REVIEW OF FEDERAL PROGRAMS
TO ALLEVIATE RURAL DEPRIVATION

PREPARED FOR THE EDNA McCONNELL CLARK FOUNDATION

PETER A. MORRISON   SARA MILLS MAZIE
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This report is an outcome of a five-month study done for the Clark Foundation to help guide the establishment of a projected National Rural Center. The intent was to review existing research on the special problems of the rural poor and to suggest possible options for action.

In view of the short time span allowed for the study, we chose to focus on three major areas in which rural deprivation is common: income, health, and legal services. Many important collateral problems of course remain to be examined, among them education, family planning, racial discrimination, and the problems of the aged.

The six authors of the study have surveyed public programs (mostly federal) in the three areas of interest, together with evaluations of those programs by various commentators. The study is not entirely a descriptive compilation, however. In a number of places we venture judgments and offer policy suggestions. While these do not constitute a prescription for a unified approach, and are marked by some unevenness in presentation owing to time pressures, they should help clarify the policy options and their implications for legislators and other policymakers.
SUMMARY

Despite its prevalence, rural poverty in the United States remains largely invisible. The majority of Americans now live in urban areas where they receive constant reminders of the presence of urban poverty, either by seeing it or by hearing from vocal representatives of organized disadvantaged groups; they may scarcely be aware of acute rural poverty, dispersed in distant areas they seldom visit.

This report reviews existing research on the special problems of the rural poor and examines the experience of current federal programs for dealing with rural deprivation in material well-being, health, and legal services. The study of how those programs function as their premises and practices encounter the realities of rural situations can both strengthen the design of policy and focus an intenser light on rural problems that will help clarify policy objectives.

Rural citizens are likely to experience material deprivation because their access to income in the contemporary economy is limited by a lack of required skills and by physical remoteness from centers of economic activity. Efforts to alleviate material deprivation generally have tried to offset either of these two limitations. Our survey indicates that with respect to jobs and income, there is uncoordinated and unbalanced emphasis among programs that variously stress human resource development, area development, job placement services, and assistance to migration.

With regard to human resource development, several experimental programs with at least partially demonstrated effectiveness appear worthy of adaptation and enlargement:

- *Operation Hitchhike*, which attaches manpower programs to existing rural institutions in order to reach scattered rural populations more effectively;

- *Area Concept Expansion* (also known as the Ottumwa Plan), which links rural manpower service units to the expertise of central manpower service offices;

- *Concerted Service in Training and Education*, which attempts to concentrate the resources of separate agencies on the problems of
people in selected communities, and to identify employment opportunities and occupational education programs for the poor and unemployed;

- Operation Mainstream, which develops employment in public works projects for unemployed older workers;

- Neighborhood Youth Corps, which provides grants for work experience and training of youth from low-income families.

There is considerable uncertainty about the efficacy of federal area development programs, at least as implemented in this country so far. Such programs are expensive and their effects on the rural poor appear to be diffuse. The job opportunities provided by area development often are not filled by the intended target population. Moreover, it is difficult to compare program costs and benefits with those of other alternatives for enlarging people's access to income.

Regarding job placement and assistance to migration, demonstration programs suggest that a sizeable group of unemployed workers are willing to relocate to obtain employment, and that relocation assistance is a way of providing employment for them inexpensively. Equally important, the demonstration programs show that job training and thorough counseling and support services are essential for effective outcomes.

Experience with programs to provide legal services has revealed a vast unmet demand for individual case handling, but many authorities suggest that there is an equal need for legal aid to achieve strategic objectives in economic and civil rights. There is general agreement that, in view of its success, the Office of Economic Opportunity's Legal Services Program ought to be continued as a separate, nonprofit, government-supported corporation. (In July 1974, President Nixon signed into law a bill which effected this transfer; the law places a series of restrictions on the types of cases and activities legal attorneys may undertake.)

From the standpoint of personal deprivation, health needs and problems rank as high as those of income for many residents in rural areas. Unmet health needs severely intensify problems of poverty there and prevent much of the adult poverty population from reaching its full potential for development into productive citizens. Various programs have been designed to respond to
these needs by influencing the geographic distribution of doctors, encouraging the clustering of facilities in health centers, and expanding the use of paramedical personnel.

This review underscores the two-fold nature of the rural poverty problem. On the one hand, much can be done to improve both the efficiency and effectiveness of current programs. Detailed experience with programs that have succeeded in greater or lesser degree is available in all three areas considered here. With technical analysis this experience can serve as a basis for strengthening present programs. On the other hand, fully meaningful improvements cannot come from information and reform only on the supply side, which the federal programs represent. Better ways must be found for the demand side to make itself heard. The nature and variations of rural deprivation are only poorly understood, and technical planning has only a dim sense of the priorities and conflicts felt by the rural poor themselves. Indeed, it is often contended that the disappointments of existing programs stem from the mismatch of the "diagnosis from outside" of federal programs and the "diagnosis from within" of the target populations.
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I. INTRODUCTION

In 1969 poverty was twice as common among nonmetropolitan households as among metropolitan ones. No clear boundary line divides the two, however. The incidence of poverty steadily increases with distance from urban centers until, in the most distant and sparsely settled counties, the poverty rate is 2-1/2 times that of metropolitan areas.*

Despite its prevalence, rural poverty remains largely invisible. The majority of Americans now live in urban areas where they receive constant reminders of the presence of urban poverty, either by seeing it or by hearing from vocal representatives of organized disadvantaged groups. Beyond reading occasional accounts of the agonies of Appalachia, urbanites may scarcely be aware of acute rural poverty, dispersed in distant areas they seldom visit.

In a nation primarily metropolitan and industrial, those areas almost by definition lie outside the economic mainstream. Their residents, denied the conventional avenues of social and occupational mobility, lack opportunities to overcome the disabilities of economic poverty. Material deprivation is a major problem, and is partly responsible for deprivation in the other two areas treated in this study, health and legal services. The problem is complicated by the fact that sheer remoteness, over and above poverty, accounts for some of the deprivation. That is, even rural citizens with adequate income often lack easy access to health care and legal assistance. The difficulty may sometimes be distance more than it is poverty. As pointed out in Section VIII, for example, the community

*Source: Rural Development Goals, First Annual Report of the Secretary of Agriculture to the Congress, issued by the Office of the Secretary, U.S. Department of Agriculture, January 18, 1974, Table 12 (hereinafter cited as Rural Development Goals). The definition of poverty here varies by household size, sex of head, number of children under 18 years, and farm and nonfarm residence, and is revised annually to allow for changes in the cost of living. At the core of the definition is a level of household income sufficient to support a nutritionally adequate food plan. In 1969, the threshold for a nonfarm family of 4 was $3,743, ranging from $1,487 for an aged, farm female living alone to $6,116 for a nonfarm family of 7 or more persons with a male head.
of Adell, Wisconsin, is well able to support a doctor but has been unable to attract one, despite advertising as far away as the Philippines.

Still other kinds of deprivation, less obvious to an outsider, afflict rural citizens. Conventional indicators cannot measure the poignancy of the dissolution of a traditional way of life, the sense of cultural loss, the disorienting effects of new attitudes toward land and resources, and other social changes. Considerations of this type complicate the evaluation of rural poverty, and may render its validity open to question. Diagnostics from the outside (performed from an urban perspective, by and large) can draw strictly logical conclusions by looking at statistical indicators chosen from a prefabricated definition or model of poverty; but they may falsify or completely fail to capture some crucial socioeconomic phenomena. They may record an encouraging rise in employment, for example, but fail to note that the rise is primarily in female employment and that persistent male unemployment is creating stress on family roles and stability.

This report perforce deals with diagnostics from without, and the actions taken to deal with problems as they are perceived. Like others, these diagnostics can be only partial and must be supplemented. At some point, the people affected must speak for themselves to provide diagnostics from within.

It can be surmised that a good deal of confusion and misdirected effort can arise from problems of definition and classification. Defining "the rural poor" is as difficult as defining what we mean by their poverty. The subject populations of most studies and data sources correspond with various federal classifications of areas (e.g., "rural," "nonmetropolitan," "noncommuting") and with standard definitions of poverty based on household income. Because each definition states characteristics for membership in a class, each is a definition by exclusion.* The rural poor fit awkwardly into such structures. However convenient for tabular neatness, it is not enough to label the rural poor of interest here as the product of membership in two classes—being "poor" in places classed as "rural."

If we seek a better understanding of rural poverty and more effective policies to deal with it, we must go beyond mechanical classifications and

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*See Appendix B for a discussion of alternative area classifications.
devise indicative definitions that identify and illustrate classes of problems instead of people's membership in socioeconomic groups. Access to health care, for instance, is not a one-dimensional problem to be solved with reference to one or two household income levels. It is a widespread problem of varying intensity in sparsely settled areas, and even varies in kind among cultural, age, and economic groups. In other words, people's membership in a group or groups that undergo deprivation is a matter of degree, and it is not at all a straightforward task to count them. For that reason, this report contains few "facts" that are more dramatic than useful, such as, "Twenty million rural Americans suffer from inadequate access to health services."

The following sections review current federal programs for dealing with rural deprivation in material well-being, health, and legal services. The study of how those programs function as their premises and practices encounter the realities of rural situations can both strengthen the design of policy and focus an intenser light on rural problems that will help clarify policy objectives.
Part I

MATERIAL DEPRIVATION: FACTORS THAT LIMIT ACCESS TO INCOME
II. MATERIAL DEPRIVATION: AN OVERVIEW

Rural citizens are likely to experience material deprivation because their access to income in the contemporary economy is limited by a lack of required skills and by physical remoteness from centers of economic activity. Efforts to alleviate material deprivation generally try to offset either of these two limitations.

The \textit{human resources} approach sees material deprivation primarily as a consequence of personal handicaps: low educational attainment, lack of needed skills, poor health, or other characteristics that inhibit a person's ability to command steady, well-paying employment. This perspective emphasizes individual limitations, and the economic system is, for the most part, taken as given. Proposed remedies, therefore, emphasize measures for removing those handicaps by educating and training people, encouraging them to make more effective occupational choices, and improving their health. (All of these measures may result in structural change, of course, if they stimulate growth by making the labor pool, and thus the area, more attractive to new industry.)

The \textit{structural} approach sees poverty as inherent in the U.S. economic system: differences in the structures of local economies, and particularly changes in the structure of any given economy, are held to be the primary factors that limit or enlarge people's access to income. For example, shifts in the industrial mix or in the demand for natural resources in a given labor market may alter the mix of skills demanded, or the available number of jobs, or both. As such changes occur, people may find that their personal characteristics, such as educational attainment and work experience, are no longer demanded locally—or not at previous wage levels.

Actions premised on the structural perspective seek to alleviate material deprivation in several ways. The traditional means is local economic development, which is intended to improve the opportunity for economically active persons to earn adequate incomes where they now live. The premise is that it is more efficient and more economical—or at least feasible—to assist people by upgrading a region than by helping the people directly. A second means, also aimed at the economically active
population, is to broaden the possibilities for choice among persons who are inclined to consider relocating to more prosperous areas. This may take the form of counseling people on the nature of their skills and where they might be useful, both structurally and geographically. In its more developed form, it involves assisting out-migration from those areas where limitations on people's access to income cannot readily be removed.*

As is true of any perspective on complex human events, the human resource and structural views of material deprivation are necessarily selective in their approach to the problem and the strategies for solving it. In addition, these two views contain some urban bias, for each assumes that "standard" jobs offer the main solution to material deprivation. The human resources view suggests that if something prevents a person from filling a "standard" job, the solution is to equip him so he can fill it. The structural view suggests that if rural workers find themselves living in places of dwindling opportunity, the solution is to improve their terms of trade, whether by attracting new employers or assisting out-migration.

If it is possible, on a national policy level, to take a more inclusive look at deprivation, we may come to appreciate that certain cultural groups with a distinctive ethos and way of life may not view their problems in terms of deficient incomes or unemployment as the "mainstream" society tends to do. The deprivation they perceive may have more to do with the dissolution of a traditional economic base and, with it, a way of life--elements an external diagnostic may not even pause to consider. Perceived deprivation may have to do with a group's norms and expectations, unrelated to an abstract federal poverty standard. The expectation of attaining a particular income level may be a prominent feature of one group's norms, but not another's; and the circumstances of one group's life may require it, but not another's. People may be quite satisfied to live within a subsistence economy if they can receive small supplemental income for certain necessities. Only a diagnostic from within can reveal such realities.

*For example, where resources have been depleted or where a major plant closing has left an area with many unemployed workers who are qualified for unfilled jobs in other labor markets.
III. HUMAN RESOURCE DEVELOPMENT

INTRODUCTION

Beginning in the early 1960s, economists began to elaborate a theoretical view of human resources as a kind of capital in which investment is possible.* Recent discussions of the importance of investing in people have been more guarded, especially with regard to causal factors in the relationship between education and income. Peter Doeringer, for example, points out that:

There is clearly a connection between education and income, as has been ably demonstrated by the work of scholars such as Denison, Schultz, and Becker, but the causal mechanisms underlying this association are complex and only poorly understood at present. For example . . . a high-wage industrial structure may encourage greater education and training rather than the reverse. Or, as can be seen in the case of the black work force, reducing the educational differential with respect to the white work force does not necessarily lead to a corresponding decline in income differentials.**

Still, there is strong agreement among development specialists that an effective rural development strategy requires considerable effort on behalf of human resource needs. "Investments in physical capital are likely to be abortive unless they are accompanied by substantial investments in . . . the education, training and mobility of the workers who must combine with physical resources to produce regional growth."***

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*Theodore Schultz, in a highly influential article, argued that "investment in human capital accounts for most of the impressive rise in the real earnings per worker" in Western countries. Edward Denison demonstrated that increased education is "one of the largest sources of past and prospective economic growth," and pointed out that it is also "among the elements most subject to conscious social decision." Theodore W. Schultz, "Investment in Human Capital," American Economic Review, Vol. 51, No. 1, March 1961, p. 1; Edward Denison, The Sources of Economic Growth in the United States and the Alternatives Before Us, Committee for Economic Development, New York, 1962, p. 74. See also the series of articles on "Investment in Human Beings" in the special supplement to the Journal of Political Economy, Vol. 70, No. 2, October 1962.


Most development specialists hold that to be effective, rural development strategy must include means of meeting human resource needs. There are, however, factors that tend to limit efforts at human resource development in rural labor markets.\(^*\)

One is that dominant agribusiness groups have few requirements for skilled labor and hence little interest in manpower education and training. The same is true of the frequently marginal operations that constitute rural nonfarm industry.

A second factor is that many manpower programs reflect the needs of urban workers and are inapplicable in a rural setting. Small farm operators, for example, who gain most of their income from off-farm work, could benefit from training that would upgrade both their farming capabilities and their nonfarm skills, but there are few such programs.

A third factor working against rural human resource development is the discouraging rate of enrollment in rural manpower programs. According to one source, 8 percent of rural persons defined as needing manpower programs were enrolled in them in 1969, compared with 13 percent in urban areas.\(^**\) Yet there have been experimental programs with at least partially demonstrated effectiveness that appear worthy of adaptation and enlargement: \(^***\)

- Operation Hitchhike attaches manpower programs to existing rural institutions in order to reach scattered rural populations more effectively;
- Area Concept Expansion (ACE), also known as the Ottumwa Plan, links rural manpower service units to the expertise of central manpower service offices;
- Concerted Service in Training and Education (CSTE) attempts to concentrate the resources of separate agencies on the

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\(^*\) These points are drawn from and discussed more fully in Ray Marshall, *Rural Workers and Rural Labor Markets*, University of Texas Center for the Study of Human Resources, Austin, 1973, pp. 141-142.


\(^***\) Marshall, op. cit., p. 142.
problems of people in selected communities, and to identify employment opportunities and occupational education programs for the poor and unemployed;

- *Operation Mainstream* develops employment in public works projects for unemployed older workers;
- *Neighborhood Youth Corps* provides grants for work experience and training of youth from low-income families.

**FEDERAL PROGRAMS AND LEGISLATION FOR DEVELOPING HUMAN RESOURCES**

A near-consensus of which federal programs and legislation in human resource development have and have not worked—and why—emerged from a series of interviews Rand conducted with knowledgeable people in Washington. Their views are summarized in the following sections of this report.

**Manpower Training**

Of all the categorical manpower programs legislated in the 1960s, the Neighborhood Youth Corps and *Operation Mainstream*, both of which were established by the Economic Opportunity Act of 1964 and are administered by the Department of Labor, were the most popular programs in rural areas. The reason for their popularity is that they emphasize work experience instead of skill training or formal on-the-job training approaches to manpower training.

For the most part, formal training programs are said to be too expensive to run in rural areas because of the problem of scale. The population is so spread out that it is difficult to assemble classes large enough to be economically feasible. Necessary facilities are underutilized. In contrast, work experience programs like Neighborhood Youth Corps and Operation Mainstream can be run on any scale, do not require large facilities, and are easily geared to the somewhat lower-skilled jobs generally found in rural areas.

In any case, manpower programs in rural areas have an uncertain future as a result of the enactment in December 1973 of the Comprehensive Education and Training Act (CETA). This act eliminates almost all federal categorical manpower programs and substitutes block grants to states and
local general government to be used according to local plans.* Since the law is so new, it will be some time before the effectiveness of the revenue-sharing approach to manpower development can be assessed.

**Education**

Education affords a good example of the problems rural areas have in applying federal programs to local needs. Persons interviewed noted that rural school districts are often daunted by legislation that is too general to apply to local priorities or too specific to qualify them for aid. Moreover, Congress frequently changes program funding, the time cycles of which in any case are not coordinated with the school year. Poor districts do not have the resources to carry into June those programs and personnel whose federal funding runs out in December. In addition, the many federal authorities and jurisdictions in this area are almost impossible to coordinate.

Rural areas tend to receive less than their proportionate share in most educational programs. For example, in 1971 the Educational Advisory Committee to the Appalachian Regional Commission submitted a report on educational conditions in that region concluding that Appalachia received less than its proportionate share in almost every educational program, but most notably in special-purpose programs. Moreover, the Committee found this to be generally true for all small, rural school districts in the nation. Small school districts—those having less than 5,000 students—receive about $27 per student in federal funds, or roughly one-half the national average. A survey of those school districts indicated that the cause was twofold: the administration was ignorant of the program's existence or no one was specifically assigned to apply for aid. Districts

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*CETA allows 80 percent of each state's annual federal manpower funds to go to general local governments with populations of 100,000 or more; the remaining 20 percent goes to the governor for use in programs in rural areas, among other purposes. The revenue may be used for a wide range of programs designed "to provide job training and employment opportunities for economically disadvantaged, unemployed, and under-employed persons, and to assume that training and other services lead to maximum employment opportunities and enhance self-sufficiency." PL 93-203, Sec. 2.*
that employed a full-time federal aid specialist obtained 50 percent more aid than those that did not.

Rural areas also suffer from the urban bias of education-related legislation. For example, Section B2 of the Education Professional Development Act provides funds for attracting local professionals from other jobs into the teaching profession in areas of critical teacher shortages. The Appalachian states found that they had to return some of their appropriations to the U.S. Treasury simply because the program did not meet their needs. The professionals the program was designed to attract had long since left a depressed, rural Appalachia. Another title in the same bill is basically designed to promote educational programs in police training, an objective that is not applicable to rural community needs.

**SUMMARY**

Human resource development (HRD) is a *strategy* for alleviating poverty through education, training, and other types of manpower development that contribute to a fuller realization of individual economic potential. Its supporters construe the underlying concept of HRD even more broadly to include any "investment" in human capital that yields returns, typically in the form of increased lifetime earnings or improved prospects for occupational mobility.

Human resource development is premised on the following *rationale*:

1. The high incidence of poverty in rural areas reflects, among other things, the concentration there of underdeveloped human resources.
2. Such remedies for alleviating poverty as area economic development or comprehensive relocation assistance are effective only insofar as members of the target population itself fill the higher-paying jobs created.
3. HRD can enhance other efforts to reduce poverty by enabling persons with human resource deficiencies to compete more effectively for available economic opportunities.
The target population for human research development consists of disadvantaged rural workers who lack the necessary education, training, and skills to compete effectively in the labor market.

The prime objective of human resource development is to advance equality of opportunity by strengthening the individual's position in the labor market, thereby affording him better access to higher earnings and improving his prospects for occupational mobility.
IV. REMOVING STRUCTURAL OBSTACLES

National economic growth inevitably causes mismatches of labor supply and demand. As job opportunities multiply in one region and disappear in another, and new industries thrive while old ones wither, a person's access to income may become limited or enlarged depending on where he lives. In rural areas, limitation has generally been the rule, and there have been two principal approaches to alleviating it: bringing jobs to people, or helping people move to jobs. Each has clear advantages and drawbacks.

Bringing jobs to people accords with four widely held values about the importance of:

1. Preserving rural life in general as well as distinctive cultural and ethnic groups associated with certain regions;
2. Offering the rural poor some alternative to urbanward migration, thought to be forced by economic distress;
3. Strengthening the viability of rural areas as alternatives to the deteriorating physical and social environments in many cities.
   "Viability" here is taken to mean the presence of adequate public services as well as employment opportunities.*

Helping people move to jobs accords with a different set of values. These emphasize the importance of affording workers full access to the opportunities for material betterment that are inherent in a freely mobile labor market.

There have been limited efforts to provide comprehensive relocation assistance, but most federal efforts have sought to bring jobs to people through area development programs. The following section reviews the evolution and outcome of those efforts.

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V. FEDERAL AREA DEVELOPMENT

The U.S. economy's growth over the last century owes much more to technological change and innovation than to increased availability of factors of production.* For complex reasons that need not concern us here, most technological innovations have originated in cities. The resulting physical production activities have diffused slowly and unevenly to other parts of the country.

The effects of technological change, particularly on productivity, are unevenly distributed—hence the widely varying rates of growth and levels of income prevailing in different regions of the country.** Typically, only after an innovative industry has matured does it move, or "filter down," to smaller, less industrially sophisticated areas where cheaper labor can meet the declining demands for skills of the filtering industry.*** This process creates the phenomenon of small towns with "low-wage, slow-growth, filtered-down" industry. Most of manufacturing industry is now in this mature category.

The tendency for industries to "trickle down" has important implications insofar as rural economic development is seen as a strategy for alleviating rural poverty. The attractiveness of areas remote from cities tends to be limited to branch plants of slow-growing or declining industries; urban centers continue to offer premium incomes associated with innovation and fast growth. Whether this will continue to be so in the future, however, is a matter of speculation. Communication and transportation

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*Capital accumulation (both physical and human) accounts for only a modest part of the huge increase in real per capita output. The sizeable remaining residue must be attributed to technological change, both physical and organizational. See Moses Abramowitz, "Resources and Output Trends in the United States Since 1870," American Economic Review, Vol. 46, May 1956, pp. 5-23.


improvements have begun to free certain types of service workers from strictly urban locations.* Nevertheless, the lagging economies of many nonmetropolitan areas gave rise in the 1960s to a major federal area development effort.

PROGRAMS AND LEGISLATION

Federal area development programs have been implemented to help nonmetropolitan places that have experienced relatively high unemployment or relatively low per capita income, or both. The rationale for such programs is that economic incentives in the form of public works, loans, grants, and technical assistance will attract private firms to distressed areas; and that the jobs they create, along with the indirect multiplier effects on the local economy, will reduce unemployment, underemployment, and poverty.

Although most programs have aimed at upgrading areas rather than helping people directly, the distinction is not always maintained. For example, instead of attempting to attract new industry, some OEO economic development programs have been directed toward helping local residents to develop business skills and start business enterprises themselves. The principal efforts in that regard, however, have been carried out under the Public Works and Economic Development Act of 1965 and the Appalachian Regional Development Act of 1965. The former created the Economic Development Administration (EDA) and the so-called Title V regional commissions (New England, Ozarks, Upper Great Lakes, Four Corners, Coastal Plains, and two new but essentially unfunded regions in the West). The second act created the Appalachian Regional Commission, which comprises West Virginia and the Appalachian portions of twelve other states. In both acts, Congress recognized that it would help little to scatter limited program funds over wide areas. Congress therefore specified in both acts that expenditures should be concentrated in areas that have a significant potential for future growth, and that promise the greatest expected return on public dollars invested.

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*Speculation along these lines is found in Brian J. L. Berry, "The Geography of the United States in the Year 2000," Transactions of the Institute of British Geographers, Publication No. 51, November 1970.
Economic Development Administration

The premise of EDA's approach is that unemployment derives from inadequate public and private flows of capital into areas of surplus labor. The solution is therefore to bring capital into lagging areas, which is the purpose of EDA's two basic programs: public works and business loans. How much financial assistance an area can receive depends on conditions in the area, local planning efforts to develop a general development plan, and cooperation among counties.

A principal feature of the EDA program was the creation of multi-county Economic Development Districts (EDDs). It was recognized that individual distressed counties—termed "redevelopment areas" (RAs)—often lack sufficient resources to provide a solid base for their growth. Because of economic interdependencies among adjacent areas, however, it was felt that economic development on a larger scale could be promoted by grouping together RAs and economically healthier counties. EDA therefore encouraged groups of counties—usually five to fifteen—to pool their resources for effective economic planning. Each EDD had to have a growth center, termed a redevelopment center if located in an RA and a development center if located in another county of the EDD, which it usually was. With the exception of the growth center, counties in the EDD were not eligible for project funding from EDA unless they were RAs. Nevertheless, all participating counties were expected to benefit from coordinated district-wide development planning.

EDA's overall experience has been mixed. Some local programs were very successful, but many had little effect. Some observers say that besides inadequate funding, EDA was troubled by the wrong program tools, and that EDA was not in a position to coordinate its programs with other federal programs in the same area. For instance, there was no outreach program to try to help residents of redevelopment areas fill the jobs created in growth centers. In addition, the premise of the EDA approach is that all depressed areas can grow, but some areas appear to be resistant to growth-stimulating measures. For them, a wiser policy might be to smooth and ease the process of decline.

EDA's future is uncertain. For now, it is operating on a year-to-year basis, funded by continuing resolutions. General dissatisfaction with EDA is reflected in President Nixon's proposal to Congress for an
Economic Adjustment Act to restructure federal programs for area and regional economic adjustment. The initial report in this regard re-affirms the notion that "priority should be given to those areas with the greatest potential of providing higher productivity jobs for the underemployed, rather than attempting to create more productive jobs in all areas of high underemployment."* The report also is sharply critical of EDA's past performance.

The policy of dispersing assistance rather than focusing on those with the greatest potential for self-sustaining growth has resulted in much of EDA's funds going to very small communities. Over a third of its public works funds have gone to towns with less than 2,500 people, and over a half to towns with less than 5,000 population. There are relatively few kinds of economic activities which can operate efficiently in such small communities, so the potential for economic development in the communities is relatively small.**

The report is equally critical of the Title V regional commissions, but deals more kindly with the Appalachian program, primarily because it has been much broader in scope than the programs limited to alleviation of high unemployment or low income.

Although the Appalachian Regional Commission is likely to continue, the Administration wants to abolish EDA and the Title V commissions. In their place the federal government would allocate funds to the states (which may choose to form multistate regional commissions, but would be under no obligation to do so) upon federal approval of state plans that outline how the funds would be used to assist distressed areas and prevent the creation of new distressed areas. While the states are given considerable planning latitude, there is no doubt that the federal government favors concentrating assistance in a relatively few areas where it can stimulate sustained growth. In other words, although past efforts using a growth center strategy based on small towns and rural areas often have proven not only economically inefficient but ineffective, this does not necessarily mean that the strategy would be

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**Ibid., p. 25.
inappropriate if applied to centers with genuine growth potential.

**Appalachian Regional Commission**

By the end of 1971, the Appalachian Regional Commission had allocated approximately one billion dollars to the development of the Appalachian region. About three-fifths went to highway construction; of the remaining funds, 29 percent went to vocational and technical education, 11 to higher education, 32 to health facilities and components, 5 to land reclamation, and 7 to water pollution control projects.

Although ARC's own funding has been primarily in public works, it has also exerted important political effects. Representing a unique additional tier in the federal-state government relationship, the Commission has helped its member states organize their own goals and more fully utilize the other federal programs available to them. For example, the Commission has been so successful in developing and implementing a coordinated child development program that HEW has requested the Commission to coordinate technical assistance in child development for all fifty states. The Commission has influenced the political structure in other ways. Since ARC funding is administered through the governor's office, it has strengthened an often weak state executive branch. It has also encouraged the development of multi-county organizations called local development districts (LDDs) to facilitate both intercounty and state-county cooperation; but since these local organizations serve only in an advisory capacity, the program has not been very successful.

It is harder to assess ARC's progress toward its original goal of raising the standard of living and encouraging economic development in Appalachia. The long-term influence of many of its programs and demonstration projects is still unknown. It is obvious that the scope of the problem cannot be handled at present funding levels. To change substandard housing conditions alone, it is estimated that $6 billion would have to be invested in the region. As for the programs that ARC has sponsored, 95 percent of the nonhighway funding was invested in the state-designated, more urbanized growth centers (generally with a population in the 50,000 to 250,000 range). And attempts to include local
groups in the LLDs have failed to enlist the participation of the target population, the poor.

Office of Economic Opportunity

Under the Economic Opportunity Act of 1964, as amended, several types of programs of financial assistance for economic development were made available to rural areas. The Special Impact Programs (SIP) provided money to assist Community Development Corporations. CDCs were community-owned nonprofit corporations, designed to "improve the quality of their [residents of low-income areas] economic and social participation in community life in such a way as to contribute to the elimination of poverty and the establishment of permanent economic and social benefits." They are self-help efforts that can establish programs in a wide range of business and community service activities. At the moment there are roughly 16 rural CDCs. The majority are involved in nonagricultural ventures, with an orientation toward manufacturing and production.

The prime objectives of the SIPs are to create jobs and establish locally owned economic development efforts that will become self-sufficient. But other objectives are also important, such as establishing local community institutions to support economic development efforts, reducing out-migration, and increasing income. A 1973 evaluation of the SIPs that support the CDCs found that, given all the sources of funding made available to date, SIPs probably would not appreciably relieve unemployment in any of the 30 sites evaluated, partly because of low funding levels, particularly in small urban and rural sites. Evaluation of SIPs' other benefits has not been completed.

OEO's largest efforts in economic development funded out of headquarters—often in conjunction with other government agencies or foundations—were supported by its Research and Demonstration money. OEO supported many kinds of self-help economic ventures, particularly cooperatives, but their overall success is not clear. Some people claim that many of these cooperatives, however limited their effect on the community, were successful in providing models that could be built on in a larger program.

The third type of economic development program authorized by the Economic Opportunity Act was the rural loan program, Title III-A,
delegated to Farmers Home Administration (FHA) by OEO. According to those we interviewed, OEO and FHA seriously disagreed from the beginning over how this money should be allocated. OEO thought it would be more effective to support group endeavors. FHA favored loans to individuals. The money appropriated for the program was not used in its entirety, and even now there is some discussion about whether the remaining money might be used for the development loan fund (Sec. 732) authorized in a 1972 amendment to EDA. The implementation of Title III-A appears to be a stand-off between OEO and FHA.

OEO's overall experience in economic development is hard to evaluate because its efforts were diverse and fragmented. OEO recorded successes in some areas and developed models for economic development that could prove effective, given a commitment of federal resources commensurate with the problem.

Rural Development Act of 1972 (RDA)

The Rural Development Act made the Department of Agriculture the focal point for all federal activities in rural areas, nonfarm as well as farm, and gave the Secretary the responsibility of "coordinating a nationwide rural development program utilizing the services of the executive branch departments and agencies." In so doing, it took the leadership in rural economic development out of the hands of OEO and EDA and put it in the Farmers Home Administration.

In redefining "rural" to include all places up to 10,000 in population for all purposes of loans and grants, and up to 50,000 for loans and grants for businesses and industrial development, the act broadened the operations of USDA.

The act gave FHA new programs of loans and grants for rural industrialization and the expansion of business enterprises, and for all essential community facilities. Although new to USDA, most of the loan and grant programs established in FHA already existed in other departments, particularly EDA. In administering many of the new programs in the RDA, FHA's mission has been substantially broadened.

Funding of the RDA in FY 1974 was very limited; only small portions of the act have actually been implemented, and at low budget levels. It is too early to know how successful the act will be in achieving the dual
goals of improving the quality of life of rural people and encouraging economic development. The results will depend largely on how FHA administers the program for which it has responsibility. In this regard, FHA is said to have been understaffed and unable to administer the programs it had responsibility for previously. Moreover, we were told that it was inclined to allocate grants and loans on a first-come first-served basis and was hesitant in developing a coherent development strategy.

RELEVANT RESEARCH FINDINGS

EDA's Growth Center Strategy

The rationale for EDA's growth center strategy is shown in the somewhat simplified illustration presented in Figure 1. The center's hinterland benefits from the spread of services, secondary jobs, and development expertise from the center, as well as from opportunities made available to hinterland residents who commute or migrate to the core. It should be noted, however, that the benefits attributed to a spread effect often depend on the particular perspective of the viewer. For example, from the perspective of County B in Fig. 1, it is not clear that migration will be beneficial, whether the migrants go to the growth center in County E or leave the EDD altogether. If the migrants are unemployed or if unemployed workers with similar skills can replace employed migrants, the total output of County B will not or should not fall. And because the unchanged output is now divided among fewer people in County B, the average real per capita income will be higher than before. This may be regarded as a beneficial spread effect. On the other hand, the emigration of skilled workers who were employed in County B (or for whom employment would soon be found), and who were earning an income higher than the county average, would result in a decline (or prevent as high a rise as otherwise possible) in the average real per capita income of the people remaining in County B, and would also adversely affect the overall skill composition of its economy. Of course, if migrants from County B go to the district growth center, they may spend more of their earnings in County B than if they had migrated to more distant places. The leakage from County E would benefit County B but would obviously not affect the
Fig. 1 — Economic development administration development district and growth center concepts.

- Distressed (Redevelopment) Area
- Growth Center
district. Finally, there are political and social considerations. Out-
migration is often regarded as undesirable by people living in an area,
whether or not the economic consequences are desirable for the people left
behind. Here, too, the results would vary depending on whether one adopted
the perspective of a single county, a single district, or a geographically
wider frame of reference.

The notion of spread effects is most commonly associated with the
induced generation of "secondary jobs" in hinterland counties, such as
County F in Fig. 1. This is largely because of a pronounced tendency
to identify the induced effects of an economic activity (growth pole)
with locally induced effects (growth center). However, the great weight
of the empirical evidence indicates that this view may be mistaken. For
example, Byers' analysis of interindustry purchases and sales relation-
ships in the Puget Sound region found that regional interindustry con-
nections were weak compared with interregional interindustry relations.
Value added and personal consumption were the most important regional
linkages for many sectors. His data "suggest that Perroux's conceptual-
ization of a growth pole, with its heavy emphasis on growth stimuli being
transmitted via forward and backward interindustry linkages, is probably
more applicable at a broad national level than at the small regional
scale."* Gaile's growth center test of the Milwaukee area led to the
finding that "the concept of concentric 'spread' of growth from the
'growth center' has not been proven."** In another paper, Gaile
reviewed seventeen studies using the growth center concept, and con-
cluded that if a trend was discernible it revealed that spread effects
were either smaller than expected, limited in geographic extent, or less
than backwash effects.*** Even more to the point in the present context

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*William B. Byers, "Growth Centers and Interindustry Linkages,"
unpublished paper, Department of Geography, University of Washington,
Seattle, 1972.

**Gary L. Gaile, "Growth Center Theory: An Analysis of Its Formal
Spatial-Temporal Aspects," unpublished paper presented at the Southern
California Academy of Sciences Annual Meeting, Long Beach, May 5, 1973,
p. 12.

***Idem, "Notes on the Concept of 'Spread'," unpublished paper,
are the findings of a major internal evaluation of EDA's growth center strategy:

On the basis of the twelve in-depth case studies conducted during the growth center evaluation, it is not yet clear that the growth center strategy outlined in the agency's legislation and expanded in EDA policy statements is workable. Residents of surrounding depressed counties designated as redevelopment areas received almost no employment or public service benefits from the EDA growth center projects surveyed by the evaluation team. Moreover, at the time of evaluation these projects had not resulted in more total job impact than similar projects placed in distressed areas, as had been suggested in the past.

The same study also found that:

. . . the twenty-eight completed EDA projects in the growth centers analyzed showed no evidence of stemming out-migration from redevelopment areas or economic development districts. Less than 1 percent of the 850 employees surveyed at EDA-associated firms stated that they would have migrated from the area if their present job had not been available. The percent of workers who indicated they would have moved to one of the nations' major metropolitan areas in the absence of the EDA-created job was even smaller.*

Niles Hansen has developed at some length a growth center strategy based primarily on medium-sized cities.** He acknowledges that some rural locations may have promising economic potential. In a recent book he argues that industrial decentralization and the extension of "urban fields" from metropolitan centers have in fact resulted in the reversal of decline in a number of nonmetropolitan regions.*** For many other lagging regions, however, he believes the most efficient use of public funds would be to encourage the growth of medium-size cities, especially those that have already given some real evidence of possessing

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growth characteristics. In these centers public funds may be integrated with actual or potential external economies to produce relatively rapid growth with a minimum of external diseconomies of congestion. Although such centers may not "need" any government subsidy, it is easier to accelerate their growth than it would be to accelerate growth in areas with poor growth potential. However, the accelerated growth of medium-size growth centers would have to be made conditional on the granting of newly created employment opportunities to a significant number of workers from lagging regions who could either commute or migrate. Hansen also emphasizes human resource development programs in lagging regions so that people there will be prepared to take advantage of opportunities in growth centers if they so choose. Comprehensive relocation assistance also is an integral part of this strategy.

Rural Industrialization

While few people doubt that jobs are a major requirement for improving the condition of deprived rural people, there is considerable disagreement over whether industrialization of rural areas is the most effective way to provide jobs. A major analytical difficulty in examining the effects of programmatic efforts to create jobs in rural areas is the virtual impossibility of making interprogram cost-benefit comparisons. A second difficulty is that many or most of the jobs created by rural industrialization may go to in-migrants, not the target population.

On both these points, an evaluation by EDA of twelve designated growth centers found that EDA-supported projects did create new jobs, of which a substantial fraction (31 percent) were filled by previously unemployed or underemployed workers. Of the households affected by the projects, 24 percent were raised above the poverty level. The poor in the growth centers benefited, then, but only 14 percent of the jobs went to present or former residents of neighboring depressed rural areas. EDA projects located directly in these depressed rural areas were much more effective: 87 percent of the jobs created were filled by residents of the areas, and at about the same cost per job created.

The key issue here is whether this use of federal funds is the most efficient. For example, aggregate funding for public works projects and business loans in these communities was just under $20 million. These expenditures attracted an estimated $43 million in additional private investment. There is no feasible way of estimating what fraction of increased incomes from the jobs created was a net addition to national income. It is therefore not possible to compare the costs and benefits of these expenditures with those in alternative programs.

The judgment of both the executive branch and the Congress would appear to be that the jobs were not worth the cost: funding of rural development efforts (now in the Department of Agriculture) in the FY 1974 budget is at a very low level.

Additional evidence of the rather diffuse consequences of industrial development for the rural poor is found in an analysis of the effects of a large industrial plant that located in rural Illinois. The study is unique in that it compares changes in the area where the plant located with a similar rural control area in another part of the state where no industrial development occurred.

The study found that although the plant ultimately employed a work force of slightly over a thousand in a county where total employment had previously been only 1700, the direct effects in the host county were small. Only 18 percent of the new jobs were filled by county residents. Another 29 percent were filled by residents of three neighboring counties. The majority, then, 53 percent, were filled by people living outside the area.

The new plant also did little to stimulate occupational mobility in the area, although there were substantial changes in the occupational structure. People who lived in the area before the plant was built became no more mobile than residents of the control area elsewhere in the state.

The level of income increased faster in the industrialized area than in the control area, but the difference was not dramatic. There was some

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evidence that industrial development had resulted in some decrease in income inequality.

Spillover effects to other economic activity appeared to be small. Growth in nonmanufacturing sectors of the economy was very small in comparison with growth in the manufacturing sector. Even the service sector showed about the same pattern of growth in the area as in the rest of the state. Only trade, transportation, utilities, and communications seemed to show higher than usual growth.

Thus, the study showed that while creation of new jobs through industrial development does increase employment in a rural area (a truism), the bulk of the jobs may not be filled by local residents. Although income inequality may decrease, a residue of disadvantaged people still remains.

Other studies of the effects of rural industrialization provide similarly mixed conclusions. A study in Georgia and North Carolina concluded that provision of even low-wage employment to farm families resulted in significant increases in income.* This is not a surprising phenomenon, of course, in view of the general underemployment of marginal farmers. Any opportunity for outside work at nonzero wages would improve family income.

The nature of the industry and the skills it requires are critical determinants of the extent to which poor people fill the newly created jobs. The income effects in an area are greatest if high-technology, high-wage firms locate there, but the employment and income effects may be much less since most of the jobs must be filled from outside the area. As Marshall notes:

Although development economists usually urge the attraction of high-wage firms, these enterprises often have the fewest employment effects for local people who are underemployed or unemployed. High-wage employers might not be able to find the skills they need in local labor markets, in which case skilled workers are imported from outside the area. In other cases, these firms find sufficient manpower among younger, better educated workers.

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and therefore do not find it necessary to hire workers with limited education, even when the latter have the ability to do the work.*

The most comprehensive study of the effects of rural industrialization was done by the Economic Research Service on four nonmetropolitan areas.** Of the jobs included in a sample survey, 26.8 percent were filled by people who were previously poor, but there was considerable variation among the four areas. In Arizona, 49 percent were filled by previously poor people, in contrast to 19 percent in Mississippi and the Arkansas Ozarks. The number of previously poor employees appeared to depend upon the degree of underemployment and existing manufacturing employment.

Many experts question programs that attempt to subsidize industries locating in rural areas, not only because those programs seem to have limited effectiveness, but also because of their high cost. These doubts are reinforced by the fact that industry seems to be locating in low-wage rural areas on its own initiative, without needing any explicit programs. In the 1960s manufacturing employment grew faster in small Southern labor markets than in larger urban areas. Further, most of this growth occurred in markets that were not part of the fringe of larger urban areas.*** In recent years, there has been relatively high growth of manufacturing employment in nondurable goods industries in rural labor markets. For the longer run, the efficacy of economic development programs in improving the lot of the rural poor is even less certain.


SUMMARY

Area development is a strategy for improving the economies in nonmetropolitan areas troubled by relatively high and persistent unemployment or relatively low per capita income. The strategy is marked by a regional focus and a growth center approach, and has concentrated on public works and business loans.

The rationale for area development is that economic incentives in the form of public works, loans, grants, and technical assistance will attract private firms to distressed areas; the jobs they create, along with the indirect multiplier effects on the local economy, will reduce unemployment, underemployment, and poverty.

The objectives of area development are to enlarge access to income and promote equality of opportunity by opening up paths of occupational mobility within the individual's home community. The target population consists of the potentially employable rural poor: all workers at least 18 years old who are involuntarily unemployed or underemployed.

From the research, one concludes that there is considerable uncertainty about the efficacy of the jobs-to-people approach, at least as implemented in this country. First, the evidence seems to confirm that industrialization has diffuse effects on the rural poor. Programs designed to encourage such growth appear to be expensive and it is difficult to compare their costs and benefits with other available alternatives for enlarging people's access to income. Second, the job opportunities provided by area development often are not filled by the intended target population. The extent to which newly created jobs reach the target group depends heavily on the nature of the industry and the skills it requires.
VI. COMPREHENSIVE RELOCATION ASSISTANCE

INTRODUCTION*

Comprehensive relocation assistance (CRA) is intended to broaden the possibilities for choice among persons who are inclined to consider relocating to more prosperous areas. It is intended to match the worker unable to find employment locally with a job elsewhere that he is qualified for or can be trained for, and enable him to relocate with minimum disruption and risk. In general, CRA refers to performance of five activities:

1. **Recruitment.** Workers who are involuntarily unemployed or underemployed are identified and recruited. This activity may involve, for example, bringing in employers from demand areas for broad mass media appeals; referrals through friends, community organizations, and other agencies; and door-to-door contacts. It also involves soliciting the support of community leaders and all manpower and related agencies.

2. **Screening.** Candidates for CRA are screened to determine whether they are interested in relocation assistance services and to gauge how much those services are likely to benefit them. A variety of factors are taken into consideration: age, previous employment experience, size of family, degree of literacy, health, and so forth. Screening is intended not to exclude persons but rather to identify those who could benefit the most from CRA.

3. **Job Development.** The purpose of this activity is to present candidates for relocation with real alternatives: an authentic job and an identifiable employer, rather than just a possible job with one or another employer. The job development process involves relating job openings to the individual with consideration for his entire profile of needs and problems. The activity depends on a system for maintaining current information on job openings (e.g., through a computerized job bank).

4. **Transitional Services.** CRA provides a variety of ancillary services to minimize the disruption and risk of physical relocation. Transitional services in the supply area are: counseling in advance of moving, arranging for pre-employment interviews, orientation to the area of relocation, help in disposing of old debts and in terminating leases or disposing of property, and arranging for the move. Transitional services in the demand area include: payment of a relocation assistance allowance, assistance in finding suitable housing and transportation to work, enrolling children in school, and making preliminary contacts in the community.

5. **Follow-up and Supportive Services.** The relocated worker may have difficulty threading through the maze of agencies, organizations, and regulations pertaining to supportive services in a new community. For many months after relocation, therefore, follow-up is available as needed to promote successful adjustment of the worker to his job and of the family to the community.

**FEDERAL PROGRAMS AND LEGISLATION**

In 1963, Congress amended the Manpower Development and Training Act of 1962 to authorize labor mobility demonstration projects. The objective was to conduct worker relocation assistance and assess its effectiveness for reducing unemployment. From March 1965 through June 1969, 35 agencies conducted 61 projects in 28 states and relocated some 14,000 unemployed and underemployed workers and their families at a total program cost of $13 million while testing alternate methods of achieving this goal.*

The new Comprehensive Education and Training Act of 1973 (CETA) makes no direct reference to relocation assistance, but the authority is implicit. Local governments will be responsible for establishing any mobility assistance programs. With the increased role of the state and governor established by CETA, coordination may be easier to carry out than it was

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previously, when programs were federally organized. The new state-local
government arrangement should be particularly helpful for rural programs
that are the responsibility of the governor.

RELEVANT RESEARCH FINDINGS

The United States is the only major Western nation that does not use
some form of relocation assistance to alleviate regional unemployment.
There have been evaluations of the demonstration projects described
above, however, which have examined the effectiveness of relocation as-
sistance in reducing unemployment and the operational implications of
such a program. While diverse in their objectives, those projects have
demonstrated that a sizeable group of unemployed workers are willing to
relocate to obtain employment and that relocation assistance is a way
of providing employment for them inexpensively. The cost per relocation
averaged $700, less than half of which went for direct financial assistance.**
Equally important, the demonstration programs show that job training and
thorough counseling and support services are essential. For example, the
frequent scarcity of housing in receiving areas proved to be a major
impediment to successful relocation.

The results of these demonstration programs accord with several
other points of basic evidence that have an important bearing on the
rationale for CRA.*** First, migration often can be economically re-
warding and personally satisfying. Monetary gains and reductions of
poverty are especially noteworthy among migrants from rural to urban
areas and in the case of migration by disadvantaged blacks. (Those
favorable outcomes are related not only to changes of locale but also
to the distinctive attributes of persons who choose to move.)

Second, many people seem unable to bridge the gap between their
inclination to move and action. There appears to be a sizeable reservoir

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* Fairchild, op. cit.; Martin Schnitzer, Regional Unemployment and
the Relocation of Workers, Praeger, New York, 1970; University of Texas
Center for Economic Development, Employer Assessment of Assisted Labor

** Schnitzer, op. cit., p. 185.

*** Evidence on these points is reviewed in Peter A. Morrison,
Migration from Distressed Areas: Its Meaning for Regional Policy,
of would-be migrants—persons who say they want to move but fail to realize their preferences or intentions. It is estimated that for every actual migrant, nearly 2 persons expect to migrate and 4 persons say they would like to migrate. * Put a different way, given a choice between staying in his present area (defined as an entire labor market) or moving away, one person in five would prefer to move. Yet each year only one person in 20 actually does so.

Third, the vast majority of the unemployed do not move, even in the face of prolonged and severe hardship—partly because they believe economic conditions are no better anywhere else. As a result, the unassisted migratory response to unemployment proves to be weak and uneven. ** It is weak because most workers with unemployment experience, whatever their inclinations, nevertheless do not move. And it is uneven because workers more prone to unemployment—those in blue-collar occupations, with low skill and educational levels, and of advanced age—tend to be more immobile than others.

Finally, decisions about moving tend to be briefly deliberated and heavily influenced by information from friends and relatives. For those reasons, people do not always migrate effectively in terms of economically purposeful objectives.

**SUMMARY**

Comprehensive relocation assistance is a strategy for adding a meaningful geographic dimension to the freedom of occupational choice. It seeks to do this by matching the worker who is unable to find employment locally with a job elsewhere that he is qualified for or can be trained for, and enabling him to relocate with minimum disruption and risk.

CRA is premised on the following rationale:

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1. The evolution of the national economy carries with it a logic of job distribution that differs at times from the actual distribution of workers. The differences become manifested in the chronic high unemployment of certain areas, which are often rural.

2. Federal regional policy has sought to reduce the mismatches between labor supply and demand by bringing jobs to people. The complementary alternative—enabling people to move to jobs—has received some attention but no emphasis.

3. For certain kinds of people, unemployment is a problem that could be solved beyond the borders of the distressed areas in which they live. By moving to where jobs are, workers can gain fuller access to the opportunities for personal betterment that are inherent in a freely mobile labor market.

4. Unassisted migration tends to correct mismatches of labor supply and demand. However, its full effectiveness in reducing unemployment and in broadening avenues for personal advancement tends to be limited by personal obstacles and misinformation.

5. CRA is needed to underwrite the risks that prevent workers from moving and to enable them to migrate effectively in terms of economically purposeful objectives.

The target population for Comprehensive Relocation Assistance consists of all workers at least 18 years old who are: (1) involuntarily unemployed or underemployed and unable to obtain work locally, and (2) willing to relocate. CRA is thus aimed at the potentially employable rural poor.

CRA relates to three objectives. First, it enlarges access to income. Second, it improves consumer choice by making available information and services (in the form of locational alternatives and relocation assistance) to those who desire them. Third, it advances equality of opportunity by opening up paths of occupational mobility that may not exist in the home community.
Part II

DEPRIVATION IN LEGAL SERVICES
VII. REVIEW OF OEO'S LEGAL SERVICES PROGRAM

Unlike the urban poor, the rural poor have had few spokesmen and have lacked effective organization. Before the 1960s, little was done to change their conditions. They often experienced serious needs for legal assistance to protect property and civil rights. Since then, a number of organizations have emerged to join established groups like the National Sharecroppers Fund and the American Civil Liberties Union in performing advocacy functions.* This section focuses on the Office of Economic Opportunity's Legal Services Program, designed to provide individual case-handling services for the poor and to strengthen law reform and community development.

In 1966 federal legislation established the Office of Legal Services (OLS) within the Office of Economic Opportunity to provide legal services to the poor. Since that time OLS has become one of the major programs in the War on Poverty and in 1973 helped roughly one million clients. OLS now employs over 2,000 attorneys in almost 300 separate agencies, working out of more than 700 local offices across the country.

The legal services program is regarded by many as one of the success stories in the War on Poverty. There has been general agreement that, in view of its success, the OLS ought to be continued as a separate, non-profit, government-supported corporation, although controversy has surrounded the degree of freedom and the nature of constraints to be placed on it. (In July 1974, President Nixon signed into law a bill transferring the legal services program from OEO to an independent corporation funded by the federal government. The law places a series of restrictions on the types of cases and activities legal attorneys may undertake.**) When the OLS was established originally, the Office of Economic Opportunity developed several objectives it was to meet. Those objectives have provided guidelines for the program, although criticism is sometimes

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heard that the program lacks clear overall strategies and objectives. According to the OEO-inspired objectives, the central OLS activity is to fund locally initiated efforts "to provide the advice and advocacy of lawyers for people in poverty." It is also mandated to advance the field of poverty law through accumulating relevant expertise and acquainting practicing lawyers with the role of the law in combating poverty. OLS also finances programs to educate the poor and those who work with the poor to recognize problems that can best be settled through the law and lawyers.

With money appropriated by Congress, the OLS funds legal services agencies in rural and urban areas throughout the country. The agencies are the mainstay of the legal services program. OLS also supports separate back-up centers that serve as legal resources for agency attorneys who do not have time to study the details of a particular type of poverty law. Each center specializes in one type of poverty law, such as landlord-tenant relations, education, and welfare.

LOCAL LEGAL SERVICES PROGRAMS

Local legal services programs can provide the full range of civil legal work that would be available in a private law office. (A 1967 amendment to the original OLS legislation prohibits agencies from involvement in criminal cases.) Program emphasis varies from place to place according to the types of cases most often found in the local area, the agencies' local board of directors, and the agency directors. By and large, the programs can deliver five categories of services: individual representation, law reform, community education, economic development, and community representation and involvement. According to those we interviewed at OLS, the greatest volume of work is in individual representation, such as landlord and tenant problems, bankruptcy, welfare problems, divorce, and annulment. Significant achievements have been made by legal services agencies in law reform, notably in landlord-tenant law, administrative and welfare law, and consumer rights. The programs tend to be deficient in the other three categories, although individual agencies have done important work in those areas.

Of all the individual legal problems handled by the agencies, roughly 40 percent have to do with family problems, 20 percent with consumer and
employment problems, and about 10 percent each with housing and administrative problems. Most of the clients in those cases are between the ages of 22 and 44, about two out of three are women, and about half are black, Mexican-American, or Puerto Rican. Most cases are initiated by someone walking in the door of the agency, but some of the caseload arises from outreach, self-promotion through the local media, and word of mouth. Wherever the cases come from, there is certainly no lack of them. A universal problem is to keep caseloads down to a manageable level.

In size, legal services programs vary from two-man offices to large agencies with as many as 30 attorneys. The larger programs often have several local offices. In nine states, local agencies have been consolidated into single state programs. Other states have regional, intrastate consolidation. OLS encourages consolidation: it permits agencies to pool their resources, coordinate the handling of similar cases, and work more effectively for law reform and changes in administrative practices at the state level.

The attorneys working for legal services tend to be young and not very experienced. Some training is provided, but it is apparently inadequate. Typically, the attorneys, whose salaries are less than what they could earn in private practice, have a tenure of about 20 months. This short tenure makes it difficult to maintain continuity within the programs.

The legal services attorney staff supported by OLS money is supplemented by lawyers from the Reginald Heber Smith Fellowship Program and Vista. The lawyers tend to be aggressive and reform-oriented, and inject life into legal services programs.

Paraprofessionals are important in the programs, particularly through their contact with the community. Community contact is also maintained through the programs' board of directors, which must include representatives of the poverty community. Local bar associations are the principal link with the legal community. Since legal services programs are Community Action Agency-delegated programs, their budgets and accounts must be approved by the CAAs, thereby providing another link with the community. In all cases, these various contacts with the community may be both a help and a hindrance.
Law reform pursued by the legal services programs has resulted in cases that have gone as far as the U.S. Supreme Court. Some of the important cases have dealt with issues of residency requirements for welfare recipients, and the local property tax as it relates to the equality of education among communities. The agencies carry on law reform work in parallel with individual services. More reform work is pursued in the larger agencies because they have more money and more lawyers who are specialists in individual areas of poverty law.

For each of the last four years, the total budget for OLS has been $71.5 million. With so unvarying a budget, OLS can do no more than maintain what it is already doing; it cannot initiate innovative programs that cost very much. The budgets of individual programs vary from less than $50,000 to over $1 million. All local programs are supposed to provide 20 percent of their budgets through local sources (but the requirement is sometimes waived). This may be in-kind money, such as the donation of free attorney time.

RURAL LEGAL SERVICES PROGRAMS

Although rural programs are an integral part of the OLS, there is little information on rural programs as a separate type. The Washington office does not have a complete list of the rural programs but the number must exceed 50, and an additional 40 or so are considered mixed urban and rural. A few general characteristics of these programs can be gleaned from evaluation and talk with Washington staff. Attorneys in rural programs can carry fewer cases than their urban counterparts, and money does not go as far in rural as in urban programs. Cases are scattered over greater distances, and transportation is not as good. Several types of delivery systems have been tried in rural areas. A system based on decentralized offices appears to be the most efficient.

Perhaps because of the problems of delivery in rural areas, the rural poor do not seem to be as well served as the urban poor. Some programs, however, such as the California Rural Legal Assistance program, are very strong. CRLA is a state-wide program that apparently covers the rural areas of California very well. Other programs, such as the Appalachian program, are small and inadequate, serving only a small portion of those in need. By no means are all rural areas now
covered. For instance, there is no program in southwestern Alabama, where blacks make up one-third to half the population in most counties.

It is surmised that the types of cases handled in rural areas are not very different than those in urban areas, and success does not seem to be a function of how urban or rural a program is.

**EVALUATION OF LEGAL SERVICES PROGRAMS**

Overall, the legal services program can safely be called successful.* It has helped thousands of poor people, often in important ways. Even the otherwise mediocre and inferior projects have improved conditions and provided help that would not have been available without them. Moreover, some projects not only have solved immediate problems but also have improved people's general quality of life. In reference to the OEO guidelines, the program has done well in achieving its central objective of providing legal services to the poor. It has also made progress in advancing the field of poverty law, but education of the poor has been less successful.

A recently published evaluation, drawing on data collected for the Auerbach and Kettelle studies previously cited, stresses the following points.** First, the primary orientation of legal services in practice has been the handling of individual cases. An overwhelming amount of

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** Anthony Champagne, "An Evaluation of the Effectiveness of the OEO Legal Services Program," *Urban Affairs Quarterly*, Vol. 9, No. 4, June 1974, pp. 466-489. Champagne's conclusions must be qualified by inherent limitations of the data he used. These limitations are spelled out in Richard A. Berk, "Champagne's Assessment of Legal Services Programs: An Evaluation of an Evaluation," *Urban Affairs Quarterly*, Vol. 9, No. 4, June 1974, pp. 490-509. Berk's fundamental criticism is that these data are "essentially an opinion poll, in which assessments by trained raters and some selected representatives from local institutions are presented. The actual practices of legal services programs are not reported." Ibid., pp. 493-494.
legal service attorney time is spent on case handling, despite a general belief on the part of project directors that the most significant accomplishments of legal services involve law reform or community development activity. Second, the legal services program appears to have performed case handling with great success. The quality of legal representation is regarded by the legal community as equal to or better than the representation provided by private attorneys. Third, legal services were judged to be successful in changing the policies and regulations of agencies and institutions that tended to discriminate against poor people.
Part III

DEPRIVATION OF ESSENTIAL SERVICES
VIII. HEALTH CARE IN RURAL AREAS: UNMET NEEDS
AND ALTERNATIVES FOR IMPROVEMENT

INTRODUCTION

For many residents in rural areas, access to income by no means assures
access to certain essential services. From the standpoint of personal de-
privation, health needs and problems rank as high as those of income.*
Rural people do not have the same opportunities for health care as do
urban people. In rural areas, generally speaking, the physician shortage
is more acute; people must travel longer distances to obtain health care;
emergency health services are more deficient; work-related injury rates
are higher; and a comprehensive approach to health care delivery often
is lacking.**

Unmet health needs severely intensify problems of poverty in rural
areas and prevent much of the adult poverty population from reaching its
full potential for development into productive citizens.*** For that
reason, improving health care delivery is, in the broadest sense, one
element of a human resource development strategy for improving poor
people's access to income. Health care delivery also promotes the social
service objectives of improving consumer choice and advancing equal oppor-
tunity. People are more likely to take advantage of better health care if
they are more fully aware of its value in their lives.

Although it is difficult to measure the adequacy of health service,
it is possible to identify areas that are relatively underserved.* Such areas would then have to be examined further to determine whether their residents have serious unmet health needs—and hence, deprivation of an essential service.

Most available statistics comparing urban and rural health conditions are not sufficiently disaggregated to outline the problems of specific communities. Comparisons of simple measures for urban and rural counties in the aggregate tend for the most part to indicate a relative dis-advantage for the rural ones.

We find more chronic disease (e.g., heart conditions, arthritis, diabetes, high blood pressure) and more days lost from work per person per year in nonmetropolitan than in metropolitan counties.** Among nonmetropolitan residents, 47.4 percent have one or more such conditions, compared with 44.9 percent for urban residents.*** The disparity is larger for activity-limiting chronic conditions: about 15 percent for nonmetropolitan residents, compared with 10.5 percent for metropolitan residents.† Similarly, short-stay hospital discharges, which are an indication of the need for hospitalization, are more frequent in nonmetropolitan areas (although the frequency may reflect a difference in mode of delivery as well as in ill-health).‡

Injuries from auto accidents are less severe in nonmetropolitan areas, but the death rate from such accidents is higher (probably because of the

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* Measures of physician availability, such as a physician-to-population ratio, vary widely over states and over counties within states. When adjusted for productivity differences over physicians, such as variations in hours worked, quality of care delivered, or use of paramedic aids, and for measures of local demand, this ratio can be used to identify areas that are relatively underserved by physicians.

** Rurality, Poverty, and Health.


† Rurality, Poverty, and Health.

‡ DHEW, op. cit.
relative delay in receiving medical care).* Although infant mortality rates are about the same, on average, in nonmetropolitan and metropolitan counties, all counties with infant mortality at least double the national rate are nonmetropolitan, and 80 percent of these are in the most rural group.** Work-related injuries in general are higher in nonmetropolitan counties.***

Those data seem to imply that current health needs are greater in nonmetropolitan than in metropolitan areas. The picture is complicated however, by differences in income, age composition, and educational levels. Nonmetropolitan family incomes are generally lower than metropolitan, and a greater proportion of nonmetropolitan people live below the poverty line. Thus, the population that most needs to spend more on health care can probably least afford to do so. Likewise, people 65 years old and over, who are overrepresented in nonmetropolitan areas, generally need more health care than the rest of the population.

Use of health services is influenced by education: people with less education are less likely to use information regarding nutrition, hygiene, immunization, prenatal care, periodic check-ups and other health aids. Fatalism and despondency are not uncommon among the poorest rural families, and they may become so severe that formal medical attention is sought only as a last resort.† Given the link between educational levels and use of health services, it is not encouraging to note that rural educational levels lag behind those in urban areas: only 45 percent of nonmetropolitan residents at least 25 years old had finished high school, compared with 55 percent of metropolitan residents; 86 percent of those

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*** DHEW, op. cit.
† Rurality, Poverty, and Health.
between 16 and 17 were enrolled in school in 1970, compared with 91 percent in metropolitan areas.*

THE SUPPLY OF PHYSICIANS

Because of the organization of the health services industry, the physician is generally the only distributor of the package of services (diagnoses, injections, laboratory tests, and drugs) that we call medical care.** Hambleton *** argues that the geographic distribution of medical services can be explained by the geographic distribution of physicians. Physicians per 100,000 population, although a crude measure, affords some comparison of the supply of physicians in different areas. In 1970, that ratio varied from 192 for counties in SMSAs with 5 million or more inhabitants to 41 for nonmetropolitan counties with fewer than 10,000 residents. † That supply disparity might appear somewhat smaller if we took into account differences in physician productivity. Hours worked, for example, tend to be higher for rural physicians than for urban ones. ‡

Other important dimensions of supply include the geographical distribution of specialists, access to hospitals, and the quality of treatment received. A comparison of the number of specialists per 100,000 population in the most urban and most rural counties shows a much greater contrast than the comparison for all physicians. The most

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*Rural Development Goals.

**Recent experiments with the use of physician's assistants operating under only indirect supervision of remotely located physicians could change this aspect of the organization of the health services industry in the future. See Richard A. Henry, "Use of Physician's Assistants in Gilchrist County, Florida," Health Services Reports, October 1972, pp. 687-692.


urban group of counties had 164 specialists per 100,000 population in 1970, while the most rural group of counties had only 8.

It has been argued that the quality, as well as the quantity, of medical care is lower where per capita income and population densities are low. One result of the relative scarcity of rural specialists is that rural general practitioners are overworked and may undertake more complex surgery or other treatment than urban general practitioners would attempt. That may be unfortunate, since the rural practitioner is less likely to keep up with advances in medical care, because of physical isolation and overwork. Similarly, rural hospitals tend to be smaller than urban ones. Small hospitals cannot offer all the services, such as outpatient and extended-care facilities, that larger ones can.*

**IS THE SUPPLY ADEQUATE?**

The differences between metropolitan and nonmetropolitan areas in the number of physicians per 100,000 population do not in themselves prove that the rural supply of physicians is "inadequate." There is no general agreement on the meaning of "adequacy" in the supply of physicians.

Two possible ways of defining adequacy of supply are (1) an acceptable mesh between supply and perceived needs, and (2) a balance between supply and demand. Regarding the first, many people are on record as finding unacceptable the current match between rural supply and rural needs in the area of health services, among them Charles Edwards, Assistant Secretary of Health in DHEW, and Senator Abraham Ribicoff.** Such views have led to a number of programs or proposed programs of public policy to affect the supply of physicians in rural areas. Twenty-two states have instituted programs of loan forgiveness, whereby loans become gifts for physicians choosing a rural practice location within that state.*** The Comprehensive Health Manpower Training Act of 1971 authorizes grants to

*Rurality, Poverty, and Health.


*** H. R. Mason, "Effectiveness of Student Aid Programs Tied to a Service Commitment," Journal of Medical Education, July 1971, pp. 575-583.
medical schools to initiate projects aimed at sending more of their graduates to areas experiencing a shortage of health manpower. * Some have suggested that medical schools give preference in their admissions policies to students inclined to set up practice in a rural area. **
Others have proposed a national service for rural health, using senior medical school students, new M.D.'s, interns or residents, and other health personnel. ***

According to some people's perceptions of rural health needs, then, the supply of physicians in rural areas is inadequate. Another way to consider the question of adequacy is to look at the demands for physicians in rural areas. One obvious measure of demand is income, and many studies have shown that physician distribution is strongly influenced by income. †

The proportion of a state's population living in SMSAs has been shown to be positively correlated with the presence of specialists in that state, and negatively with the presence of general practitioners. ‡ Although more work is needed in the area of adjusting measures of physician supply by demand differences, the evidence so far suggests that many communities in rural counties could support more physicians, but are still unable to attract them. The most extreme cases are some of the completely doctorless


communities. Adell, Wisconsin, for example, though able to pay for a
doctor, has been unable to get one despite advertising as far away as
the Philippines.* Adell is within commuting distance of Sheboygan,
an urban center of northeastern Wisconsin.

Clearly, factors other than local demand are strongly affecting
the distribution of physician supply. These factors need to be better
understood in order to affect the supply of physicians in rural areas.

Income, the cost of getting medical care (time and money costs),
education, and personal preferences determine how a person's need for
health care is transformed into an effective demand.** These factors,
together with the lower rural supply of physicians, lead to lower
utilization of physician services in rural areas. This in turn no
doubt further contributes to the poorer health status of rural residents.
While urban residents average 4.8 physician visits per year (4.9 in the
largest metropolitan areas), rural residents average 4.1 and the figure
decreases to 3.3 for farm areas (i.e., the most rural areas).***
Similarly, while 25 percent of metropolitan children under 17 years old
saw a pediatrician during a one-year period, only 12 percent of rural
nonfarm and 4 percent of farm children did during the same year.†

TRENDS AFFECTING THE SUPPLY OF PHYSICIANS IN RURAL AREAS

It appears that the supply of physicians in rural areas will become
worse relative to urban areas. Rural doctors tend to be older than their
urban counterparts, and so are retiring from practice and dying at a
faster rate. They are not being replaced by new physicians: counties
with less than 50,000 population contain about 19 percent of the national
population, but only about 6 percent of all U.S. medical school graduates
from the combined classes of 1963, 1964, and 1965 have now located in such

* Hambleton, op. cit.
** *Rurality, Poverty, and Health.*
*** DHEW, National Center for Health Statistics, op. cit.
† Idem, Characteristics of Patients of Selected Types of Medical
Specialists and Practitioners, U.S., July 1963-June 1964, Series 10,
No. 28, 1966.
counties.* Between 1950 and 1959, the number of physicians in isolated rural counties (by Public Health Service definitions)** decreased about 6 times as fast as the population in those counties decreased, while less rural areas did much better, and in the largest metropolitan areas, the rate of increase in the number of physicians almost kept pace with the rate of increase in population.*** Moreover, between 1963 and 1970, the number of counties with no physicians at all increased from 98 to 132.†

The increasing urbanization of physicians can be seen as part of the national trend of rural-to-urban migration of higher-skilled workers. This trend has been greatly accelerated because of increasing specialization within the medical profession.‡ While the number of M.D.'s in direct patient care per 100,000 population increased from 119 to 138 between 1950 and 1970, the number per 100,000 population who are primarily care physicians (defined to include general practitioners, internists, pediatricians, obstetricians, and gynecologists) has declined by one-third over the last 40 years, and the number of GPs has declined

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* Cooper, Heald, and Samuels, op. cit.
** Isolated rural counties are defined as counties that are neither in nor adjacent to an SMSA, and contain no township of 2,500 or more inhabitants.
*** Rurality, Poverty, and Health.
† American Medical Association, op. cit.
‡ Some argue that the medical education process itself explains the generalist-to-specialist movement, by encouraging better students to specialize, and because of the great amount of medical knowledge needed to be a good generalist. See Jack Hadley, "Physicians' Specialty and Location Decisions: A Literature Review," National Center for Health Services Research and Development, 1973. Others argue that it is because the real excitement, prestige, honors, and rewards are in specialization and research, not in family practice. See Crawford and McCormack, op. cit., and Ribicoff, op. cit.
by one-half over the same period.* Since a much higher proportion of rural as compared with urban physicians are in primary care practices, these trends would take a toll on the supply of physicians in rural areas.

While the problem of inadequate rural physician supply seems to be intensifying, there are some recent positive indicators. Median family income increased at a faster rate between 1960 and 1970 in nonmetropolitan than in metropolitan counties, 78.0 percent and 67.5 percent, respectively (though urban incomes increased more, absolutely). Similarly, the percentage of rural residents 25 years and older completing at least high school increased by 30.4 percent between 1960 and 1970, while the corresponding change for urban residents was 26.1 percent.** The importance of both income and educational levels in affecting the geographic distribution has been discussed above. These relative gains for rural areas, although modest, suggest that rural areas may not be getting into a still worse situation relative to urban areas on these two important factors.

Another recent positive indicator is the apparent renewed interest in primary care practices. The evidence is still not strong enough to determine if a new trend is indeed emerging. But a major shift did occur among University of Michigan Medical School graduates between 1971 and 1972. Career interest patterns for classes now enrolled in that medical school parallel those found for the graduating class of 1972 rather than the class of 1971.*** A shift in medical school student interest toward the primary care disciplines would at least be a trend that would not

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*The data for 1970 are from American Medical Association, op. cit. The data for the earlier years are from Health Manpower Source Book (Sec. 20): Manpower Supply and Educational Statistics for Selected Health Occupations, Public Health Service Publication No. 263, 1969, and Health Manpower Source Book (Sec. 10): Physicians' Age, Type of Practice, and Location, Public Health Service Publication No. 263, 1960.

**Rural Development Goals.

work to the relative disadvantages of rural areas, as most other trends in the medical profession do.

**ALTERNATIVES FOR IMPROVING DELIVERY OF HEALTH SERVICES**

A variety of federal health legislation has been adopted or is now being considered, some of which bears directly on health care in rural areas. A comprehensive review of this legislation is beyond the scope of this report.* Here we consider only a selected set of approaches to improving the delivery of health services in rural areas.

Strategies to improve the delivery of health care to the rural poor can entail actions at an individual or an organizational level. At the individual level, effort can be directed toward influencing physicians' location decisions in ways that produce more rural practitioners. At the organizational level, changes can be made in the institutions and procedures by which health services are delivered. Two frequently suggested organizational alternatives are the establishment of Comprehensive Health Centers to integrate health services in rural areas, and the use of physician's assistants to partially replace physicians.

Comprehensive Health Centers are designed to treat the patient and his health needs in a total manner, without separating medical needs from social and environmental factors. In addition to medical and clinical care, they provide such services as improvement of environmental conditions, laboratory tests, X-rays, dental care, eye care, mental health counseling, child care, and nutritional, social, and educational services. Comprehensive health care is implemented through the team approach: the patient has access to the full range of medical and health service specialists available under one roof.**

Physician's assistants are paraprofessionals who operate under the supervision of a physician. They provide primary health care for many patients, and refer cases beyond their skill or authority to the supervising physician.

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*For a brief description of this legislation as of early 1974, see Health Services in Rural America, pp. 24-36.

Although we discuss each of these alternatives separately below, there are important interconnections among them. One is that Comprehensive Health Centers have to be staffed somehow, and by a broad range of medical and other personnel (usually an internist, pediatrician, dentist, hygienist, social worker, and nurse practitioner). Consequently, while the Comprehensive Health Centers represent a new organizational approach to the health problems of the rural poor, the problem of attracting physicians to rural areas still remains. Another is that physician's assistants may enable Comprehensive Health Centers to extend some services to the residents of extremely remote or sparsely settled areas where no other form of health care delivery is workable.

Influencing Physicians' Location Decisions

The rationale for affecting the location decision of individual physicians is that there is a sizeable pool of would-be rural practitioners whose preferences are deterred by certain correctable aspects of rural practice. Numerous studies have attempted to identify factors affecting physicians' propensity to locate in rural areas, and many programs have been suggested or instituted for altering the current geographic distribution of physicians (see above under the heading, "Is the Supply Adequate?").

Factors that have been associated with physician location with respect to rural areas include places of prior contact, * demand-related signals, ** presence of a hospital, *** the influence of family and friends, graduate teachers and older physicians, and fear of professional isolation. †

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*** Weiskotten et al., op. cit.

Physicians tend to locate their practices in areas where they spent their childhood or where they received their medical training. On the whole, they appear to respond to market demand in locating their practices, but for many rural areas they do not appear to be responding to the market signals. It would appear that further investigation and refinement of demand measures are in order to determine if there is unmet demand for physicians as well as unmet health needs in rural areas. (Meeting these needs may involve considerably more than just increasing the supply of physicians.) Previous studies also point to the need to examine simultaneously the relative importance to the physician location decision of prior contact and other personal considerations, professional concerns, and social and economic considerations.

Comprehensive Health Centers

The rationale for the Comprehensive Health Centers approach is that a host of vital services (including, in some cases, environmental changes) are needed to improve the health of the rural poor, and that consistent preventive care is more beneficial than episodic, emergency-oriented medicine. The effective achievement of these objectives requires an approach that is consumer- rather than provider-oriented.

Comprehensive Health Centers administered by OEO and DHEW have provided health services to over two million people in urban and rural areas.* Although separate figures on rural residents who have used these health centers are not available, we do have indicators of their impact in rural areas. In Lowndes County, Alabama, infant mortality stood at 46.9 per 1000 live births in 1967 when a CHC first opened. By 1971, the rate had declined to 28.3. Three neighboring counties showed little change over the same period. Similarly, in Bolivar County, Mississippi, deaths from influenza and pneumonia declined from 40.7 per 1000 population in 1966 when its health center opened to 22.3 in 1970.**

* Anderson and Morgan, op. cit.
** Ibid.
Physician's Assistants

The rationale for the physician's assistants approach is that for many remote areas it may be easier to recruit a physician's assistant than a physician. With appropriate supervision by physicians (through either telecommunications or physician visits), assistants can service a large portion of the health needs that are now unmet.

We have found only one experiment involving the use of physician's assistants for the delivery of rural health care.* In 1971, a clinic operated by physician's assistants was established in Gilchrist County, Florida (a doctorless county). The physician's assistants lived in the community and provided 24-hour-a-day medical service throughout the week. The supervising physicians were present at the clinic on an average of four days a week for a period of two to three hours for discussions with the paramedics, consultations with patients, and review and comment on all patients' records. A physician is available by telephone evenings and weekends as well. The physician's assistants have required consultation with a physician for about 10 percent of their patients, and less formal discussions for another 10 percent. About 80 percent of the patients' visits have been handled completely by the physician's assistant (although all records are reviewed by the attending physician).

Reactions by the clinic users have been favorable. According to a survey of clinic users, 95 percent thought the service was competent, thorough, effective, and reasonable in cost; 85 percent said they would return for regular care; 15 percent said they would return for minor illnesses or injuries but would go elsewhere for some serious conditions. Regarding quality of care provided, the opinions of the six supervising physicians (as evidenced from consults, discussions, and chart review) were highly favorable. Acceptance by physicians who had treated the residents of the county prior to the establishment of the clinic was evidenced by the fact that, of the 16 physicians identified in the survey who were named by 85 percent of the respondents as being their

regular physician, 13 either referred patients to the clinic for some care, or provided clinical summaries of patients treated by them to facilitate follow-up care by the physician's assistant.

The results of this experiment, then, demonstrate that physician's assistants in physicianless communities can provide quality care.
IX. CONCLUSION

Primarily by examining the experience of current federal programs aimed at them, this study has sought to shed light on three areas of rural deprivation: jobs and incomes, health services, and legal services.

Our survey indicates that current approaches leave many questions unresolved. With respect to jobs and income, there is uncoordinated and unbalanced emphasis among approaches that variously stress area development, human capital development, job placement services, and assistance to migration. With respect to health, there are attempts to influence the geographic distribution of doctors, experiments in clustering facilities in health centers, experiments in the organization and delivery of health services, and efforts to expand the use of paramedical personnel. With respect to legal services, experience has revealed a vast unmet demand for personal and familial legal services, but many authorities suggest that there is an equal need for legal aid to achieve strategic objectives in economic and civil rights.

This review indicates that rural poverty is a two-fold problem. On the one hand, much can be done to improve both the efficiency and effectiveness of current programs. Detailed experience with programs that have succeeded in greater or lesser degree is available in all three areas. With technical analysis, this experience can serve as a basis for strengthening present programs. On the other hand, fully meaningful improvements cannot come from information and reform only on the supply side, which the federal programs represent. Better ways must be found for the demand side to make itself heard. The nature and varieties of rural deprivation are only poorly understood, and technical planning has only a dim sense of the priorities and conflicts felt by the rural poor themselves. Indeed, it is often contended that the disappointments of existing programs stem from the mismatch of the "diagnosis from outside" of federal programs and the "diagnosis from within" of the target populations.
While this report cannot provide that diagnosis from within, it corroborates the need to provide means whereby program planners receive inputs from their clients, much as the wise Congressman strives to keep informed of the opinions of his constituency.
Appendix A
HOW THE FEDERAL BUDGET AFFECTS THE RURAL POOR

INTRODUCTION

This appendix presents estimates of the federal outlays in the Fiscal Year 1974 budget affecting the rural poor. It provides a degree of insight into the magnitude and composition of these federal expenditures and can serve as a basis for selecting certain program areas for additional study.

Any scheme to allocate federal outlays between those related and unrelated to the rural poor is necessarily arbitrary. With little information (and much of it inadequate), judgment becomes a crucial ingredient. The judgments on which this document is based are open to scrutiny, and we invite the reader's suggestions for improvement.

DESCRIPTION OF METHOD

Our estimates of the federal outlays affecting the rural poor are summarized in Table 1. The first column presents total outlays for major federal programs that appear to have substantial impact on the rural poor. We include such programs as Agriculture and Rural Development but exclude outlays for functions such as National Defense and NASA. The data were derived from The Budget of the United States Government—Fiscal Year 1974, which presents outlays of the budget by function. Out of the total federal budget of $269 billion, $146 billion (54 percent) appeared to be sufficiently applicable to the rural poor to warrant inclusion. Of this applicable $146 billion, $44 billion (30 percent) was expended on programs judged to affect the rural poor directly.

The detailed allocations on which Table 1 is based are shown in Table 2. Once again, we used a two-step approach. First we selected, based on judgment, those programs that appeared to affect the rural poor. In the case of Agriculture and Rural Development, for example, we included Rural Housing and Public Facilities, since this is aimed at improving housing and water and sewer facilities in local communities—outlays that seem likely to affect directly the living conditions of the rural poor. Outlays for Agriculture and Rural Development also included
Table 1

FY 1974 FEDERAL BUDGET OUTLAYS AFFECTING THE RURAL POOR
(In $ billion)

<table>
<thead>
<tr>
<th>Outlays by Function</th>
<th>Total</th>
<th>Dollars</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture and Rural Development</td>
<td>5.57</td>
<td>0.65</td>
<td>2</td>
</tr>
<tr>
<td>Natural Resources and Environment</td>
<td>3.66</td>
<td>0.59</td>
<td>1</td>
</tr>
<tr>
<td>Commerce and Transportation</td>
<td>11.58</td>
<td>0.94</td>
<td>2</td>
</tr>
<tr>
<td>Community Development and Housing</td>
<td>4.93</td>
<td>0.96</td>
<td>2</td>
</tr>
<tr>
<td>Education and Manpower</td>
<td>10.11</td>
<td>2.39</td>
<td>5</td>
</tr>
<tr>
<td>Health</td>
<td>21.73</td>
<td>7.00</td>
<td>16</td>
</tr>
<tr>
<td>Income Security</td>
<td>81.98</td>
<td>28.94</td>
<td>67</td>
</tr>
<tr>
<td>General Revenue Sharing</td>
<td>6.04</td>
<td>2.11</td>
<td>5</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>145.60</strong></td>
<td><strong>43.58</strong></td>
<td><strong>100</strong></td>
</tr>
<tr>
<td>Subtotal as % of federal outlays</td>
<td><strong>54%</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total federal outlays</td>
<td><strong>268.66</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 2

Allocation of FY 1974 Federal Outlays Affecting Rural Poor
(In $ billion)

<table>
<thead>
<tr>
<th>Function</th>
<th>Total</th>
<th>Dollars</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture and Rural Development</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rural Housing and Public Facilities</td>
<td>0.72</td>
<td>0.65</td>
<td>90</td>
</tr>
<tr>
<td>% of total Agriculture and Rural Development</td>
<td>13%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total, Agriculture and Rural Development</td>
<td>5.57</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Natural Resources and Environment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sewage plant construction</td>
<td>1.60</td>
<td>0.32</td>
<td>20</td>
</tr>
<tr>
<td>TVA</td>
<td>0.38</td>
<td>0.27</td>
<td>70</td>
</tr>
<tr>
<td>Subtotal</td>
<td>1.98</td>
<td>0.59</td>
<td></td>
</tr>
<tr>
<td>Subtotal, % of total Natural Resources</td>
<td>54%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total, National Resources and Environment</td>
<td>3.66</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commerce and Transportation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Area and Regional Development</td>
<td>1.05</td>
<td>0.94</td>
<td>90</td>
</tr>
<tr>
<td>% of total Commerce and Transportation</td>
<td>9%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total, Commerce and Transportation</td>
<td>11.58</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community Development and Housing</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Low and moderate income housing</td>
<td>2.01</td>
<td>0.70</td>
<td>35</td>
</tr>
<tr>
<td>HUD</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water and sewer grants</td>
<td>0.12</td>
<td>0.05</td>
<td>40</td>
</tr>
<tr>
<td>Open Space grant programs</td>
<td>0.07</td>
<td>0.06</td>
<td>90</td>
</tr>
<tr>
<td>OEO</td>
<td>0.33</td>
<td>0.10</td>
<td>30</td>
</tr>
<tr>
<td>Action; Domestic Volunteers</td>
<td>0.09</td>
<td>0.04</td>
<td>50</td>
</tr>
<tr>
<td>Legal Services Corporation</td>
<td>0.03</td>
<td>0.01</td>
<td>50</td>
</tr>
<tr>
<td>Subtotal</td>
<td>2.65</td>
<td>0.96</td>
<td></td>
</tr>
<tr>
<td>Subtotal, % of total Community Development</td>
<td>54%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total, Community Development and Housing</td>
<td>4.93</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education and Manpower</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education revenue sharing</td>
<td>1.69</td>
<td>0.59</td>
<td>35</td>
</tr>
<tr>
<td>Elementary and secondary education</td>
<td>1.74</td>
<td>0.61</td>
<td>40</td>
</tr>
<tr>
<td>Vocational education</td>
<td>0.31</td>
<td>0.05</td>
<td>15</td>
</tr>
<tr>
<td>Manpower training and employment services</td>
<td>2.85</td>
<td>1.00</td>
<td>35</td>
</tr>
<tr>
<td>Other Manpower aids</td>
<td>0.41</td>
<td>0.14</td>
<td>35</td>
</tr>
<tr>
<td>Subtotal</td>
<td>7.00</td>
<td>2.39</td>
<td></td>
</tr>
<tr>
<td>Subtotal, % of total Education and Manpower</td>
<td>69%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total, Education and Manpower</td>
<td>10.11</td>
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<td></td>
</tr>
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</table>
Table 2 -- continued

<table>
<thead>
<tr>
<th>Function</th>
<th>Total</th>
<th>Dollars</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Outlays Affecting Rural Poor</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Providing medical services</td>
<td>0.38</td>
<td>0.15</td>
<td>40</td>
</tr>
<tr>
<td>Medicare</td>
<td>12.61</td>
<td>5.04</td>
<td>40</td>
</tr>
<tr>
<td>Medicaid</td>
<td>5.25</td>
<td>1.58</td>
<td>30</td>
</tr>
<tr>
<td>Prevention and control of health problems</td>
<td>0.47</td>
<td>0.16</td>
<td>35</td>
</tr>
<tr>
<td>Consumer safety</td>
<td>0.19</td>
<td>0.07</td>
<td>35</td>
</tr>
<tr>
<td>Subtotal</td>
<td>18.90</td>
<td>7.00</td>
<td></td>
</tr>
<tr>
<td>Subtotal, % of total Health</td>
<td>87%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total, Health</td>
<td>21.73</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income Security</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Old age, survivors and disability insurance</td>
<td>54.54</td>
<td>21.81</td>
<td>40</td>
</tr>
<tr>
<td>Unemployment benefits</td>
<td>5.47</td>
<td>1.91</td>
<td>35</td>
</tr>
<tr>
<td>Disable coal miners</td>
<td>0.97</td>
<td>0.58</td>
<td>60</td>
</tr>
<tr>
<td>Supplemental security income</td>
<td>2.21</td>
<td>0.88</td>
<td>40</td>
</tr>
<tr>
<td>Grants to states for maintenance payments</td>
<td>5.37</td>
<td>1.61</td>
<td>30</td>
</tr>
<tr>
<td>Food stamps</td>
<td>2.20</td>
<td>0.88</td>
<td>40</td>
</tr>
<tr>
<td>Other food and nutrition</td>
<td>0.79</td>
<td>0.32</td>
<td>40</td>
</tr>
<tr>
<td>Grants to states for social service</td>
<td>1.89</td>
<td>0.57</td>
<td>30</td>
</tr>
<tr>
<td>Rehabilitation</td>
<td>0.98</td>
<td>0.29</td>
<td>30</td>
</tr>
<tr>
<td>Disaster relief</td>
<td>0.25</td>
<td>0.09</td>
<td>35</td>
</tr>
<tr>
<td>Subtotal</td>
<td>74.67</td>
<td>28.94</td>
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</tr>
<tr>
<td>Subtotal, % of total Income Security</td>
<td>91%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total, Income Security</td>
<td>81.98</td>
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</tr>
</tbody>
</table>
Price Supports, but these outlays were not allocated to the rural poor because we assumed that they affect the rural poor only indirectly.*

After selecting those programs that appeared to have a direct impact on the rural poor, we further allocated between rural and nonrural areas. The allocations were based primarily on the data presented in *The Third Annual Report of the President to the Congress on Government Services to Rural America*, which defined as "rural" all nonmetropolitan counties and all metropolitan counties with less than 100 persons per square mile. This definition of "rural," although not the most desirable, is the only one we have to work with. As Table 2 shows, the estimates of the percent of the outlays going to these rural areas ranges from 15 percent (vocational education) to 90 percent (rural housing).

**DISCUSSION**

These preliminary estimates, and the large but necessary element of judgment involved, call for extreme reservation in drawing conclusions. The following points can be noted.

First, *transfer payments*, which consist mainly of social security, exceed all other categories combined. The two categories of transfer payments and health (which is largely Medicare) account for over 80 percent of the total outlays we estimate as affecting the rural poor.

Second, *the programs that are usually singled out as "showcases" for helping rural areas (e.g., the USDA's rural development programs)* are very small. Federal outlays for Rural Housing and Public Facilities, which includes such programs as the Rural Electrification Administration, totaled only $650 million in 1974, or roughly 1.5 percent of the total federal outlays we estimate as affecting the rural poor.

*It could be argued that price supports affect the rural poor directly, since some of the payments go to poor farmers, and price support going to nonpoor farmers is very likely to increase the income of farm workers. An alternative resolution of this issue would be to include outlays that improve the rural economy, on the assumption that those outlays thereby help the rural poor indirectly. The chief disadvantage, however, would be to include nearly all federal expenditures going to rural areas—and hence lose any meaningful discrimination.*
Third, there are many unanswered questions concerning the relationship between federal expenditures and the rural poor, and the analysis to date provides few answers. For example, The Third Annual Report of the President to the Congress on Government Services to Rural America, which shows federal outlays in Fiscal Years 1970, 1971, and 1972 applicable to rural areas, concludes that 75 percent of federal outlays were at least partially applicable to rural areas. The conclusion can be very misleading if the reader is unaware that the Report includes guaranteed loans as part of the federal outlays, thus greatly exaggerating the total outlays applicable to rural areas. We are puzzled that outlays of the Department of Housing and Urban Development, reported as being partially applicable to rural areas, totaled $14.7 billion, or roughly four times the total federal outlays for HUD in that year.

Estimating the impact of revenue-sharing on the rural poor also poses major difficulties. We have allocated revenue sharing on the basis of the population's distribution, which does nothing to answer the important question of whether distribution of moneys by local officials tends to deprive the rural poor. The matter is further complicated by the fact that some of the federal outlays—particularly transfer payments—are increased by matching state funds, known to vary widely from state to state.

TRANSFER PAYMENTS

The federal transfer payment programs date back to the New Deal. Social Security (OASDI) and public assistance are the two major components. Receipt of the former is dependent on work experience while the latter is administered on the basis of income level. Both programs have distinguishing rural characteristics.

Although the Social Security System was first set up in 1935, farm and seasonal workers were not included until the 1950s, while farm operators were given the option to join the program voluntarily. As a result, a substantial percentage of the older farm population does not qualify for Social Security or related Medicare coverage.

The public assistance caseload in nonmetropolitan areas is reflective of the rural population in general. About one-third of the nation's old
age assistance (OAA) recipients, but only one-quarter of the younger dependent children caseload (AFDC), live in nonmetropolitan areas. Among nonmetropolitan AFDC families, the father is more likely to be incapacitated or deceased, while among urban AFDC families the father is more likely to be absent or unemployed.

A number of welfare services are associated with public assistance, including health and housing assistance as well as child welfare programs. Rural areas are often slighted in this respect and are less likely to have full-time caseworkers or specialized programs, because of remote locations. Moreover, most rural OAA recipients are covered by Medicaid while they are on the public assistance rolls. However, if they lose OAA eligibility, they often lose the Medicaid coverage as well, even though they still probably qualify for the program.

Although there are many urban-rural distinctions in the reci

ence of welfare, the most important determinant of the character and size of the caseload is the state government. While HEW supplies public assistance funds, the state government determines the actual amount of the grant and the rules of eligibility for assistance. Many state and local governments contribute their own funds to supplement welfare payments in order to provide a subsistence income, given the recipient's needs and the local cost of living. Again, the more rural states often lack the tax resources to supplement federal appropriations adequately, even though many of these states allot a disproportionate share of their state budget to public welfare. The administration of the programs may also reflect a state government's political philosophy. In many Southern states, rural recipients tend to receive much lower monthly payments under more stringent eligibility rules than do recipients in more urbanized states. An extreme example can be found in the average monthly payment received by an AFDC family in 1971, which ranged from $55 in Mississippi to $288 in New York.

The 1972 amendments to the Social Security Act represent an attempt to remedy some of these inequities by establishing uniform eligibility rules and a minimum monthly income for recipients enrolled in the aid to aged, blind, and disabled programs. Since the new federal standard is higher than that which had existed in many states, it is estimated
that an additional 3.5 million persons are now eligible for assistance. Moreover, for the majority of OAA recipients living in nonmetropolitan areas, the new minimum income standard will represent an increase in grant payments. While rural recipients will receive some sizeable advantages from the new program, the administration of the program is now more remote geographically. Most state welfare departments administer the various programs on a county level, but the new supplemental security income program (SSI) is under the direction of the Social Security Administration. Administration officials concede that they are having many problems with the program, which has been in effect since January 1974. One basic problem for the rural poor is that the monthly grant payments are now sent from the headquarters of the Social Security Administration, located in Baltimore. Moreover, the administrative matters of accepting applications, making adjustments in payments, or closing cases off the rolls are handled by the Social Security Administration's branch offices. Although there are about one thousand such offices throughout the United States, almost all are located in cities or suburbs. Again, the rural recipient is at a disadvantage: if he cannot physically visit one of the branch offices, his only option is to call or write, assuming he knows where to address his inquiry.
Appendix B

ALTERNATIVE DEFINITIONS OF "RURAL"

The statistical accounting system in this country affords several ways to distinguish what is loosely referred to as the "rural" population. The differences among these approaches are not trivial, and for our purposes it is essential to recognize their analytical drawbacks. This appendix describes and compares four alternatives: (1) the simple Census Bureau definition of "rural," (2) the Office of Management and Budget's (OMB) definition of "nonmetropolitan," (3) a three-way classification of counties according to levels of commuting to jobs in urban employment centers, and (4) a six-way classification of nonmetropolitan counties according to degree of urban influence. (The latter two alternatives are recent and have not yet come into widespread use.)

THE CENSUS BUREAU'S "RURAL POPULATION"

The term "rural," as used by the Census Bureau, has a specific but widely misunderstood statistical referent. The Census definition refers to all persons not classified as urban (i.e., not living in an area defined as urbanized or in an incorporated or unincorporated place of 2500 or more inhabitants). "Rural" was meant originally to designate the population in sparsely settled areas, regardless of the surrounding context.

The fact that some 30 percent of the rural population resides within the boundaries of metropolitan areas suggests how erroneous it would be to equate "rural" with "remote." Urban settlements have decentralized considerably since the second World War, and the spatial arena within which urban activities occur now extends far beyond the boundaries of what are called urbanized areas. So many "rural" people now commute to these urbanized areas that the distinction between urban and rural places is no longer the reliable indicator it once was of the daily activities of their residents.
OMB'S "NONMETROPOLITAN" POPULATION

For many types of analysis, that area in and around a city where activities form an integrated economic and social system needs to be considered as a unit. The Standard Metropolitan Statistical Area (SMSA) was developed by OMB in 1960 as such a unit, for which many general purpose statistics are now tabulated. All persons who reside outside of SMSAs are defined as nonmetropolitan.

Unlike the urban-rural distinction, which hinges on population density alone, the metropolitan-nonmetropolitan distinction reflects the presence or absence of social and economic integration into city life that is conferred by residence in a particular location. The criteria for such integration are people's daily activity patterns, such as commuting.

Still, metropolitan and nonmetropolitan areas are defined in terms of whole counties, which are often geographically large and socioeconomically heterogeneous. Thus, the approximation to a functional definition is at best crude. Moreover, many persons who are classified as "nonmetropolitan" reside in counties that are contiguous to metropolitan centers and within commuting range. * In many respects, a considerable proportion of these adjacent nonmetropolitan residents could be regarded functionally as metropolitan, because they lead much the same lives as do the SMSA residents themselves. Indeed, studies have shown that in 1960, fully 95 percent of the U.S. population already resided within the daily commuting field of a city, if not within its jurisdictional boundary. **

The need to distinguish several kinds of "nonmetropolitan" population has led to two other classification schemes, used by the Department of Agriculture's Economic Research Service in particular applications of its own.

*An example is Orange County, New York, adjacent to metropolitan New York.

"COMMITTING" VERSUS "NONCOMMITTING" POPULATION

The criterion of access to urban centers is complicated by freeways and other means of transportation that have fostered the phenomenon of long-distance commuting within the last decade or two. In a study it prepared for the Senate Committee on Agriculture and Forestry, the Economic Research Service used the following classification of counties:

1. Urban/employment centers: counties with 25,000 or more urban population (Census definition) or 10,000 or more nonfarm wage and salary jobs as of 1970.
2. Commuter Counties: counties from which 10 percent or more of all workers commuted to jobs located within urban/employment centers in 1960.
3. Noncommuter counties: all other counties.

SCALE OF URBAN INFLUENCE

More recently, the Economic Research Service has made use of a scheme whereby nonmetropolitan counties are grouped on a six-point scale of urban influence. Classification is based on two criteria: (1) population concentration in urban places, and (2) access to metropolitan areas. The distinction between urbanization and metropolitan adjacency makes this a more useful classification scheme than the earlier distinction between commuter and noncommuter counties.

The county types and associated definitions are as follows:

<table>
<thead>
<tr>
<th>County Type</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Metropolitan</td>
<td>All counties designated in 1973 as metropolitan.</td>
</tr>
<tr>
<td>Nonmetropolitan</td>
<td>All counties not included in the above.</td>
</tr>
<tr>
<td>Urbanized Adjacent</td>
<td>Counties contiguous to SMSAs and having 20,000 or more urban residents.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>County Type</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Urbanized Not Adjacent</td>
<td>Counties not contiguous to SMSAs and having 20,000 or more urban residents.</td>
</tr>
<tr>
<td>Less Urbanized Adjacent</td>
<td>Counties contiguous to SMSAs and having 2500 to 19,999 urban residents.</td>
</tr>
<tr>
<td>Less Urbanized Not Adjacent</td>
<td>Counties not contiguous to SMSAs and having 2500 to 19,999 urban residents.</td>
</tr>
<tr>
<td>Sparse Adjacent</td>
<td>Counties contiguous to SMSAs and having less than 2500 urban residents.</td>
</tr>
<tr>
<td>Sparse Not Adjacent</td>
<td>Counties not contiguous to SMSAs and having less than 2500 urban residents.</td>
</tr>
</tbody>
</table>

It has been suggested that these six nonmetropolitan county groups "describe a dimension of urban influence in which each succeeding group is affected to a lesser degree by the social and economic conditions of urban areas. This includes the influence of urban areas at a distance as well as within the counties themselves."*

Each of these procedures classifies the population differently. The latter two tend to be more useful for examining what we loosely refer to as rural poverty. The data in Table 3 compare the kinds of discrimination that are possible with these two approaches.

---

Table 3

COUNTRY CHARACTERISTICS UNDER VARIOUS CLASSIFICATION SCHEMES

A. Commuter-Noncommuter Classification

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>All Counties</th>
<th>Urban Employment Center</th>
<th>Commuter</th>
<th>Noncommuter</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of counties</td>
<td>3096</td>
<td>806</td>
<td>572</td>
<td>1718</td>
</tr>
<tr>
<td>Distribution of 1970 U.S. population (%)</td>
<td>100</td>
<td>82</td>
<td>6</td>
<td>12</td>
</tr>
<tr>
<td>Rate of population change, 1960-1970</td>
<td>+13</td>
<td>+16</td>
<td>+10</td>
<td>-1</td>
</tr>
<tr>
<td>Incidence of poverty per 100 population, 1960</td>
<td>22</td>
<td>18</td>
<td>36</td>
<td>40</td>
</tr>
<tr>
<td>Incidence of poverty per 100 households, 1969</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
</tbody>
</table>

B. Metropolitan-Nonmetropolitan Classification

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Metropolitan</th>
<th>Nonmetropolitan</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Adjacent</td>
<td>Not Adj.</td>
</tr>
<tr>
<td>Number of counties</td>
<td>612</td>
<td>191</td>
</tr>
<tr>
<td>Distribution of 1970 U.S. population (%)</td>
<td>73</td>
<td>7</td>
</tr>
<tr>
<td>Rate of population change, 1960-1970</td>
<td>+17</td>
<td>+12</td>
</tr>
<tr>
<td>Incidence of poverty per 100 population, 1960</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td>Incidence of poverty per 100 households, 1969</td>
<td>11</td>
<td>15</td>
</tr>
</tbody>
</table>
