THIS BOOK CONTAINS NUMEROUS PAGES WITH THE ORIGINAL PRINTING ON THE PAGE BEING CROOKED. THIS IS THE BEST IMAGE AVAILABLE.
THE RELATIONSHIP BETWEEN RURAL POVERTY AND URBAN PROBLEMS

by GARY QUENTON STOECKER

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Approved by:

[Signature]
Major Professor
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CHAPTER I

INTRODUCTION

"History records a long, hard struggle to establish man's right to go where he pleased and to live where he chooses. It took many bloody revolu-
tions to break the chains that bound him to a particular plot of land, or confined him within the walls of a particular community.

We lose that freedom when our children are obliged to live some place else, that is, if they want a job or if they want a decent education. Not just sentiment demands that we do more to help our farms and rural communities. I think the welfare of this Nation demands it. And strange as it may seem, I think the future of the cities of America demands it, too."¹

The above quote from former President Johnson suggests the thought that the lack of opportunities in the rural areas is also related to problems that are encountered by the larger urban areas. The relationship is stated somewhat more strongly by economist Niles M. Hansen: "There is widespread and growing recognition that problems of metropolitan ghettos are linked to migration from poor rural areas, and that the future of our lagging areas is dependent on the feasibility of developing their employment base."²


²Niles M. Hansen, Rural Poverty and the Urban Crisis (Hereinafter referred to as Urban Crisis) (Bloomington, Ind.: Indiana University Press, 1970), p. 5.
The purpose of this report will be to determine if urban problems can be linked to rural poverty. Any relationship between rural poverty and urban problems, however, would not be a simple one and, therefore, should be explored within a broader regional framework that encompasses both the urban and rural areas. This means that the overall effects of migration on these areas must be noted before the problems caused by the migration of rural poor can be properly assessed. This will be accomplished by means of a survey of the literature concerning the different aspects that are directly or indirectly related to this topic. Literature pertaining to urban problems, rural poverty, rural to urban migration, and policy affecting this topic will be reviewed.

First, the general nature of the major problems affecting the urban areas today will be determined. This background, provided in Chapter II, is necessary in order that problems which might have their origin in rural poverty are put in proper perspective among the total ills of the city.

Secondly, in Chapter III, background information on rural poverty is surveyed. This is done in order to note the extent, the location, and some of the reasons for the existence of this poverty. By identifying such characteristics, reasons are apparent why rural people may become dissatisfied with their surroundings and want to move to the urban areas. The method of analysis will involve contrasting urban and rural standards of living. The location of rural poverty will be discussed in a regional context as this may provide the reasons for the existence of this poverty. Also, different regions establish different migratory trends, thus holding implications for certain urban areas. In order to more fully understand the reasons why a region may decline and may continue to do so, a closer examination of agricultural regions is provided. This should establish why the
rural to urban migration is likely to continue in the future.

Migration of rural people would play an important role in connecting urban problems with rural poverty. Therefore, a closer look at the migration process will be taken in Chapter IV. Past migratory trends will be established by a historical description of rural to urban migration in order to determine if there are any recent significant developments in the population shift. Next, the factors that influence migration will be noted, in order to evaluate the significance of rural poverty as it affects migration. Also, a knowledge of these factors is necessary before any meaningful policy measures affecting the population shift can be undertaken.

Chapter V will be used to describe the impact that this migration has on both rural and urban areas. The intention is to provide a clearer comprehension of both the problems caused and the benefits derived from this population shift so that an evaluation can be made. Without knowledge of the overall effects, conclusions concerning the rural to urban population shift would be difficult to make.

Lastly, the general types of policy will be reviewed in Chapter VI, although the purpose of this paper does not include recommending policy. By this presentation of policy, the different alternatives and the difficulties associated with each of them can be shown. While this policy will be presented in a regional context, stress will be placed on national well-being rather than on regional gain.

This entire issue is complex and involves, in reality, many questions that are difficult to answer. For example, how can balanced growth be achieved throughout the nation, if that is to be the goal, while expanding national growth? Also, this, in turn, involves such complex matters as why some regions develop and others do not, how large our urban areas should be
allowed to become, and, in addition, underscores the conflicting nature of some regional policies which possibly should be reviewed in the light of a national setting.
CHAPTER II

THE URBAN DILEMMA

The United States is definitely becoming an urban nation. This is not the result of a sudden population shift, but more the cumulative results of a long, but very pronounced, trend. The purpose of this chapter is to briefly review some of the problems of the urban areas. These will include not just those which may be attributed to the rural migrants, but a general survey of the major problems so that those of a rural nature may be put into their proper perspective. First, the problem of the disproportionate growth within the urban areas will be noted as this is one of the cities' more perplexing issues. Other problems of the cities will be examined by contrasting the central cities with their suburbs. Urban congestion is, however, a problem of the central city alone and will be considered from this viewpoint. This problem is one that is often thought to be the responsibility of the rural migrant.

Growth of Suburban Areas

Urban growth within the United States has not been distributed evenly in the urban areas. The giant urban areas, which are those with a population over 1 million, accounted for over one-half of the increase in total urban population, and those cities in the 250,000 to 1 million bracket accounted for nearly one-fourth of the increase.\footnote{U.S., Urban and Rural America, p. 123.} In other words, the large get larger. Nor has the growth been distributed evenly between suburbs and
the central city within an urban area. While the 1970 census pointed out that more people lived in the suburbs than in the central cities, this has not always been the case. Between 1900 and 1930, cities grew more rapidly than their surrounding areas. Central city growth fell to about two-thirds of the amount of the urban fringe growth between 1930 and 1950, to about one-third between 1950 and 1960, and is projected to fall to about one-sixth the amount from 1965 to 1975.\(^2\) Recently, about the only city growth has occurred through annexation of the surrounding fringe area. To be more exact, the 11 per cent growth of our cities since 1950 would amount to only 1.5 per cent if annexation were discounted.\(^3\)

\[\text{Per cent}\]

\[\begin{array}{cccccccc}
70 & & & & & & & \\
60 & & & & & & & \\
50 & & & & & & & \\
40 & & & & & & & \\
30 & & & & & & & \\
20 & & & & & & & \\
10 & & & & & & & \\
0 & & & & & & & \\
\end{array}\]

\[\begin{array}{cccccccc}
\end{array}\]

\[\text{Estimated}\]

**Fig. 1.**—Diagram of percentage of SMSA population population within central cities, 1900-1975.


\(^2\)Ibid., p. 3.

\(^3\)Ibid.
Central City—Suburban Differences

This rapid growth of urban fringe areas can be accounted for in large part by the migration from the central city. Since 1950, the combined central cities tended to contribute as much to the migration of their rings as the rest of the world combined, especially during the decade of the 1950's.4

One of the problems associated with this shift to suburbia is that the migration has tended to be restricted to middle- and upper-class whites who are abandoning the inner city to a growing population of poor nonwhites. Most of this increase of nonwhites in the central city is attributed to the black population. Since 1950, the central cities have absorbed 5.6 million blacks of a total increase in black population of 6.5 million. At the same time, most of the white increase, 27.7 million of a 35.6 million increase, has been in the suburbs.5 The ratio of blacks in the central cities rose from 12 per cent in 1950 to 20 per cent in 1965. Moreover, the larger the city, the faster was the rate of black growth and the greater was the percentage of blacks in the population in the central city. Over 55 per cent of the total black population now lives in the central cities.6

In addition to racial composition, there are further differences between the inner city and the outer fringe which bring additional disadvantages to the inner city. Such differences include educational levels, percentage of aged persons, amount of poverty, and employment opportunities.


5U.S., Urban and Rural America, p. 5.

6Ibid., p. 124.
Inner city residents lag behind their fringe neighbors in levels of education. On the average, about 51 per cent of those over twenty-five years of age who live in the suburbs have completed at least four years of high school. Only 41 per cent of those in the central city have done so.\(^7\) Nor do inner city residents have the quality of education offered to those in the suburbs. Central city facilities are often dingy and crowded, with minimal teaching staffs that make no pretense of instruction, but only try to maintain some semblance of order in their classrooms.

Central cities also house a greater percentage of the country's aged than do the suburbs. For example, people sixty-five and older are 13 per cent of the city of Pittsburgh, but only 9.6 per cent of the urbanized fringe.\(^8\) Older residents tend to contribute less to an area's economic well-being because they are usually retired, have only subsistence living, pay little in the way of taxes, and often require a fairly good share of public services, such as health and welfare.

The fact that the majority of the nation's poor are located in the central cities can be documented by looking at welfare records. More than one-half of the families receiving aid for dependent children live in central cities, compared to 6.8 per cent living in the urban fringe.\(^9\) The implications of this concentration of poverty in the inner cities again are associated with increased cost of public service in the areas of health, welfare, and crime prevention, or in general, an increase in high cost citizens coupled with a lessened tax base.

\(^7\)Oscar A. Ornati, "Poverty in the Cities," in Issues, p. 346.

\(^8\)Ibid.

\(^9\)Ibid., p. 347.
In part, the greater incidence of poverty can be attributed to a higher rate of unemployment that is found in the central cities. And in the slum areas, the problem of unemployment is more critical. Even in periods of relative full national employment, unemployment rates of 15 per cent in the slum areas are not unusual. If, however, the national unemployment rate goes up, unemployment accelerates even more sharply in the slums as the unskilled labor is laid off first. One of the contributing factors to this larger unemployment rate leads to another of the city woes, in that the industrial economic base has been shifting away from the city.

Along with the movement of the white middle class to the fringe areas has been the movement of much of the cities' industrial sector. New expansion of industry also has chosen to locate in the suburbs. The purpose of much of the shift has been to escape the rising taxes of the city, to find cheaper land on which to develop and to expand, and, in general, to accept the more attractive surroundings and inducements that the suburbs might have to offer. Regardless of the individual reasons, the shift has been extensive. Between 1947 and 1967, the employment increase in the suburbs has been over ten times greater than that in the city. Between 1954 and 1965, about two-thirds of the monetary value of all new buildings and stores constructed were built outside the central cities. In Los Angeles, 85 per cent of industrial buildings are in the suburbs.\(^{10}\)

However, the blue-collar labor force that is employed by these industries has remained behind in the central city, thus creating a job shortage in the city while the suburbs have labor shortages, despite higher wage rates. Nor is the inner city resident able to commute to work like his

\(^{10}\)Hansen, *Urban Crisis*, p. 30.
suburban counterpart, as this is often too costly for him by private auto, and mass transit does not efficiently link the sprawling suburbs with the central city in most areas. In addition to distance and transportation barriers, the inner city resident is often hampered by cultural differences that make him reluctant to leave his neighborhood in search of work.

In a like manner, the job market for the middle-class fringe dweller also is removed from nearby residence. The central city area contains most of the white-collar jobs. In New York, between 1964 and 1967, the city experienced a net increase of 110,000 jobs, of which 80 per cent were white-collar occupations.\footnote{U.S., National Manpower Conference at Oklahoma State University, 1968, The Rural to Urban Population Shift, a National Problem (Hereinafter referred to as Rural to Urban Shift) (Washington, D.C.: Government Printing Office, 1968), p. 35.} This results in a major commuting problem for most areas and in cost to the city in terms of freeways, congestion, noise, pollution, and parking. Although the daytime residents use the public services of the city, they pay for few of the costs of these services as they reside outside the city.

**Urban Congestion**

There are many other ills pertaining to the urban crisis. Most of these have to do with the increased population of our cities, part of which may be attributed to the rural to urban population shifts. Large populations, it has been argued, have greatly increased the external diseconomies associated with city living. Disadvantages such as more pollution, higher crime rates, racial violence, traffic congestion, higher noise levels, and a higher cost of living in general are what one tends to associate with the larger urban areas. Higher per capita costs for govern-
mental services are also a fact associated with larger cities. But whether or not this increased cost is greater than private benefits derived is yet an unanswered question.

In brief, central cities are experiencing difficulties because of a rising percentage of high cost citizens and a decreasing percentage of middle-class citizens. This has been caused largely by the shift of the middle class to the suburbs and the influx of people from the rural areas. With tax resources increasing at a decreasing rate, the cities are having to increase taxes to provide for more costly services which tends to discourage industry. Thus, this reduces the economic growth and limits the number of employment opportunities available to the central city resident. Congestion problems of the city, as noted earlier, can be attributed to both the daily influx of commuters and the rural to urban population shift—a shift caused by rural areas which are too poor to sustain growth and support their own population. Many feel this latter shift is the root of urban problems.
CHAPTER III

RURAL POVERTY IN AMERICA

The true extent of poverty and living conditions of the rural United States is somewhat difficult to discern, for this issue is often clouded with emotionalism. The United States has been described as an urban country with a rural bias. Many rural Americans have been portrayed as the people left behind, and the feeling is that rural America has not reaped the rewards of progress that the rest of America has received. In this chapter an attempt will be made to establish the existence and the extent of rural poverty. This might be best accomplished by documenting the differences between rural and urban standards of living, so that a logical reason may be seen for the migration to the urban areas. Next, the geographical location of rural poverty will be determined in order to show that it is fairly widespread and, also, that it tends to be linked to certain regions. This regional concept is important for two main reasons. If poverty is associated with a certain area, then a common reason for the existence of poverty in this area might be pinpointed and therefore, perhaps, could be corrected by regional policy. Also, this diversification has importance in influencing different urban areas. For example, the fact has long been noted that black southerners tended to migrate to northern cities, while residents of the Southwest have tended to migrate to the southern California area. Later in the chapter, the agricultural regions will be looked at in close detail in order to provide an indepth example of why a region may decline and why it may remain in that state.
Rural-Urban Differences

There are almost as many rural poor as there are urban poor, but the fact that there are far fewer rural people means that a greater percentage of the rural population live in poverty. Poverty is defined as the standard family of four with an income level of $3,000 or less, and this is adjusted to 70 per cent of this level for farm families. Rural refers, of course, to both the farm population and the non-farm population living in towns of less than 2,500 and existing outside a Standard Metropolitan Statistical Area (SMSA). In urban areas, about 1 person in 8 falls below this poverty level; in the rural areas, 1 person out of 4 lives in poverty. There are an estimated 14 million rural poor, of which about 11 million are white. About three-fourths of the 14 million live in small towns and villages rather than on farms.¹

Further comparisons in standards of living show that four out of five urban residents live in sound homes with adequate plumbing, but only about one out of two rural families have equally good housing.² Although one hears of city slums, there is a greater percentage of rural black housing that is substandard than there is of urban black housing. Rural areas also are deficient in public health services compared to urban areas. In 1963, there were about 81 physicians per 100,000 people in the rural areas as compared to 132 per 100,000 people in the urban areas. In other forms of public health, such as nurses, dentists, and ratio of hospital beds on a per person basis, the urban areas lead the rural by a considerable margin.³

¹Hansen, Urban Crisis, p. 33.
²U.S., Urban and Rural America, p. 23.
³Milton I. Roemer, "Health Needs and Services of the Rural Poor," in Rural Poverty in the United States (Hereinafter referred to as Rural Poverty
<table>
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<tr>
<th>Persons and unrelated individuals</th>
<th>1960 Persons</th>
<th>1965 Persons</th>
<th>Families</th>
<th>Families</th>
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<tr>
<td>Total in poverty</td>
<td>41.3</td>
<td>35.3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Urban</td>
<td>22.6</td>
<td>19.4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rural</td>
<td>18.7</td>
<td>15.9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nonfarm</td>
<td>13.0</td>
<td>10.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Farm</td>
<td>5.7</td>
<td>5.4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>In families</td>
<td>34.9</td>
<td>29.0</td>
<td>8.7</td>
<td>7.0</td>
</tr>
<tr>
<td>Urban</td>
<td>17.8</td>
<td>15.9</td>
<td>4.6</td>
<td>3.8</td>
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<tr>
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<td>17.1</td>
<td>13.1</td>
<td>4.1</td>
<td>3.2</td>
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<tr>
<td>Nonfarm</td>
<td>11.6</td>
<td>8.9</td>
<td>2.8</td>
<td>2.1</td>
</tr>
<tr>
<td>Farm</td>
<td>5.5</td>
<td>5.2</td>
<td>1.3</td>
<td>1.1</td>
</tr>
<tr>
<td>Unrelated individuals</td>
<td>6.4</td>
<td>5.3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Urban</td>
<td>4.8</td>
<td>3.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rural</td>
<td>1.6</td>
<td>1.8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nonfarm</td>
<td>1.4</td>
<td>1.6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Farm</td>
<td>.2</td>
<td>.2</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Poverty threshold levels are adjusted to reflect differences between farm and nonfarm standards of living. Also, they are adjusted for sex, age, and number of individuals in families.


Wage differentials are substantial. In 1960, the average rural wage rate was $1.23 compared to $2.71 for the urban wage rate.\(^4\) In part, this differential reflects the surplus labor in the rural areas. Unemployment rates continuously run higher in the rural areas, but underemployment probably is greater than unemployment. An estimate has been made that only

\(^4\)Hansen, Urban Crisis, p. 32.
34 per cent of the farm labor force actually was required in 1959.\(^5\) One reason for a continued surplus of labor despite outmigration is an exceedingly high rural birth rate. As indicated by the 1960 census, rural women were bearing children at the rate of 40 per cent above replacement, while the similar rate for urban women was only 7 per cent above replacement.\(^6\) Higher rural birth rates reflect, in part, the tradition of the large farm family and, in part, a lack of information about and access to birth control programs. Recently, the rural birth rate has tended to decline closer to the national average, but the rural labor market will feel little effect of this for several years.

Although some rural areas have a higher per capita expenditure for education than urban areas, this largely reflects the inefficiency involved in trying to educate thinly scattered pupils and not the quality of education. Indeed, many rural areas have a lower per capita expenditure for education. Generally speaking, the quality of rural education does tend to be lower than that of urban education. Urbanites complete the highest number of years of schooling, rural nonfarmers are next, and farmers complete the least.\(^7\) This lower educational achievement of the rural population is probably reflected again in the fact that the rural labor force has a higher percentage of workers in the blue-collar field than do urban workers. If median incomes are used as some indication of well-being, findings reveal that income levels tend to be less for the rural resident as Table 2 shows. In fact, Table 2 seems to indicate that there is some

\(^5\)Ibid., p. 33.

\(^6\)Commission on Rural Poverty, Rural Poverty in the U.S., p. 6.

\(^7\)A. O. Haller, "Education and the Occupational Achievement Process," in Rural Poverty in the U.S., p. 156.
direct relationship between population of an area and income. In short, statistics seem to point to the idea that the rural American is somewhat at a disadvantage when he is compared to his urban counterpart.

### TABLE 2

**MEDIAN INCOME IN 1959 OF FAMILIES AND MALES WITH INCOME, BY TYPE AND SIZE OF COMMUNITY**

<table>
<thead>
<tr>
<th>Type and size of community</th>
<th>Median family income (dollars)</th>
<th>Median income for males with income (dollars)</th>
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<tr>
<td>Urbanized areas:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3,000,000 or more</td>
<td>6,844</td>
<td>5,079</td>
</tr>
<tr>
<td>1,000,000 to 3,000,000</td>
<td>6,680</td>
<td>4,961</td>
</tr>
<tr>
<td>250,000 to 1,000,000</td>
<td>6,131</td>
<td>4,513</td>
</tr>
<tr>
<td>Under 250,000</td>
<td>5,834</td>
<td>4,284</td>
</tr>
<tr>
<td>Urban outside of</td>
<td></td>
<td></td>
</tr>
<tr>
<td>urbanized areas:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>25,000 or more</td>
<td>5,615</td>
<td>3,967</td>
</tr>
<tr>
<td>10,000 to 25,000</td>
<td>5,400</td>
<td>3,851</td>
</tr>
<tr>
<td>2,500 to 10,000</td>
<td>5,223</td>
<td>3,780</td>
</tr>
<tr>
<td>Rural areas:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nonfarm, total</td>
<td>4,750</td>
<td>3,297</td>
</tr>
<tr>
<td>Nonfarm in SMSA</td>
<td>5,830</td>
<td>4,225</td>
</tr>
<tr>
<td>Farm, total</td>
<td>3,228</td>
<td>2,098</td>
</tr>
<tr>
<td>Farm in SMSA</td>
<td>4,543</td>
<td>2,971</td>
</tr>
</tbody>
</table>


**Geographic Location of Rural Poverty**

In terms of geographical location, rural poor tend to be located in areas known as the Appalachian region, the Ozarks, the Piedmont and Delta areas of the South, and in the northern parts of Minnesota, Wisconsin, and Michigan. Areas like the Four Corners region of Utah, Arizona, Colorado, and New Mexico that contain a high percentage of Indian reservations, the
far Southwest area with a high population of Mexican Americans, and the declining New England states also have been declared as economically depressed areas. These areas are characterized by a high percentage of employment in slow growth occupations, such as agriculture and mining, and tend to have low growth rates for employment, income, and population. The Appalachian area, for example, depends mainly on mining, a relative slow growth industry, for its economic base. This region is hampered further by lack of an adequate transportation system, due to its rough geological terrain, creating an area where physical isolation has become cultural and economic isolation. In 1960, over 30 per cent of the Appalachian families had incomes of less than $\$3000^8$ compared to the urban average of 16 per cent. Investment in human resources is low in this area, and, as a result, many residents feel a reluctance to move because they feel unqualified for work elsewhere. However, whether they are prepared or not, many do leave.

During the decade of the 1950's, the Appalachian region experienced a migration rate of -12.7 per cent, while the overall average in the United States was +1.8 per cent.\(^9\) Migration patterns of Appalachian residents have tended to lead them to slum areas such as the uptown area of Chicago and similar places in Detroit and other cities.

The South is the nation's largest predominant rural area and is an area characterized by a disproportionately large percentage of its people employed in agriculture. Much concern is directed toward the southern regions for their poverty and the possible effect this might have for northern cities. In 1960, 4.5 million of the 9.6 million poor families in

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\(^8\) Hansen, Urban Crisis, p. 61.

\(^9\) Ibid., Table 18, p. 87.
the United States lived in the South. Most of these families were located in rural areas. Thus, although the South has only 30 per cent of the nation's population, this area has 46 per cent of those classified as living in poverty. Writers such as Kain and Persky feel that the southern migrant does cause problems for northern cities, in part, because they are unprepared for northern life due to a lack of good educational facilities. The South does have lower per capita expenditure for education and lower quality of education than other regions. Kain and Persky further state: "The migration streams originating in the rural South form the crucial link in a system of poverty; a system nurtured by the inability of rural communities to prepare their children for the complexities of modern life; a system brought to fruition in the metropolitan area too crowded and too shortsighted to rectify these mistakes."

Although Mexican Americans comprise the second largest minority group in the United States, they receive relatively little publicity because they are primarily concentrated in the Southwest. In terms of economic well-being, such as median income and percentage of employment, Mexican Americans rank somewhere between nonwhites and the Anglo groups. However, in the area of education, they sometimes have completed fewer years of formal schooling than nonwhites. This lack of education is especially true for Mexican Americans who are classified as migrant workers as they have little opportunity to provide steady education for their children. The number of migrant workers is decreasing because of recent innovations in picking


11 Ibid., p. 291.

12 Ibid.
machines. But without proper education or training, many find they are unsuited for other employment.

In the Southwest, the rate of poverty for families of Mexican American descent is over twice as great as the rate of poverty among Anglo families.\textsuperscript{13} This poverty is most extensive in the south Texas area. This depressed area has the additional problem of Mexican labor that commutes to work in the United States from nearby Mexico. By living in Mexico, the Mexicans can afford to work for less wages than the Mexican Americans of south Texas and hence, displace these people from their jobs. The Mexican Americans, in turn, migrate further north and displace other labor. Migration trends of Mexican Americans have been mostly to California. In 1900, Texas had 69 per cent of the Mexican American population, but by 1960, this figure was down to 35 per cent. Meanwhile, the percentage of Mexican Americans residing in California had risen from 8 per cent to 43 per cent.\textsuperscript{14} They have migrated to the urban areas until, presently, about 80 per cent of their population is urban. Although urbanized, their labor force remains largely restricted to manual labor and suffers from high unemployment rates.

Probably America's worst poverty and living conditions exist among American Indians living on reservations. Indian reservations can be found scattered throughout the United States, but most are located in the West and North. About one-half of the Indians have incomes of less than $2000 and three-fourths of them, less than $3000. Three-fourths of the housing has been called substandard, and unsanitary conditions abound. High unemployment is the rule; even rates as high as 75 per cent of a tribe being unemployed

\textsuperscript{13}Hansen, Urban Crisis, p. 194.

\textsuperscript{14}Ibid., p. 206.
have been recorded.15

In the early 1950's, the Bureau of Indian Affairs tried to force mass migration from the reservations. The program ended in disaster because the Indians were largely unprepared for urban life. Since then, Indian migration has not been encouraged by the Bureau of Indian Affairs, although there are programs available to help the Indian relocate if he desires. Cultural differences between the Indians and the rest of America's society remain great. Indians place tribal goals above personal achievement and competition with others. Punctuality and a high regard for time schedules are also traits that are not placed in high esteem by the Indians. While education available to the Indian does not adequately prepare him for an alien world, neither does this education have a respect for his culture and tradition. Sometimes an Indian child is taught in English before he fully understands the language. Some effort is being made to correct this. Until there is a greater understanding and appreciation of cultural differences, probably little progress will be made in relocating the American Indian or in eliminating his poverty.

The New England area is an older region that has undergone economic decline because of a shifting economic base. The move south of the textile and the shoe industries in search of cheaper labor coupled with the decline in fishing and agriculture have left many unemployed. Many of these have migrated to the metropolitan Eastern Seabord region. The New England area is unique in the respect that it has a high investment in human resources, and this might make the area suitable for industrial location. The need for industrial development, however, is in conflict with the desire to keep New

15Ibid., p. 163.
England uncongested and unspoiled for its tourist industry. This underscores the thought that even though industrialization of rural areas is feasible, such policy may not be always desirable.

Although this brief review does not cover all the regions of rural poverty, for there are many not mentioned, it does give some idea of the geographical dispersion of these areas, their main problems, and migratory trends. Others not mentioned exhibit similar characteristics and further discussion would be only repetitious. Nor is all rural poverty specifically grouped into regions, for there are many isolated rural poor in areas of plenty. Their reasons, and there are many, for remaining in poverty often lie in individual characteristics. However, for many of those living in depressed areas, the reasons for their existence in poverty depend largely on the region's inability to generate economic growth at rates comparable to the faster developing regions.

The Plight of Lagging Agricultural Regions

The reasons that one region may lag behind others in economic growth are complex, and simple explanations tend to overgeneralize. Yet to cover the field thoroughly goes beyond the scope of this report. The reasons for the decline of agricultural regions will be examined along with some of the reasons why they may fail to achieve economic growth rates that would equalize them with other areas.

Agricultural regions are prime examples of slow growth areas with unemployment due to structural change. Total agricultural employment has declined every year since the end of World War II. Then, there was about 8.6 million people employed in agriculture. In 1965, there was only about
4.6 million, and this is expected to decrease to 3.5 or 2.5 million. The demand for farm labor is largely a derived demand based on the demand for agricultural products, which in later years has been declining. The decline in the demand for agricultural products along with the higher rural birth rate and the fact that a large amount of farm labor has been replaced by technology has meant much surplus labor in agricultural regions. The demand for some agricultural products has declined more rapidly than others, for example, cotton, meaning that some agricultural regions have suffered more than others.

If certain rigid assumptions such as homogeneous space and no work preference are made, this regional difference in capital-labor ratios should equalize over time. A region with excess labor will have a relatively low ratio of capital to labor, which means the region will have a relatively high marginal physical product of capital and, thus, a relatively higher price of capital and a relatively low wage rate. This should cause capital flows into the region that has a low capital-labor ratio and labor to flow out of this region to the region that has a higher capital-labor ratio and higher wage rates. The flows should continue until the capital-labor ratios in the regions equalize.

Indeed, there is some indication of a movement toward equilibrium among regions. For example, since 1880, there has been a convergence of regional per capita incomes (as shown in Table 3). Likewise, regional differences in growth rates have been declining in the last few years, which probably is due to a better allocation of resources. But many argue that wide differences still exist and the process of convergence is slow. Also,

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<table>
<thead>
<tr>
<th>Year or Cycle</th>
<th>Per capita United States median income (current dollars)</th>
<th>New England</th>
<th>Middle Atlantic</th>
<th>East North Central</th>
<th>West North Central</th>
<th>South Atlantic</th>
<th>East South Central</th>
<th>West South Central</th>
<th>Mountain</th>
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<tr>
<td>1880</td>
<td>$ 174</td>
<td>141%</td>
<td>146%</td>
<td>102%</td>
<td>90%</td>
<td>52%</td>
<td>52%</td>
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<td>107</td>
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<td>163</td>
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<td>650</td>
<td>125</td>
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<td>109</td>
<td>87</td>
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<td>136</td>
</tr>
<tr>
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<td>125</td>
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<td>114</td>
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</tr>
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</tbody>
</table>

aPeriod does not cover a complete business cycle.

since the demand for agricultural products will continue to decline relative to rising income, while technology will continue to displace agricultural workers, there probably will continue to be surplus labor in predominantly agricultural communities.

Then, too, where structural change is responsible for an area's decline, capital flows alone will not correct the disequilibrium. For the type of industries that tend to be attracted to labor surplus areas are industries that are labor intensive (i.e. textile industry), and these also turn out to be slow growth industries. To quote from Harvey S. Perloff:

"The fact that wages within given regions have lagged behind those in other regions of the country, partly as a result of structural changes under way, is not enough by itself to attract a large inflow of capital. Flows of capital, therefore, by themselves need not bring about an equilibrium in which wages for similar levels of skills are more or less comparable throughout the nation,.... Under such circumstances, it is only through out-migration that upward pressures on wage levels can be exerted and per capita income raised."\(^{17}\)

Borts and Stein\(^{18}\) view the problem of surplus labor in a slightly different manner. They believe there are two offsetting effects that have to do with the movement of excess labor. First, the intraregional shift from agriculture to the urban areas within the region should give a special stimulus for rapid growth of that region. That is, low wages should attract industry and capital because they both would yield a high return. As


capital flows in, demand for labor is generated, thus promoting growth in the low wage region. In fact, the greater the misallocation of resources in the initial period (i.e. larger percentage of population in agriculture), the faster should be the growth of the region according to Borts and Stein. However, there is a second and offsetting force operating at the same time. That is, the movement of labor out of the region stimulates growth investment in the receiving areas, but limits the labor supply in the low wage area and discourages the inflow of capital and the growth of the region.¹⁹

This chapter, then, has established that rural areas do indeed seem to be poorer than urban areas and, furthermore, that this poverty is widespread and is primarily associated with declining regions that have a large percentage of employment in slow growth industries such as agriculture. Thus, reasons can be seen that a need exists for a movement to the urban areas in search of economic betterment. Nor will this need soon be alleviated as reasons have been indicated why the poorer regions may continue to lag behind. For example, capital-labor flows might not equalize regional growth as quickly as desired. But the problem is larger than economics alone, as migration is a more complex issue than just differential wage rates.

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¹⁹Ibid.

CHAPTER IV

RURAL MIGRATION IN AMERICA

If the assumption is made that urban problems are related to lagging rural areas, then the links among the problem areas will be migration. In this section, past migration and the extent of this migration will be examined first, in order that migration trends, if any, might be established. Secondly, the factors that influence migration (i.e. demographical, economical, geographical factors) will be examined. For it is important to note the factors that encourage or discourage migration, as these will have to be determined before any meaningful policy can be undertaken.

Historical Perspective

Migration within the United States is not a recent development. The population of the United States has been migrating from the rural to the urban areas ever since the time of the American Revolution, and migration flows have usually remained at about the same rate throughout this period. Even today, about one in five Americans change residences about once a year.

At the time of the American Revolution, the United States was predominantly a rural nation with about 95 per cent of its 3.9 million people employed in agriculture. There was a wave of migration that occurred just prior to the Civil War, which resulted in about 20 per cent of the population being urban. In the period of 1890 to 1900, the rural to urban migration started in earnest. By 1900, 40 per cent of the population was living in urban areas. The 1920 census first showed that the country had
become predominantly urban, with 54.1 million urban residents and 51.5 million rural residents. During the decade of the 1920's, 6 million rural people migrated to urban areas. One-half of these were from the rural South. The depression of the 1930's slowed the migration somewhat, with some rural areas experiencing an inflow of migrants from urban areas due to the unemployment caused by the depression. But despite a high immigration, there was an even higher outmigration from rural areas resulting in a net loss of 3.5 million people. The economic boom of the 1940's created high employment opportunities in the city, and urban migration increased dramatically with a net outmigration of about 8.6 million people. This means that the rural population dwindled about one-third during the decade. During the 1950's, the urban population experienced high gains, increasing by about 28 million. Rural population remained about the same because gains in rural nonfarm population were offset by losses in the farm population. Outmigration from farms during the 1950's was about 1 million per year from a smaller rural farm population base, which implies a much higher percentage of people migrating. In 1960 through 1966, net outmigration from farms averaged 804,000 persons per year, which is less than the 1950 through 1960 figure. However, this outmigration was taken from a smaller farm base and does not indicate any slackening in the migration rate which was 5.7 per cent for 1960 to 1965 compared to 5.3 per cent for the 1950's.\(^1\) However, there are other indications that the migration is beginning to abate somewhat. For example, migration movements into the West during the 1960 to 1964 period were about 500,000 per year. But for the 1964 to 1966 period, net outmigration figures to the West indicate an annual average of 150,000.

\(^1\)Commission on Rural Poverty, *Rural Poverty in the U.S.*, p. 3.
And the West has a higher migration rate than other regions.²

By 1967, there was an estimated urban population of about 144 million, which was 73 per cent of the total population. Rural population was about 53.9 million, of which about 11 million were farm population.

Net migration figures do not fully explain the migration patterns and flows. They tend not to present a true picture of the complexity of migration in the United States. For instance, these figures do not register back migration from urban to rural areas, migrations from one rural region to another, and so on. A great difference between net and gross migration figures has been noted. For example, in the years 1956 to 1967, there was a gross off-farm movement of 15.6 per cent of the farm labor force and a back flow to the farm of 10.7 per cent leaving a net outmigration of 4.9 per cent.³ Nor do net figures fully explain the motivation behind migration.

Determinants of Migration

Before beginning a discussion of factors influencing migration, the fact that several sources of information were used and that not all sources assimilated their information in the same manner should be noted. Greenwood and Gormely, for example, examine all migration, urban and rural, and their data is disaggregated by states.⁴ Although their studies are concerned with migration in general, not just rural migration, they have been included


³Paul R. Johnson, "Labor Mobility: Some Costs and Returns," in Rural Poverty in the U.S., p. 239.

<table>
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<tr>
<th>Year or Cycle</th>
<th>United States (thousands of persons)</th>
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<th>Middle Atlantic</th>
<th>East North Central</th>
<th>West North Central</th>
<th>South Atlantic</th>
<th>East South Central</th>
<th>West South Central</th>
<th>Mountain</th>
<th>Pacific</th>
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<td>22.0%</td>
<td>6.9%</td>
<td>17.1%</td>
<td>12.8%</td>
<td>5.6%</td>
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<td>9.6</td>
<td>4.0</td>
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</tbody>
</table>

*Period does not cover a complete business cycle.*

because they provide additional information. The data of Hathaway and Perkins focuses on farm migration as opposed to rural. They go further and discuss the factors that affect farm mobility. They define mobility as a change in one's occupation from farm to nonfarm employment, and migration as only a geographical change in location exceeding fifty miles. Other differences in data will be noted as necessary.

The first factors to be discussed will be the demographic ones, such as race, age, and sex. Secondly, geographic factors will be indicated. Then economic factors, for example, employment status, income, and employment opportunities, will be noted.

**Demographic factors**

Exactly how race affects migration is difficult to determine. This depends largely on what race and what region of the country is being discussed. In turn, many other factors that affect migration seem to affect different races in different manners. So, although race is an important factor, there is difficulty in isolating this as a single factor and in describing the effects.

Migration figures are usually listed as white and nonwhite, with nonwhite being a catchall category. However, when discussing the South, the word black usually can be substituted for nonwhite.

Which has the higher migration rate, white or nonwhite, depends, as noted earlier, on the region involved and the manner in which data is used. Greenwood and Gormely noted that between the years 1955 and 1960, 9.4 per cent of the white population moved to a different state and 8.8 per cent moved to a different county of the same state. The nonwhite

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5Dale E. Hathaway and Brian E. Perkins, "Occupational Mobility and Migration from Agriculture" (Hereinafter referred to as "Occupational Mobility and Migration"), in Rural Poverty in the U.S., p. 185.
population changes were 6.2 per cent and 4.2 per cent, respectively. Thus, an average of at least 1.9 per cent of the white population and 1.2 per cent of the nonwhite population changed their state of residence yearly between 1955 and 1960. And another 1.8 and 0.8 per cent of the respective populations changed counties within a given state yearly.6

However, a higher percentage of rural nonwhites are moving to the urban areas than rural whites. Between the years of 1960 and 1965, nonwhite farm population decreased by 41 per cent, while that of whites decreased by 17 per cent,7 and this trend is likely to continue. The findings of Hathaway and Perkins also have confirmed that farm blacks usually have higher migration and mobility rates than do farm whites. Not only are the nonwhites moving out more rapidly, but they tend to remain once they have migrated.8 Professor Tarver pointed out in the National Manpower Conference that during the period of 1955 to 1960, there was a gross migration of 21 to 22 million white people out of the South and approximately 19 million whites had moved back, leaving a net migration of approximately 1 million whites from the South. And during the same period, approximately 12 million blacks, which is a much higher percentage of their respective population, had moved from the South and about one-half that many had returned.9

Probably race has a greater effect on the patterns of migration than anything else. For instance, the rural black from the South usually migrates to the large northern city, but his white counterpart tends to

7Commission on Rural Poverty, Rural Poverty in the U.S., p. 6.
9Manpower Conference, Rural to Urban Shift, p. 18.
migrate to the medium size northern city or to the nearby southern city.\textsuperscript{10} The probability of a rural black from the South settling in a large northern city is seven times higher than is the rate for the rural white.

The age and sex of a person also seem to have bearing on his tendency to migrate. The rate of migration of young people is naturally higher than the migratory rate of older people. Hathaway and Perkins state that the eighteen to thirty-four age group, not only have a higher mobility and migration rate, but they move further than those over thirty-five years of age.\textsuperscript{11} Also, women in rural areas have a higher migration rate than men from the same area. This probably reflects a lack of rural job opportunities for women. However, males tend to migrate further distances than do females.

Geographical factors

Geographical factors such as distance, climate, population, and the location of friends and relatives also play an important part in determining migration.

Greenwood and Gormely noted that distance was a barrier to migration, in that migration slackened as further distances were involved. In this case, distance probably served as a proxy for the variables of cost of moving and lack of job information. Also there are greater psychological costs involved in moving greater distances from friends and family.\textsuperscript{12}


\textsuperscript{11}Hathaway and Perkins, "Occupational Mobility and Migration," in Rural Poverty in the U.S., p. 212.

\textsuperscript{12}Greenwood and Gormely, "Determinants of Interstate Migration," p. 147.
Hathaway and Perkins studied the effects that a nearby SMSA would have on mobility and migration of farm people. They divided distance from an urban center into four classes. These classes are: (1) 0 to 50 miles, (2) 51 to 100 miles, (3) 100 to 150 miles, (4) over 150 miles. For the nation as a whole, they found that mobility rates were highest for the individuals closest to the SMSA, but this is not a simple linear function of distance. In some cases, areas that were farthest from the SMSA had higher mobility rates than closer areas. Close proximity of the SMSA, however, did lead directly to migration.\textsuperscript{13}

Probably one of the more important factors would be the variable sometimes referred to as "chain migration" or "migration stock." This means that one migrates to an area where one has friends, relatives, or other contacts who may have previously migrated from the same area. This plays an important role both in influencing the decision to migrate and the direction of the migration. This provides the migrant with an established contact in the urban area that could supply job information, temporary lodging, and moral support. Lurie and Rayack have noted in their studies that this is a very important factor influencing migration.\textsuperscript{14} They also note that more people locate jobs in this informal manner, or through relatives, friends, and tips, than through formal methods such as employment services. Therefore, the white migrant has a definite advantage over the nonwhite migrant because his white contacts, because of earlier discrimination, are in a better position to know what jobs are available since they are well


\textsuperscript{14}Melvin Lurie and Elton Rayack, "Regional Differences in Migration and Job Search: a Case Study," Southern Economic Journal, XXXIII, No. 2 (1966), p. 92.
diversified in the socio-economic community. The traditional nonwhite jobs are usually of the lower-class, blue-collar variety. Thus the incoming nonwhite migrant tends to find only these jobs.

Although the fact was noted earlier that blacks from the rural South tend to migrate to large northern cities while whites migrated to cities of intermediate size, Greenwood and Gormely noted that both white and nonwhite migrants tended to go to states of large populations.\textsuperscript{15} This is a normal expectation for the population variable probably serves as a proxy for larger labor markets, thus better employment opportunities. Also the greater the population, the more likely a potential migrant would know someone in this area, thus setting up a chain migration.

Greenwood and Gormely also noted that the climate factor tended to affect white and nonwhite migrants differently. They found that whites tended to migrate to the warmer climates, but that no such tendencies were exhibited by the nonwhite migrant.\textsuperscript{16} This is probably due to the large black migration from the rural South to the urban North. The climate variable might serve as a proxy for job opportunities as some manufacturing, such as the aircraft industry, tend to go to warmer regions. However, the climate variable is probably not so important in influencing rural to urban migration as it is in influencing migration in general with the possible exception of migrant farm workers who follow seasonal crops.

\textbf{Economic factors}

Economic factors that might directly or indirectly influence a person's tendency to migrate are income, education, employment status, and the

\textsuperscript{15}Greenwood and Gormely, "Determinants of Interstate Migration," p.151.

\textsuperscript{16}Ibid., p. 150.
country's current economic condition. These factors are difficult to isolate as they are obviously interrelated, but attempts to do so have been made.

States with higher average levels of income generally tend to attract migrants. This has been readily established by Greenwood and others. But the fact that areas of low income encourage extensive outmigration has not been demonstrated conclusively. Also, low personal income is not necessarily correlated with migration. While a person may migrate to a higher income area than the one in which he was previously living, the chances are that he had a higher income than the average person in the area he left.

To determine the relation between poverty and migration, the Survey Research Center, as quoted by the President's Advisory Commission on Intergovernmental Relations, correlated the migration tendencies of three groups that they felt were representative of lower income individuals. These groups were: (1) blacks, (2) welfare recipients, and (3) residents of depressed areas. Their findings indicated that blacks are less mobile in terms of the long distance move than they used to be, which largely is due to emotional attachments to home and friends. Also, welfare recipients and depressed-area residents did not show much willingness to migrate. The studies of Hathaway and Perkins have shown little or no correlation between farm income and migration or mobility and the low income counties do not have a significantly higher outmigration rate than do high income counties. Also, during depressions, lower income counties had less outmigration than higher income areas.

\[17\text U.S., Urban and Rural America, p. 19.\]

\[18\text Hathaway and Perkins, "Occupational Mobility and Migration," in Rural Poverty in the U.S., p. 190.\]
counties. This seems to indicate that there might not be a strong correlation between rural poverty and migration as the lowest income classes do not seem to migrate readily. In other words, the pull of economic gain seems stronger than the push of economic depravity.

Employment status is a factor closely linked to income and probably almost all people who migrate are those seeking employment and economic betterment.

Unemployment in the rural areas seems to be an inducement for migration only as far as the young, the better educated, or the heads of households that are only temporarily unemployed are concerned. Other workers who do not possess these characteristics and are susceptible to unemployment usually have a low propensity to move.\(^{19}\)

Hathaway and Perkins found that one's employment status was an important contributing factor to migration. They divided farm employment status into five classes, which were as follows: (1) farm wage work only, (2) farm self-employment only, (3) farm wage work and nonfarm wage employment, (4) farm self-employment and nonfarm wage employment, (5) farm self-employment and nonfarm self-employment. Their results show that farm wage earners had higher migration rates than did farm operators. Also, multiple job holding (farm and nonfarm) led to higher migration rates, with the exception of those who were self-employed in both farm and nonfarm, who had low migration rates.\(^{20}\)

Closely correlated with the factor of employment status in the rural areas is the concept of the percentage of unemployment for the civilian

\(^{19}\)U.S., Urban and Rural America, p. 18.

labor force. G. Edward Schuh has indicated that studies by Sjaastad and also by Hathaway and Perkins have shown that a high rate of national unemployment is a very important factor in retarding migration from the rural areas.\textsuperscript{21} Periods of very high unemployment associated with a very significant slump in the economy has been shown to induce trends of migration from urban to rural. Therefore, a very significant policy in promoting rural to urban migration would be full employment associated with a rapidly growing economy.

The level of one's education also influences his economic well-being and his tendencies to migrate. The level of education probably serves as a proxy for a person's desirability in the job market and for personal characteristics such as an awareness of a broader environment than his immediate one. Studies by Gisser showed a significant correlation between education and outmigration in rural areas. Namely, they showed that a 10 per cent increase in education led to a 6 to 7 per cent increase in out-migration and a rise in the farm wage rate of 5 per cent.\textsuperscript{22} Usually, the typical rural migrant has a level of education that is higher than the average in the area from which he migrated, but lower than that of the average person in the area to which he migrated. Investment in human resources in the rural areas is often cited as a method of improving both the rural areas and the urban areas by such people as Theodore Schultz, Wilbur Thompson, and many others. Improving the quality and skills of the rural migrant will help in alleviating problems of adjustment that both the


\textsuperscript{22}Micha Gisser, "Schooling and the Farm Problem," \textit{Econometrica}, XXXIII (July, 1965).
migrant and the urban areas have upon his arrival.

Along with the factors that have influenced outmigration from the rural areas, Hathaway and Perkins have noted some of the factors that have influenced immigration to the rural areas. They found that while most people migrate to improve their economic well-being, approximately 40 percent of those who migrate, in fact, had lower incomes the first year after they had left agriculture than they did during their last year in farm employment.²³ They noted that almost all persons who migrated back to agriculture were those who had been employed previously in agriculture.

In general, the back migrants tended to be white farm operators of an older age. Hathaway and Perkins felt that a person's earnings the first year out of agriculture were an important factor influencing the stability of his migration.²⁴ In other words, higher incomes would be associated with stability of the migrant. In general, they found that people who had low incomes in agriculture also tended to have low incomes when they migrated out of agriculture. That is to say, the migration process seemed to help least those that needed it most. Interestingly enough, however, among those with the lowest incomes after migration from agriculture were the blacks who did not exhibit a tendency to return to agriculture. Also, they remained stably employed.

The value of job information provided by public agencies, as mentioned earlier, is probably slight in influencing migration.Possibly, this could reflect the lack of such information as much as anything. Most moves, however, took place on short notice, usually thirty days or less, reflecting


²⁴Ibid.
impulsive or sudden decisions. Additional security factors such as home ownership and pension plans were not shown to be barriers to migration, but unwillingness to leave familiar surroundings, friends, and family did impede migration.

In summary, rural to urban migration certainly is not a new phenomenon. This migration has continued at about the same rate since the time of the Revolutionary War. Migrants tend to be younger, better skilled, and more educated than those who do not migrate. Although historically, blacks from the rural South have had higher migration rates and moved farther, there is evidence this is changing and that the whites now tend to be the long distance movers.

Overall, whites seem to be more mobile. However, color probably serves as a proxy for the above mentioned qualities of education and skill. Economically speaking, the very poor, rural, chronically unemployed do not tend to move. Migration does increase considerably when there is low national unemployment, indicating that employment opportunity is probably more important than wage differentials. Information about such employment tends to come from friends and relatives, thus setting up patterns or trends in migration paths.

In the future, the rural-urban population shift seems quite likely to continue. The number may be smaller, but only because there is a smaller base from which to draw. The percentage of outmigration probably will remain about the same. The migration probably will continue because of the following: (1) A gap remains in income between urban and rural residents. (2) There is a continued decline in the demand for labor in agriculture and other natural based industries. (3) The smaller cities in the lagging areas are unable to attain the growth rate necessary to absorb the excess labor of
the area. (4) Higher birth rates in the rural area, though declining, will continue to have some influence.

Urbanization, then, can be viewed as a natural trend which has taken place regardless of whether or not the rural areas have been poor. This would indicate that, possibly, poverty may not be as important a factor to migration as the desire to achieve personal and economic gain. Regardless of the reason for this migration, it does cause changes in both the rural and the urban areas.
CHAPTER V

THE IMPACT OF RURAL MIGRATION

The consequences that the continued population shift has on both rural and urban areas is a matter of much concern and debate in the United States. The purpose of this chapter will be to provide a closer look at the effects of the rural to urban population shift, in order to determine the types of problems caused. First, the impact upon the rural areas will be studied as the overall harm or benefit of this continued population shift needs to be assessed. Also, the effects may be important to note because of their continued influence on further migration. The destination of the rural migrant, itself, has an important impact because the burden of receiving migrants is less for some cities than for others. A close examination of the direct and indirect effects that migration has on the urban areas is needed because the results of the migration are mixed. It is necessary to determine both the benefits and the costs to the city before the relationship of urban problems to rural migration can be accurately judged. Much of the difficulty in evaluating the overall effects of rural migration is because what is beneficial to one region may be harmful to another. In addition, there sometimes is difficulty in determining what is beneficial for each region.

Effects on Rural Areas

As was noted earlier, the migration shift tends to deplete the rural areas of their younger, better-educated, and skilled workers. The rural areas tend to have a shortage of persons in the twenty-to forty-four age
category and a high percentage of the high cost citizens with a narrowed tax base.

The economic effects are mixed. The outmigration could reduce the number of consumers and the purchasing power in an area to the point of depression via downward multiplier effects of restricted buying power. Migration should, however, reduce surplus labor in the rural areas and help to bring about wage levels and per capita income levels that are closer to the national average. But whether or not migration achieves this depends on many other factors. The more important of these being: (1) the rate of natural increase in population and of migration, (2) the ratio of labor force to population and the number of new entrants into the labor force, (3) the existing amount of unemployment and underemployment, (4) the extent of the decline in the demand for labor as a result of mechanization and related technological and organizational changes, (5) the rate at which there are new job opportunities for the earning of supplemental income as in the case of off-farm work for one member of the family.\(^1\) Any combinations of these factors would greatly increase the percentage of outmigration required to achieve regional balance. But there are additional reasons why growth in per capita income is difficult to achieve through outmigration.

There is a large difference between the high per capita income area that attracts migrants from several regions and the lagging region in which all decisions to migrate must be made in that one area. Thus, a much higher percentage of outmigration would be required of the lagging area. In reality, this means that a high income area cannot remain ahead long in per capita income but that a lagging region can continue to remain behind.

\(^1\)Perloff, et al., Regions, Resources, and Economic Growth, p. 590.
The overall effects of outmigration on the rural area probably are going to depend largely on the characteristics of those who migrate and those who remain behind, for example, whether they are young or old, skilled or unskilled. Therefore, both positive and negative effects will be associated with outmigration and as to which is the stronger will vary with the region and the migrant. The effects that this migration has on the receiving areas depend largely on these same characteristics, but also depend, in part, upon the migrant's destination, for some areas more easily can afford additional population than other areas.

Destination of Migrants

The destination of the rural to urban migrants is, however, generally the larger metropolitan areas rather than the smaller metropolitan area. The nine largest metropolitan areas received four-fifths of all migrants during the 1960 to 1965 period. And most of these migrants have settled in the inner cities. This is due to several reasons. Primarily, they lack the funds necessary to settle in other parts of the city. Secondly, while they are not exactly welcomed in the inner city, neither are they probably made to feel that they are unwelcome as they would be in other parts of the city. Thirdly, they have a lack of feeling of permanence in their new residency. The urban area is not regarded as home yet, and since the inner city requires little of its residents except for paying rent, they feel more comfortable in this area. Moving to other parts of the urban area would require more active participation in community life. Because of the above stated tendencies of settling in the core areas of the larger SMSA's, rural migrants have been associated with many of our urban problems.

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2 U.S., Urban and Rural America, p. 27.
Effects on Urban Receiving Areas

Direct effects

The effects of the rural migrant settling in the inner city also are mixed. Probably the greatest disadvantage is this tends to increase the percentage of high cost citizens on an already overburdened area. These citizens tend to be somewhat ill-prepared for their new life. In one northern city, although people from the South were only about 10 per cent of the population, they accounted for 31 per cent of the prison population. In mentioning the unpreparedness of the migrants in another city, statistics showed that 42 per cent of the blue-collar workers were of rural origin and that for one-third of them, their first time to the city was to look for work. Also, 50 per cent of them knew nothing about the city before migrating. Most had depended on friends and relatives for information on employment.

When the black ghettos erupted in violence during the 1960's, many felt that rural black migrants, by creating crowded conditions, might have brought the ghettos to the flash point. However, findings by the President's Advisory Commission on Intergovernmental Relations found that immigration was not a primary cause of riots or other civil disturbances. Among other reasons that they cited was the fact that the new rural migrants tend to have higher labor force participation than the nonmigrant urban black. Also, the recent migrants do not tend to concentrate in one area, and they do not make up a high percentage of the black population in the cities to which they migrate. The Commission did conclude, however, that the migrants did

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add to the congestion of the city. In addition, the influx probably increases unemployment, makes competition for jobs difficult, and might even suppress wage rates to some extent.

At the same time, the city also derives much good from the migrant. First, there is a large transfer in the form of education of rural youth who migrate. Also, the rural migrant of today serves much the same function as the earlier European migrant—that of taking the working class jobs and freeing other urban labor for the white-collar jobs. The increased consumption brought about by the additional population also could have positive business effects to create more jobs.

Once again, the determinant of whether or not the urban area benefits, depends on the nature and characteristics of the migrant. Usually the migrants are the better-qualified residents of rural areas. In terms of direct benefits then, the advantages of rural migrants to the receiving areas probably outweigh the costs imposed on these areas. But there are other costs that migration imposes on the city and these are not so easily measured.

*Indirect effects*

Probably the issue cited most by critics of the rural migration is the congestion of our cities. The fact is that a few metropolitan areas are becoming gigantic while other areas are declining. This issue is complicated and involves the following questions: Should policy be aimed at limiting this growth, and, if so, what is the optimum city size?

In the decade between 1950 and 1960, migration accounted for about 35 per cent of metropolitan growth, but during the 1960 through 1965 period,

migration accounted for only 22 per cent of the growth in our cities.\textsuperscript{5} Two reasons for this decreasing percentage are that the absolute number of migrants to the cities is somewhat smaller and that the number of births in the cities have increased considerably because of the increased population. However, even one-fifth of the population growth is a very significant contribution and would add considerably to the congestion in the cities.

Congestion and the external diseconomies associated with it are of primary concern to the critics of large cities. A number of social ills such as delinquency, riots, crimes, and pollution have been associated with overcrowding. But many, such as the often quoted biologist René Dubois, fear that the worst effects of our urban society will be on man's mental health, not his physical health.\textsuperscript{6} When physical distance becomes harder to maintain, people appear to use psychological distancing mechanisms, such as refusing to become involved in others' problems. Dissatisfaction with big city growth seems to be increasing. A Gallup Poll Survey released in May, 1968, showed that 56 per cent of Americans would prefer rural areas if jobs were available. This compares to 49 per cent indicating the same preference two years earlier.\textsuperscript{7} If such feelings are so prevalent, why is there continued migration to metropolitan areas and decline of rural areas? People move in response to the greater economic opportunity in larger cities. Due to purely market forces and agglomeration economies, economic activity has tended to concentrate. Such assets as the availability of public overhead capital, transportation facilities, financing, and a well-trained labor force

\textsuperscript{5}Ibid., p. 16.

\textsuperscript{6}Hansen, Urban Crisis, p. 224.

\textsuperscript{7}Ibid., p. 246.
make the metropolitan area attractive for investment. The increased investment will raise capital-labor ratios and attract more labor, resulting in a larger skilled labor force with more buying power. This, in turn, attracts more investment and the cycle begins again. But there are also external diseconomies associated with this concentrated growth of economic activity, for example, such items as the aforementioned crowding, pollution, and slums. But because most of these costs are not borne internally by the migrant, growth of the urban areas continues. This disparity between social and private costs causes jobs to be created in urban areas where the net social welfare might be less than if an alternate location for growth were chosen. People will move to a crowded area as long as their marginal private gain in benefits (i.e. income) outweighs their own internalized costs associated with city living. But this does not mean that total social welfare in a Pareto optimal sense has been increased. Indeed, the opposite might be true. The additional congestion caused by one more resident may increase the diseconomies absorbed by previous residents, so that, while one person benefits, there may be a loss in total welfare. And while the costs might become great enough to cause some people to move out, there are a number of things preventing this outmigration. A person establishes normal social and economic rigidities, friends, jobs, and familiar environment. Thus, moving away from the metropolitan area may not be feasible even though it may increase the individual's total welfare to do so. So the cities' growth and congestion are difficult to check.

The merits of big cities are also many. Jean Gottman finds the Megalopolis to be an efficient center for research and for cultural and

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managerial functions. Incomes for long time residents and recent migrants alike are higher on the average in the larger SMSA's. Cities of more than a million show a substantially lower incidence of poverty than cities of 250,000 to 1 million.9

The question of how large a city should be for maximum efficiency and welfare is for the most part unanswered. Although there is great difficulty involved in measuring the costs of supplying urban services, Werner Z. Hirsch believes that scale economies do not seem to exist for urban governments that grow or consolidate as they do for some private industry.10 Some studies indicate there is no evidence that cities up to 250,000 population experience either economies or diseconomies of scale. Most cities above a level of 250,000 have experienced greater per capita costs for public services—fire protection, police, and pollution costs—provided.11 Possibly, these increased costs could be associated more closely with an inefficient government structure rather than an increased population. A study of cities in the 25,000 to 250,000 size showed a high correlation between high per capita costs of municipalities and the rate of growth of these cities, rather than a correlation between population or population density.12 High costs and other problems could be attributed then to outmoded forms of city government rather than population alone. This view also is shared by George Stolnitz,13 who goes on to raise some interesting

11U.S., Urban and Rural America, p. 57.
12Ibid., p. 50.
questions about the recent concern with overpopulation of our cities. First, he notes that there is nothing new in the migration trends, as they have remained at about the same level throughout history and, if anything, have been decreasing in recent years. Also, the population of our central cities has not been increasing either, due to the migration to the suburbs or, perhaps, a decreasing migration from the rural areas. The only new development that Stolnitz notes is in the changing racial composition of our central cities. That is, for the first time in history, there has been an absolute decline in the number of whites living in central city and the number of nonwhites has increased dramatically. He feels that this racial change is the cause for our concern rather than the overcrowding. However, the changing racial composition does lead to overcrowding in housing because of racial discrimination in urban housing policies. As the middle-class whites move out, the nonwhites are unable to "filter up" and occupy the dwellings vacated, thus creating a bottleneck in the housing supply.

To summarize briefly, the average rural migrant is probably ill-prepared for urban life and does cause increased costs for the urban areas. He is, however, not directly responsible for major problems such as ghetto riots and, in fact, probably brings many benefits to the city. But due to the congestion of larger SMSA's, more national good might be derived from his migrating to a less crowded area. Migrants, however, definitely are attracted to the larger SMSA areas, and the growth of these areas is difficult to check. There does not seem to exist any real evidence to support claims that the cities are either too large or too small, which means that perhaps many of our fears and problems might be racial in origin.

14Ibid.
CHAPTER VI

POLICY FOR URBAN AND RURAL AMERICA

The conclusion of most governmental reports has been that there is a definite relationship between the problems of the central cities and the migration patterns in the rural areas.¹ If indeed such a problem exists, then policy should be directed to deal with the situation. The purpose of this chapter will be to examine both existing and proposed policy that would affect rural to urban population shifts. Policies for both the urban and the rural areas will be considered in order to present the full range of alternatives. This is done in order to better determine what options exist if correctional measures need to be taken.

Although everyone is not yet entirely satisfied that the United States government should take an active part in the direction and location of economic activity, the United States already has a history of doing so. While this country may trail some countries in regional planning policy, the Agricultural Adjustment Act of the 1930's and the Full Employment Act of 1946 have indirectly given the United States a precedence for this type of policy. More recently, Congressional action such as the Economic Opportunity Act of 1964, the Appalachian Development Act of 1965, and the Demonstration Cities and Metropolitan Development Act of 1966 have further pointed the way for direct government involvement.

¹U.S., Urban and Rural America, p. 130. Also findings of The People Left Behind.
In choosing policy, evaluation should be made in the light of maximizing national well-being as opposed to the more narrow view of benefiting a single area. This would require, of course, that consistent national goals be established. Also, coordinating policy could not be limited only to enactment in either the urban or the rural areas, but must be applied to both. In the words of Donald Schon: "If rural-to-urban migration continues—and it seems sure that it will—and if rural areas cannot provide jobs for all rural residents who need jobs, then the debate as to whether the problem of rural poverty should most properly be addressed and ameliorated in rural areas or in urban areas is empty. No real choice exists. The problem of rural poverty must obviously be addressed in both rural and urban areas."\(^2\)

**Congested Urban Regions**

The economic arguments against migration have to do partially with the adverse effects caused in the large urban receiving areas, where the migrants create less in marginal benefits than the marginal social cost they add by coming to the city. While this argument may be hard to justify in many cases, policy can be devised to stem migration. Such policies are usually aimed at encouraging the potential migrant to remain where he is either by improving conditions in his locality or by making the urban areas less attractive.

Policies of this first type would include any that improve living and employment conditions in the rural area. Examples of existing federal policy of this type include: (1) the rural CAP projects and similar OEO

programs, (2) farm labor placement boards, (3) unemployment insurance, (4) the Surplus Food Program and other agricultural support programs, and (5) the Farm Credit Administration. Future programs might be projects like the guaranteed annual income or a standardized national welfare program which would eliminate migration in response to superior urban welfare programs. In addition, there are many state and local programs which try to retain the population of an area. This is a politically popular concept, for no region likes to think of itself as a declining region.

Urban policies to check migration could be either negative or diversionary in nature. Negative policy assumes that migration takes place in response to economic growth, so policy aims would be to limit growth. At the federal level, this could be accomplished by direct control of credit through federal banks. Also, zoning laws could restrict building expansion. While many inner cities feel the need for economic development, Kain and Persky have argued against a policy of only refurbishing the urban areas. Programs such as urban industrialization or improved housing would only serve to "gild the ghetto" and would attract more migrants, which would worsen the problems of these urban areas.³

It is not clear, however, that negative action of deliberately halting economic growth would be beneficial. Indeed, the long term costs to the city probably would be greater than any benefits. This seems especially true for central cities already plagued with a declining tax base.

There are, however, other programs that would achieve a more suitable balance of population within the urban region. Since much congestion has to do with racial housing policy and inefficient city government structure,

city planning, and organization of services, policy aimed at rectifying this would go a long way in easing urban tensions. Dispersion of ghetto residents closer to jobs in the suburbs and improving transportation systems would create a better allocation of resources within the urban area. A policy of shifting urban residents within the urban area to ease congestion seems like wiser policy than trying to force them out of the urban area entirely.

While limiting city growth by direct government action may not be possible, diverting some capital away from urban areas by using tax subsidies or other incentives may be possible. This would cause growth in alternate areas. Much the same is accomplished by the policies of rural industrialization or the growth center policy and will be discussed in greater detail later.

**Lagging Rural Regions**

There are basically three broad categories of policies that are said to encourage growth of lagging rural areas. They are: (1) programs that bring about a better allocation of labor resources or those that directly or indirectly influence migration, (2) programs that try to bring about development through industrial growth of the rural areas, and (3) policies which seek a compromise by trying to promote growth centers from nearby intermediate size cities. These policies would bring about faster than normal growth of the intermediate size city through large capital investments, thereby attracting surplus labor from the lagging regions.

**Migration policy**

There already exists a substantial number of programs that influence migration either directly or indirectly. Direct policies would include
those that try to actively relocate an individual by providing some form of relocation assistance. This subsidization may become necessary because, although a wage differential may exist between two regions, this differential may not be enough to overcome the cost and fears of migration. Such programs could also facilitate migration by providing transportation, finding housing and employment, and providing loans, grants, or compensation in general in the receiving areas. Although there are few federal programs of this nature, an example of this was the North Carolina Mobility Project. They recruited poor or unemployed persons for migration in the North Carolina area through established agencies such as the local CAP projects or the welfare offices. After selecting one of five predetermined urban receiving areas, the applicant was driven there by car. Once there, employment and housing were found for the individual, again through existing city agencies, and assistance was provided for a period of two months after the move to help in adjustment to urban living.\footnote{Schon, "Assimilation of Migrants Into Urban Center," in Rural Poverty in the U.S., p. 268.} Also loans or grants for housing in the new area or just a general lump sum payment for moving would be other policy measures.

Indirect programs to increase migration would be any that create dissatisfaction with rural life and/or make urban life more attractive and those that make the rural resident more aware of the difference. Programs that limit employment opportunities create dissatisfaction. Indirectly, programs like the Minimum Wage Law, which raised the price of some farm labor above its marginal value of productivity, and federal financed research that has led to technological innovations in agriculture have displaced labor. Policies that discriminate against rural poor or, in general,
depress living conditions in the rural area further lead to dissatisfaction of rural life. Or in some cases, lack of correctional policy serves much the same purpose.

A high degree of investment outside the rural areas, though not necessarily in the congested regions, and national monetary and fiscal policies to promote full employment have been shown to be very effective in increasing rural migration. In addition, increased information about employment opportunities in the United States coordinated by computers would aid in bringing about a better allocation of labor resources.

Developing human resources through education and training gives the rural resident a new awareness of a larger environment. Additionally, the quality of his labor is improved, and he is more in demand in the urban area and less of a burden to that area. Programs such as the Manpower Development and Training Act and various basic adult education and vocational training courses are examples that serve this purpose. However, reasons why some regions may be reluctant to invest capital for human resources that move to other regions can easily be seen.

The reason that a region would want to encourage a policy of out-migration, as mentioned before, is to reduce levels of regional unemployment. Outmigration may achieve this by reducing the divergence between the supply of and the demand for labor. In order to do this, levels of outmigration must exceed decline in demand for labor in the lagging region.

From a national point of view, migration from depressed to prosperous regions should then raise the aggregate level of employment and boost total national productivity. Also, if a situation of overfull employment exists in the receiving areas, the immigration would help to ease inflationary pressures in that area. All of this assumes, however, that the migrant will
find employment, for the nation will receive little good by transferring unemployment from one region to another.

Also, there are adverse regional effects associated with migration. As mentioned before, there are the increasing rents and social costs of congestion in the receiving areas. The lagging region may suffer from downward multiplier effects, decreased tax base, and lessened services, due to the selective nature of migration. In other words, the marginal benefits derived from a person migrating should exceed the marginal cost of that migration for all regions concerned before migration policy is recommended.

To prescribe outmigration policy, in general, for lagging regions is to deny them their individuality as they may face different problems. For example, as was noted earlier, raising per capita incomes through outmigration is difficult. In fact, due to migrants having higher than average incomes, the regional per capita income in the lagging areas may decline. Possibly, a region's main problem may be the outmigration of its residents, in which case they obviously would not be interested in encouraging this trend further. Nor is outmigration policy a politically popular idea as congressmen are not likely to favor a policy of losing constituents. Furthermore, outmigration alone cannot accomplish an increase in the regional growth rate. If this is to be the desired goal, then a policy encouraging capital inflows will be necessary.

Rural industrialization policies

Policies aimed at industrialization usually imply a greater amount of government intervention than other policy measures. This is due to the fact that purely market forces tend to concentrate economic activity because of agglomeration economies and other factors. Governmental methods by which
to accomplish dispersion are many. Selective direction of the large amount of government spending is itself a powerful tool. Regional discrimination of government contracts for buying and building can have a significant impact on the growth of an area. The TVA system is a prime example. Governmental direction of the flow of capital can also be accomplished by giving tax incentives, grants, loans, wage subsidies, and such to industries that choose to locate in certain lagging areas. Much can also be done by state and local governments to entice industry. These methods include publicity and promotion, tax incentives and other financial inducement, and massive spending to develop the area's infrastructure and to make the region more attractive for industry.

The desirability of industrializing the rural area is, however, a subject of controversy. Among its advocates are the National Advisory Commission on Rural Poverty who feel that the rural resident is being discriminated against economically because of his location. They feel that he should be given the chance to find employment without having to move to already congested areas. Hathaway and Perkins reached much the same conclusion in their aforementioned study. Their findings were that out-migration was not successful but only served to transmit poverty from one area to another. They noted that among those who tried to leave agricultural employment, there was a high degree of backmigration and those who were most successful in changing occupations were those who did not have to migrate long distances to do so. Also, they determined that since capital


was more mobile than labor, rural industrialization was preferable to migration. Additional arguments favoring such policy cite advantages of lessened congestion, cheaper rents and land values, access to raw materials, promoting regional balance, and that this is a politically feasible plan as most people favor the idea of attracting industry. Also, lack of previous investment in rural areas may be a result of habit, high risk, and uncertainty rather than of low returns on capital, so such investment should be encouraged. More important is the argument that such industry would make use of underemployed labor resources thus giving rise to increased social benefits. This, however, assumes that the capital is not diverted away from a more productive resource, which is what critics of rural industrialization say is likely to happen.

There are many economic arguments that suggest that rural industrialization may not be wise policy despite its emotional and political appeal. Borts\(^7\) opposes it on the grounds that the rural labor supply is often of poor quality and thinly scattered and that the resulting dispersion of industry from rural industrialization would be less efficient than other means of employing capital and rural labor. This would be due to the high cost of transporting men, materials, and finished goods to and from rural plants on substandard transportation facilities.

Niles Hansen also argues against such industrialization. He cites that similar such efforts in France and Italy have not met with success. Hansen goes on to say that today the external economies reaped by agglomeration are more important as location factors than other considerations.

\(^7\)George H. Borts, "Patterns of Regional Economic Development in the United States, and Their Relation to Rural Poverty" (Hereinafter referred to as "Patterns of Regional Economic Development"), in Rural Poverty in the U.S., p. 137.
He notes that today only about 7 per cent of the labor force needs to be located close to natural resources, whereas only thirty years ago, nearly 30 per cent were resource bound. Furthermore the type of industry that is attracted to the rural area is usually slow growth, labor intensive industry that does not stimulate much economic activity. Instead, Hansen suggests that poor rural regions can best be helped by investing in their human resources and by promoting investment in richer regions thus encouraging outmigration. He feels that a policy of rural industrialization shows a greater concern for places than people. 

Like migration policy then, policies concentrating on causing large capital inflow into a region will not be a general solution. If the region has an unfavorable access to resources or markets, regardless of the investment in infrastructure or in the effort to attain the right industrial mix, the region will not be a favorable site for industrial location and will not achieve a self-sustaining growth.

Growth center policy

Although the third category for policy is rapidly finding favor with many, economists are still somewhat vague as to what exactly constitutes a growth center, how these centers should be chosen, and the optimum size of these centers. The basic idea of a growth center is that of promoting unbalanced growth within a region by means of heavy capital investment in an urban area of intermediate size in that region. Such investment would then cause the growth center to attain self-sustaining growth of enough impact as to cause

\[8\] Hansen, Urban Crisis, p. 235.

\[9\] Ibid., p. 238.
a rise in regional per capita incomes. The theory implies abandoning the
growth center's hinterland to stagnation and decline and to place a lessened
emphasis on unemployment in the hinterland. However, this theory would hope
to solve the unemployment by causing intraregional migration to the growth
center. The theory is based on the idea that economic activity tends to
agglomerate around focal points. Heavy public investment in a few leading
sectors of the growth center's economy leads to expansion which in turn
leads to a sudden rise in demand for public capital. The spending of this
capital further stimulates the region, causing more growth. Eventually,
this creates enough external economies that self-sustaining growth is
achieved in the magnitude necessary to support the hinterland, rather than
the hinterland supporting the growth center.

How to select the potential growth center and how large these centers
should be is, however, a rather uncertain matter, and this selection could
well be largely an intuitive process. Obviously with large amounts of
unlimited public investment, any place could become a growth center, but
such a process would be wasteful. The point would be to select a site with
enough growth potential as to minimize the amount of public investment
required—selecting, perhaps, a region that would show enough potential to
rate public investment but hitherto had not received large amounts of pri-
ivate investment. Selection would involve a close look at the past per-
formance and history of the urban area as well as its locational assets.
Population growth of 50 per cent or better in a decade might be a requirement,
or cities located at junctions of the interstate highway system might be
given special consideration.

The minimum size of potential growth centers is another point open for
debate. Research indicates that a city usually has to attain a size of
approximately 250,000 before it can attain self-sustaining growth. Also, cities of less than 50,000 have little or no economic impact on the surrounding area.\textsuperscript{10} Using these figures, Hansen suggests that an urban area of slightly less than 250,000 be marked for investment in order to push it over the threshold of self-sustaining growth.\textsuperscript{11} Borts also feels that areas of 250,000 are about the right size for growth center policy.\textsuperscript{12} The Rural Poverty Commission, however, while noting that SMSA's above 50,000 have a better chance of becoming growth centers, suggest that cities with population as low as 10,000 might be able to generate self-sustaining growth.\textsuperscript{13} Obviously, if there is any correctness to the aforementioned findings, then investing in an area that small would be a long and costly process.

The type of investment required for a growth center aside from infrastructure will be that which would have the greatest economic impact on the area. This is not in terms of total number immediately employed or in initial capital gains, but should be in terms of inducing further growth via linkages or attraction for other firms. Ideally, such firms would sell to national markets. Also, their products should have a high income elasticity of demand both within and without the region to insure further growth. Such industries then would enable the growth center to have favorable demonstration effects on the whole region, by exposing them to the attitudes of economic growth.

\textsuperscript{10} Ibid., p. 153.

\textsuperscript{11} Ibid.

\textsuperscript{12} Borts, "Patterns of Regional Economic Development" in Rural Poverty in the U.S., p. 138.

\textsuperscript{13} U.S., The People Left Behind.
Borts, as a proponent of growth center policy, favors this policy because he feels that rural residents will have less objection to moving to nearby growth centers than to more distant, larger SMSA's. Secondly, he feels that growth centers will be inhabited by a more culturally homogeneous group, usually former rural residents. This would minimize the cultural adjustment that recent rural migrants would have to make, resulting in a more stable environment. And lastly, he feels that the continued rural migration to the large cities has lessened the quality of life there. In many instances, growth of the intermediate size city would reduce congestion in the larger cities and serve as a staging area where the migrant would learn to adapt to urban living before moving to larger cities.

Hansen also believes that diverting labor and capital to the intermediate size cities may be possible, but that a balanced approach must be taken. First, the growth center must be carefully chosen. The decision should be based, in part, on past migration data and trends, for if the potential site is not the recipient of past migration, then it is unlikely to be so in the future. Secondly, migration by itself to the intermediate size city will accomplish little if the migrant finds no job or if the migrant is unprepared for the job offered. So what is needed is for more capital to be diverted away from the large areas to the intermediate size areas to provide the jobs. Also, the migrant should be trained in his area before migrating, in order to qualify him for the jobs. Table 5 summarizes Hansen's idea for the three different areas at three different time periods. He divided public investment into two categories—economic overhead capital

\[14\] Borts, "Patterns of Regional Economic Development," in Rural Poverty in the U.S., p. 139.

\[15\] Hansen, Urban Crisis, p. 8.
(EOC) and social overhead capital (SOC). EOC is aimed primarily at supporting private investment, while SOC concentrates on human resources, for example, education. Phase I of Hansen's table depicts existing conditions of too much investment in the congested areas. Phase II shows the policy of large EOC investment in intermediate areas and SOC in the lagging areas, while halting investment in the congested areas. Phase III assumes that now the intermediate areas are starting to become congested and some EOC should be diverted to the lagging areas.

**TABLE 5**

INVESTMENT POLICY PROPOSALS BY TYPE OF REGION AND BY TIME PERIOD

<table>
<thead>
<tr>
<th>Phase</th>
<th>Type of region</th>
<th>Nature of public and private investment activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>I.</td>
<td>Congested</td>
<td>Overexpanded public and private investment</td>
</tr>
<tr>
<td></td>
<td>Intermediate</td>
<td>Deficient EOC</td>
</tr>
<tr>
<td></td>
<td>Lagging</td>
<td>Deficient SOC</td>
</tr>
<tr>
<td>II.</td>
<td>Congested</td>
<td>Public policy measures to discourage further expansion</td>
</tr>
<tr>
<td></td>
<td>Intermediate</td>
<td>Excess EOC capacity to induce private investment</td>
</tr>
<tr>
<td></td>
<td>Lagging</td>
<td>Emphasis on expanded SOC investment</td>
</tr>
<tr>
<td>III.</td>
<td>Congested</td>
<td>Public policy measures to discourage further expansion</td>
</tr>
<tr>
<td></td>
<td>Intermediate</td>
<td>EOC and private investment approach optimal levels</td>
</tr>
<tr>
<td></td>
<td>Lagging</td>
<td>Continuing emphasis on SOC investment, with increased EOC and private investment</td>
</tr>
</tbody>
</table>

Source: Niles M. Hansen, *Rural Poverty and the Urban Crisis* (Bloomington, Ind.: Indiana University Press, 1970), Table 1, p. 8.

Actually, however, growth center theory is still largely theory. The
degree of success, if any, that can be achieved by such a policy is largely unknown. Nor will the success be much easier to judge in the future as such large chunks of capital may be required that applying any type of marginal efficiency criteria to calculate a social rate of return on such policy will be difficult.

In summary, an examination of regional policy dealing with urban and rural areas indicates that a fairly diversified body of such policy exists. But there also seems to be much contradiction among existing policy, reflecting the need to establish goals and priorities in this area. For example, the goal of trying to maximize national economic growth might conflict with a policy trying to promote industrialization in rural areas.

Also, claiming one policy superior to another for all regions would be a fallacy, as each region is unique with its own problems and characteristics. Migration policy is an example of policy that can help or hinder depending on economic conditions in both the lagging and receiving areas. Furthermore, to think that capital-labor flows alone are a panacea for what ails a region is wrong as this implies that regional problems arise solely from a disequilibrium in the labor market. Rather it is more reasonable that a region would have multiple objectives—objectives that may, for example, include preservation of natural beauty as well as those of economic growth. In addition, the full impact on all regions of any policy affecting rural to urban population shifts needs to be examined in order to insure maximum national well-being.
SUMMARY

By reviewing some of the major problems of both urban and rural areas, much similarity is apparent. The inner cities and lagging rural areas each face situations such as loss of employment, dwindling economic and tax base, a rising percentage of high cost citizens, and uneven growth.

But also their problems differ in nature. For example, larger urban areas have suffered from population pressures and have experienced external diseconomies usually associated with this large population. Blame, in part, for this rise in population has been put upon migration from the rural areas that lack sufficient economic growth to support their populations. However, the urban areas have many problems that are not related to the incoming migrant, for example, the loss of industry. Also, the trend of suburbanization is a natural trend that began even before the rising number of black migrants arrived in the cities, although the incoming black migrants may have hastened the exit of the white middle class to the suburbs. The root of this problem, however, lies with our racial attitudes. In fact, many other ills of the urban area (i.e. larger unemployment of blacks, congestion in the inner cities, and crime) can be attributed to these same attitudes. However, the rural migrant does impose additional service costs on the city. But to say that the migrant imposes costs for which he does not pay is to point out the divergence between social and private costs. This reflects fault in the pricing system, not in the migrant.

A study of rural poverty finds that this poverty is extensive and diverse but often associated with lagging regions in the United States. The
lack of regional economic opportunity is further reflected in the migration rates out of these areas to the greater economic opportunity in the urban area. This has been a long time natural trend that shows an improved allocation of labor resources—labor flowing to where it obtains its highest return. Since purely market forces tend to concentrate economic activity, naturally the destination of the rural migrant is also concentrated. Therefore, probably the rapid economic growth of our large urban areas attracts the migrant rather than rural poverty forcing him to move. Studies of rural poverty indicate that the poorest residents seem less mobile while the better-educated, more skilled, and thus better-qualified residents are more inclined to migrate.

This population shift in response to economic growth has mixed effects on both regions. But the overall national effect is one of unbalanced growth or a continuing decline of the lagging regions coupled with large concentration of population in a few areas. Whether unbalanced growth is desirable or undesirable is debatable. In an economic sense, this growth probably indicates increased efficiency as it is a reflection of capital and labor seeking their highest return. While arguments against unbalanced growth are largely emotional they nevertheless reveal the desires of the populace. Although the eventual decline of all regions may be a natural phenomenon as many economic theories are based on the cyclic growth of regions, there is a reluctance to accept the fact of dying communities. Despite long time trends of population shifts, there seems to exist a not altogether rational mania for trying to maintain status quo in regional population.

However, real problems do exist. Many of the people left behind have been unfairly disadvantaged, and policy measures should be undertaken to
provide some manner of compensation for them. The optimum methods by which
the rural resident is to be compensated are not certain but will probably
depend on the characteristics of the regions. In all probability, this
compensation will be some form of rural industrialization or promotion of
labor mobility. While the trend of this mobile force seems to be toward
larger urban centers, diverting this migration to an area where the social
benefits derived from this migration would be greater may be possible by
means of growth center policy. Whatever policy is used, capital and labor
should not be diverted from where they obtain their highest returns. Rather,
from the standpoint of economic efficiency, capital and labor should be made
free enough to seek their highest return, and the gains from this policy
would be used to compensate those that were disadvantaged by this policy.
Realistically, the assumption that compensation should bring the rural
resident to the same standard of living as the urban resident cannot be
made. If the problem is excess labor resources for the economic opportu-
nities of the region, then the incentive to move out of that region would
be gone if the standards of living were the same, but the reason for migration
would remain.

While the recognized lack of rural opportunities has, no doubt,
imposed some ills upon urban areas, the relationship between these ills and
rural poverty might not be in the magnitude thought by many. Rather rural
poverty appears to be more of a symptom of unbalanced growth. Nor is this
unbalanced growth entirely without benefit as the migration trends in
America are also a reflection of the striving to achieve an optimal allo-
cation of resources in an ever changing society.
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THE RELATIONSHIP BETWEEN RURAL POVERTY AND URBAN PROBLEMS

by

GARY QUENTON STOECKER

B. S., Kansas State University, 1968

AN ABSTRACT OF A MASTER'S REPORT

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1971
The intention of this report was to determine if urban problems could be linked to rural poverty. While rural poverty—due in some respect to lack of rural economic opportunity—seemed to have increased the burden on urban areas through migration to these areas, it was not certain that such migration was without benefits that might exceed the burden created. For this reason, a broader look at both the urban and the rural areas involved was deemed necessary.

The majority of urban problems seemed to be centered around disproportionate growth and rapidly increasing costs with decreasing means of meeting these costs. Although some of these problems might be the fault of the migrant, they also might be attributed to inefficient urban organization and racial discrimination. Even though the concept of diseconomies created by large populations is reasonable, no real evidence existed to prove that cities can be too large. While the rural to urban migrants probably have increased the number of high cost citizens in the urban areas, they also have benefited these areas.

America's rural areas do have a disproportionately large number of people living in poverty. To a large extent, this is a regional phenomenon. Certain rural regions have failed to maintain economic growth at the same rate as other regions. While this is not an unusual situation, this lack of economic opportunity has meant that many have had to migrate to the urban areas. However, migration to the urban areas is largely a natural occurrence that reflects a movement toward the concentration of economic activity rather than a movement away from poverty. Migrants tended to be the better qualified, more educated rural residents, while those in abject
poverty did not exhibit the same tendency to move. In certain rural areas, this outmigration would benefit the region by reducing the supply of excess labor, and thus possibly causing an increase in the wage rate. However, this would not be true in every case.

Both rural and urban areas have suffered from unbalanced growth. Further, this unbalanced growth appears to be in response to agglomeration economies and is likely to continue. Although this trend might be altered by implementation of policy, this could prove to be a more costly alternative. In conclusion, then, overall effects of this migration are mixed, and generalizations are not possible.