

EXECUTIVE SUMMARY

LABOR MARKETS IN THE RURAL SOUTH

A Study Based on Four Rural Southern Counties

Prepared

by

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PURPOSE OF THE PROJECT

As conceived in 1971, the study was to be an investigation of the impact of pending Federal welfare reform on both the economy and the people of the rural South. The original study would have provided baseline and longitudinal data for evaluation of the impact of the proposed changes. The legislation would have transferred funding responsibility entirely to the Federal government as opposed to the existing Federal-state jointly financed welfare system. Of equal importance, the move also would have standardized eligibility conditions and benefit levels nationwide. The specific welfare programs involved were Aid to Families with Dependent Children (AFDC), Aid to the Blind (AB), Aid to the Permanently and Totally Disabled (APTD), and Old Age Assistance (OAA).

All preliminary studies indicated that the states of the South would be affected far more than those of other regions by such a development.

*Deceased.

The rural population of the South in 1970 accounted for 41.3 percent of the nation's rural population. Moreover, 22.2 percent of the families in the rural South were living in poverty in 1970 (contrasted to a national rate at the time of 10.7 percent). The incidence of poverty among racial minorities in the rural South was even higher.

Since welfare in the South was generally unavailable if an employable male head resided with the family, the reform legislation would have extended coverage to many of the working poor. Moreover, increased numbers of eligible persons, as well as the sharp increase in benefits payments levels, portended a radical departure from the status quo in the economic, social, and political life of the rural South.

As events were to unfold, the legislation that eventually passed in October 1972 split the proposal dealing with families (i.e., AFDC) from the reforms for adults (i.e., AB, APTD, and OAA). The family provisions were dropped but the adult programs were passed.

The decision to continue the project, but with an altered goal, was based on the realization that not enough is known and little is documented by primary data about the structure, operations, and behavior of southern rural labor markets. Thus, when a far-reaching proposal such as that encompassed in the aforementioned welfare reform bill comes under consideration, there has been no firm basis upon which to anticipate the impact if it were to be enacted. Most of the accumulated wisdom pertaining to such matters has been based on studies of exclusively urban labor markets or national studies which are heavily biased by urban results. The studies that have restricted themselves to rural labor market analysis

and policy operations have generally dealt with agricultural workers and, more frequently, with migratory farm workers. There is little information available that permits specific analysis of the operations of the southern rural labor markets. The present project, therefore, was changed from a study of welfare reform in the rural South to one that focussed upon a description of the southern rural economy and an analysis of its labor market behavior and operations. In addition, it sought to evaluate the usefulness of standard labor market concepts in rural settings, and to discuss the problems and the potential of public policy measures dealing with employment levels, human resource development, economic development, equal employment opportunity, and income maintenance in the rural South.

METHODOLOGY

To accomplish these objectives, two surveys were conducted. One was an extensive survey of households. The second was a series of interviews with local business people and public officials. Published information from secondary sources also was used to supplement the primary interview data.

Four southern rural counties in four separate states were selected to be the subjects of the intensive study. Each was chosen to reflect a large racial segment of the population of the rural South. The other principal selection criteria were: (1) each county was to be classified as nonmetropolitan (i.e., it could not be part of an existing Standard Metropolitan Statistical Area) and was to have agriculture as an important sector of the local economy; and (2) each county was to have a substantial poverty population as defined by Federal guidelines. The four counties

chosen were Dodge County, Georgia; Natchitoches Parish, Louisiana; Starr County, Texas; and Sunflower County, Mississippi.

A random sample of all households in each survey county was interviewed. The 3,422 household interviews, covering over 11,000 persons, are the basis for much of the data used in this study. The sample represents over 10 percent of the total households, with at least 800 families being interviewed in each county. All of the household interviews were conducted during the period of January 25-April 30, 1974, with the reference period for most questions being the calendar year 1973.

Concurrently with the administration of the household survey, the second survey was conducted with officials of businesses, governments, and nonprofit institutions in the four counties. All employers of more than 100 employees, all employers of 35 or more employees who had entered the county since 1970, and two employers from each major industrial group with eight or more employees were contacted and interviewed.

By the nature and purpose of the selection criteria, the population of the four counties is not representative of the rural South in the same manner as would be true for a random sample drawn from the entire rural southern population. The greatest disparities are found in the racial composition and the proportion of the county population below the poverty level. In addition, labor force participation was approximately 10 percentage points lower than for the entire rural South. However, with respect to many important economic characteristics such as labor force composition, industrial structure, and wage levels, the four counties together resemble the rural South as a whole. In other respects, the four counties individually are representative of broad areas of the rural South. Despite the racial diversity, most characteristics of the population, the operation of local institutions, and the attitudes of community leaders toward economic development and social change in all of the counties

are surprisingly similar. Differences are generally in degree rather than substance. As a result, the findings of the study should provide valuable insight into the economic and social conditions which exist in the rural South. Further, the study findings should serve as indicators of the nature and extent of problems faced by many southern rural economies and by many of the people in the rural South, as well as the difficulties in finding solutions.

FINDINGS

Although numerous general and specific findings emerged from the study, there are several of overriding significance. Primary among the findings is that the foundation for many of the problems faced by the people of the rural South is an inability to obtain an adequate level of income through work. A major reason for the inability is a deficiency in both the quantity of job opportunities provided by the rural economies of the South and the quality of the existing jobs. The specific supporting results for this major finding are:

1. The level of demand for workers is inadequate to provide jobs for all who seek employment.

The southern rural economy has been severely affected by the secular decline in agricultural employment due to the mechanization that has occurred primarily since the end of World War II. All of the survey counties continue to give evidence of this displacement and the related decline of the businesses that once served the agriculture industry.

The nonagricultural private sector, dominated by small business firms, has been unable to grow sufficiently to offset the loss of job opportunities in the agricultural sector. Despite the continuation of out-migration of many of the young, as attested by interviews with school officials, there remains a considerable surplus pool of labor who are either unemployed, working part-time involuntarily, or are discouraged from actively seeking employment.

Traditional measures useful for describing urban economies are inadequate when applied to the rural South. Use of such measures yields a conflicting and somewhat confusing picture when applied to the rural southern labor market. For example, this study found a very low labor force participation rate of 42.3 percent. The significant difference between this rate and the national average (61 percent) does not, however, indicate a difference in the behavior of the people of the rural South from those elsewhere. Rather, the low level of labor force participation is reason to believe that the typical rural labor market in the South is unable to provide paid employment opportunities for a substantial portion of the population.

Unemployment rates, one of the most widely used labor market indicators, are a poor measure of availability in rural areas. When allowances are made for those persons who are involuntarily part-time employed, discouraged workers, and employed household heads whose adjusted family income is below established poverty lines as well as those who are unemployed, a better measure of employment problems (i.e., a subemployment index) can be computed. In the case of the rural sample, the subemployment index was 41.0 percent in 1974. This rate can be compared with a similar 1972 index of 11.5 percent computed by Sar Levitan and Robert Taggart for the entire United States economy. Clearly, such an index is a much better descriptor of the rural South than those presently computed and published.

In the case of Starr County, Texas, the shortage of local jobs is the primary explanation for the fact that one-third of the population annually must leave the county as migratory farm workers. When these migrants returned during the winter months of 1973, 37 percent of the household heads of migrant families did not even try to find jobs. Of those who did try, 29.2 percent were unemployed.

2. The quality of the jobs that are available is very poor with respect to the wage rates, fringe benefits, job rights, and opportunities to improve working conditions through union membership.

Despite its continuing secular decline, agriculture remained the largest private industry of employed persons in all of the four counties studied except Dodge (where it was also a major source of employment). Agricultural employment is noted for its low wages, irregular employment patterns, and the difficulty of its unionization. Unfortunately, in the rural South the nonagricultural sector reflects these same characteristics. The mean level of earnings in 1973 for the four counties was \$6,002 for all household heads, which compares with a national mean of \$7,330 for all workers in 1973. For Anglos, the mean earnings was higher, \$8,244, but for Blacks it was only \$3,403, and for Chicanos only \$4,587. For female heads of households it was a scant \$3,049. Over 34 percent of the poverty households (as federally defined in 1973) in the study were headed by a fully employed head. For 25 percent of the families, the presence of two or more wage earners was insufficient to pull the family above minimum poverty levels. The mean hourly wage rate for all employed heads of households was only \$3.02; that for all employed persons was \$2.68, with considerable variation again being noted by race and sex. The national average for all persons employed in the private sector in 1973 was \$4.22 per hour.

The low wages are especially serious with respect to the working poor. Of this group, 36 percent were receiving wages equal or close to the Federal minimum wage (\$1.60 for nonagricultural employment at the time of the survey). In addition, 22 percent of the working poor were receiving wages below the agricultural minimum wage (\$1.30 at the time of the study). Aside from documenting the low financial rewards provided to many rural workers, this finding also suggests strongly that there is a significant incidence of violation of the minimum wage provisions of the Fair Labor Standards Act.

Besides low wages, there were virtually no fringe benefits provided by either agricultural or nonagricultural private employers. Although public sector employment often provides "choice" jobs, the situation with respect to fringe benefits is much the same as in the private sector. Fringe benefits are few, local civil service systems virtually nonexistent, and formal (written) personnel systems scant. In the interviews with local leaders, it was frequently stated that public sector jobs are used as a power base to reward political allies and supporters. As the public sector accounted for 25 percent of the employed persons in the four survey counties, the character of employment conditions in this sector is of major consequence.

In the urban economy, trade unionism has been able to provide job security and job rights to the employment process. In the rural South few employees benefit from union representation. Where there are unions, it is usually because there is a local branch of a firm that is established elsewhere.

For the 55 percent of the household heads employed (82 percent were male household heads and 18 percent were female household heads), the low wage structure forces many to work long weekly hours. For the men, 24 percent reported working more than 49 hours a week or more as did 10 percent of the females. Thus, 22 percent of the household heads surveyed, as compared with 10 percent of all workers nationally, were working in excess of 49 hours a week. Only 10 percent of the total number of surveyed employed households, however, reported receiving an overtime premium. This compares with a national figure (May 1974) of 40 percent. Agricultural employment is among those in which long weekly hours were common (a six day week being usual) but it does not require overtime premium pay.

Agricultural workers often do not seek or are prevented from securing regular employment in other occupations. Many nonagricultural employers, at the same time, indicated that some of their best workers left to work the fields during peak seasons. Since the pay was often less due to lower minimum wages, such behavior is difficult to explain logically. However,

in some cases, the pressure appeared to stem from past financial obligations to the agricultural entrepreneur.

The low wage structure and long hours may explain why private employers cited extensive problems with labor turnover, despite the evidence of labor surplus. This finding was especially the case in the manufacturing sector even though its wage rates were among the highest paid in these communities. The fact that most of these jobs required low skill workers meant that employers were able to replace these workers easily. Apparently the wages, which were relatively higher than those elsewhere in the rural economy, were not high enough to hold employees.

3. The industrial structure is narrow, offering little variety of occupational opportunities.

The largest single employment sector in each of the four counties was the public sector, accounting for over 25 percent of all employed persons in the survey counties. These jobs are highly prized for their relative security and, in sharp contrast to the private sector, there is relatively little turnover. Acquisition of available public sector jobs is often controlled by local political forces. As electoral turnover is infrequent in southern politics, persons in these jobs have little fear of losing them. Many of the public sector jobs are blue-collar jobs associated with maintenance and repair work. There are, of course, a fair number of white-collar jobs. Some of these are low paying clerical jobs, but others are administrative and teaching positions which are relatively better positions. But the fact that there is very little voluntary turnover means that there are few opportunities for others to enter these occupations.

The next largest industries are agriculture and retail trade. In Sunflower and Starr counties, agriculture jobs exceeded retail jobs.

In total, these two industries accounted for almost one-third of all employed persons in the four counties. Both of these industries are noted for their low wages, minimal job benefits, and absence of promotion possibilities.

When retail trade and agriculture are combined with the public sector, they account for about 60 percent of the total number of employed persons in the survey counties. The remaining workers are scattered across the array of industrial categories. Most are employed by small firms. Of all the firms in the survey counties (1,347), 91.2 percent employer fewer than 20 employees; 74 percent employed fewer than 7 employees. Not only are these enterprises small in size but the absolute relation to the population also is small. Most of these industries simply draw from the surplus labor pool for their workers without appreciably affecting the local wage structure.

The limitations of the industrial structure portend particularly serious problems for rural youth. The narrow choice of industries in the rural South offers young rural workers little opportunity for exposure to the spectrum of occupations that are needed if new industries are to be enticed to these communities. Moreover, if these young people were to out-migrate, they would do so with little or no urban job preparation.

4. The expansion of job opportunities is often restricted by a local power structure opposed to meaningful efforts to diversify the local economy.

Repeated mention was made in personal interviews with local businessmen and elected public officials of the importance and necessity of economic development and industrial diversification. But it was readily apparent

from these interviews and from an examination of the results of earlier efforts to attract industry that there are sharp restrictions placed by those in power over the types of new industries that are welcome. Agriculture interests are not supportive of efforts to attract industries that might bring more attractive jobs with high wages which will compete for their existing work force. Likewise, many local business people are equally resistive of new enterprises that will disturb the prevailing wage structure. Enterprises that are unionized or that are likely to become so are not welcomed. The only firms that are sought are those that can be specifically targeted to the absorption of obvious labor surplus labor pools. In particular, the most sought after businesses are those that will hire Black or Chicano women in low skilled occupations. Moreover, some of those enterprises that are attracted to the rural South are drawn there by the lack of employee organizations. They are looking for low skilled workers to whom they can pay low wages and offer few fringe benefits. They have no incentive to upgrade their work forces.

These restrictive conditions form one barrier to the attraction of a sufficient number of firms to absorb the available labor pool. When new firms do locate in the rural South, those who are employed are better off than they would otherwise have been. However, the financial rewards are seldom substantial and, given the high turnover rates, they are frequently of short duration to the employees.

5. The employment problems of people in the rural South are not due to lack of information about local jobs or wages.

There is a relatively free flow of reliable job information concerning wage rates, job openings, and hiring plans. The relative ineffectiveness of the public employment service in the rural South is at least partially a result of this word-of-mouth information network. Results of the household survey showed that the majority of actual and

potential labor force participants rely upon informal word-of-mouth channels to learn of job openings and the prevailing wage rates. The data also show that the employment service in rural areas often is called upon to place only those who have the greatest difficulty in finding employment (i.e., members of minority groups with little training or education), or those who register for placement because they are required to do so by law.

The second and equally important conclusion of this study is that efforts to increase income for workers in the rural South are severely hampered by the very low levels of educational attainment, the absence of formal training, a shortage of work experience, and work inhibiting health problems.

1. A substantial portion of the labor force of the rural South is untrained and poorly educated. To this degree, the earning capacity of much of the rural labor force is severely constrained. In the survey counties, 25 percent of the labor force had less than an eighth grade education while 54 percent had less than a high school education. For Blacks and Chicanos the figures were considerably higher. Nationally, 13.6 percent of the labor force had an eighth grade or less education; while 32.2 percent had less than a high school education.
2. Perhaps even more distressing than the educational deficiencies was the low level of job training of any sort. Less than 10 percent of the labor force had ever participated in any kind of formal training. Moreover, of those few who had job training, the largest single source of that training was the military with vocational education a distant second. Less than 1 percent of the labor force claimed ever to have been in an apprenticeship program or to have participated in any form of on-the-job training programs.

Likewise, less than 1 percent of the labor force had ever been in a federally sponsored manpower program, as compared with approximately 5 percent of the United States labor force. Most of those who were in manpower programs were in those that contained no skill training component (e.g., Neighborhood Youth Corps, Operation Mainstream, or Public Service Employment). The training deficiency is even more severe than these findings indicate, for 60 percent of the small number who had any training at all were persons with a high school education or better.

It is possible to gain job experience without formal training programs. But the survey evidence indicates that this, too, was limited in the rural South. Of those in the labor force, 27 percent had been in their current jobs for less than a year, 57 percent less than five years. Of those with long job tenure, most were in farming, professional, or administrative occupations.

3. Although out-migration continues in the survey counties, a strong reluctance to move was expressed by members of the households surveyed. Over 75 percent of the persons over age 16 were born in that county. Over 85 percent of those 16 years of age and over were living in the county five years prior to the time of the interview. (Comparatively, at the national level in 1974, 85.5 percent of those 14 years and over were living in the same county reported for 1970.) When asked if they could conceive of a circumstance which would make them move from their present county, 85 percent of the household heads responded "no." The most common explanation was the noneconomic consideration that "this is my home." Only 8 percent indicated that job attachment was what kept them where they were.

4. The number of persons who could benefit from training in the rural

South greatly exceeds those presently being served. In determining the potential clientele for manpower programs, it was determined that approximately 40 percent of the actual or potential labor force in the survey counties were eligible for training under current legislation (CETA). At the time of the study less than 1 percent of that group was being served. The potential clientele who could presently benefit from skill training programs was less than half of the total eligible for CETA programs. However most could benefit from public service employment programs or work experience programs. Obviously, many working poor and unemployed persons could benefit from such programs when compared with the limited opportunities currently available for them in the private sector.

To be of maximum benefit, training programs must be a part of a broad coordinated plan of economic development to expand job opportunities in the rural South. Such developmental activities include skill training, work experience programs, and improved delivery systems. Equity in funding formulas between urban and rural areas also is needed. Furthermore, attention must be given to the problem of the lack of local expertise necessary to administer effectively currently available programs.

5. The most neglected aspect of human resource development and a significant explanatory factor for the low income levels of many persons in the rural South is health problems.

Throughout the survey, health problems (defined as physical ills under medical care, which were work impairing) consistently appeared as important explanations for low wages, inadequate income, low labor force participation, inability to be trained, and irregular work patterns. Of all household heads, 23 percent indicated having health problems. The incidence was higher among Black and Chicano workers than among Anglos. It was considerably higher among female than among male heads of households. In all

groups, half of the individuals reporting a health problem had had it for over five years.

Interviews with county health officials and doctors indicate that many illnesses in the rural South are no longer common in urban areas. Instances of polio, tuberculosis, leprosy, tetanus, encephalitis, and dysentery were reported. Many health problems stem from poor nutrition and inadequate diets and are clearly preventable. These problems are primarily due to low incomes that do not allow opportunities to buy adequate quantities of wholesome food or to live in above-standard housing. Other problems are the outgrowth of impoverished communities. These are lack of pure drinking water, improper garbage and sewage disposal, and inadequate rodent and insect control. The high incidence of health problems and the disproportionately large numbers of elderly and young in rural areas justify the need for improved health care. As indicated by the four county study, the rural South probably suffers from a deficiency in health care professionals, particularly medical specialists and dentists. Poor transportation and inadequate delivery systems were found to limit the ability of rural residents, particularly the elderly, to utilize available facilities. There is also a strong presumption that the quality of health facilities and care is low.

Despite the lack of adequate delivery systems, personnel, and facilities, the inaccessibility of health care due to low income is the most serious problem. Few low income families can afford the luxury of private health and disability insurance. Many are forced to depend on the limited care provided under Medicaid, Medicare, or other public health programs.

The third and perhaps most important finding of the study from the standpoint of human welfare is that neither employment nor available income transfer programs have been able to eliminate the massive poverty that

continues to be the dominant characteristic of the southern rural economy. Welfare reform (such as that proposed which gave rise to this study) would have a significant beneficial impact on many low income families and the overall economy of the rural South.

1. In its historic report in 1967, the National Advisory Commission on Rural Poverty boldly concluded that "most of the rural South is one vast poverty area." The results of the household survey of this study can only underline and update that appalling observation. Using the Federal income guidelines at the time of the study, 41.3 percent of the households in the survey fell below the poverty threshold.

Unlike most of the nation, poverty in the South is more a rural than an urban characteristic. The poverty rate for the rural South is almost twice that for the entire South and three times that for the nation. The absolutes of poverty are usually more severe in the rural South than in urban areas, and large portions of the southern rural poverty population survive at bare existence levels.

One dimension of rural poverty is that many persons are permanently outside the labor force. Those who are poor by virtue of inability to participate in the labor market include the elderly, those sick or disabled, and those whose family responsibilities require their presence at home. A disproportionate percentage of the poor were found to have health and disability problems. Some of the working age population (especially those in the 55-64 year old age group) suffer from health problems which probably eliminate them permanently from the labor market.

The incidence of poverty among the aged in rural areas of the South is critical. Over 40 percent of the poor in the study counties were 65 years of age or over. This group remains mired in poverty despite recent increases in coverage and benefits of Social Security, Supplemental Security Income

(S.S.I.), Medicare, and Medicaid. As there are virtually no employment opportunities for older persons in rural areas, many of the poverty aged are totally dependent on Federal income for their existence.

Aside from the aged and the ill, there is a very large number of persons of labor force age without disabilities and still outside of the labor force. Discrimination limits the employment opportunities of minorities and women. The probability of a rural household head being in poverty is substantially increased if the person is a woman.

2. The various aspects of public antipoverty policy -- Community Action Programs, Aid to Families with Dependent Children (AFDC), and Food Stamps -- have not been effective in changing the relative income status of many poverty groups or individuals. AFDC and Food Stamps suffer from lack of adequate funding (benefits) or eligibility restrictions. At the same time, the survey results indicate that there are large segments of the rural poverty population eligible but not participating in either of these programs. Almost half (44.6 percent) of the eligible households were not participating in the food stamp program. In addition to the relatively low participation rate (67.3 percent of those eligible) the low benefit levels in the South have left AFDC recipient families well below poverty thresholds.

The multiplicity of administrative structures for welfare and related programs adversely affects the costs and efficiency of these efforts. This study found the attitudes of many program officials who were interviewed to be lackadaisical in regard to potential program eligibles. Prejudices and poor training of many of the welfare agency interviewers (persons who screen for eligibility) allow ineligibles to participate and often prevent eligibles from participating. Red tape, including complex eligibility requirements, discourages program participation and permits program abuses.

Current welfare policy omits certain poverty groups and, therefore, arbitrarily ignores the extent and depth of poverty. For example, unemployed heads of households and the working poor in most states are not covered by

existing programs. Childless couples under 65 years of age with no labor force participant are eligible only for food stamps. There is also a large number of the "near poor" as defined by the arbitrary Federal poverty guidelines. That is to say, if households living within 125 percent of the poverty threshold were included, the poverty population in the survey counties would have increased by 23 percent. In other words, if this group were included, 50.8 percent of the households could be classified as poverty stricken. Thus, a small change in the definition could increase substantially the number of persons in poverty in the rural South.

3. The welfare reform proposal put forth in 1971, if it had been enacted, would have had a major impact on the people and the economy of the rural South. Under the proposed reform, the average family income would have been increased by 35 percent (i.e., \$980) over the actual income average in 1973. Black families would have had the greatest increase in their incomes; Anglos would have had the least. Yet, although it would have altered the dimensions of poverty in the rural South, the proposal would have by no means eliminated it.

Not all eligible families would have benefited from the change. Many families participating in other transfer programs -- primarily Social Security -- would have lost income under the proposed program because such income would have been offset against benefits. In addition, due to the fact that food stamps would have been discontinued under the proposed reform, this study indicated that as many as 50 percent of those eligible for coverage under the welfare reform proposal potentially would have faced a reduction in their real incomes. Furthermore, a substantial portion of the poverty population of the rural South would not have been eligible for coverage. This consists of those families without children or single member households.

In terms of overall impact, it was estimated that in excess of \$800 million would have been distributed to poor families in the rural South.

Conservative multiplier estimates place the total income that could have been generated at a net income addition to the rural South of \$1.2 billion. *on annual basis*

The fourth major finding of the study is that employment discrimination by race and sex in the rural South is pervasive with little or nothing being done to promote equal employment opportunity. Discrimination is a major cause of low income in the rural South.

In a region in which slavery and overt segregation were practiced for centuries, it is perhaps not surprising that vestiges of discrimination are still present. What is of consequence is that virtually nothing is being done to combat it. Minority group workers are at a disadvantage in rural labor markets. As the study indicates, minority workers are largely restricted to lower paying occupations. In addition, there exists substantial discrimination in earnings between Anglos and Blacks for the same occupations. Even when factors such as education and training, which can cause productivity differences, are taken into account, Black men earned on average only 75 percent as much as Anglo men and Black women and 91 percent as much as Anglo women. The extent to which racial discrimination actually limits access to the labor market is impossible to determine. With the overall labor force participation rate almost 6 percent lower for Blacks than for Anglos in the study, it is reasonable to assume that there is such a discouragement effect.

Sex discrimination in southern rural labor markets appears substantial, and it is primarily occupational. This study indicates that women have difficulty in securing entry into the same occupations as men, for example, in the higher skilled positions in manufacturing and in administrative positions. Moreover, in those cases where women and men were in the same occupations, wage differentials were prevalent and sizable. The ratio of female to male earnings, adjusted for productivity factors, was .65 for Anglos and .70 for Blacks.

A major impediment to improved earnings and job access for racial minorities and women in the rural South is the absence of an effective enforcement agency to investigate equal employment opportunity cases. The rural Anglo power structure has shown little concern for minority problems, and most southern states have not established equal employment opportunity agencies. The U.S. Equal Employment Opportunity Commission has shown little interest in rural areas. Yet it should be clear that given the limited number of jobs and the large number of minorities and women, major employment displacement effects can be expected from a reduction in discrimination. Anglo men would be the chief losers and women the chief beneficiaries.

GENERAL CONCLUSIONS

Despite the contemporary publicity given to the economic boom in the "new South," prosperity and development are occurring largely in urban areas or in rural counties that are fortunate enough to be located adjacent to expanding urban markets. Economic development continues to lag in much of the rural South. The findings of this study indicate that areas of the rural South remain economically depressed with little likelihood of being able independently to expand sufficiently to provide the necessary volume of employment to allow all of its participants to earn an "adequate" income. In general, the economy of the rural South can be characterized from the findings of this study as one with an excess of labor, deficient in human resource development, hindered in its operation by institutional constraints, and encompassing a relatively

narrow variety of job opportunities. Although not all local labor markets are the same or have identical problems, in general the differences labor markets in the rural South are more of degree than of structure or operation.

The possibility that the major exodus of population from the South has abated, coupled with the increasing financial difficulties of large urban areas in the North, may well divert attention from the problems of the rural South. There may even be a tendency to believe that the problems of cities are no longer accentuated by the inflow of rural migrants and that, if left alone, the population of the rural South will "adjust." The findings of this study portend that such is not the case. Out-migration from the rural South, probably at a reduced level, will continue. Although an increasing proportion of those who leave the rural South will migrate to the expanding urban areas of the South, a significant number will follow the traditional migration patterns to the North. Those who leave in the future are likely to be as unprepared as has been the case in the past. Nor are most areas of the rural South likely to be able to solve the problems of the remaining population unaided.

For lack of any meaningful alternative, many rural southerners must continue to out migrate from their home communities. Three of the sample counties lost population between 1960 and 1970. The only one that did not was located on the United States-Mexico border where immigration from Mexico led to a slight increase in its population. For those who remain behind there are continuing problems. These include: few job opportunities; little chance for training or upgrading; low wages and few fringe benefits for those who work; a shifting political structure that speaks of the need for improvements but

which actively discourages meaningful changes through its actions; a high probability of incurring serious illness due to poor nutrition, unrecognized diseases that were preventable, or untreated illnesses or injuries due to lack of funds to pay for the costs or an absence of doctors and facilities to go to; scant opportunity to belong to a union that might afford a modicum of job security or job rights; pervasive employment discrimination for large numbers of racial minorities and women workers; and administrative inadequacies of the few social programs that the Federal government has directed the local communities to provide (e.g., food stamps and AFDC).

Although the study did not specifically examine the characteristics of those who have out migrated, by implication it is safe to say that many of those who continue to leave are hampered by the same problems as those who have not. If so, it is likely that many who leave are unprepared for the new lives they pursue. Such a harsh adjustment can hardly be in the best interests of the individuals involved, the receiving communities, or the nation itself.

RECOMMENDATIONS

Ideally, the problems of the rural South would best be addressed by a national policy which is directed toward problems common to all areas, such as poverty and health, but which contains a specific element directed toward long-run economic advancement of the rural South. If a national consensus cannot be obtained or if funding is not sufficient to sustain a comprehensive national policy, out-migration will continue to be the only viable alternative for many in the rural South. Further improvement of conditions for families remaining in the rural South will be difficult. In such event, programs must be designed to aid those most seriously affected, to ease the transition for those who migrate and, to the extent

possible, promote internal growth.

Comprehensive National Policy

In several instances in the report, the policy discussions have emphasized that the issues confronting the rural South became dilemmas because of insufficient resources to attack the problems comprehensively. To overcome the dilemmas, it is necessary not only to alter perspective but also to change the parameters. The prevailing situation in the rural South will require a conscientious decision that it is in the national interest to arrest the continuing economic atrophy. If so acknowledged, it would follow that a comprehensive series of coordinated steps could be taken that are designed to benefit the entire population of the rural South. An option to out-migration would be created. The resulting programs would reduce the disparity between life in rural and urban America.

1. A nationwide comprehensive income maintenance system that is federally administered and financed should be enacted. It should establish an income floor below which families and individuals could not fall. It should include coverage for those who do work and those who cannot. Eligibility should be premised exclusively upon income and not the personal characteristics of the poverty population. The program should cover all persons and not be limited by marital status, family composition, or any other factor except need. It is implicit that the current Aid for Families with Dependent Children program be terminated and that the Supplemental Security Income program and the food stamp program should become an integral part of the overall program. Social Security payments should be treated the same as earned income and not be subjected to a 100 percent benefit offset, as would have been the case under the welfare reform proposals in 1972. A strong work incentive should be included as well as major financial

penalties for refusal to work by those able to seek or accept employment. A public service employment and works component should be implemented when and where needed to provide jobs to rural workers when jobs are unavailable in the private sector.

2. A national health care system should be established, including three components: (1) a national health insurance system guaranteeing all persons the ability to obtain adequate medical and dental care; (2) preventive health care for all persons, and (3) adequate facilities and personnel to assure ability to deliver needed care throughout the nation. An important part of the third component is to assure that such facilities and personnel are readily accessible to all regardless of location.

3. The unique problems of rural areas argue for adoption of a national rural policy. If adopted, this policy would be in harmony with the goals of the urban economy insofar as there are common problems. However, it should recognize that programs specific to rural areas will have to be implemented. The policy should encourage private sector initiatives, but it must recognize that much of the responsibility will for some decades be that of the Federal government. The implementation of such policy will call for cooperation among agencies primarily of the Departments of Labor, Agriculture, and Health, Education, and Welfare. Further, within the Department of Agriculture, a major policy reorientation must occur, shifting attention from purely farm matters to all rural problems.

An additional component of a national rural policy should be a concerted effort to increase social overhead capital in rural areas and to create the type of employment opportunities which will allow residents on-the-job training in skilled occupations. An expanded program of job

creation and public works should be initiated where feasible. Public works projects -- such as the Tennessee Valley Authority of the 1930s and the Tennessee Tombigbee Project of the 1970s -- are highly labor intensive and can be directed toward improvement of the rural infrastructure projects that are supportive of private industrial development.

Although contracting out the administration of specific programs to state governments should be allowed, state administration should not be the only method of implementation in rural areas. Responsibility should be retained at the Federal level for representing rural areas in national policy matters, for developing new programs for rural areas, and for compiling the needed statistics to make the true problems of rural America visible. There should be coordination of the distribution of funds to support economic development, manpower training, public service employment, and work experience programs. A state or local community sponsor should be able to obtain a total development package including funds for such items as industrial park development, planning assistance, and start-up training programs for local workers.

4. Not all migration from rural areas should be thwarted, but that which occurs must be prevented from adversely affecting urban areas. Movement could also be rural to rural or rural South to urban South. Better preparation for the urban environment and improved labor market information are needed. Specifically, mobility programs should include (a) relocation allowances, (b) reorientation of migrants to urban life, (c) accurate job information for directing mobility, and (d) assistance in obtaining employment.

Current Program Priorities for Rural Areas

In the absence of consensus with respect to a comprehensive national rural policy, existing programs must be better oriented toward the needs of rural areas, or responsive new programs must be designed and implemented. The severity of poverty and underemployment in the rural South requires that such action not wait upon the achievement of a consensus. Such programs should be implemented with a view toward ultimate integration into a comprehensive national policy. The following recommendations for current program priorities flow from this study.

1. The AFDC program should be federalized, as was done with the former programs for the blind, the disabled, and the aged in 1974, and extended to households with male heads. This move would at least standardize nationally the eligibility, benefit levels, and administrative practices for those families whose heads are outside the labor force. This would greatly reduce the inequities and inherent unfairness of the existing system. It would also free local and state funds for use in other areas of broader public need.

In addition, the food stamp program should be amended so that participants receive stamps in an amount equal to the calculated bonus, without purchase requirement. The results of this study indicate that the purchase requirement was a major factor in nonparticipation by eligible households. As an illustration, families eligible to purchase \$200 in food stamps for \$50 were often unable to obtain the necessary cash. The program would better serve the needs of those eligible if in this case \$150 in stamps were given without purchase requirement.

2. Manpower efforts in rural areas should be reoriented to recognize the difference in needs between those persons with a high probability of

remaining in the rural South and those with a high probability of leaving (i.e., primarily younger persons). Work experience and on-the-job training should constitute the emphasis for persons likely to remain. Institutional training, not necessarily oriented to the local occupational structure, with supportive counseling services should be the focal point of manpower programs for potential migrants.

Institutional training should be available in situations in which the training can be related to specific job placements -- such as start-up training for new or expanding industries. Efforts should also be made to enlist a wider participation of small business firms in on-the-job training programs.

Funding levels under Title II of the Comprehensive Employment and Training Act (noncyclical public service employment) should be significantly increased for prime sponsors with major rural responsibilities. Employment as an alternative to welfare will require the establishment of a substantial number of public service jobs.

Effective manpower programs will require improved quality in the administration of programs at the local level. Increased efforts should be made to upgrade the quality of manpower personnel. Utilizing expertise at regional colleges and universities, upgrading programs could combine an extension component to educate local officials and a component to furnish intensive training of program administrators and planners.

In the area of educational improvements, preskill training programs of a basic educational nature should be expanded for rural workers. The programs should be comprehensive and geared to providing general skills and moving participants into skill training. The programs should provide stipends for participants.

3. A health resources plan should be developed which establishes a minimum level of adequate health care facilities, provides an effective delivery system for rural areas, and offers outreach programs to meet the needs of the chronically ill and elderly.

Major efforts are needed to find new ways of attracting and maintaining health professionals to the rural South. Training programs for paraprofessionals should be established in rural areas and should be oriented toward the special needs of the rural population. Such programs should include the basic training and educational components necessary to allow applicants from rural areas to overcome deficiencies in general education.

Additional study of the extent and nature of health problems in the rural South is required. More information related to health conditions, attitudes toward health care, and special health problems of minorities is needed with emphasis on the limitations which discrimination places on access to health care.

4. The problem of development is hindered by lack of private capital as well as lack of skill training. Increased private sector job opportunities will require new methods of establishing business firms. Continued encouragement should be given to experimentation and research involving alternative economic development strategies through such organizations as rural cooperatives and community development corporations. Although their impact would seem to be quantitatively quite small, their potential as a method of promoting rural development still should be carefully and impartially evaluated.

In addition, through a system of low cost, long-term loans, the Federal government should make it possible for local business operations to be funded. The Small Business Administration (SBA) in rural areas should be able to guarantee loans for industrial capital purposes for new business enterprises (not just for expanding old enterprises as is now the case).

Federal support should be given to educational programs for local leadership in the area of economic development.

In areas where the infrastructure exists and past efforts in private development have not succeeded, the Federal government could itself initiate action to establish industries in rural areas with a long-term plan for private sector acquisition of the firms from the Federal government. Such a system not only would create private sector jobs in the long-run but also would help establish the type of jobs which allow skill upgrading of rural workers.

Programs designed to ease the transition of those who migrate from the rural South to urban areas should be established. In those urban areas which are major receivers of rural migrants a special office within the Employment Service should be established. This office should provide aid to migrants through counseling and through housing location, as well as in job placement. In rural areas a continuing educational program to make potential migrants aware that such services are available should be conducted.

5. To address the pervasive racial and sex discrimination in the labor market of the rural South, a special program within the U.S. Equal Employment Opportunity Commission should be created to address the problems of discrimination in rural areas. Several rural areas in the South should be randomly selected for immediate intensive investigation of hiring, firing, and promotion policies in both the private and public sectors. States should be held responsible for establishing equal employment opportunity in public jobs for all political subdivisions of the state.

6. Special problems arise for rural Chicano workers because many are recent immigrants from Mexico, lacking labor market knowledge, a command of English, or relevant job skills. A special program should be instituted

to orient new workers which contains provisions to deal with each of these issues. Additional problems arise because of the inflow of illegal immigrants and border commuters. With respect to the border commuters, persons who work in the United States should also be required to live in the United States. The act of employing illegal aliens should be made an illegal act with heavy civil penalties imposed upon employers, and illegal aliens should be identified and vigorously prosecuted. Solution of this problem can be achieved only at the national level with Federal direction. The budget and manpower of the Immigration and Naturalization Service should be increased to a level commensurate with its duties. With regard to migrant farm workers, the Federal government should assume total responsibility for the administration, coordination, and conduct of all programs involving their welfare.