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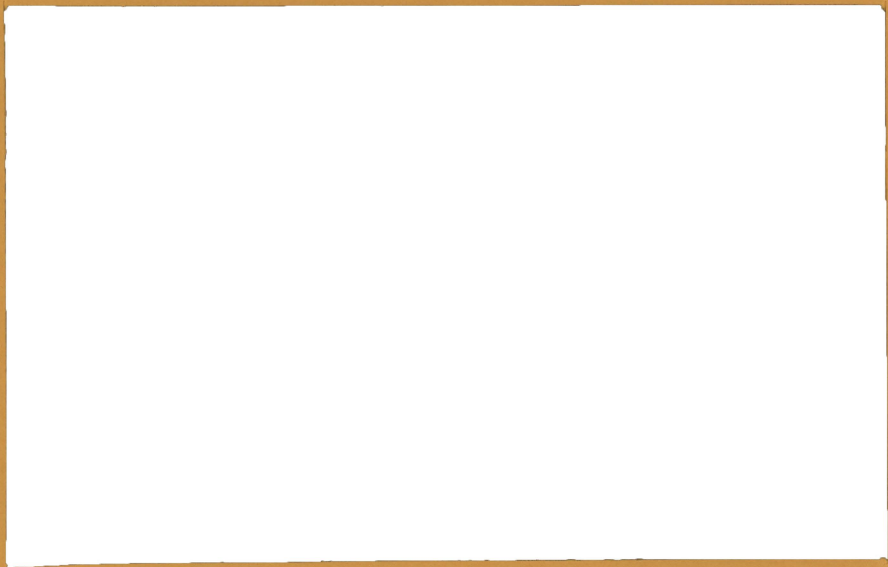
THE FACELIFT OF RURAL AMERICA:
DEEPER THAN COSMETIC?

June 1982

OSEDA REPORT NO. 017

**OFFICE OF SOCIAL AND
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By Daryl Hobbs, Ph.D., Department of Rural Sociology, University of Missouri, Columbia, MO. Summary of remarks made to the annual meeting of the Tennessee Valley Public Power Association. Nashville, TN. April, 1982

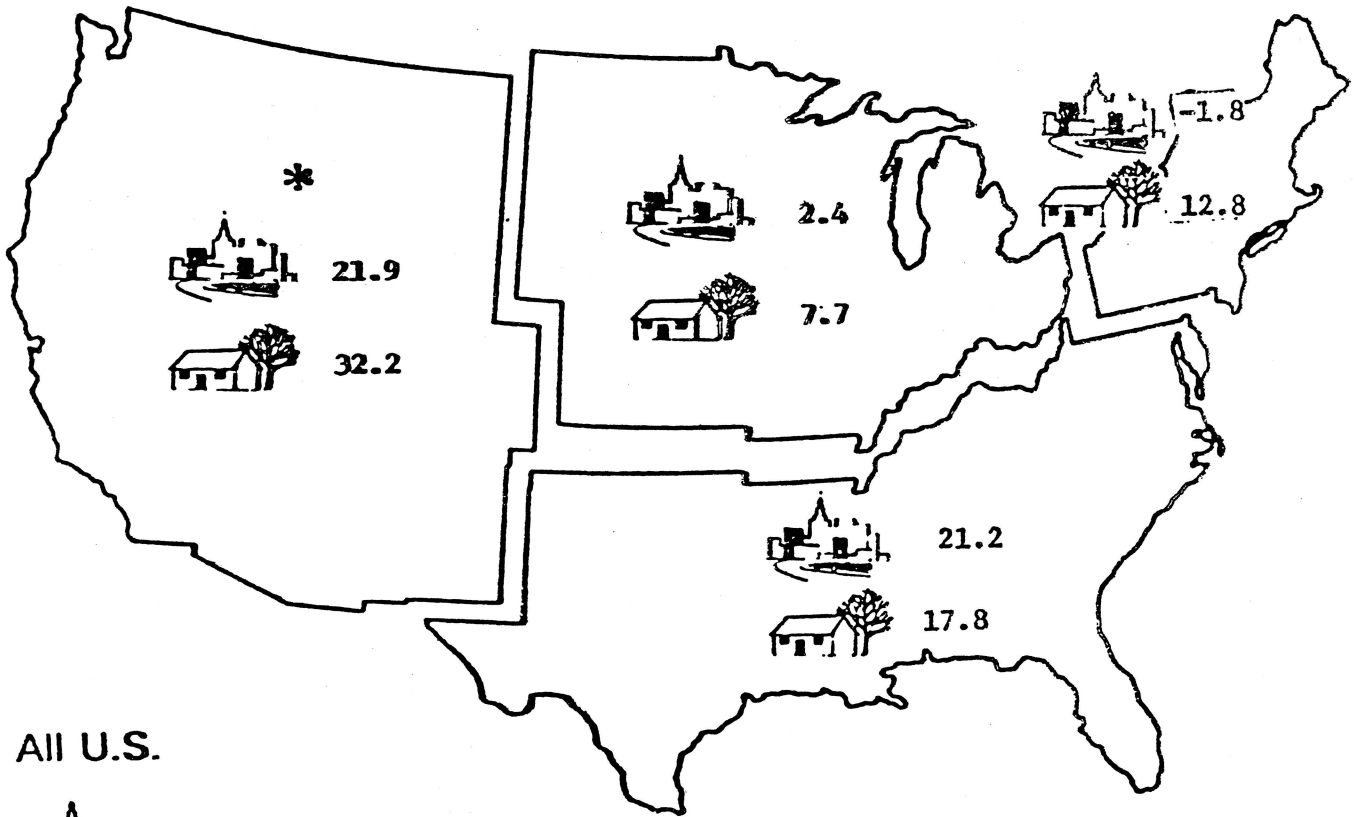
The changes in rural America from 1900-1970 followed a predictable pattern. At the turn of the century, rural America was composed largely of farms and the small towns that served the needs of farmers. However, for the country as a whole, the period from 1900-1970 was one of rapid industrialization and agriculture and rural areas were not exempt from the influences. As the country industrialized, agriculture mechanized. Mechanization of agriculture meant that fewer farmers could farm larger amounts of land, substituting machinery and capital for labor. A result was that the farm population shrank and the small towns that depended for their existence on serving the needs of farmers shrank in population as well. This pattern continued without interruption from 1900 through 1970. It became a foregone conclusion that farms would continue to become larger, the number of farmers would decline and the population of small towns and rural areas would diminish as well. These trends were so pervasive that a Presidential Commission on Rural Poverty in the mid-1960's entitled its report "The People Left Behind" - those with skills and resources having departed for urban labor markets.

Beginning in the late 1960's, however, that set of uninterrupted trends began to change, especially in the South and West. Throughout the mid-south region the small town and rural population started to increase, throughout the northeast part of the U.S. employment and population in the larger cities began to decline, and in many parts of the country, including the South, the number of places the census classifies as farms actually began to increase. Some of the reasons for this change in direction, and prospects for continuation of these new trends, will be the focus of this discussion. Whether or not the non-metropolitan* population will continue to grow, stabilize, or begin to decline again, is a matter of importance to the planning of any organization providing services to rural areas.

In the mid-south region both the metropolitan and the non-metropolitan populations grew between 1970 and 1980. Across the nation, the South and the West were growth regions during the 1970's while the Midwest and the Northeast were regions of stability or slow growth. The big shift in

* The terms metropolitan and non-metropolitan will be used frequently in the remainder of the discussion. Metropolitan includes all counties having a city of 50,000 population or more. All other counties are classified as non-metropolitan. However, non-metropolitan is not a very good measure of rural because a county with a town of 40,000 would be included in that category as well as very rural counties with only small towns in them. The distinction is used here because that is the way in which many census statistics we will be using are reported.

Regional Population Growth, 1970-80^Δ



All U.S.



9.8 Metro



15.8 Nonmetro

* Includes Alaska and Hawaii.

Δ Percentage change

the mid-south during the 1970's was that the non-metropolitan population increased as much as the metropolitan population. The metropolitan population of Kentucky, Tennessee, Mississippi and Alabama increased by 928,000 between 1970 and 1980 while the non-metropolitan population increased by 926,000. By contrast, the metropolitan population of that four state region increased by 712,000 between 1960 and 1970 while the non-metropolitan population increased by only 47,000. The non-metropolitan population of Mississippi and Kentucky actually declined between 1960 and 1970.

The reason for the accelerated increase in population in the four state region during the 1970's was simply that more people moved into each of the states than moved out. This represents a reversal of what had happened in the 1950's and 1960's. Between 1960 and 1970, a total of 712,000 more people moved out of Kentucky, Mississippi, Tennessee and Alabama than moved in. However, between 1970 and 1975, a total of 161,000 more people moved into those states than moved away. The rest of the increase in total population of the four states is accounted for by more births than deaths having occurred.

The Rural Population Turnaround

For anyone providing services to people in rural areas the rather dramatic increase in non-metropolitan population in the mid-south has surely not escaped attention. Suppliers of rural electric power most assuredly have experienced a sizable increase in the number of small household accounts they are serving.

CHANGE IN POPULATION OF FOUR STATE REGION: 1960-1980

	Metro Population (1,000)			Non-Metro Population (1,000)		
	<u>1960</u>	<u>1970</u>	<u>1980</u>	<u>1960</u>	<u>1970</u>	<u>1980</u>
Kentucky	1,324	1,511	1,629	1,714	1,710	2,033
Tennessee	2,216	2,497	2,884	1,361	1,429	1,707
Alabama	1,987	2,129	2,411	1,280	1,316	1,479
Mississippi	441	543	684	1,737	1,674	1,836
TOTAL	5,968	6,680	7,608	6,082	6,129	7,055

Change:

1960-70	+712,000	+ 47,000
1970-80	+928,000	+926,000

One question influencing planning for the delivery of future services is the extent to which this recent turnaround of rural population increase is likely to continue. I do not have a crystal ball to assess whether it will or not, but some better informed guesses can be made by analyzing some of the reasons why the rural population increased the way it did during the 1970's.

For the past 10-15 years major public opinion polling organizations like Gallup and others have asked the public

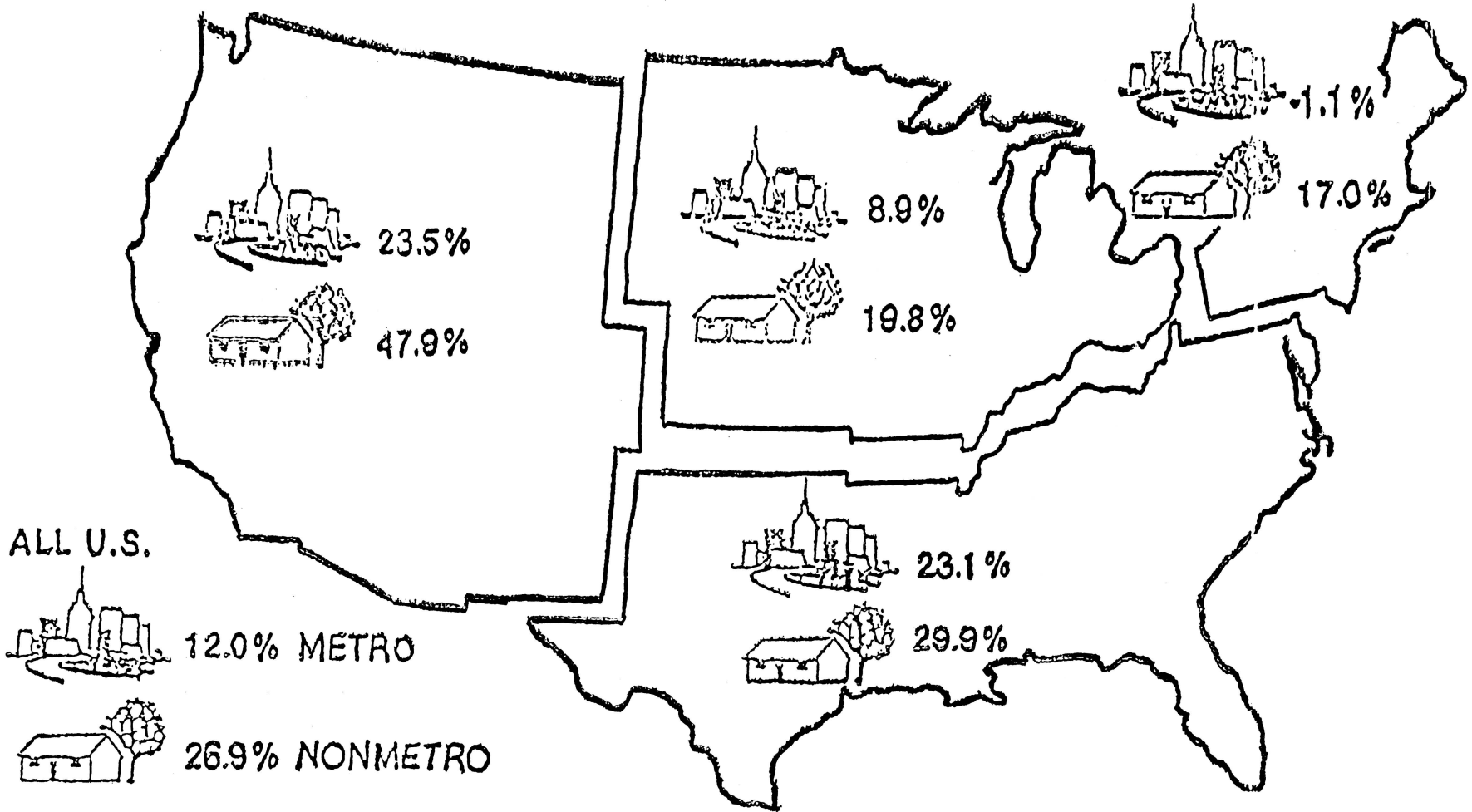
from time to time where they would prefer to live if given a choice. These polls have usually found that most people, whether they lived in urban or rural areas, would prefer, if given a choice, to live in rural areas or small towns. Despite this preference, the flow of population movement in the country until the past 10 years or so has been from rural areas into metropolitan areas. The principal reason for this discrepancy was jobs and economic opportunity. It was not economically possible for very many people to remain in rural areas.

We might reason then that if it were economically possible for some people to live in rural areas and still make a living that more people might exercise that choice. That is basically what happened in the 1960's and 1970's. It became economically possible for more people to either remain in or move to rural areas and retain or improve their standard of living. We will take a look at a number of factors that contributed to that change in opportunity.

Employment

One important contributing factor was an increase in employment in non-metropolitan areas. Between 1970 and 1977 there was a larger increase in non-metropolitan non-farm wage and salary employment than in metropolitan.

REGIONAL CHANGE IN NONFARM WAGE AND SALARY EMPLOYMENT, MARCH 1970-OCTOBER 1977 (PERCENTAGE CHANGE)



SOURCE: STATE EMPLOYMENT SECURITY ESTIMATES
USDA

NEG: ESCS 3050-78(4)

Throughout the southern region, for example, there was a 23 percent increase in metropolitan employment wage and salary employment during that period but a 30 percent increase in non-metropolitan wage and salary. The late 1960's and the 1970's was a period of industrial growth in rural areas throughout the country. For the nation as a whole, there was a 12 percent increase in metropolitan employment from 1970 to 1977 while there was a 27 percent increase in non-metropolitan employment. Consequently, a major contributing factor to rural population increase during the 1970's was that to some extent, rural people no longer had to move to industry and employment - to an important degree, industry and employment moved to them.

Looking to the future, however, it will be important to keep track of whether non-metropolitan employment continues to increase or whether some rural businesses and industries might again relocate to other regions within the country or even outside the U.S. The rural population in some communities could diminish quickly if a major employer were to close down or relocate.

Retirement

A second important contributing factor to the increase in rural population has been retirement and all that has meant in terms of retirement programs giving retirees more of a choice in terms of where to live. Recently, retired

people have not been always elderly. Military personnel, civil service employees and many other categories of, especially government, employees have, in recent years, become eligible for retirement benefits after 30 years of service or even less. Consequently, it has become possible for many to retire on benefits at age 55 or even younger. It is also widely known that the population is becoming on the average older. In 1960, there were 9 million people in the U.S. receiving Social Security retirement benefits; by 1980 this had increased to 19 million. An important feature of having earned retirement benefits is that retired people are then free to move wherever they choose and their retirement checks will be mailed to them. Consequently, we have seen a big increase in the population of Florida and Arizona in recent years as a result of increasing numbers of retired people having chosen more favorable climates. The same thing has happened in many rural areas - if, as we mentioned above, a majority of people would, if given a choice, prefer to live in a rural area or small town then a retirement income enables them to do that. Being free to live wherever they choose, many retired have chosen to move to non-metropolitan areas of the mid-south.

Another important category of people entering the ranks of the retired during the 1970's was people who had

been in military service during World War II. Many World War II veterans either stayed on in the military, or entered various forms of government employment, following active service in World War II. Their years of service in the military counted for retirement purposes in the civil service. Consequently, people who entered the armed services between 1941 and 1945 could have put in 30 years of retirement eligible service between 1971 and 1975. In 1960, for example, there were 250,000 military veterans receiving retirement pay; by 1980 this had increased to 1.5 million veterans receiving retirement pay. This, however, only counts those who retired from the military - it does not include those who applied their years of military service to other forms of civil service employment.

Yet another factor influencing the shift of retired population toward rural areas has been the extent of differentials in property values between metropolitan areas and rural areas. A person who bought a house in a metropolitan area during the 1950's would have realized a significant amount of appreciation in the value of that house by the late 1970's. A person in that situation planning to retire in the 1970's could have sold their property in a metropolitan area, moved to a rural area and purchased a home and/or some land and, in many cases, realized a

significant amount of equity surplus in the process. Consequently, for urban persons facing retirement in the 1970's a move to a rural area often provided a way of realizing a significant gain in cash equity without a reduction in standard of living. Thus, it appears that for many urban residents facing retirement in the 1970's there was a strong economic incentive in choosing a rural locality in which to retire, in addition to whatever preference they may have had for a rural life style.

There will be many factors which will likely to influence the extent to which retirees in the 1980's will continue to choose rural areas as a place to live. The cost of energy and the ease with which they can travel will be a consideration, the extent to which rural localities become able to offer better health care and other services will influence many decisions and the extent of continuing differentials in rural and urban property values will likely have an impact as well. There will continue to be large numbers of people entering the ranks of the retired during the 1980's but where a majority of them choose to spend their retirement years is, at this time, not very predictable. Future planning needs to pay close attention to this important component of the recent rural population increase.

Mobility

Yet another factor which undoubtedly contributed to a

rural population increase during the past 10-15 years has been the impact of improved roads and highways. If there are good roads and highways then it becomes easier for people to live in a small community or rural area and commute for work and services to larger towns and cities. In other words, improved mobility made it possible for more people to hold a job in an urban center and still exercise greater choice in where they preferred to live. As an indication of that effect, an important part of the rural population increase across the nation has occurred in rural counties surrounding larger metropolitan areas..

It is clear that rising energy prices have so far had only a relatively modest effect on the total miles Americans are driving. In the U.S., passenger cars were driven a total of 588 billion miles in 1960, 901 billion miles in 1970 and 1,194 billion miles in 1978. During that same period, the Interstate highway system was completed and the number of miles of surfaced roads increased from 2.165 million miles to 2.498 million miles.

Although it is difficult to be precise, it is probable that the Interstate highway system, completed during the late 1960's and early 1970's, has had two influences on the rural population turnaround. One, as noted above, is what it has meant in terms of increasing the range from which people could conveniently commute to urban jobs and

services. The other is the extent to which the Interstate system influenced the relocation of industry to more rural areas. Because of the Interstate system, it became more economically feasible (for transportation of both industrial inputs and outputs) for production facilities to be located outside major metropolitan areas.

From the standpoint of future planning, it seems unlikely that there will be any developments in the foreseeable future that will impact the rural population to the extent that road improvements did during the 1960's and 1970's. Added to that is the question of what impact increasing energy costs will have on people's future decisions about where to live and work. Up to this point, there seems to have been relatively little impact of rising energy costs on people's locational decisions but it is not all clear that this will continue to be the case. If energy prices were to rise significantly in relation to other prices, it could contribute to the population again becoming more concentrated (moving back closer to sources of employment). But this prospect will be influenced as well, by such other considerations as differentials in the cost of housing, energy efficiency of automobiles, location decisions made by industry and other employers, extent of car pooling and other energy saving adaptations, etc.

Rural Lifestyle

In addition to employment, retirement and mobility, there are other factors which have produced an attraction for rural living for many people. Some of these are intangible social attractions - people feel like there is less crime, it is a better place to raise children, there is more opportunity to participate in community affairs, etc. - but there are several which are also important economic considerations.

As the cost of housing has gone up, many people, especially in rural areas, have turned to mobile homes as a source of housing. The South leads all regions of the country by a wide margin in the extent of mobile home placement for residence. For the period from 1974 to 1980, half of all the mobile homes placed for residence across the nation were located in the South. For the period from 1970 through 1980, more than 20 percent of all new private housing in the South was composed of mobile homes. Thus the mobile home has made it possible for many people choosing to live in a rural area to purchase, and immediately move into, housing even if there were no local traditional housing available.

Another economic attraction has been the opportunity to supplement income with production from small farms. The

mid-south is a region of small farms. During the period from 1974 through 1978, the number of farms in the four state region actually increased from 306,000 to 319,000. However, of that total number of farms, right at 70 percent were farms which were selling less than \$10,000 worth of agricultural production per year. Less than 5 percent of the farms in the four state region were selling more than \$100,000 in farm output per year. Farms in the smaller category are overwhelmingly ones for which the family farm obtains a majority of its income from other sources. The small farm then represents an opportunity to supplement family income through cash sales as well as farm products for home consumption, wood for fuel, etc.

The above data suggest that agriculture in the four state region will continue to move in two directions. On the one hand will be the larger commercial farms which represent the primary occupation and source of income of the farm operator - these farms will probably continue to be larger in size and fewer in number in the foreseeable future. On the other hand is the 70 percent of the farms of the region which sell less than \$10,000 worth of farm output per year. The majority of these farms are operated by persons who have non-farm sources of income and who are farming to supplement income, because they enjoy farming, and/or for

other personal, non-economic reasons. It is probable that these farms will remain stable in number and will probably become a larger percentage of the total number of farms in the four state region. In between the small and the large farms are the 25 percent having sales from \$10,000 - \$100,000. It is these farms which may be most subject to change during the coming decade. They are large enough to represent a major source of employment and income, but may have the greatest difficulty in surviving increasingly high costs of production and relatively low prices in relation to production costs.

FARMS 1978

<u>State</u>	<u>Total</u>	<u>Percent With Farm Sales Under \$10,000</u>	<u>Percent With Farm Sales Over \$100,000</u>
Kentucky	110,002	64%	2%
Tennessee	96,792	75%	3%
Alabama	57,540	70%	7%
Mississippi	54,306	72%	8%

Households

A major trend which has been occurring across the country over the past several decades has been the increase in the number of households in relation to the increase in population. Put simply, there are fewer people per household today than ever before. In the four state region the number of households increased by 42 percent between 1960

and 1980 while the total population increased by only 22 percent. In the region there was an average of 3.7 people per household in 1960 and an average of 3.0 in 1980. These trends correspond to what has occurred across the country.

Although the reduction of people per household is not something unique to rural areas, it is an important consideration for organizations providing services to households. In the case of electrical power, it is the household rather than the individual which is the unit of consumption. Thus the demand for service in rural areas of the mid-south has increased in recent years both because of the movement of people into rural areas and because there are fewer people per household and therefore a disproportionately large number of households compared with years past.

The reasons for the recent, rather dramatic decline in number of people per household are multiple and provide some basis for projecting future trends. Households are smaller today because the birth rate has gone down in recent years; because more older people are choosing to live alone and maintain their own household; because there has been an increase in divorces over the past 15 years (a divorce often creates two households where one existed before); and because more young adults have established their own apartments. The question for the future is whether each

of these trends will continue or, as some are speculating, that increased costs of living will cause some movement back toward a greater number of people per household. It is likely, however, that over the next several years that the average number of people per household will be about the same as the rate of increase in the population.

Number of Households

	<u>1960</u>	<u>1970</u>	<u>1978</u>	<u>Percent Increase</u>
	(000s)	(000s)	(000s)	1960-78
Kentucky	852	984	1,179	38%
Tennessee	1,003	1,213	1,494	49%
Alabama	884	1,034	1,252	43%
Mississippi	568	637	765	35%

Average Number of Persons Per Household

	<u>1960</u>	<u>1970</u>	<u>1978</u>
Kentucky	3.6	3.3	2.9
Tennessee	3.6	3.2	2.9
Alabama	3.7	3.3	3.0
Mississippi	3.8	3.5	3.1
U.S.	3.4	3.2	2.9

Summary

The 1970's produced a significant relocation of the population in the country. Not only was there the general movement from the North and East to the South and West but there was a net movement of people from metropolitan areas across the country to non-metropolitan areas. This was the

first time that had occurred during the century. Those who are supplying services to people in rural areas often found themselves confronted with an increasing demand for services.

There are several reasons why it can be speculated that the rural population turnaround occurred:

1. Some movement of industry and employment from metropolitan areas to non-metropolitan - The increase in number of jobs in rural areas clearly contributed to more people remaining in rural areas or moving there. It is not clear, however, in the 1980's whether that trend will continue or even if the industry that moved to rural areas in the 1960's and 70's will remain there. Planners should be watching carefully trends in industrial location and relocation throughout the next few years.
2. Retirement - People with guaranteed retirement income have been free to choose where they would best like to live. Many have chosen rural areas in recent years. One factor which contributed to a larger number of retirees during the 1970's was the bulge of people retiring after 30 years of government service as a result of World War II. However, there are increasingly large numbers of older people and the population is likely to continue to

become older on the average for the next 30 years or more. The question regarding the impact on rural areas is whether retirees will continue to choose to live in rural areas in the numbers they have in the recent past or whether such factors as more expensive energy, a diminishing gap in rural and urban property values, etc. will contribute to changing recent trends.

3. Mobility - It is unlikely that there will be any dramatic improvements in mobility of the population during the coming decade to correspond with the impact of completion of the Interstate highway system and improved rural primary and secondary roads which occurred during the 60's and 70's. If anything rising energy costs may contribute to the population becoming less mobile and thus causing people to consider more seriously the distance they live from work and services.
4. Agriculture and Rural Life - Many recent immigrants to rural areas have purchased, and are operating, small farms. The small farm produces both tangible and intangible benefits. Thus, it is likely that regions whose topography and fertility lead to a concentration of small farms, will continue to have a stable or increasing number

of farm residents. However, in regions which are more suited to large scale commercial agriculture it is probable that the number of farms and farmers will continue to diminish and therefore the rural population may diminish as well.

5. Number of households - In recent years there has been a much more rapid increase in the number of households in the mid-south region than in the population in general. This has meant more accounts to service for organizations such as suppliers of rural electric power. It is not clear, however, whether that same trend will continue on through the 1980's. A good guess is that it won't and that the increase in the number of households will be about the same as the increase in population.

In the past, future projections were usually made by drawing a line through trends and projecting into the future. However, during the past 10-15 years, past trends have not proved to be a very accurate indicator of what has happened. Planning for the 1980's will depend more on keeping an eye on many different factors which will influence the direction of movement and change of the population.

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