

Poverty in the rural United States

by Paul Dudenhefer

An article in the Summer 1980 issue of *Focus*, "On Not Reaching the Rural Poor: Urban Bias in Poverty Policy," stated that researchers know "astonishingly little" about the economic and social aspects of rural life.¹ Thirteen years later, this may still be the case. One crude indication is the small number of articles on the rural poor listed in the *Social Sciences Index*, a major, annual bibliography of published material in the social sciences. Over the last 11 years, only 21 articles have been listed under the heading "Rural Poor: United States"; this compares with a listing of 26 different pieces on urban poverty and the underclass in the United States in 1991–92 alone.² Apparently, when researchers—or at least the principal sponsors of poverty research—think poverty, they think city, not town and country.

This situation may be changing, however. In 1990 the Rural Sociological Society formed a Task Force on Persistent Rural Poverty; the chair of the Task Force is Gene F. Summers, an IRP affiliate and Professor of Rural Sociology at the University of Wisconsin–Madison. The Task Force was funded by grants from the W. K. Kellogg Foundation and the four Regional Centers for Rural Development.³ Divided into nine working groups, the Task Force set out to "provide conceptual clarification regarding the factors and dynamics of society which precipitate and perpetuate rural poverty."⁴ Its members reviewed the classic theories that have been offered to explain the persistence of poverty in rural America, indicated the merits and deficiencies of each theory, and proposed several new theories of their own (see box, p. 44). The work of the nine groups, along with a statistical summary of rural poverty, has just been published in a volume entitled *Persistent Poverty in Rural America* (see box, p. 43).

"The American public generally perceives poverty as an urban problem," comments Robert Hoppe, statistical consultant to the Persistent Rural Poverty Task Force. He explains that this is probably because most Americans live in or near urban centers; hence, when they see poverty, they see it in cities. But according to Hoppe, poverty rates in rural areas can be as high or even higher than those in our major cities. "Poverty is as much a rural problem as an urban one," he observes.⁵

This article presents statistics that confirm Hoppe's observation. It is based mainly on the reports contained in *Persistent Poverty in Rural America*. In addition to citing poverty statistics, it discusses who the rural poor are, recaps the history of government policy that has affected rural poverty, and touches upon theories that attempt to explain why poverty is so persistent in our nonmetropolitan areas.

What is persistent rural poverty?

The Task Force defines persistent rural poverty by breaking it into three questions: What is poverty? What is rural? What is persistent? By poverty, the members of the Task Force usually mean the official U.S. poverty line—the maximum amount of income a family of a given size can receive in a calendar year in order to be considered poor—which, in 1992, was \$14,343 for a four-person family.⁶ By rural, they mean counties classified by the U.S. Census Bureau as "non-metropolitan"; generally speaking, these are counties in which the largest city contains less than 50,000 people and the inhabitants do not commute to an urban center. The Task Force uses "rural" and "nonmetropolitan" interchangeably, as does this article. ("Urban" and "metropolitan" are used interchangeably as well.) These nonmetropolitan or rural areas are not necessarily agricultural communities; in other words, "rural" is *not* synonymous with "farm." In fact, in 1990 only 8 percent of all inhabitants of rural areas lived on farms.⁷

With regard to rural poverty, persistent means "the continued existence of a substantial segment of the population with incomes below the poverty threshold in spite of ameliorative efforts."⁸ In a persistently poor rural county, some families may escape poverty while others fall into it; some may be poor one year, earn more than the poverty line the next, and then fall back into poverty again; or families may move in and out of the county, yet at any given time, that county has a high poverty rate.

Rural poverty: A statistical portrait

In 1990 there were 9 million poor persons in a rural population of 56 million. These 9 million were in many ways quite different from their 24.5 million urban counterparts.⁹ They were more likely to be chronically poor, regardless of race: 43 percent of poor rural blacks experienced poverty for longer than 10-year periods, while 30 percent of poor urban blacks did.¹⁰ The rural poor were dispersed over a wider geographical area: less than 40 percent lived in areas with poverty rates exceeding 20 percent, whereas 52 percent of the inner-city poor did.¹¹ Perhaps most important, given the content of welfare debate in the United States today, they were less likely to behave in ways that are generally assumed to be correlative with poverty: a lower percentage were dependent on welfare, and proportionally fewer of them were single parents.¹² In addition, a greater percentage worked; 64.6 percent of poor rural families had at least one member who was formally employed, whereas among poor families in urban areas the percentage was 54.1.¹³ According to the Task Force report, if policymakers are to take meaningful steps toward reducing rural poverty, they must

take into consideration the differences between the rural and urban poor. To be sure, rural poverty persists in part “because public policymakers have failed to discover—much less apply—the many remedies needed to alleviate U.S. poverty in general.”¹⁴ But any antipoverty policy based on facts surrounding urban poverty may require modification to be effective in rural areas.

Rural poverty rates

As the data in Table 1 show, the rural poverty rate in 1990 was 16.3 percent, higher than the rate in suburban areas (8.7) and nearly as high as the rate in inner cities (19.0).¹⁵ For

each population group, the poverty rates in rural counties were significantly higher than those in suburbs. Two of the biggest differences between rural and suburban areas were in the rates for married-couple families and their children; the rural poverty rates for these groups were more than twice as high.

Poverty rates in rural areas and inner cities were similar; only the poverty rates for blacks and unrelated individuals were significantly different, and in both cases, the rural rate was higher. Even so, the overall poverty rate in inner cities was significantly higher than the rate in rural areas. This is because a greater percentage (about 20) of the inner-city

Table 1
Selected Characteristics of the Poor, by Residence, 1990

	United States Total	Metropolitan			Nonmetropolitan
		Total	Central Cities	Suburbs	
Total poor (in thousands)	33,585	24,510	14,254	10,255	9,075
Part A: Poverty rates					
Poverty rate for total population	13.5%*	12.7%*	19.0%*	8.7%*	16.3%
People in families with a female householder, no husband present ^a	37.2*	35.8*	43.9	26.6*	43.2
Related children	53.4	52.5	60.9	41.7*	56.8
Married-couple families ^a	6.9*	5.9*	9.1	4.4*	9.9
Related children	10.2*	9.1*	14.0	6.6*	14.0
Unrelated individuals ^b	20.7*	19.0*	21.8*	16.3*	27.7
Whites	10.7*	9.9*	14.3	7.6*	13.5
Blacks	31.9*	30.1*	33.8*	22.2*	40.8
Hispanics ^c	28.1	27.8	31.7	22.8**	32.0
Aged ^d	12.2*	10.8*	14.6	8.1*	16.1
Disabled ^e	35.9	34.8	43.6	25.8*	39.0
Part B: Groups making up the poor					
Poor who are: ^f					
People in families with a female householder, no husband present ^a	37.5*	40.1*	45.1*	33.2	30.3
Related children	21.9*	23.7*	26.7*	19.6	17.0
Married-couple families ^a	34.6*	31.0*	27.0*	36.7*	44.4
Related children	14.6*	13.5*	11.8*	15.9	17.6
Unrelated individuals ^b	22.2*	22.8*	22.6*	23.2*	20.4
Whites	66.5*	64.1*	53.8*	78.5*	72.9
Blacks	29.3*	31.4*	41.2*	17.8*	23.6
Hispanics ^c	17.9*	22.5*	24.7*	19.5*	5.4
Aged ^d	10.9*	9.8*	9.3*	10.4*	14.0
Disabled ^e	8.8	8.6	9.4	7.6	9.4

Source: Reprinted from *Persistent Poverty in Rural America*, Rural Sociological Society Task Force on Persistent Rural Poverty, 1993, by permission of Westview Press, Boulder, Colorado. P. 32. Data are from March 1991 Current Population Survey.

*Significantly different from the nonmetropolitan estimate at the 95 percent confidence level.

**Significantly different from the nonmetropolitan estimate at the 90 percent confidence level.

^aThe term “family” refers to a group of two or more related persons who live together.

^bUnrelated individuals living alone or with nonrelatives.

^cHispanics may be of any race.

^dThe aged are at least 65 years old. The aged and disabled are mutually exclusive.

^eAge 16 to 64 with a “severe work disability.”

^fThe percentages in the groups sum to more than 100 percent because an individual may be in more than one group.

population than the rural one (only 11) consisted of female-headed families, among whom poverty rates were quite high.

In most instances, rural poverty rates were significantly higher than the rates in metropolitan areas (which include suburbs and inner cities);¹⁶ the exceptions were the rates for children in female-headed families, Hispanics, and the disabled, none of which were significantly different.

Between 1967 and 1990 the poverty rate in rural America ranged from less than 14 percent to more than 20 percent. In each year of this period, it was higher than the overall national rate as well as the rate in metropolitan areas, and until 1975 it was higher than the rate in inner cities themselves. As with U.S. residents as a whole, a greater share of rural residents were in poverty in 1990 than in the late 1970s. The rural poverty rate was 13.5 percent in 1978, rose to 18.3 percent in 1983, and fell to 15.7 percent in 1989. It has yet to descend to its 1978 level.

Beginning in 1984, poverty rates began to fall in metropolitan areas, including inner cities, but not in rural areas. Rural poverty stood at about 18 percent from 1983 to 1986. The failure of the rural poverty rate to follow the decline in other areas could be attributable to unemployment rates, which rose more quickly in rural areas than in cities. Rural poverty is especially affected by unemployment: almost two-thirds of the changes in the poverty rate that occurred between 1973 and 1989 were due to changes in the unemployment rate.¹⁷ And when the rural unemployment rate dropped by 2.6 percentage points between 1986 and 1989, the rural poverty rate fell by 2.4 percentage points.

In addition to unemployment, the fact that the economy has grown at a slower rate in rural areas than in metropolitan areas could also explain why the rural poverty rate did not drop until after 1986. This slower growth rate has led to a widening income gap between rural and urban residents. Whereas in 1973 metropolitan per capita income was \$3100 higher than nonmetropolitan per capita income, by 1989 it was \$5200 higher.¹⁸ Put another way, in 1989 the income of rural residents was only 72 percent of the income of urban dwellers.

Who are the rural poor?

Just as poverty rates in 1990 differed among the rural and urban poor, so did the composition of the poor population in the different regions. For instance, the rural poor were more likely than the inner-city poor to live in married-couple families. Whereas only 27 percent of the poor in central cities consisted of married-couple families, this family type made up 44 percent of the rural poor (Table 1). In fact, in contrast with the nation as a whole, in rural America married-couple families made up a greater percentage of the poor than did female-headed families. Another big difference concerned the aged. The percentage of the rural poor who were 65

years or older (14.0) was over 50 percent higher than that of the inner-city poor (9.3). And poor Hispanics were much more numerous in the inner cities (24.7 percent of the inner-city poor) than they were in rural areas (5.4 percent).

The percentage of the rural poor who lived in female-headed families (30.3) was lower than that for the other residence categories. This figure, however, was up from 22 percent in 1969, meaning that poverty among female-headed families in nonmetropolitan areas is an increasing problem. Moreover, the percentage of the rural population, poor or otherwise, living in female-headed families rose from 8.4 percent in 1969 to 11.5 percent in 1990.

The share of the rural poor who were children (34.6 percent) was about the same as in the other areas. Poor children in rural areas, however, were less likely to live in female-headed families and more likely to live in married-couple families than were their metropolitan and inner-city counterparts.

Where are the rural poor?

Over 55 percent of the rural poor—and nearly 97 percent of the rural black poor—lived in the South in 1990.¹⁹ Concerning the issue of location, the following question might arise: Why do people in rural areas who cannot find employment remain in those areas, instead of moving to where the jobs are? According to the Persistent Rural Poverty Task Force, a strong sense of place and feelings of kinship exist among people who live in rural areas. “Despite the economic hardship and limited social mobility opportunities in areas of persistent rural poverty, the local rural community appears to provide residents with feelings of security and stability, along with strong ties to family and friends,” the Task Force explains. While a disinterested observer might question the attractiveness of a rural location with few job opportunities, the residents of that locale feel, quite simply, at home. “Although it would be foolish to suggest that day-to-day living in a depressed rural area is either romantic or nostalgic, the significance of the attachments to the people and the land in these areas should not be discounted,” concludes the Task Force.²⁰

The working rural poor: A culture of poverty?

According to the Task Force, the fact that roughly two-thirds of the rural poor work invalidates at least one theory that has been offered to explain persistent poverty, namely, the culture-of-poverty theory. This theory asserts that people are poor because they have internalized as their preferred way of life a “collection of behaviors, attitudes, and tastes that are at best unhelpful in the job market, and more commonly are detrimental.”²¹ In short, people are poor because they conduct their lives in ways that guarantee impoverishment. Proponents of this theory have applied it to ethnic minorities in particular, claiming that there are certain cultural practices

that prevent minorities from participating fully in the mainstream labor market.

In addition to the fact that a majority of the rural poor are employed, other concerns refute the culture-of-poverty theory. The theory is not supported empirically, and it fails to take into account such things as racial discrimination that play a role in keeping someone poor. Some would argue that the cultural practices that are said to result in poverty are actually rational responses to the prejudices of the dominant society.

Despite the shortcomings of the culture-of-poverty theory, the Task Force does not recommend that cultural factors be ignored altogether. The Task Force is “concerned that the persistently poor will become increasingly different from others, not because they share different values but because they are exposed to different risks.”²² In light of this concern, it recommends that cultural elements be considered in theoretical work that attempts to explain why some poor children overcome their circumstances and escape poverty as adults while others do not.

The earnings gap between rural and urban workers: A gap in job skills?

Some would argue that rural workers earn less than urban workers because they are less skilled. This argument is behind another theory that has been used to explain persistent poverty: human capital theory, which holds that the more education and work experience a person has, the better his or her job will be. Workers who earn the most money are those who are the most productive, and those who are the most productive are those who are the most highly skilled—who have the most education and the greatest amounts of relevant work experience. Moreover, for every person who decides to spend the money and expend the effort to obtain an education, somewhere there is an employer who will reward him or her justly.

Advocates of this theory would argue that poverty in rural America persists because many rural workers lack the necessary skills to obtain jobs that pay more than the poverty line. According to human capital theory, poor people who live in rural areas must have insufficient educations and irrelevant or limited work experience—or else they would not be poor.

It is true that there is a deficit of human capital among rural Americans. They get less education than urban residents. In 1988, rural workers aged 18–64 had completed, on average, 12.7 years of schooling, whereas their metropolitan counterparts had completed an average of 13.2 years.²³ Rates of high school dropout are higher in rural than in urban areas; in 1985 the dropout rate was 15.2 percent in nonmetropolitan regions but 13.9 percent in metropolitan areas.²⁴ And college completion rates are about 10 percentage points higher

in metropolitan areas (23.4 percent, in 1989) than in rural ones (13.2 percent.)²⁵

Moreover, students in rural high schools have scored lower on the Scholastic Aptitude Test (SAT) than have other students, especially students in suburban schools. In 1988–89, the average scores of rural students on the verbal and math components of the SAT were 419 and 461; suburban students averaged 443 on the verbal test and 494 on the math test. Among high school students in rural counties, suburbs, small cities or towns, medium-sized cities, and large cities, students in rural areas had the lowest average math score. Rural students, however, did score 2 points higher than students in large cities on the verbal component. Even so, the rural scores were lower than the scores for students as a whole.²⁶

Nonmetropolitan residents not only have less education than urban residents; they also have less work experience. The unemployment rate among 16–24 year olds in rural areas was 11.8 percent in 1987; among those in urban counties, it was 8.4 percent.²⁷

Clearly, rural workers possess smaller amounts of human capital—be it education or cognitive skills—than do urban workers. Given this, it is not surprising that poverty rates are higher in nonmetropolitan than in metropolitan areas.

But human capital is only one-half of the equation. The other half involves employers and the rewards they give to workers in relation to the skills of those workers. The evidence cited by the Persistent Rural Poverty Task Force indicates that employers reward the education and experience of rural workers less than they reward those of metropolitan workers. About two-thirds of the earnings gap between rural and urban men is due to the fact that education and experience command fewer dollars in rural areas than in metropolitan regions.²⁸ Rural workers are more likely to be poor than are urban workers with the same amount of schooling.²⁹ More than 43 percent of full-time, full-year rural workers who were high school graduates earned less than the poverty line (for a family of four) in 1987, up from 29.2 percent just eight years earlier. Large discrepancies exist even among college graduates. In 1987 the share of college-educated workers in rural areas who had low earnings was 57 percent higher than that of college-educated workers in urban areas; in 1979 it was 26 percent higher.³⁰ Not only are education and work rewarded less in rural areas; the earnings of rural workers relative to those of urban workers have declined dramatically.

In light of these facts, the Task Force rejects an explanation of rural poverty based solely on deficits in rural human capital. Instead, in the estimation of the Task Force, “Rural America suffers primarily from a deficit of good jobs, not good workers.”³¹ By itself, raising the educational levels of

rural persons would not necessarily alleviate rural poverty, although education in rural areas, as in all areas of the United States, certainly can and should be improved. But according to the Task Force, “*The fundamental problem resides in the low wages and inadequate employment opportunities found in rural America, especially among young adults, minorities, women, and the least educated.*”³² Low wages and inadequate employment opportunities translate into poverty rates among minorities and women that are particularly high. In 1989, 15.9 percent of all rural residents were poor: 40.0 percent of blacks, 34.5 percent of Hispanics, and, in 1990, 18.1 percent of women (Tables 2 and 3).

The changing character of the rural economy

Just as poverty rates in rural areas have fluctuated over the past twenty-five years, so has the character of the rural economy. The Persistent Rural Poverty Task Force identifies three stages that have occurred since World War II. In the first stage, which lasted from 1945 until the consolidation of the Great Society programs in the 1960s, the economy of rural America was restructured. Productivity and efficiency increased in the primary rural industrial sectors—agriculture, forestry, fisheries, mining—meaning that fewer enterprises and laborers were needed to supply the market. Many workers relocated to urban areas to take advantage of the increasing job opportunities in the cities. In the process, pockets of poverty were left behind. Thus, the restructuring that took

place generated and reinforced persistent rural poverty while it forced some rural workers to move to the cities in order to obtain jobs.

In the late 1960s and the 1970s, however, there was talk about a rural renaissance as rural communities and economies grew and revitalized. In this second stage, the population of many rural areas increased, as did the number of jobs in manufacturing and the service industry, offsetting the decline in agricultural and other resource-based employment.

But in the 1980s and 1990s, rural manufacturing industries began to weaken and could no longer compensate for the continuing declines in agriculture, fishing, mining, and forestry, industries that were once mainstays of the rural economy. Unemployment reached almost double-digit rates, business failures increased, local governments experienced fiscal crises, public services declined, and the rural population again began to decrease as residents migrated to cities.

The Task Force describes a number of general social forces that have been impoverishing rural areas dependent upon agriculture, fishing, and other resource-based industries. The first has been the loss of manufacturing jobs and the closing of entire plants, or what the Task Force calls rural deindustrialization. Hand in hand with this has been a decrease in the demand for skilled and semi-skilled workers in specialized, resource-based economies. During the 1960s and

Table 2
Poverty Rates for Individuals by Race/Ethnicity and Residence, 1989

Race/ Ethnicity	Total	Nonmetropolitan	Metropolitan			Weighted N ^a
			Total Metropolitan	Inside Central Cities	Outside Central Cities	
Total	12.9%	15.9%	12.1%	18.7%	7.6%	158,079
White	8.4	12.6	7.0	9.3	5.4	120,122
African American	30.8	40.0	29.1	33.2	20.0	19,270
Hispanic	26.3	34.5	25.7	29.4	18.5	13,342
Mexican	28.6	37.9	27.7	29.3	21.8	8,543
Other Hispanic	22.2	21.8	22.2*	29.5	11.8	4,799
Native American	22.9	30.3	15.7	15.7	14.3	887
Other	14.5	16.7	14.3*	19.8*	9.7	4,459

Source: Reprinted from *Persistent Poverty in Rural America*, Rural Sociological Society Task Force on Persistent Rural Poverty, 1993, by permission of Westview Press, Boulder, Colorado. P. 176. Data are from March 1990 Current Population Survey.

*Difference with respect to the nonmetropolitan rate is *not* significant at .05 using a two-sample test for the significance of differences in proportions.

^aWeight is divided by mean weight to yield N's approximately equal to CPS sample size. The total metropolitan column includes some cases that, to protect confidentiality of respondents, were suppressed on the central city/non-central city identifier.

Table 3
Percentage of Metropolitan and Nonmetropolitan Populations Living in
Poverty, by Race, Ethnicity, Region, Sex, and Age: 1990

	All Races		White		Black		Hispanic	
	Male	Female	Male	Female	Male	Female	Male	Female
Metropolitan								
Total	11.0%	14.3%	8.6%	11.1%	26.0%	33.7%	25.7%	29.8%
< 18 years	19.8	20.2	15.1	14.9	42.0	44.3	39.3	37.1
18-64 years	7.8	12.1	6.6	9.5	16.6	28.2	18.5	26.1
65-74 years	5.6	11.1	3.7	8.9	20.2	31.6	15.7	22.0
≥ 75 years	7.7	17.7	6.1	15.5	26.8	40.7	18.6	29.5
Nonmetropolitan								
Total	14.5	18.1	11.8	15.0	37.2	44.0	31.8	32.3
< 18 years	23.1	22.7	18.4	18.4	53.4	51.7	42.6	38.6
18-64 years	11.1	15.6	9.6	12.9	24.8	39.0	23.5	28.1
65-74 years	8.9	15.9	6.5	13.9	41.2	41.7	39.4	29.7
≥ 75 years	15.2	24.8	11.8	22.3	50.3	54.2	40.0	38.5
Northeast								
Metropolitan	9.5	13.4	7.4	10.6	26.1	31.7	31.3	41.4
Nonmetropolitan	9.2	11.3	9.0	11.4	11.8	3.0	14.3	16.7
Midwest								
Metropolitan	10.2	14.0	6.8	9.3	31.0	40.7	19.6	26.3
Nonmetropolitan	12.0	14.3	11.3	13.8	27.5	30.0	17.9	20.5
South								
Metropolitan	12.0	15.7	8.9	11.5	24.9	32.5	24.8	26.7
Nonmetropolitan	18.0	22.7	13.0	16.8	37.8	44.9	37.8	37.2
West								
Metropolitan	11.6	13.8	11.0	12.8	19.0	27.1	25.2	27.6
Nonmetropolitan	13.0	16.6	12.1	15.8	41.7	38.2	28.1	30.0

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1970s, rural manufacturing plants provided employment for farmers, timber harvesters, and the like, whose jobs had been lost owing to the increases in production and efficiency discussed above. But the restructuring of the U.S. economy that occurred after the oil embargo in 1974 effectively eliminated this safety net, and the profound effect it has had on rural poverty has yet to be adequately studied.

A second force is the economic and political influence of resource-extraction firms in rural areas, particularly with respect to the decision of an individual who lives within the sphere of a firm's influence to pursue an education. These firms offer few jobs, most of which do not pay well. Thus, a potential employee has little incentive to upgrade his or her education, since high-paying jobs requiring special skills or knowledge are not present. This underinvestment in human capital can result in a pool of young, local workers incapable of meeting the rapidly shifting skill requirements of today's labor markets. (In addition, the Task Force points out that school boards and other governing bodies in rural communi-

ties have a disincentive to invest heavily in local school systems, since many graduates leave for jobs in the cities.)

Federal and state agencies that manage the resources in a particular region may become controlled by their most powerful clients, which means that less powerful clients such as small farmers, family-based logging contractors, tribal residents on reservations, and small-scale fishing enterprises may lose access to resources necessary for the success of their business. Moreover, a firm that controls a particular government agency may extract resources in a way that hinders the enterprises of the lesser clients, as when an oil driller disrupts the subsistence fishing of Native Alaskans.

Yet a fourth force is the surge in environmentalism. The Task Force cites social scientists who believe that "the United States is undergoing fundamental changes in basic values, including a shift from viewing nature as a resource to be exploited to a view of nature as a diversity of living forms worthy of care and preservation."³³ No one can predict what the ultimate effect of this shift will be.

Finally, a fifth force described by the Task Force deals with the spatial and organizational characteristics of resource-extraction firms. Resource extraction often occurs in remote areas, where it is the only employment in town; it can pay low wages, since the pool of workers from which it draws has no other viable employment option. Furthermore, resource-extraction firms often gain control of large amounts of land in an effort to control future supplies of the natural resources they market, thereby preempting other land uses.

Can people mobilize local resources and create viable local economies in the face of the resource depletion, automation, and capital flight associated with increasingly global economic competition? According to the Task Force, this is an important question facing rural communities whose major industry is the extraction of resources. The answer to this question will depend upon the alliances among the employees of resource-extraction firms, corporate decision makers, and state policymakers; environmental groups will also have an impact. The way in which these factions respond to the social processes described above will help determine the future course of economic development and the level of poverty in communities that depend upon activities such as agriculture, fishing, mining, and timber harvesting for their livelihood.

Rural policy in the United States

According to the Task Force, the national government has been handicapped in addressing the problems of rural poverty. Rural society and rural problems have been changing and continue to change; the mechanisms used by the government to deal with those changes have not.

U.S. rural policy could be said to have begun with the authorization of the U.S. Department of Agriculture (USDA), in 1862. With the inception of the USDA, rural policy became farm policy, and has remained so up to this day. Rural policy as farm policy reflected the nation's status as a society of farmers and those who depended on them. It also reflected the fact that, in the 1860s, the one rural constituency that had the ear of Congress was composed of farmers and others who had an economic interest in agriculture; it was this constituency that had lobbied for the establishment of the USDA. The fact that Congress was willing to appease this constituency was due in large part to the status that farmers and the agrarian life had attained (and perhaps still enjoy) in the imaginations of most Americans. Farmers were heroic, continually battling against the uncertainty of weather, settling and developing frontier lands, nurturing scarce natural resources. The agrarian life was seen as simple and innocent and fundamental to American life. Indeed, democracy itself, it was believed, was sustained by farmers' citizenship and moral judgments. In time, an agricultural establishment developed that has monopolized rural policy to the present. At the same time, the agricultural industry has become the

PERSISTENT POVERTY IN RURAL AMERICA

by

Rural Sociological Society Task Force
on Persistent Rural Poverty
(Foreword by Emery N. Castle)

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sector of rural America that is easiest for policymakers to identify and serve, further strengthening the grip that the agricultural establishment has on rural policy.

The USDA had a scientific mission: to develop and foster new seeds and plants. This was the beginning of a movement in public policy toward modernizing the agricultural industry. As a result of modernization, farm productivity increased, fewer and fewer farmers were needed to grow the food the country required, and farmers were thus forced to compete with one another to supply the market. As some farms prospered, others went into financial ruin, creating a new population of poor rural residents and a growing disparity between those who had and those who had not.

Early in the twentieth century, the U.S. government began to recognize that poverty was increasing in rural areas and allowed that a more comprehensive rural policy was needed. The result was the 1909 Report of the Country Life Commission, which acknowledged that farming had become a risky business and that modernization had failed many farmers. The report concluded, however, that to rejuvenate rural society, the country needed a viable, technologically progressive agriculture. Thus, the government reaffirmed its commitment to industrialized farming. Lawmakers created costly programs to assist those farmers who were still in operation, ignoring those who had gone out of business and the rural poor who were never farmers.

This "farmers-first" approach dominated rural policy into the 1960s. Since then, rural residents have benefited from antipoverty programs, such as those created during the Johnson administration; moreover, provisions for the disadvantaged, for consumers, and for the environment were added to farm bills of the 1970s and 1980s that served rural interests. Yet, in the assessment of the Task Force, policymakers still have not addressed adequately the needs and problems of nonfarm rural residents in their own right.

Theories of Rural Poverty

Three theories have been offered over the years to explain persistent rural poverty: the human capital theory, which contends that people are poor because they do not have the skills to obtain good-paying jobs; the economic organization theory, which maintains that poverty results from a lack of job opportunities; and the culture-of-poverty theory, which argues that a person's lifestyle precludes economic success. The Task Force finds these theories to be incomplete or logically flawed and recommends that the following ten theories be taken up by researchers who wish to better understand the causes of poverty in rural America. (Taken from pp. 12–18 in *Persistent Poverty in Rural America*. See those pages for fuller statements of these theories.)

Social embeddedness theory. Work activities occur within the context of social relations; they are “embedded” in local social contexts. For instance, the way in which a husband and wife divide household responsibilities is determined in part by the relationship between men and women in general, particularly in the local community.

The feminist critique. The economic opportunities of women are a function of the wage labor market, which rewards women less than it does men; the high percentage of women who take informal jobs or who work for no pay, such as homemakers; and state policies concerning women, work, and welfare. It recognizes the role of women in sustaining the material conditions for social life.

Biography and history. The work life and economic position of an individual must be placed in historical context; they are “period effects” of the time in which he or she lived. Just as important as personal characteristics are the economic realities of a person's working-age years; those realities shape that person's employment career and help determine his or her financial well-being.

Community theory. An individual defines himself or herself as a person and as a laborer in terms of the social relations and work life that are intrinsic to his or her community. Maintaining this sense of “who you are” is important, too important to lose by deserting the community in search of better job opportunities elsewhere.

Institutional theory. Impoverished groups still live and work in the shadow of oppressive institutions, such as slavery and Jim Crow in the case of blacks, reservations in the case of Native Americans, and exploitative migrant labor markets in the case of Hispanics.

Rational underinvestment in human capital. Workers do not increase their education or acquire technical, marketable

skills, when they believe the job market will not reward them. Also, governing bodies and managers of rural industries have a disincentive to invest in local school systems, since, in the case of the former, graduates often leave for jobs in cities, and, in the case of the latter, the managers often prefer low-skilled, non-union workers.

Dependency theory. The dependency of communities on certain industries and on urban areas for trade hampers the economic well-being of those communities and their residents. This is particularly so in the case of remote localities whose economies depend upon resource extraction.

Moral exclusion theory. There are “ideological and moral foundations” of poverty. Poverty research should take into account mainstream society's indifference toward the rural poor and its antagonism toward minority populations (rural and urban) and all persons who deviate from middle-class norms of behavior.

Global economic restructuring theory. “Internationalizing forces” have been important in exacerbating rural poverty. Among these forces are the emergence of a global market in money and credit; the rapid rate at which industries have moved from one country to another over increasingly unregulated nation-state borders; and the profound economic restructuring that has occurred as the International Monetary Fund, the World Bank, and many national governments have allowed the marketplace to determine how resources should be allocated.

Nation-state theories. The institutional apparatus of a country's government is responsible for high poverty rates. In the United States, governing institutions have been unable to respond to the wide range of rural needs, in large part because policymakers have always mistakenly assumed that rural policy and agricultural policy are one and the same.

Several recent developments have had an impact on rural dwellers. The Reagan-Bush White House lessened the federal government's role in supporting local communities, leaving already poor areas worse off. The global economy opened U.S. markets even wider to foreign goods, forcing farmers in this country to compete directly with producers in other parts of the world, many of whom have cheaper labor, land, and raw materials. And the national debt has limited the monies that the government can allocate to welfare programs and investment projects in rural areas. The public has

begun to question whether the government already gives too much financial support to large commercial growers who are relatively wealthy.

As these developments occurred, basic rural policy goals shifted. Prior to 1980, rural policy depended heavily upon income transfers to redistribute wealth while simultaneously maintaining the high economic position of the politically powerful, especially farmers. Under Reagan and Bush, rural policy focused less on redistribution and more on increasing

the ability of individuals to contribute to the national economy. Goals included (1) spending less on direct support to the poor and unemployed, (2) increasing the productivity of rural workers, (3) protecting the environment, and (4) providing equitable but limited access to available government programs. The emphasis was on efficiency, on getting the greatest return from the public dollars that were invested. In the assessment of the Task Force, this forced rural communities to compete with one another, with some rural places receiving no support at all.

The major recent piece of legislation dealing with rural America is the 1990 Farm Bill. This bill created the Rural Development Administration (RDA), whose mission is to make rural locations more attractive for businesses through strategic planning, business development, and improving the local infrastructure. Funding for the RDA, however, has been minimal.

What can we do?

The Task Force authors point out that rural policy has failed in part because it created a population of farmers who could not compete in the agricultural market once modernization and increased productivity took their toll. Other factors are also to blame, such as the lack of social welfare programs designed specifically for the rural poor and the retrenchment in spending during the 1980s on welfare programs generally; the internationalization of the U.S. economy; and laissez-faire capitalism itself, which limits the extent to which the economy can be tinkered with to rescue victims of market competition.

But perhaps it all comes back to the fact that policymakers have failed to respond to the reality that rural society is made up of more than farms. As Emery N. Castle, Chair of the National Rural Studies Committee that helped create the Persistent Rural Poverty Task Force, declares, the “fundamental, defining characteristic of rural America [is] its enormous diversity.”³⁴ He points out that the problems faced by poor Native Americans who live in rural areas of the upper Midwest are different from the ones faced by the poor in rural Appalachia or in the Mississippi Delta. Indeed, location itself is important to consider in developing strategies to alleviate rural poverty. According to the Task Force, policies that foster economic development in specific places—rather than policies that target particular industries, such as the agricultural industry—are needed to alleviate rural poverty. The Task Force recommends a regional development strategy centered on small-scale manufacturing to help lessen rural poverty and points out that even the traditional approach that asks a rural resident to become adequately educated in a rural school but move to an urban area where the job opportunities are greater requires place-specific initiatives. Why, they ask, force workers to move from a region they feel attached to, when the spirit of democracy would call for us to evenly distribute economic opportunities among all places, rural and urban? ■

¹“On Not Reaching the Rural Poor: Urban Bias in Poverty Policy,” *Focus*, 4:2 (Summer 1980), p. 5. The article made this statement in reference to the conclusion of a chapter in *A Survey of Agricultural Economics Literature*, Vol. 3 (Minneapolis: University of Minnesota Press, 1981) titled “The Economics of Rural Poverty—A Review of Post-World War II United States and Canadian Literature,” by former IRP affiliates Keith Bryant, Lee Bawden, and William Saupe.

²Apparently, this inattention is not confined to published works alone; a search of key words (e.g., “rural poverty,” “rural poor,” “nonmetropolitan poverty”) in the titles of dissertations completed between July 1980 and June 1992 using the CD-Rom services at Memorial Library, University of Wisconsin—Madison, yielded only three dissertations whose titles suggested that they examined rural poverty in the United States.

³The centers are located on the campuses of Iowa State University, Mississippi State University, Oregon State University, and Pennsylvania State University. Their purpose is to help identify important research and educational issues and develop strategies for dealing with them to improve the social and economic well-being of rural residents.

⁴Rural Sociological Society Task Force on Persistent Rural Poverty, *Persistent Poverty in Rural America* (Boulder, Colo.: Westview Press, 1993), p. 3. The nine working groups are on natural resources; the spatial location of economic activities; human capital investment; work structures and labor market dynamics; racial and ethnic minorities; the rural elderly; rural women; the state and rural poverty; and children and families.

⁵*Persistent Poverty*, p. 20. Over three-fourths of the U.S. population lived in metropolitan areas in 1990 (U.S. Bureau of the Census, *Statistical Abstract of the United States: 1992* [Washington, D.C.: U.S. GPO, 1992], p. 29, Table 33).

⁶Personal communication with the U.S. Census Bureau, February 3, 1993. Income includes money from wages, salary, self-employment, dividends, interest, rent, royalties, pensions, and child support, plus cash benefits from public assistance and social insurance programs. The members of the Task Force are aware of and discuss the problems with the official poverty line; see *Persistent Poverty*, pp. 4–6. See also Patricia Ruggles, “Measuring Poverty,” *Focus*, 14:1 (Spring 1992), pp. 1–9.

⁷*Statistical Abstract*, p. 29, Table 33, and p. 643, Table 1075.

⁸*Persistent Poverty*, p. 6.

⁹*Persistent Poverty*, p. 32. The rural population figure of 56 million is from *Statistical Abstract*, p. 29, Table 33.

¹⁰Terry K. Adams and Greg J. Duncan, “Long-Term Poverty in Rural Areas,” in *Rural Poverty in America*, ed. Cynthia M. Duncan (New York: Auburn House, 1992), pp. 63–93; cited in *Persistent Poverty*, p. 40.

¹¹U.S. Bureau of the Census, “Poverty in the United States: 1990,” *Current Population Reports*, Series P-60, No. 175 (Washington, D.C.: U.S. GPO, 1991); cited in *Persistent Poverty*, p. 40.

¹²Glenn V. Fuguitt, David L. Brown, and Calvin L. Beale, *Rural and Small Town America* (New York: Russell Sage Foundation, 1989); cited in *Persistent Poverty*, p. 40.

¹³Kenneth Deavers and Robert Hoppe, “Overview of the Rural Poor in the 1980s,” in *Rural Poverty in America*, pp. 3–20; cited in *Persistent Poverty*, p. 68.

¹⁴*Persistent Poverty*, p. 292.

¹⁵The statistics cited in this and the following two sections come from chapter 1 of *Persistent Poverty*, written by Robert Hoppe; Hoppe used data from the income supplement of the Current Population Survey (CPS) and from the Bureau of Economic Analysis. For more on the CPS, see Robert M. Hauser, “What Happens to Youth after High School?” *Focus*, 13:3 (Fall and Winter 1991), pp. 1–13.

¹⁶Like the Census Bureau, whose data are used by the Task Force, this arti-

cle distinguishes among “metropolitan” areas and the two regions they comprise: “suburbs” and “central cities” (i.e., inner cities). Thus, “metropolitan” refers to suburbs and inner cities together.

¹⁷The corresponding proportion for urban areas is less than one-fourth. Robert Hoppe, “Rural Poverty Stabilizes,” *Rural Conditions and Trends*, 2 (1991), 16–17; cited in *Persistent Poverty*, p. 27.

¹⁸See pp. 22, 24, and 27 in *Persistent Poverty*. Both amounts are in 1989 dollars; income includes money from all sources, including welfare payments and property income.

¹⁹The South includes Alabama, Arkansas, Delaware, the District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia.

²⁰*Persistent Poverty*, p. 134. It is also the case that inner cities no longer offer chances for economic improvement, especially for minorities.

²¹*Persistent Poverty*, p. 181.

²²*Persistent Poverty*, p. 250.

²³David A. McGranahan and Linda M. Ghelfi, “The Educational Crisis and Rural Stagnation in the 1980s,” in *Education and Rural Economic Development: Strategies for the 1990s* (Agriculture and Rural Economy Division, Economic Research Service, USDA [ERS Staff Report No. AGES 9153], 1991), pp. 40–92; cited in *Persistent Poverty*, p. 45.

²⁴Paul Swaim and Ruy A. Teixeira, “Education and Training Policy: Skill Upgrading Options for the Rural Workforce,” in *Education and Rural Economic Development*; cited in *Persistent Poverty*, p. 45.

²⁵*Persistent Poverty*, Table 2.2, p. 46.

²⁶*Persistent Poverty*, Table 2.3, p. 47.

²⁷Alan R. Bird, *Status of the Nonmetropolitan Labor Force, 1987* (Washington, D.C.: U.S. GPO, 1990); cited in *Persistent Poverty*, p. 47.

²⁸Diane K. McLaughlin and Lauri Perman, “Returns vs. Endowments in the Earnings Attainment Process for Metropolitan and Nonmetropolitan Men and Women,” *Rural Sociology*, 56 (1991), 339–365; cited in *Persistent Poverty*, p. 48.

²⁹Isaac Shapiro, *Laboring for Less: Working but Poor in Rural America* (Washington, D.C.: Center on Budget and Policy Priorities, 1989); cited in *Persistent Poverty*, p. 48.

³⁰Lucy Gorham, “The Growing Problem of Low Earnings in Rural Areas,” in *Rural Poverty in America*; cited in *Persistent Poverty*, p. 49.

³¹*Persistent Poverty*, p. 42.

³²*Persistent Poverty*, p. 64. Italics in original.

³³*Persistent Poverty*, p. 140.

³⁴*Persistent Poverty*, pp. x–xi.

Figure 1 in “Income and Higher Education,” by Charles F. Manski, which appeared on page 17 in *Focus* 14:3 (Winter 1992–1993) contained an error; two columns were transposed in proof. The correct version of the figure appears below.

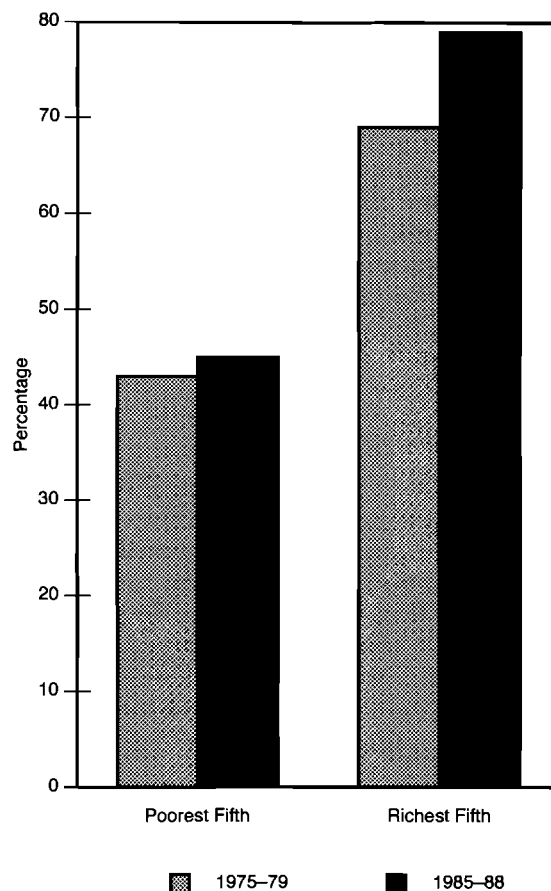


Figure 1. Percentage of Poorest Fifth and Richest Fifth of 18- and 19-Year-Old High School Graduates Who Attended College in 1975–79 and 1985–88.