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Farm Fiasco: The Inappropriate Federal Response to the Problems of the Rural Poor

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FARM FIASCO: THE INAPPROPRIATE FEDERAL RESPONSE TO THE PROBLEMS OF THE RURAL POOR

One of the most striking aspects of rural life is the extraordinarily high incidence of poverty. In 1965, 55.3 million persons lived in rural areas, constituting 29 per cent of the nation's total population. But rural areas in that year housed 43 per cent of the nation's poor.[1] Although the Council of Economic Advisors in the early 1960's established the annual income levels which define poverty as $3,000 for families and $1,500 for individuals,[2] almost 70 per cent of the rural poor earn less than $2,000 each year.[3] Further, it is not clear that these guidelines adequately define rural poverty, for the cost of living in rural areas is often higher. For example, poor roads, inadequate public transportation and long distances between homes and markets combine to require a greater portion of the rural dollar for transportation.[4] And while it is sometimes thought that the rural farm population expends less on food, studies show that the poor who receive farm incomes rarely own food producing gardens. Moreover, those that do have gardens for home consumption do not produce the variety of foods necessary for healthful living.[5] This inequity in real income may mean that the poverty definition for the rural non-farm poor ought to be adjusted upward by as much as 70 per cent.[6]

This Comment will examine the condition of the poor in the nation's agricultural communities and critically analyze some of the federal programs which purportedly are designed to solve some acute, and chronic, problems. The thesis is that responsible officials have misconceived the problem and the current programs may be doing more harm than

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1 United States Department of Labor, Manpower Report of the President: A Report on Manpower Requirements, Resources, Utilization, and Training 102 (1967) [hereinafter cited as Manpower Report].

2 Madden, Pennock & Jaeger, *Equivalent Levels of Living: A New Approach to Scaling the Poverty Line to Different Family Characteristics and Place of Residence*, Rural Poverty in the United States, A Report by the President's National Advisory Commission on Rural Poverty at 546 (1958) [hereinafter cited as Madden].

3 National Advisory Commission on Rural Poverty, The People Left Behind: A Report by the President's National Advisory Commission on Rural Poverty at 5 (1967) [hereinafter cited as The People Left Behind].

4 Farm Index, Sept., 1968, at 10.

5 *Id.* at 9.

6 Madden at 549. *But cf.* The People Left Behind at 8.

good. Remedial programs must be based on a realistic appraisal of the conditions and psychology of our agricultural communities and a willingness to learn from former bureaucratic blunders.

"Rural" is a descriptive term applied to people who reside in small population centers or, as is often the case with the rural poor, in isolated areas.[7] This factor helps to explain why policies designed in terms of the urban complex often fail in the effort to develop rural institutions. Larger population centers are able to take advantage of the economies of scale. Their institutions are well funded from a broad economic base; and facilities can be situated to service a large number of people. Where the population is not as dense, however, the cost of providing each individual with the services available to urban residents is much higher.[8] Similarly, the rural economic base is not adequate to support the type and quality of services available to the urban community. Almost all of the nation's 10 thousand one-room schools, for example, are located in rural areas. These schools lack facilities, such as science and language laboratories, which affect scholastic achievement.[9] Furthermore, the ratio of uncertified to certified teachers is twice as high in rural areas as in urban areas.[10]

Unemployment and underemployment are higher in rural areas than in urban ghettos.[11] The rural countryside is in an occupational transition caused by the rapid decline in the number of people which farms and farm related industries can employ.[12] The pattern of the exodus

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[7] MANPOWER REPORT at 101.

[8] Ford & Hillery, *Rural Community Institutions and Poverty*, NATIONAL ADVISORY COMMISSION ON RURAL POVERTY, RURAL POVERTY IN THE UNITED STATES: A REPORT BY THE PRESIDENT'S NATIONAL ADVISORY COMMISSION ON RURAL POVERTY at 78 (1968) [hereinafter cited as Ford]; Lustig & Reiner, *Local Government and Poverty in Rural Areas*, RURAL POVERTY IN THE UNITED STATES: A REPORT BY THE PRESIDENT'S NATIONAL ADVISORY COMMISSION ON RURAL POVERTY 117 (1968) [hereinafter cited as Lustig]. Institutional services in these communities receive about 70 percent of their funding from local sources.

[9] THE PEOPLE LEFT BEHIND at 41.

[10] *Id.* Other examples are inefficient local governments which, relative to the small population, have high overhead costs and are staffed by part-time, non-professionals who are incapable of designing and effectuating effective policies for alleviating some of the conditions of rural poverty. Lustig, *supra* note 8, at 117; and the inadequate health facilities, particularly in isolated communities, MANPOWER REPORT, *supra* note 1, at 110-11.

[11] MANPOWER REPORT at 101-02. *See also* THE PEOPLE LEFT BEHIND at 25.

[12] The farm population since the 1930's has been on a continous decline. In 1930, there were 30.529 million people residing on farms; but by 1966, that number had diminished to 11.595 million. UNITED STATES DEPARTMENT OF AGRICULTURE, 1967 AGRICULTURAL STATISTICS at 526. In 1950, farms provided jobs for 7.597 million family workers

from poor farm areas, however, has hindered the process of industrial absorption. Initially, migrants move into nonfarm labor markets within the same region. When the concentration of labor is sufficient to support industry, businesses are relocated to take advantage of the low cost of labor. As soon as enough savings are accumulated, the labor force tends to migrate out of the region to earn higher wages.[13] Where the inter-regional migration does not exceed intra-regional migration, capital is brought into poverty areas. But the trend is toward inter-regional migration and migration to urban centers; so instead of labor being concentrated to attract capital, rural areas are suffering a further decline in the density of their labor force.[14] Thus, industrialization in the past has been in larger rural population centers,[15] which does not significantly benefit isolated communities.[16]

In the area of human resource development, the rural poor do not receive a proportionate share of government assistance. For example, benefits under Title I of the Economic Opportunity Act, providing for job training and work programs, have been limited by appropriation measures to urban centers and those rural areas where there is substantial imigration.[17] Similarly, public assistance in expanding educa-

and 2.329 million hired workers. In 1965, however, there were only 4.128 million family workers and 1.482 million hired workers. UNITED STATES DEPARTMENT OF AGRICULTURE, 1966 AGRICULTURAL STATISTICS at 448. For a discussion of the cause for the decline in the number of farm jobs available, *see* text accompanying notes 27-43 *infra.*

13 Borts, *Patterns of Regional Economic Development in the United States, and Their Relation to Rural Poverty,* RURAL POVERTY IN THE UNITED STATES: A REPORT BY THE PRESIDENT'S NATIONAL ADVISORY COMMISSION ON RURAL POVERTY 130-31 (1968) [hereinafter cited as Borts].

14 Inter-regional migration and migration to urban centers is the pattern with the younger portion of the labor force. Members of this group need employment and have fewer attachments to the region than their parents. However, when the young do migrate, not only does it discourage the movement of capital into poverty areas, but it also causes the entire region to suffer institutional declines, adding to existing poverty problems. If capital is not brought into the area, financial resources contract. Moreover, as the youth leave the area, the entire social fabric of the community is left unsupported. MANPOWER REPORT at 102-04.

15 Gain in industrial jobs between 1950 and 1960 were mostly in population centers of 25,000 or more. FARM INDEX, April, 1968, at 11.

16 Even though industry is concentrated in the larger centers, it is still not providing enough jobs. Estimations are that industrial growth must absorb 300,000 members of the labor force each year in order to reach an equilibrium. FARM INDEX, May, 1968, at 10. This is because 75 per cent of all farm youth will have to seek off-farm employment Tweeton, *The Role of Education in Alleviating Rural Poverty* at 19 (Agricultural Economic Report No. 114, 1967) and that for the rural poor in general, the 3 million adult workers who will have died by 1970 will be replaced by 5.3 million children reaching working age. FARM INDEX, May, 1968, at 10.

17 Economic Opportunity Appropriation Act of 1968, 42 U.S.C. § 2763 (Supp. III, 1967).

tional facilities has also by-passed the rural poor. Operation Head Start, which funded pre-school orientation and education for underprivileged children, included in its 1966 program only 36 per cent of its students from rural areas.[18] Title I of the Elementary and Secondary Education Act of 1965[19] provides a formula for allocating funds to aid in the education of underprivileged children. Each school district receives its share according to a formula based upon two factors—the number of children in the district from families with incomes below $2,000 and the State's average per-pupil expenditure for education (or the national average, whichever is higher).[20] In practice, the formula benefits wealthier districts with concentrations of poverty and completely ignores the dispersed character of the rural poor as well as their inability to finance education as successfully as larger population centers. Thus, in 1966, the top 10 per cent of rural counties (ranked in terms of per capita income) received twice the allocation of ESEA funds received by the 10 per cent of rural counties ranking lowest in economic well-being.[21]

Rural poor also do not share proportionately in government transfer payments (direct payments of government funds to individual recipients under programs requiring no current quid pro quo). Farmers are exempt from the Social Security Act of 1935.[22] And, taking all transfer payment legislation into account, it is estimated that if the programs in existence in 1961 were removed in rural areas, an additional 37 percent would fall below the acceptable level of subsistence income, whereas in urban areas 73 per cent would move from relative comfort to below the poverty line.[23] It appears that current income supplementation programs focus on the urban, rather than rural, needy.

There is one area, however, where governmental policy is supposed to have taken account of the diffusion of the rural poor. Subsidies in the form of price supports and land diversion payments[24] are designed to increase farm income and boost the economy of the small surrounding communities. In his 1967 report to the President, Secretary of Agriculture Orville Freeman said:

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18 MANPOWER REPORT at 115.

19 The Elementary and Secondary Education Act of 1965, 20 U.S.C. § 236 (Supp. III, 1968).

20 The Elementary and Secondary Education Act of 1965, § 203(c), 20 U.S.C. § 241c(c) (Supp. III, 1968).

21 MANPOWER REPORT at 116.

22 42 U.S.C. § 410 (1964).

23 THE PEOPLE LEFT BEHIND at 86.

24 *See* notes 33, 34 *infra*.

> Farming and farm related industries historically have been the economic backbone of rural communities. Although farm occupations now make up only about one-fifth of all jobs in rural America, the farm is still the foremost economic institution in the American countryside.[25]

In theory, the farm policy is designed to bring income from other areas into isolated communities, thus providing them with an economic base. Farm legislation has undoubtedly helped to increase total farm income.[26] However, the program does not achieve its goal because technological developments coupled with the farm program's effect on income distribution make total farm income an increasingly insignificant factor in the process of rural development.

In recent years the number of farms has continued to decline and this trend has been accompanied by an increase in the average number of acres per farm.[27] The result is that more farms today are able to achieve economies of scale.[28] But the increase in the size has not been proportionate among the farm population; the effect has been to divide the industry into two groups. On the one hand are farms which have gross sales in excess of $10,000 yearly. These number 1.03 million (32 per cent of all farms in 1966), but were responsible for over 85 per cent of all farm sales. On the other hand are farms having gross sales below $10,000 yearly. These numbered 2.2 million in 1966 (68 per cent of the total number), but had gross sales of only 14.6 per cent of the total. Among this group, the largest segment includes

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[25] UNITED STATES DEPARTMENT OF AGRICULTURE, 1967 REPORT OF THE SECRETARY OF AGRICULTURE: AGRICULTURE/2000 at 37 [hereinafter cited as 1967 REPORT].

[26] Between 1929 and 1966, gross income from farm sales increased from $13.816 billion to $49.511 billion. Total net income from farming increased from $6.152 billion to $16.220 billion. UNITED STATES DEPARTMENT OF AGRICULTURE, 1967 AGRICULTURAL STATISTICS 570. In 1966 alone, government payments made directly to farmers totaled $3.26 billion. This represented a little more than 20 per cent of total net farm income, and was an increase of $814 million from the previous year, and an increase of $1.782 billion from 1961. UNITED STATES DEPARTMENT OF AGRICULTURE, 1967 AGRICULTURAL STATISTICS 570.

[27] In 1930, there were 6.3 million farms, each averaging 157 acres. By 1959, the number of farms was only 3.7 million with an average of 302 acres. The trend is continuing and in 1967 there were 3.2 million farms averaging 360 acres each. UNITED STATES DEPARTMENT OF AGRICULTURE, 1966 AGRICULTURAL STATISTICS 434; FARM INDEX, July, 1968, at 4.

[28] MADDEN, ECONOMICS OF SIZE OF FARMING at 34-55 (Agricultural Economic Report No. 107, 1967). Economy of size does not necessarily assure an adequate net return. It is simply the relationship between the cost of farm equipment, labor and land and the size of the farm which first bring the most efficient return on the farm's investment. However, as size is increased, the profit/cost ratio is unaffected (an exception being additional costs for business management) and the farmer receives an even greater net return. *Id.* at iii.

farms with gross sales below $2,500. They numbered 1.4 million but contributed only 3.5 per cent of that year's farm sales.[29]

Mechanized farming requires substantial acreage to justify capital outlays. Farms begin to achieve economies of size of about 150 acres with a well mechanized farm; but, depending upon the type of commodity and region, optimum operating efficiency may require 350 to 1600 acres.[30] The necessity for larger farms is brought about by rising production costs which are not accompanied by similar increases in prices received for crops. For example, between 1949 and 1965 prices received by farmers increased 3.5 per cent but they paid 16.9 per cent more for the same quantities of capital and labor used in production.[31] The situation is therefore similar to the problems confronted by persons having fixed incomes during inflationary periods. As the cost of an almost "fixed" farm income increases, its value in terms of buying power diminishes.[32]

Rising production costs and the inability to produce in volume would not be so serious to the community if farm legislation were designed to supplement the lower class farmer's income. However, the two parts of the farm program which he must depend on for greater profits not only fail to help him, but in fact, undermine his economic position. These are the price support program,[33] designed to increase and stabilize the price of most non-perishable commodities, and the acreage allotment and land diversion programs[34] whereby government pay-

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[29] UNITED STATES DEPARTMENT OF AGRICULTURE, FACT BOOK OF U.S. AGRICULTURE 37-38 (1967).

[30] Madden, *supra* note 28, at 54.

[31] UNITED STATES DEPARTMENT OF AGRICULTURE, 1966 AGRICULTURAL STATISTICS at 475, 476.

[32] The effect is already obvious. The number of farmers making parity returns (achieving purchasing power from farming comparable to the pre-World War I base period) in their respective classes are as follows: 50 per cent (sales above $20,000); 33 per cent (sales between $10,000 and $20,000); 11 per cent (sales between $5,000 and $10,000). FARM JOURNAL, April, 1968, at 11.

[33] Agricultural Adjustment Act of 1938, 7 U.S.C. §§ 1421-50 (1964).

[34] Agricultural Adjustment Act of 1938, 7 U.S.C. §§ 1301-93 (1964); Sugar Act of 1948, 7 U.S.C. §§ 1101-61 (1964); Soil Conservation and Domestic Allotment Act, 16 U.S.C. § 590 (1964); Soil Bank Act, 7 U.S.C. §§ 1801-37 (1964). The farm program is actually a four-pronged device. Aside from acreage diversion and price support programs, there are programs to expand domestic markets, Child Nutrition Act of 1966, 42 U.S.C. §§ 1771-85 (Supp. III 1967); National School Lunch Act, 42 U.S.C. §§ 1751-60 (1964); Food Stamp Act of 1964, 7 U.S.C. §§ 2011-25 (1964); Agricultural Trade Development and Assistance Act of 1954, 7 U.S.C. §§ 1691-1736 (1964), and a program to enhance farmers' bargaining positions with buyers Agricultural Marketing Agreement Act of 1927, 7 U.S.C. §§ 451-57 (1964); Agricultural

ments are made to farmers who voluntarily retire portions of their farms to control output. Thus, the level of benefit each farmer receives depends upon his total output and the number of acres he owns. For example, in 1963, direct government payments for acreage diversion were as follows: 54.5 per cent to farms with gross sales above $20,000; 23.6 per cent to farms with gross sales between $10,000 and $20,000; 12.6 per cent to farms with gross sales between $5,000 and $10,000; 4.7 per cent to farms with gross sales between $2,500 and $5,000; and to farms with sales below $2,500, 4.6 per cent. In other words, the upper 27 per cent of the nation's farms (measured by acreage) received 78 per cent of the payments.[35]

The effect of these disproportionate payments is to further encourage the concentration of wealth. Wealthier farmers are becoming increasingly powerful. They continue to exert effective pressures on Congress and administrative agencies to gain even greater shares of the market.[36] Knowing they would be able to survive without support prices if sufficiently organized to bargain effectively with buyers, wealthier farmers are now pressing for reform of the farm program—the elimination of support prices and increasing government activity toward improving their bargaining position.[37] A second effect of large farmers' strength

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Marketing Act of 1946, 7 U.S.C. §§ 1621-30 (1964). These programs benefit mostly the large producer who would like to increase his farm sales and also control the price. While the smaller farmer would benefit from higher commodity prices, his output is limited.

[35] Hardin, *Food and Fiber in the Nation's Politics*, 79 (National Advisory Commission on Food and Fiber Technical Papers, Vol. III, 1967). Viewed as a percentage of total money income to farmers and farm managers for the same year the figures are as follows: 3.2 per cent to the lower 20 per cent; 11.7 per cent to the lower 40 per cent; 26.4 per cent to the lower 60 percent; 73.6 per cent to the upper 40 per cent; 50.5 per cent to the upper 20 per cent; and 20.8 per cent to the upper 5 per cent. Bonnen, *The Distribution of Benefits From Selected U.S. Farm Programs*, RURAL POVERTY IN THE UNITED STATES: A REPORT BY THE PRESIDENT'S NATIONAL ADVISORY COMMISSION ON RURAL POVERTY 505 (1968).

[36] E. HIGBEE, FARMS AND FARMERS IN AN URBAN AGE, 91-93 (1963).

[37] The American Farm Bureau Federation is the organization representing the interests of upper-class farmers. E. HIGBEE, *supra* note 36, at 124. Their remedy for the farm problem is to expand the Agricultural Trade Development and Assistance Act of 1954's program and eliminate price supports, arguing that price supports are an inefficient form of government subsidy which also has the effect of putting a ceiling on farm prices. Donnelly, *Bold New Approach to Feed the Hungry World*, NATION'S AGRICULTURE, Feb. 1966, at 18; Shuman, "*Dear Mr. Congressman . . .*", NATION'S AGRICULTURE, Feb. 1966, at 4. *See also* FARM JOURNAL, Sept. 1968, at 70; FARM JOURNAL, May, 1968, at 24. Although the Farm Bureau claims its members want higher prices and could get them if they could bargain collectively, it condemned a strike by meat producers against processors for higher prices. The strike was led by the National Farm Organization which declared the purpose was to increase its po-

lies in the fact that distributions of money received for lands retired are in part flexible and these decisions are often made by local administrative committees.[38] Not only has there been discrimination in favor of the rich versus the poor farmer, but also allocations of payments have generally been made in favor of landlords as opposed to tenants.[39] Those suffering most are the southern black sharecroppers; it is estimated that by 1985 low income will drive most of them from their farms.[40] Thus, the entire farm program works to prevent the lower class farmer from returning to economic health without abandoning his heritage.

Whatever the merits of the farm program as an incentive to agricultural production (or lack thereof), it becomes increasingly clear that low income farmers will either remain as poor farmers, or they will leave their farms in order to realize more income. The trend, moreover, seems inevitable because increasing farm productivity is causing greater yields per acre yearly.[41] It is estimated that by 1980, if the same amount of land in production today is being farmed then, output will be far in excess of available markets[42] despite the fact that foreign and domestic demand levels will increase. As is usually the case in industries where technology is increasing and prices are declining relative to other products, the marginal producers will be forced out of the market. It is estimated that a reduction in acreage will cause one-third of the farms having sales below $2,500 and 15 per cent of those having sales above $2,500 to disappear by 1980.[43]

Farm income has a unique significance to the rural economy, in that an agricultural dollar has a greater multiplier effect than a dollar earned

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tential as a collective bargaining mechanism. It is even more significant that those who honored the strike were small farmers, while large efficient producers continued selling to processors. E. HIGBEE, *supra* note 36, at 70-75.

38 These committees were originally designed to provide the Department of Agriculture with the farmer's viewpoint. Later they became the managers of the Department's program. Hardin, *supra* note 35, at 63-78.

39 *Id.* at 125.

40 *Id.* at 128-29. The problem of racial discrimination by committeemen has come about because committees, although they are supposed to be representative of their community of farmers, have not had Negro representation in the past. *Id.* at 125.

41 For example, crop production on an average acre of land between 1945 and 1966 increased by 46.2 per cent. The trend is accompanied by an even greater increase in production per man hour for the same years, 141 per cent. UNITED STATES DEPARTMENT OF AGRICULTURE, 1967 AGRICULTURAL STATISTICS at 546.

42 Heady & Mayer, *Food Needs and U.S. Agriculture in 1980*, 3 (National Adv. Comm. on Food and Fiber, Technical Papers, Vol. I, 1967).

43 *Id.* at 111.

from nonfarm sources.[44] Thus, it would seem that farm income, even if expended by the wealthier one-third, should remain an important input for rural development. But the crucial point is that it must be expended in the rural community for goods and services. Concentration of the industry, however, is also concentrating agricultural profits. Thus, as any particular farmer's income expands beyond his consumption and production expenses, less of his income is likely to have the high multiplier effect it would have if he were using it on local, farm-related expenditures. Between 1949 and 1965, total net farm income increased by 19 per cent, but farm savings increased by 429 per cent.[45] To the extent that these larger savings are invested in other areas of the national economy, the relatively advantageous multiplier effect of the "agricultural dollar" is lost.

Another major development is keeping even larger percentages of farm profits from rural centers—the introduction of the corporate farm. Where enormous capital expenditures are required in order to turn a profit, corporate farms are becoming increasingly evident. The amount of land requiring irrigation has continued to increase so that larger investments are now required. Many large companies are forming subsidiary corporations in order to take advantage of handsome government payments, tax shelters and the rapid appreciation of agricultural real estate.[46] Today, these farms account for 5 per cent ($2 billion) of the total farm sales and their share is expected to be even higher in the future.[47] Similarly, it is expected that by 1978, the trend will bring another 100,000 urban investors into the business of farming.[48]

CONCLUSION

The foregoing suggests that the claim that the various farm programs

[44] Mirakhor & Orazem, *Importance of the Farm Sector to the Economy: A Multiplier Approach*, 50 AM. J. OF AGRI. ECON. 913-19 (1968).

[45] Thomas, *Corporate Sodbusters*, Barron's, Aug. 5, 1968, at 3, col. 2. Irrigation costs for a 1,000 acre farm may be as much as $50,000 a year. *Id.* at 13, col. 3.

[46] Thomas, *Lure of the Land*, Barron's, Aug. 19, 1968, at 3, col. 1. The appreciation of farm land has not reflected increases in its agricultural worth, and is attributed to its potential for future housing developments and industrial uses as well as the tendency to capitalize the value of government subsidies into land values. (UNITED STATES DEP'T OF AGRICULTURE, FACT BOOK OF U.S.A. AGRICULTURE 28 (1967). Bloch, *What Price Parity*?, Barron's, Dec. 9, 1968, at 12, col. 1. Thus, the value of an average acre of farmland increased 148 per cent between 1950 and 1967. UNITED STATES DEP'T OF AGRICULTURE, 1967 AGRICULTURAL STATISTICS 517.

[47] Thomas, *supra* note 45, at 3, col. 1.

[48] *Id.*

have a beneficial effect on the rural economy, and on the rural poor in particular, is highly dubious. The programs in question appear to be producing the exact opposite result. Therefore, as a justification for continuance of the present federal farm programs such claims should be rejected as wholly spurious. Programs which provide price supports or acreage allotments are designed to increase farm income generally, and as such are more beneficial to the large efficient unit than the poorer farms. They clearly are not responsive to the problem of rural poverty.

Reliance upon a combination of farm income support programs and urban oriented anti-poverty programs not only deprives rural areas of economic and social well-being, but also hampers efforts to eliminate poverty in urban centers. Additional pressure is put on urban centers by the large influx of low skilled people at a time when low skilled jobs are declining.[49] Urban poverty can be even more debilitating than rural poverty since the urban poor cannot provide themselves with subsistence goods which they formerly produced for their own consumption. Psychologically, these disparities are magnified in the eyes of recent immigrants to the city by the increased emphasis upon social and economic mobility.[50] Thus, the disparity between real incomes in urban areas heightens the tensions already existing. Social stability is therefore further weakened with its concomitant costs. For example, in one large midwestern city, migrants constituted 10 per cent of the population, but accounted for 50 per cent of the city's criminal activity. Their children were responsible for 50 per cent of all juvenile delinquency.[51]

The need to develop rural anti-poverty measures is therefore paramount. Because of the differences between urban and rural living, it should be a separate component of the nation's anti-poverty policy. In general, its structure should have as its foundation the fact that rural communities are small and isolated, which means they cannot adapt themselves to either the administrative techniques or comparable funding or urban legislation.[52] Moreover, they are not generally suitable for

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[49] Hathaway & Perkins, *Farm Labor Mobility, Migration, and Income Distribution*, 50 AM. J. OF AGRI. ECON. 342, 352 (1968).

[50] Tweeten, *supra* note 16, at 15-17.

[51] *Id.* at 2. This group also accounted for 30 per cent of the aid given by the cities' relief agencies. Migrants do not pay property taxes so the burden of educating their children and providing them with other municipal services is on the rest of the community.

[52] The weakness of the local government structure makes it a poor vehicle for

industrialization on a scale which would create enough jobs to overcome the labor surplus.[53] A simple answer would be to establish small urban-like communities complete with educational and job expansion programs.[54] The simplicity of the proposal, however, does not accomodate the fears the rural poor have about government involvement.[55]

This approach also ignores the indications that children from impoverished families are not sufficiently motivated to take advantage of educational opportunities because of the impact their parent's income and employment aspirations have on them.[56] Moreover, unlike the urban poor who have, as part of their reality, ideas of what income and education will mean for them economically and culturally, rural poor are insulated from this evidence by virtue of their infrequent contacts with wealthier members of the society and the urban idea of social and economic mobility.[57]

For these reasons, peculiar to the position and psychology of the urban poor, the experiences and forms of the urban poverty program may be of limited relevance. A better approach would be a combination of self-help programs and direct government assistance aimed at re-educating the poor about community and national institutions, which would at the same time help them to develop their own institutions.[58]

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administering programs such as the Economic Opportunities Act which is designed to equalize the effects of inter-governmental assistance. An OEO study showed that the nation's 100 wealthiest counties have fully enjoyed the benefits of the Economic Opportunity Act, while of the 100 poorest counties, only a few were able to take full advantage of the aid. Ford, *supra* note 8, at 80.

[53] *See* notes 11-13 *supra,* and accompanying text. Before industrialization could become a reality in poverty areas an infrastructure must be developed including (1) public services; (2) access to markets; and (3) labor. Even then, the fact that the surrounding community will not be a major market for any particular manufactured product makes such locations undersirable. Maki, *Infrastructure in Rural Areas,* RURAL POVERTY IN THE UNITED STATES: A REPORT BY THE PRESIDENT'S NATIONAL ADVISORY COMMISSION ON RURAL POVERTY 104 (1968).

[54] The object of these would be staging areas for urbanization, and an area where industry could successfully locate because of the concentration of labor and markets. Borts, *supra* note 13, at 135-40. *See also* FARM INDEX, April, 1968, at 10.

[55] Minsky, *Effects of Shifts of Aggregate Demand Upon Income Distribution,* 50 AM. J. AGRI. ECON. 328, 330 (1968).

[56] Tweeten, *supra* note 16, at 33. *See also* Slocum, ASPIRATIONS AND EXPECTATIONS OF THE RURAL POOR 12-14 (Agricultural Economic Report No. 122, 1967).

[57] Minsky, *supra* note 56, at 330. Professor Galbraith does not confine the phenomenon as much to rural areas as does Professor Minsky, but then the former was writing in 1958 when urban upheavals were not as commonplace. Nevertheless, he describes the problem in similar terms where "everyone or nearly everyone is poor." J. GALBRAITH, THE AFFLUENT SOCIETY 253 (1958).

[58] *Hearings Before the Nat. Adv. Comm. on Rural Poverty* 9-11 (Tucson, Ariz., Jan. 26, 27, 1967).

For example, government funding for additional school facilities might be tolerable to local residents were they directly involved in planning and constructing the facilities. Most important is the interaction of the poor with government officials. If these representatives of bureaucracy do their jobs well, they can help impoverished people create bridges between themselves and their changed environment. Similarly, from being a part of the process, their resistance against establishing higher standards for themselves should decrease as pride in communty and national involvement develops.

Businesses, particularly those well suited for isolated areas, should be encouraged. One new development has been recreation.[59] The rural countryside put to this use not only provides income to poor farmers and their communities, but also promises an expanding source of vacation retreats for the urban mass. So far, however, these businesses have either been owned by urban interests who have withdrawn most of the profits from the rural community,[60] or farmers who have been limited in the size of the operation they could develop because a precondition to their receiving low interest loans to convert their farms is that they continue to farm part of their land.[61] If isolated areas cannot support enough business to raise the living standard of the poor, then the self-help programs already mentioned could be a source of wages for the local poor.

The final question is which agency should be responsible for a rural anti-poverty program. The farmers' unfortunate experience with the Department of Agriculture's loan policy for recreational businesses illustrates the need to shift all rural development functions from that farm oriented organization. Moreover, it points to the need for developing an entirely new agency which would be responsible for policy formulation and could either be staffed and equipped to implement its own policies, or to coordinate other agencies which already have the ma-

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59 1967 REPORT at 40.

60 FARM INDEX, April, 1968, at 10. The problem would not be so severe if rural employees were paid higher wages, but their salaries are commensurate with the jobs they perform.

61 The loan policy was subsequently changed so that farmers could convert all their land to recreational uses, 7 U.S.C. § 1924 (1968); but the emphasis toward preserving agricultural concepts remains. For example, the U.S.D.A.'s Farm Labor Service deals with agricultural workers and employees as a special clientele. The area of employment is confined to agriculture so that the people needing help do not get the benefit of non-agricultural employment information. The opposite is also true; many nonfarm workers may have special qualities for an agriculturally related job. THE PEOPLE LEFT BEHIND 27.

chinery. The advantage would be that bureaucratic bias to preserve programs, when the justification implementing those measures has waned because of changing contexts, would not be an obstacle to effective policy formulation.[62] Taking a broader view of the Department of Agriculture's conduct, the self-serving drive to preserve and expand the farm program has caused USDA to act inconsistently with present and future agricultural needs as well as rural redevelopment requirements.[63] The need for change is evident and well documented. It is time rural anti-poverty is put into proper perspective and concretized into a rational program for rural redevelopment.

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[62] *Hearings Before the National Adv. Commission on Rural Poverty, supra* note 58, at 6-7.

[63] The program encourages "surplus farmers" to remain in farming. The Farmers Home Administration, for example, advances low interest loans to many who should rather seek off-farm employment than increase the size of their farms, and to many who should not be entering farming at all. In order to obtain an FHA loan, the potential debtor need only show that he is unable to obtain loans elsewhere at reasonable interest rates. Allen, *Farm Real-Estate Credit: An Analysis of Borrowers and Lenders* 5 (Agriculture Economics Report No. 104, 1966). Thus, despite the trend toward concentration of the farm industry, despite the need for that trend in order to eliminate surplus farming, the U.S.D.A. is encouraging low income farmers to remain in farming, and it is encouraging more people to enter that class. *See also* Chennareddy & Johnson, *Projections of Age Distribution of Farm Operators in the United States Based Upon Estimates of the Present Value of Income*, 50 AM. J. OF AGRI. ECON. 606 (1968). The study illustrates that low income farmers are compelled to stay on their farms because they are improperly overinvested in durables so that the cost of leaving is greater than the cost of remaining. Thus, it would seem that transfer payments to this group are justified when the foregoing is combined with their low educational achievement. It would, in a sense, be a "price support" program, except the agricultural fiction will have been removed so that the people who need income subsidization would be getting it. There has been some speculation that rural development and poverty programs will be administered by the Department of Agriculture. The opinion of one Office of Economic Opportunity administrator was that merely because the U.S.D.A. has traditionally served rural areas ably does not make it any more competent to formulate and administer anti-poverty programs than an able rural postman. *Hearings Before the National Adv. Commission on Rural Poverty, supra* note 58, at 7.