money to be spent on more programs, but for more effective use of programs that exist. To be effective they must be offered in combinations, which will vary from person to person and from area to area. Situated as they are between the Federal and local levels and possessing strong powers, the States can unite the large policy perspectives of the Federal Government with the specific needs of small areas and mix in their own monies and services. They can, for instance, blend Federal aids to education with their own education programs. They can help plan the necessary mix of public facilities and social and economic programs for the welfare and development of a multicounty district within the State.

The planning function in a State government should span all the administrative responsibilities of the State, and it should be so located in the structure of government that it can collect and use information from all line agencies as well as other sources, analyze it for the Governor, and assist him in making program and budgeting decisions. Since the Governor is the chief planner, the planning group must be responsive to his needs no matter where it is in the table of organization.

Each line agency must also plan carefully its operations within the context of overall State policy. Each department should administer a set of specialized services or programs, but each should be alert to the need to combine its services with those of others, based on plans of States and area development districts.

It should be noted that if the States take the initiative in planning to meet the needs of their people, and if they exercise leadership, they can be persuasive when they ask the Federal Government to follow.

The Commission recommends—

5. That the States set the boundaries of area development districts and provide any enabling legislation needed for their creation; that districts be used as administrative areas by State agencies; and that Federal agencies conduct their programs, to the greatest extent possible, so as to assist district program objectives.

Since the districts will perform some of the functions of local government, and since local powers derive from the States, the States must authorize districts. Legislation should describe their functions, powers, governing board makeup, staffing, advisory groups, and financing. Federal technical assistance should be made available to the States in the drafting of this legislation.

The States need a consistent set of multicounty districts for field operations so that agency coordination will be possible in area development. State governments, using their planning staffs, should draw district boundaries based on economic and social studies and after consultation with local governments and interests. District delineation studies should be undertaken as an element of State planning programs. To insure that State districts are eligible for Federal planning funds, the States should also consult with the planning unit of the Executive Office (recommendation 10) or its delegate offices while boundaries are being drawn. Clear Federal guidelines for such eligibility should be provided, following the principles set forth in chapter 10. Interstate districts should be created where logical county groupings cross State lines; the creation of these districts can be facilitated by Federal consultation and technical assistance. Congress should give prior consent to interstate compacts for them, setting forth standards for the making of the compacts but not requiring subsequent approval of each one in order to establish it.

Federal agencies should be instructed to assist district programs by acting in accord with their plans wherever possible. Each agency should work out appropriate means of cooperation, which will vary, depending on whether the agency has county, State, or regional offices and on the functions they perform. Federal agencies should solicit comments from the districts before acting (recommendation 16), and the Federal planning assistance office should be responsible for monitoring the cooperation of the agencies with the districts (recommendation 10).[8]

The Commission recommends—

6. That the States provide planning assistance grants to area development districts and communities.

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[8] The intent is to carry out and extend the scope of Bureau of the Budget Circular No. A–80, Jan. 31, 1967, concerning coordination of development planning for programs based on multijurisdictional areas.

The States need to influence the location and character of economic and social development within their borders, because they are governmentally responsible for it to their electorates. They do not have funds for massive programs and projects in all governmental functions for all localities, but they can invest in planning and thereby influence development. If Federal planning assistance grants are set, for instance, at two-thirds or three-quarters, the States could assume a portion of the remainder and lighten the local or district share.

The Commission recommends—

7. That the States provide strong programs of technical assistance in community and area development district planning and development and in antipoverty work.

The States know their areas and communities well and the capitals are not far from any places that want assistance. Furthermore, this is the way to exert influence on these programs—through leadership and help. It is more powerful and effective than the veto power they sometimes ask for; and it is a positive, rather then negative, tool.

Studies have shown that, in general, State antipoverty technical assistance offices devote a large share of their resources to rural work.[9] Thus, they are a major resource for rural areas. The Federal Government should encourage all States to assume this role, and channel technical assistance funds through the ones that do. The States, however, should share in the financing of technical assistance operations.

This recommendation is intended to encourage the use of State governments as important technical assistance channel but not necessarily as the only one. Universities and private agencies can undertake some types of assistance very effectively and should be used where appropriate.

Federal Administration of Services for Rural Opportunity

Most of the domestic operations of the Federal Government affect the opportunities and fortunes of rural people. The Department of Agriculture comes to mind immediately, because of its traditional operations in rural areas. But the Department of Labor and the Department of Health, Education, and Welfare can assist in training a rural resident for a new job. The Department of the Interior may help develop recreation lands, and it administers education programs for Indians.

The Department of Transportation matches the State's highway money for the rural man's farm-to-market or home-to-industrial-job trip. The Department of Housing and Urban Development can help him when he moves to a city—or help his home community build housing or put in a water system.

If he is poor, he may be given an opportunity to advance himself through the Office of Economic Opportunity's assistance.

If he lives in a flood plain, the Defense Department's Corps of Engineers may assist him by building a dam. The Department of Commerce may provide a subsidy to attract a new industry which will give him a job.

Getting programs to the beneficiaries, the rural poor or anybody else, requires organization. The Federal executive branch should be so organized that departmental programs can span rural-urban lines and provide necessary services to the people where they are.

A category of service should be administered by a single department. To use job training as an example of the present situation, if a community or State wishes to mount a job-training program it may find itself dealing with as many as 57 separate program elements administered through seven major departments or agencies and a host of subunits.[10] It would have a similar problem in community facilities, housing, or recreation and cultural facilities.

If it wished to put together a comprehensive program for economic, physical, and social development, it might find itself involved in most of the 170 Federal aid programs enmeshed in more than 400 separate authorizations. There could be negotiations with as many as 21 Federal departments and agencies and some 150 major bureaus and offices in Washington.[11] Even more irrational is the fact that communities within an area development district might have to deal with different agencies for the same type of aid, depending on whether they were classified rural or urban.

A community goes to the State capital to apply

[9] U.S. ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS. INTERGOVERNMENTAL RELATIONS IN THE POVERTY PROGRAM. April 1966, p. 136.

[10] U.S. CONGRESS, SENATE, *op. cit.* pp. 44–46.

[11] *Ibid*, pp. 2 and 390.

for Federal aid administered through the State, but for other Federal aid it would need an atlas of Federal field offices. A Kentucky town would go to Ann Arbor, Mich., to talk to the Bureau of Outdoor Recreation; to Atlanta, Ga., for the Small Business Administration and the Department of Housing and Urban Development; to Cleveland, Ohio, for the Bureau of Employment Security; to Washington, D.C., for the Office of Economic Opportunity; and to Charlottesville, Va., for the Department of Health, Education, and Welfare.

The situation would be similar for any community, because there is no uniformity in location of Federal field offices or as to which States they serve. Nor is there any uniformity in their scope of responsibility or authority, except that many of them can turn down a project but not approve one. Approval power is usually reserved to Washington.

There are attempts at coordination, some of them very successful. The most common coordinating devices are interagency committees. They are usually confined to a specific subject; some exist for a short time, some for a long time, and some are statutory. They are useful for working out a problem on a short-term basis, but it is difficult to find experienced bureaucrats who are very sanguine about their effectiveness over the long haul.

Given the ability of States, areas, and communities to design combinations of programs suited to their needs, the Commission thinks that Federal domestic operations should be basically consolidated into groups of functional services (for example: education and training, commerce, health, natural resource development, agricultural development, transportation, and housing). The Commission recognizes that there are many possible groupings and that there is no one correct way. The principal criteria are: that a department's services be similar; that they can be provided to both rural and urban people; and that they can be combined with the services of other departments to meet the need of individuals and communities through area, State, and Federal planning.

The Commission is impressed with the need to look at the whole person in designing programs to serve his needs—and of whole economic areas embracing interrelated rural and urban communities in designing area programs.

The people need consolidated, flexible arrays of functional programs available to them which can be assembled into combinations suited to their requirements—for instance, manpower training combined with special types of education, or airport- and road-building assistance combined into a transportation system. The design of these combinations can be done very effectively by community organizations, and by area development districts and State planning agencies, the appropriate level depending on the problems and areas under consideration.

The Commission recommends—

8. That no Federal department be specialized as to rural or urban services; and that each department administer a distinct, functional group of economic or social programs.

The needs of the nation now require that its Federal departments administer services that cross rural-urban lines, because the people and the economy cross them freely and frequently. In fact, it is difficult now to distinguish between rural and urban people by place of residence or work. Agencies giving attention to special groups of people or areas should be subunits of functional departments. Area development districts and States will play an important part in grouping functional programs into packages designed to serve their area's needs, and in the Federal Government the Executive Office of the President is the key to coordination of the functional services. The Commission also suggests that the committees of Congress be organized so as to bridge rural-urban lines.

The Commission recommends—

9. That Federal funds be earmarked by the Administration in budget submissions and by Congress in appropriations in sufficient amounts to provide rural people with services at national standards.

Although the Commission wishes to have Federal programs and policy-making span rural-urban lines, it recognizes the danger that administrators may not direct adequate funds to rural areas. Federal services to rural people are too often low-standard, and funding is short of the proportion they need and deserve—sometimes as a result of legislation and appropriation and sometimes of administrative action. Furthermore, due to distances involved, inadequate finances, and the smaller numbers of leaders, rural areas characteristical-

ly are slower than urban in organizing programs and in making application. Creation of area development districts which combine rural areas with urban and which have professional staffs will help overcome this, but for a long time rural areas will continue to lag in this respect. All aid categories which can help rural people, and especially those which can provide economic opportunity to the poor, should reserve funds for these purposes and avoid their early allocation to large metropolitan areas which are first in line with applications.

The Commission recommends—

10. That assistance to State and local government comprehensive planning programs be expanded to include area development districts and that responsibility for this type of assistance be consolidated in the Executive Office of the President under one basic authorization.

Coordinated policy planning for the Federal Government is focused in the Executive Office, whose functions should also include program coordination and liaison with, and aid to, the planning programs of area development districts and State, metropolitan, and local governments.

The Commission feels that this placement of responsibility will best provide for coordination of the Federal Government's comprehensive program planning with the Council of Economic Advisors' policy planning, consideration of national objectives by States and districts, and for assistance by the Federal Government in carrying out State and local plans, because the Executive Office has the authority required for getting departments to cooperate. There is precedent for this type of grant assistance for planning within the Executive Office—in the Office of Economic Opportunity for community action agencies and formerly in the Office of Emergency Planning for State emergency plans. Both provide technical assistance to other levels of government.

The Commission recommends—

11. That adequate funds be earmarked, by the Administration in budget submissions and by Congress in appropriations, throughout the Federal Government for expenditure in locally initiated, community-based antipoverty work on approval of the Office of Economic Opportunity; that the administration and innovation functions for the antipoverty efforts, specifically including the Community Action Program, have adequate funding and remain in the Executive Office; and that, for the time being, OEO continue to operate those programs it now has underway. The Commission recognizes, however, that OEO programs which have demonstrated their merit will need a permanent home to assure their continuation and maximum impact, and in due time they should be incorporated in the regular fabric of government by transfer of their operations to appropriate departments when OEO decides it is advisable, subject to continuing coordination by OEO through use of its control over funds earmarked for these programs.

This Nation *must* solve its poverty problem and provide opportunity to the poor. The start that has been made has shown what a large undertaking it will be and has clearly demonstrated that coordinated, large-scale resources from the entire Federal Government must be brought to bear.

If widespread resources are to be used they must be coordinated. The Economic Opportunity Act places the responsibility for coordination with OEO and directs other agencies to give preference to applications for assistance made in connection with community action programs, which are locally designed solutions to poverty problems, assisted and approved by the Office of Economic Opportunity. The agencies have generally given only token, if any, effect to this directive.

The result has been that antipoverty work in communities has had to use the only tools available—programs and monies under the direct administration of the Office of Economic Opportunity (special programs for the training and education of poor youths, the job corps, work-training and work-study, adult basic education, loans and grants for nonfarm businesses in rural areas, small business loans, and work-experience programs). This kit of tools is far too limited in range and size.

Earmarking of funds is the most practical way to achieve coordinated action against poverty and to carry out the intent of Congress that first priority be given to antipoverty work. The Administration should propose percentages or amounts to be earmarked in each program category and Congress should make the final determination in its appropriation acts. Money in appropriate cate-

gories throughout the government should be made available in this manner for use in antipoverty work and spent only on approval by the Office of Economic Opportunity.

The Office of Economic Opportunity has been extremely valuable as an innovator and stimulator of antipoverty work. It has demonstrated that significant things can be done to help the poor. It has tried some measures that work and some that do not, and this is its proper role—one which should be encouraged and strengthened. This Commission believes that OEO should have adequate funds of its own for this purpose, in addition to the earmarked funds, and that if they are not granted the nation cannot undertake a serious effort to eradicate poverty.

The Commission thinks that the Office of Economic Opportunity should remain in the Executive Office, where the general coordination and planning authority of the government is focused and where it will be a major part of the consolidated planning function outlined in recommendation 10. Those programs which it now operates directly, and which are found to be successful will, at the appropriate time, need to be transferred to permanent locations in operating agencies to insure their continuation and to give OEO an opportunity to try further innovations. OEO should make the decision on when a program should be transferred, subject only to appeal to the President.

The older agencies, however, have generally not experimented with fresh approaches to the problems of poverty, though they give evidence of being increasingly receptive. OEO programs should not be transferred until the agencies are prepared to administer them according to the spirit and objectives of the Economic Opportunity Act.

In addition, the Commission wishes to encourage the Office of Economic Opportunity to work within the pattern and spirit of Federal, State, and local relationships recommended throughout this report and to cooperate with and work through State and local levels of government insofar as they are responsive to OEO objectives.

The Commission recommends—

12. That a staff and council for intergovernmental relations and reorganization action be created within the Executive Office of the President.

Continuing attention is needed on these subjects. With it must go the power to act on intergovernmental problems in the name of the President, and ready access to him to inform him when his personal action is necessary. The Commission feels that a staff headed by a Presidential assistant, with access to the advice of a high-level council of Federal officials, would be appropriate. However, its specific form of organization would depend on how the President wished to use it, so the decision is a prerogative of the Presidency.

The Commission recommends—

13. That there be established a consistent set of regions for Federal agency field operations; that headquarters for the regional director of every agency be in the same city; that decision-making authority on individual Federal projects be decentralized to the field offices insofar as practicable, and that devices for interagency coordination be established at the regional level.

The locations for regional offices should be cities with good transportation links to their regions and with full arrays of private and public services. Growth-center cities might be selected in order to promote their development as rural service bases. With offices of all agencies in the same cities, Federal executive boards, made up of agency regional directors, could be used effectively. The States and area development districts within the regions should also be represented, possibly by one man for the States and one for the area development districts. Whatever the formula, the objective should be coordination at the levels of government and reflection of the State and area viewpoints.

Each region should have a field office of the President's intergovernmental relations staff. The head of it should chair the Board; his staff should be the secretariat. Coordinated action planning and technical assistance to States and localities on programs in which the Federal Government cooperated should be prime functions of the combined regional organization. It should also promote and assist in the organizing of interstate area development districts where they are necessary. Regional or local field offices which have the power to turn down projects should also have the power to approve them.

The Commission recommends—

14. That the present system of categorical grants-in-aid and loans be reorganized by consolidating similar categories and standardizing eligibility and planning requirements.

A community or State wishing to use several grant programs to solve a problem has to make many separate applications, even if they are related in function, such as education and training. Some require a comprehensive plan as a prerequisite, some require a project plan. A joint sewage treatment plant and water system project would require dealing with two different sewer and two different water agencies, which would apply different standards and take different lengths of time to approve or disapprove their parts.

The consolidated grant-loan system should be flexible so that recipients can tailor it to their requirements, though there must be adequate accounting safeguards.

The Commission recommends—

15. That the Federal Government administer applicable programs, especially grant-in-aid programs, through the States subject to their sharing the costs, adequate administration, and their prior agreement to regulations enforcing basic national policy and standards of administration. Where the States will not accept the responsibility and discharge it properly, the Federal Government should bypass them and administer directly, until such time as the States meet the conditions.

The alternatives are: through (1) Federal field offices, which, because there are 400 for grant-in-aid administration,[12] and several thousand if all of the county offices of the Department of Agriculture are included, have greater coordination difficulties than the States; also, their directors lack the powers of Governors; or (2) direct Federal-to-local level administration, which rules out needed State coordination, especially of rural-urban area development programs.

States are an integral part of our system of government, and they can contribute much to the welfare of the people because of their potential for action and coordination. If they want to administer area programs, however, they should be required to provide at least partial matching funds and to demonstrate their administrative competence.

Program guidelines should give maximum flexibility in design to fit State and local needs, but control should be maintained to keep the States within the framework of national standards of administration and of policy such as civil rights laws. States should agree to the regulations before assuming administration of the programs, so that there is no room for misunderstanding. The Federal Government should monitor State compliance, and it should not hesitate to bypass States that will not adequately accept and administer Federal programs. The latter provision should help provide incentive for good State performance.

The Commission recommends—

16. That Federal agencies give States and area development districts notice of Federal aid applications and proposed direct Federal operations and solicit comments from the appropriate States through the Governors and from the area development districts through their executives.

Included should be direct Federal program operations (of which the States could be advised annually), direct Federal public works projects, and grants to local governments and private institutions for planning, operations, and public works.

It is important that the comments come through the Governor, who is the State's chief coordinator, and, similarly, through the coordinators of the area development districts.

Grants and loans will be most effective if they fit the overall development plans of the area development districts, and requests for comments from the appropriate Governors and district officials should be a routine requirement before decisions are made on projects at the Federal level. Comments, both positive and negative, should be carefully considered, but negative comments, or failure to comment, should not constitute a veto.

A Special Governmental Problem: Reservation Indians

Earlier in this chapter there was reference to local responsibility. The development of local responsibility is a particularly urgent need among Indian tribes living on reservations. They can only

[12] *Ibid.*, p. 2.

develop responsibility by exercising it. But first the Federal Government has to give them the opportunity.

Indian tribes should have the opportunity to operate programs or provide services currently provided by Federal and State agencies, subject always, however, to Indian initiation and consent to the transfer of such programs. There is no question that Indians should have a greater voice in the planning and administration of programs which affect them. They should also have a voice in deciding which programs or services they wish to operate, when they wish to assume the responsibility, and to what extent.

Termination of programs or services to Indian tribes, including termination of tribes themselves as legal entities, has become a burning issue that pervades and, to a considerable extent, poisons every aspect of Indian affairs today. The avowed purpose of the termination campaign was to help Indians "to become like other citizens." Unfortunately, history has clearly shown such was not the result. Rather we find that among those tribes terminated during the 1950's great hardship resulted on the Indian people and on the State through placing additional fiscal responsibilities on the already overburdened State and local governments.

The effect of termination as a psychological barrier to Indian socioeconomic development has been great. Indeed, the very word termination has become so emotionally charged that it is now a battle cry which automatically generates reflexive and defensive action on the part of Indian tribes. The rational consideration of virutally any new proposition is consequently made most difficult.

The recent proposals concerning the transfer of the Bureau of Indian Affairs from the Department of the Interior to the Department of Health, Education, and Welfare is a case in point. Without any disavowal of termination on the part of the legislative or executive branches of government, the Indian tribes predictably rejected the proposed move as being a step toward termination.

While the Commission recognizes that the Department of the Interior is principally natural-resource oriented and that the present needs of Indian people may better be met through human resource development, it believes that the question of the functions and administrative location of the Bureau of Indian Affairs can best be determined by joint consideration of the Indian people affected and the appropriate governmental agencies. Such determination can only take place rationally and be considered on its merits when termination is disavowed by Congress. Then and only then can the Indian tribes objectively weigh the advantages and disadvantages of each organizational option and arrive at a decision which would reflect their best judgment.

The Commission therefore recommends—

17. That upon request by Indian tribes, Federal agencies should delegate to the tribes the authority, responsibility, and appropriate funds to carry out such specific functions as education and road construction and maintenance. Furthermore, the Federal Government should disavow termination as a unilateral action and should share with the tribes the determination of changes in the organizational structure and the location within the Government of the Bureau of Indian Affairs.

A Request to the Nation's Governments

The Commission recommends—

18. That the local, State, and Federal governments study and determine the means by which they can cooperate and assist in carrying out the policies recommended by this Commission.

This report is designed to recognize and meet the problems facing rural people, especially the rural poor, in the United States. The Commission believes it has outlined a workable, effective approach in which governmental assistance figures prominently.

The Commission wishes to call special attention to the fact that it feels that State and local governments are important in a good system of administration and that many of its recommendations are directed toward improving the quality of those governments. The Commission suggests that State and local planning programs conducted with Federal grants be encouraged to study the means by which the recommendations in this report can be carried out, so that State and local levels may have a strong voice in designing effective actions and so that the Federal Government can have specific suggestions from them in working out its programs.

The Commission issues a challenge to all levels of government to help in opening full opportunity to rural Americans. It has pointed to urgently needed actions and organizations. Many of the details can be filled in only by those who must act. Hopefully, all will assist by considering the recommendations thoughtfully and by testing them.

Above all, the Commission exhorts every government to act, for the rural poor should not have to wait longer for help.

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