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# Fifty years after *The People Left Behind*: The unfinished challenge of reducing rural poverty

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## TAKEAWAYS

**Analysis that provides links both across** rural and urban places and across national boundaries is needed.

**Since poverty is primarily an income** issue, promising rural antipoverty policies include public employment for low-skilled workers in need of employment.

**More research is needed on the types** of training programs that will help low-skilled workers to obtain employment.

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**The "Rural Poverty: Fifty Years After *The People Left Behind*"** conference brought over 100 researchers and policymakers together for two days to review lessons learned about the causes and consequences of rural poverty and to provide a baseline for developing a research agenda aimed at improving economic opportunity and the well-being of low-income people in rural communities. Conference participants included established and emerging scholars from universities, government agencies, and nonprofits as well as leaders in government, advocacy organizations, and foundations.

## The People Left Behind **report**

President Lyndon Johnson convened the National Advisory Commission on Rural Poverty to focus the nation's attention on the plight of the rural poor. He charged the Commission "to make a comprehensive study and appraisal of the current economic situations and trends, as they relate to the existence of income and community problems in rural areas," and to evaluate current programs and "develop recommendations for action by local, state, and federal governments and private enterprise as to the most efficient and promising means of providing opportunities for the rural population to share in America's abundance."[1]

In September 1967, the Commission released their findings in *The People Left Behind* report. In the report, the Commission reminded policymakers that rural people were at much higher risk of poverty than urban residents. At the time, the rural poverty rate was 25 percent, almost twice the urban rate. The Commission also noted wide geographic disparities in poverty rates, and pockets of rural poverty in the South, in Appalachia, and in the Southwest.

The report was developed in an era in which policymakers believed the nation had the resources and duty to eliminate poverty, and the Commission believed that "abolition of rural poverty... is completely feasible."[2] The report contained 12 chapters in which the Commission provided 12 sets of recommendations for policies it felt were needed to abolish rural poverty. The first task identified as necessary was "creating a favorable economic environment" (full employment, guaranteed employment, minimum wage, and ending racial and locational discrimination). The report then included five chapters on investments in people (manpower programs, education, health and medical care, family planning, and safety net programs); four chapters on investments in places (rural housing, area and regional development, community organizations, and natural resource and conservation projects; and two chapters on redesigning institutions (updating farm and natural resource policy to benefit poor residents, and changes in local, state and federal government administration).

Since *The People Left Behind* was written, the social and economic context of poverty and the reach of the social safety net have changed in fundamental ways. First, the level of income inequality has surged since 1970, deeply dividing the United States into a prosperous upper quintile (and an even more privileged top 1 percent) that has benefited from the growth in the economy, and the rest of the population that has not shared in this growth to any appreciable extent. Second, the safety net developed during and after the War on Poverty to help the least advantaged in this society has changed over the past 20 years in ways that have kept the poverty rate relatively stable, but that have also provided a smaller share of its benefits to those who are in deep poverty (incomes less than half the poverty line).

The March 2018 conference marking the fiftieth anniversary of *The People Left Behind* provided an opportunity to focus the attention of rural and urban stakeholders, policymakers, and academics on the high current levels of rural poverty; on what has been learned about policies, programs, and strategies that work to reduce rural poverty; and on knowledge gaps needing to be filled. The conference was structured around four themes of rural life:

- how race affects poverty, underemployment, and income mobility;
- child poverty and local strategies for addressing childhood disadvantage;
- how economic restructuring and entrepreneurial activity are related to poverty and mortality; and
- the social safety net and poverty dynamics.

This article summarizes the three invited presentations that reviewed major demographic, economic, and policy changes since the 1960s, and the 12 papers that address these four themes.

## The People Left Behind: **An unfinished legacy**

Bruce Weber and Tracey Farrigan (U.S. Department of Agriculture Economic Research Service geographer) opened the conference with an overview of *The People Left Behind* and the geography of economic distress used in the report to highlight how little the geography of poverty has changed in the United States over the past 50 years. They noted some unique features of *The People Left Behind*. It was the first significant federal effort to call attention to the problem of *nonfarm* rural poverty. And the report recommended not just new programs that made investments in rural people and places, but it rather boldly advocated changes in underlying social institutions (racial discrimination) and economic rights (guaranteed employment—"a job for every rural person willing and able to work"). The report also underscored links with urban poverty, asserting that "it is impossible to obliterate urban poverty without removing its rural causes." Compared to later research that defined poverty solely in terms of income inadequacy, this report focused on the broad dimensions of poverty (including lack of respect, agency,

### Defining "urban" and "rural"

Note that determining which areas are urban and which are rural is challenging. The Current Population Survey (CPS) and federal data sources that use counties as their base geography do not permit identification of "urban" and "rural" areas. Instead, counties are divided into only "metro" and "nonmetro," where each metro area must contain either a place with a minimum population of 50,000, or a Census Bureau-defined urbanized area and a total population of at least 100,000 (75,000 in New England). In this article, metro areas are called "urban" and nonmetro areas are called "rural." While this is not a perfect match, it is the best possible given available data.

### Measuring poverty

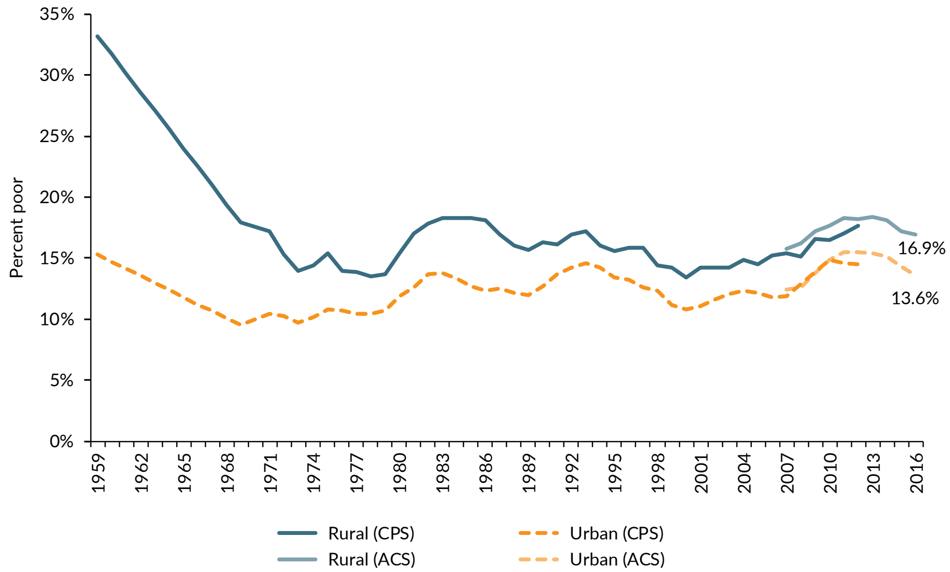
The U.S. Census Bureau uses two primary poverty measures—the official poverty measure (OPM) and the Supplemental Poverty Measure (SPM). For each the Census Bureau calculates the poverty rate by comparing a measure of resources to the established poverty threshold.

OPM poverty thresholds are calculated as three times the cost of a nutritionally adequate diet in 1964, adjusted for inflation and family size. Resources are calculated as pre-tax cash income.

SPM thresholds are based on expenditures on food, clothing, shelter, and utilities, with adjustments for family size and composition, and for geographic differences in housing costs. Resources are measured as post-tax post-transfer cash income, counting tax credits and near-cash in-kind benefits such as the Supplemental Nutrition Assistance Program (SNAP) and housing assistance. Non-discretionary expenditures such as medical out-of-pocket costs, childcare, work expenses, and child support paid to another house hold are subtracted.

To learn more about the official poverty measures and alternative measures, see: https://www.irp.wisc.edu/resources/how-is-poverty-measured/

**Figure 1. While rural poverty declined rapidly in the 1960s, it nonetheless has consistently exceeded urban poverty rates using the official poverty measure.**




**Source**: Source: USDA Economic Research Service using data from the U.S. Census Bureau's Current Population Survey (CPS) 1960–2013 and annual American Community Survey (ACS) estimates for 2007–2016.

**Notes**: "Urban" counties are those designated as "metro" in the CPS and ACS data; "rural" counties are those designated as "nonmetro" in the data. The metro/nonmetro status of some counties changed in 1984, 1994, 2004, and 2014. CPS poverty status is based on family income in the past 12 months, and ACS poverty status is based on family income in the prior calendar year.

and security). It characterized the economic status of rural Americans using a five-factor index based on measures of income, housing inadequacy, low educational attainment, and a "dependency ratio" of the number of children and elderly divided by the working age population. Noteworthy in the report were both the sense of optimism about prospects for reducing poverty and the sense of urgency for implementing their recommendations.

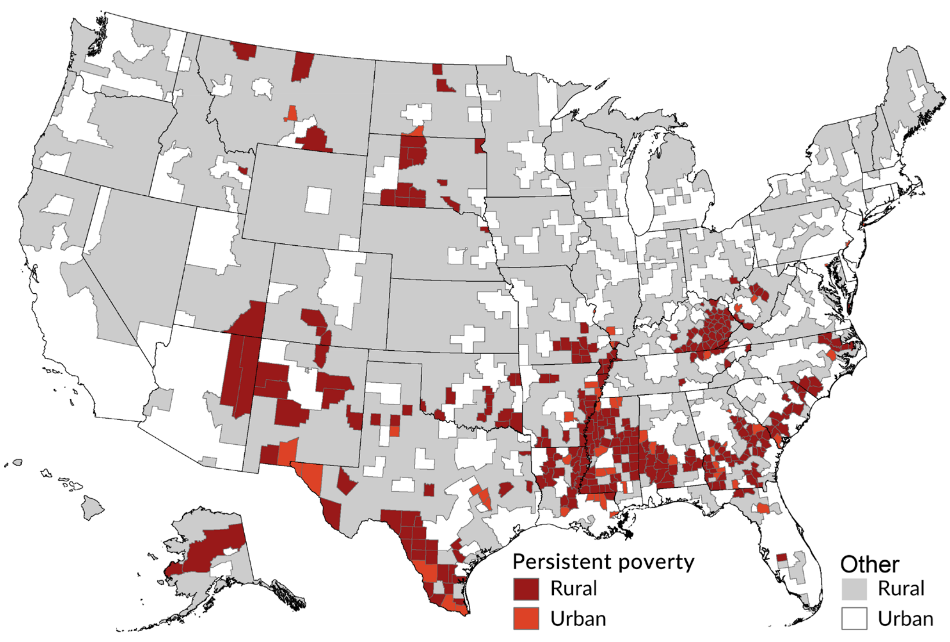
In assessing changes in the geography of poverty, Farrigan and her colleagues noted that while there are rural places that continue to be left behind, the overall economic status of rural populations has increased greatly since the 1960s, and that failing to account for changes in rural-to-urban designation masks improvement in rural conditions.[3]

## The changing demographic, economic, and policy context since *The People Left Behind*

This introduction was followed by two invited presentations that reviewed the economic, demographic, and policy changes over the past half century that have affected the nation's progress in reducing rural poverty. These retrospective papers focused on "lessons learned" about the causes and consequences of rural poverty and the effectiveness of poverty-reducing policies and programs.

Cornell University sociologist Daniel T. Lichter opened his presentation by noting that, though rural poverty declined rapidly in the 1960s and the gap between urban and rural poverty narrowed, rural poverty rates (using the official poverty measure developed in the 1960s) have exceeded urban poverty rates every year since 1959, and rural poverty has proven to be stubbornly resistant to change (see Figure 1).

**Figure 2. Persistent high-poverty counties are disproportionally rural and continue to be geographically concentrated in Appalachia and Native American lands, the Southern "Black Belt," the Mississippi Delta, and the Rio Grande Valley.**




**Source**: USDA Economic Research Service using data from the U.S. Census Bureau.

**Note**: Persistent high-poverty counties are those where 20 percent or more of residents were poor, as measured by each of the1980, 1990, and 2000 censuses, and the 2007–2011 American Community Survey.

Lichter focused his presentation on six distinctive dimensions of rural poverty:

1. The spatial concentration and persistence of poverty in particular regions of the country; the high-rural-poverty regions identified in *The People Left Behind* have persisted over the succeeding half-century. As shown in Figure 2, persistent high-poverty counties are disproportionately rural and continue to be geographically concentrated in Appalachia and Native American lands, the Southern "Black Belt," the Mississippi Delta, and the Rio Grande Valley.
2. The persistence of poverty for rural families, both in terms of length of poverty spells and mobility out of poverty across generations;
3. The rise of nonworking poverty in rural areas (prior to 2005, poor rural household heads were more likely to be working than their poor urban counterparts—this is no longer the case);
4. Rapid increases in rural nonmarital fertility, cohabitation, and single parenthood;
5. The increasing degree to which immigrants are becoming ghettoized in rural communities; and
6. Bigger declines in poverty after taxes and transfers are taken into account in rural areas than in urban areas (this is partly due to the older populations in rural areas, who receive Medicare and Social Security, which are the largest social safety net transfers).

Lichter concluded by noting that rural and urban people and places are deeply interconnected, and indeed that the boundaries between rural and urban areas are increasingly blurred.

University of Kentucky economist James P. Ziliak presented a paper on economic change and the social safety net in which he focused on how changes in employment, wages, and the social safety net have influenced the evolution of poverty, inequality, and the economic status of rural people in the five decades after *The People Left Behind*. (Ziliak's paper is summarized in the next article in this issue. )

## Race, place, and poverty

Racial and ethnic differentials in economic well-being are well established, with particularly pronounced disadvantage for African Americans relative to non-Hispanic whites. Less well-known is that the economic disadvantage for minorities is in most cases greater in rural areas than in urban areas. For example, poverty rates for blacks, American Indians, and Hispanics are much higher relative to non-Hispanic white poverty rates in rural areas than in urban areas. Each of the three conference papers on this theme focused on a different aspect of how race has affected economic well-being in the United States by examining racial and ethnic differences in poverty, underemployment, and economic mobility.

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Louisiana State University sociologist Heather O'Connell and her colleagues explored the extent to which the persistent higher poverty rates of blacks in the Southern United States can be explained as a legacy of historical slavery and whether the effect of this legacy can be moderated by local population growth. Her analysis of county-level black-white poverty inequality suggests that the legacy of slavery is evident only in those areas where the white population declined in the years immediately following the Civil War. In contrast, in those areas where the white population increased during this early period, there does not appear to be a strong relationship between the legacy of slavery and contemporary black poverty.

Louisiana State University sociologist Tim Slack and his colleagues traced underemployment (including individuals who would like to be employed whether or not they are currently looking for work, and those who are working part time when they would prefer full time) by race and ethnicity and urban or rural status from 1964 to 2017. They find that over this period, rural workers have experienced greater employment hardship compared to their urban peers. Underemployment has been consistently high for rural blacks compared to both whites and urban blacks. In contrast, for Hispanic workers, underemployment has grown larger for those in urban compared to rural settings.

Purdue University economist Huan Li and her colleagues combined Panel Study of Income Dynamics and census data to explore the mechanisms by which race, rurality, and other socioeconomic family and community characteristics affect both individual and intergenerational income mobility. They find that there are complex interactions between neighborhood characteristics, county economic conditions, and intergenerational mobility, and conclude that the role of race is sensitive to multiple factors in an individual's family and community.

## Child poverty

About one in five children in America lives in a family with income below the poverty threshold. For rural children, however, the rate is more than one in four. And for minority children, the rate is even higher. Each of the three papers addressing child poverty explores a different aspect of the association between a child's community environment and child poverty risk and resilience.

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Pennsylvania State University sociologists Brian Thiede and Leif Jensen analyzed patterns of child poverty across immigrant generations in new and traditional gateway immigrant destinations in both urban and rural areas, using micro-data from the 2011 to 2017 Current Population Survey (CPS) March Supplement. They find that differences in child poverty rates across immigrant generations are explained by intergenerational differences in racial and ethnic composition, and parental work, education, and marital status. These effects vary by urban and rural residence and by whether the state where immigrants settle is a new or established destination. The effects are particularly important in explaining the overall disadvantage experienced by the first-generation (foreign-born) and second-generation children, particularly those with two foreign-born parents. They conclude that children's poverty risk is affected in complex ways by the interaction between their immigrant generation and the state in which they reside.

University of New Hampshire sociologists Andrew Schaefer and Marybeth Mattingly examined counties that had high child poverty rates (20 percent or greater) in the 1980, 1990, and 2000 censuses and in the 2006 to 2010 and 2011 to 2015 ACS five-year averages. They find that persistently high child poverty was disproportionately concentrated in counties that were rural and had low labor force participation, low rates of educational attainment, high shares of single-mother families, and high shares of service industry employment. They also created a multivariate regression model predicting change from low to high child poverty over time and found that larger changes in characteristics known to be associated with high child poverty—changes in labor force participation, educational attainment, family structure, and industry composition—are all associated with shifts to high child poverty.

University of Maine researcher Catharine Biddle and coauthors examined how a school-based community collaborative group worked to deal with childhood adversity in a high-poverty, racially diverse rural community in Maine. Their analysis highlights the challenges to developing shared perspectives regarding problems, their causes, and solutions, in collaborative structures in which there are power differentials (in this case, between social service and mental health professionals, tribal members, and educators). They found shared perspectives around the key roles of teachers in helping students develop resilience, but also found discordance about who functioned as "insiders" within the community, and whether educators could overcome any blind spots around race and class. They concluded that collaborations involving schools should pay careful attention to framing the efforts in ways that provide for equitable participation, particularly of those populations who have been historically marginalized. These efforts should also consider alternatives, such as restorative justice perspectives, to complement asset-based approaches to framing collaborative solutions to problems.

## Economic changes and poverty

Economic dislocation and changes in the structure of the economy during the past half century have disrupted family economic security and community stability in many urban and rural places. The three conference papers addressing the economic changes highlight how variation in the structure of the local economy relates to poverty, and how poverty relates to alcohol, drug, and suicide mortality.

Colorado State University economists Stephan Weiler and Nicholas Kacher analyze whether entrepreneurial activity—the opening and closing of businesses—significantly predicts reductions in poverty rates in rural and urban counties in the United States. They find that business openings are positively related to poverty reduction, particularly in rural counties. Turnover (the product of business openings and closings) in particular sectors does predict changes in local poverty rates. They find some evidence that business openings and closings in higher-paying industries tend to reduce local poverty, while turnover in lower-paying industries is correlated with higher local poverty in subsequent years. They also find that there are more sectors for which turnover predicts poverty reduction in rural areas and only two rural sectors (information technology, and accommodation and food services) for which turnover predicts higher poverty rates.

Baylor University sociologist Charles Tolbert and colleagues explore the changes in rural financial sector services, focusing on the steep decline between 1974 and 2014 in independent community banks, and the growing emergence of "banking deserts" in rural America. The proportion of local banks in rural areas that were independent community banks declined over this period from over 70 percent to less than 20 percent. In urban areas, this proportion declined from about half of all banks in the area, to about 10 percent. They cite evidence from a forthcoming study that in places with more community banks, local

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businesses are more likely to get conventional startup or expansion loans, and evidence from previous studies that business startups that were successful over a 10-year period were 50 percent more likely to have been established with a conventional business loan. They hypothesize that, if financial restructuring makes it difficult for new firms to get a conventional loan and become successful, then potential pathways out of poverty will be blocked. Their preliminary analysis finds some evidence of a relationship between the presence of independent local banks and increases in rural business formation, higher wage and income levels in smaller cities, and lower poverty rates.

Syracuse University sociologist Shannon Monnat takes the analysis of economic restructuring another step and explores the links between economic dislocation, poverty, and alcohol, drug, and suicide mortality ("deaths of despair") of non-Hispanic whites aged 25 to 64 between 2000 and 2016. She finds that, though the drug epidemic is not disproportionately rural (drug mortality rates are higher in urban counties), alcohol and suicide mortality rates are higher in rural areas. Poverty, however, is more strongly associated with drug mortality rates than with alcohol and suicide mortality rates. And poverty, especially persistent poverty, is more strongly associated with drug mortality in rural than in urban counties, and it is only in rural counties where lack of a job and college degree are significant predictors of drug mortality.

## The social safety net and poverty dynamics

Reductions in poverty occur when more people exit poverty than enter, and so it is important to understand what affects entry into and exit from poverty and how the safety net relates to poverty entry and exit. The three conference papers on poverty dynamics explore how changes in sources of income and family structure affect poverty entry and exit and the duration of poverty spells, and how changes in wages and the various parts of the social welfare system affect the poverty of different types of families with children. (Expanded summaries of these three papers on poverty dynamics will appear in a future issue of *Focus*.)

Reductions in poverty occur when more people exit poverty than enter, and so it is important to understand what affects entry into and exit from poverty and how the safety net relates to poverty entry and exit.

University of Minnesota economists José Pacas and Elizabeth Davis examined year-to-year poverty entry and exit for rural households using the Supplemental Poverty Measure based on 1996 to 2017 CPS-ASEC data. In any given year, rates of poverty entry and exit are similar between urban and rural areas. They find that changes in resources rather than changes in family composition are associated with most poverty transitions. Overall, they find that changes in wages and salaries are more important in poverty transitions for urban families than rural ones. Changes in Social Security, farm income, and medical expenses are more important in explaining poverty transitions for rural compared to urban families.

Luxembourg Institute of Socio-Economic Research economist Iryna Kyzyma explored how the duration of individual poverty spells varies across urban and rural populations, using monthly data from the Survey of Income and Program Participation 2008 panel for the May 2008 to November 2013 period. She finds that urban individuals have shorter poverty spells than rural individuals and that they are less likely than rural individuals to re-enter poverty the longer they stay out of it. On average, an uninterrupted poverty spell lasts half a month longer in rural areas, and a non-poverty spell is one month shorter in rural areas. In considering whether the personal and family factors that explain these differences have different effects in the two places, she finds that with all else held equal, individuals near or of retirement age, single parents, and couple-based families are more likely to experience long episodes of poverty in rural areas, while those of Hispanic ethnicity exit poverty more slowly in urban areas. Finally, she concludes that the difference between urban and rural areas in the persistence of poverty is attributable primarily to the differences in the returns to demographic characteristics of individuals (for example, place-specific skill-adjusted wages), rather than the difference in the distribution of these characteristics themselves (for example, age and education).

Oregon State University researcher David Rothwell and his sociologist colleague Brian Thiede examined the role of the social welfare system (comprised of social insurance programs, means-tested cash and noncash transfers, tax credits, and some employer-sponsored benefits like health insurance) in changing poverty rates of families with children in urban and rural areas. They find that, during the Great Recession, rural families with children experienced greater declines in earnings and disposable household income and, due to greater declines in earnings, were more likely to be below the official poverty line compared to urban families, and they also took a longer time to recover. Using an alternative poverty measure that accounted for noncash transfers and tax credit transfers, they find that the social welfare system reduced poverty by a larger proportion for rural families than for urban ones.

## Toward a new rural poverty research agenda

At the end of the conference, two senior scholars responded to the research presented at the conference and suggested areas of convergence for further development. Pennsylvania State University sociologist Ann Tickamyer stressed the need for analysis that provided links both across rural and urban places, and across national boundaries, and that incorporated “political-economy perspectives.” She also called for continued attention to the diversity of rural people and places and for more research that incorporates both quantitative and qualitative methods in order to better address issues that cannot be completely understood with only one approach.

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Ohio State University economist Mark Partridge began with an assessment of the effectiveness of place-based and people-based antipoverty policies. He indicated that while in the past he had supported place-based policies to increase employment such as a geographically targeted Earned Income Tax Credit (EITC) and wage subsidies and small business development, he now believed that the benefits of such policies tend to accrue to the financial elite. He also argued that traditional people-based policies such as migration subsidies were likely to suffer from low take-up, while education and training programs are slow to work and expensive to run. Nor did he believe that there was much hope of poverty-reducing policies affecting trade, low minimum wages, declining unionization, or technological change. Instead, he called for public employment for low-skilled workers in need of employment, combined with more research on basic income strategies, since poverty is primarily an income issue. He praised the increasing attention to the importance of geography in poverty research and the recognition that local government and industry structure matter. He identified a number of other areas for future research, including determining (1) why poverty changes in geographic clusters; and (2) the types of training programs that will help low-skilled workers to obtain employment.

Much progress has been made over the last half century in reducing rural poverty, but there are still rural people and places left behind. And though we also now have a better understanding of the causes and correlates of poverty, we need to know more about what works and what doesn't to reduce poverty in these places. The "Rural Poverty: Fifty Years After *The People Left Behind*" conference sought to stimulate new rigorous applied research that can improve economic opportunity and reduce poverty in rural communities. Conference findings can serve as a baseline on which RUPRI and the IRP-led U.S. Collaborative of Poverty Centers (see text box) can build an agenda for future rural poverty research that can move us toward the aspirations of the President's National Advisory Commission on Rural Poverty in *The People Left Behind*.■

[1]L. B. Johnson, "Executive Order 11306—Establishing the President's Committee on Rural Poverty and the National Advisory Commission on Rural Poverty," September 27, 1966, available online by G. Peters and J. T. Woolley, The American Presidency Project. http://www.presidency.ucsb.edu/ws/?pid=60544.

[2]E. Breathitt, *The People Left Behind: A Report by the President's National Advisory Commission on Rural Poverty*, Washington, D.C., 1967, p. xi.

[3]Note that the Current Population Survey (CPS) data used by researchers do not permit identification of "urban" and "rural" areas, only "metro" and "nonmetro." In this article, metro areas are called "urban" and nonmetro areas are called "rural."

## U.S. Collaborative of Poverty Centers

As the National Poverty Research Center, IRP coordinates a formal network of university-based poverty centers known as the U.S. Collaborative of Poverty Centers (CPC).

The CPC was created because no single institution has the capacity to address the full range of issues related to U.S. poverty and inequality. With IRP as the hub, the collaborative leverages the partner centers' joint resources to facilitate a sustainable, nationwide infrastructure of poverty researchers studying a diverse range of policy-relevant issues.

The CPC's goals are to improve links between the policy and research communities to inform public policies that reduce poverty and inequality and their effects in the United States; to facilitate and support poverty-related research; and to widely disseminate research findings.