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For over a century, governmental programs and policies have sought to influence both the demand and the supply forces that operate in rural labor markets. As most of these interventions were without precedents, they have often entailed a process of trial and error. Governmental interventions have emerged over the years as the logical response to growing and more complex problems in an increasingly interdependent national and world industrial order. Often economic motivations have served as the prompting force but it is seldom that both political and social factors have not also been involved. Thus, the role of government in the economic affairs of rural America at any given time is not an ideological issue as much as it is a pragmatic reaction of a nation seeking to build a just society. It is not surprising, therefore, that governmental involvement in the rural economy has been characterized by spurts of new policies and increased support for on-going programs followed by periods of retrenchment and reduced commitment. So it is that in the mid-1980s the political cycle has entered a phase when efforts are being made to reduce the role of the government in the rural and urban economy. But with many old problems still unresolved and a host of new challenges confronting the rural economy, a more activist period may not be far ahead.

Thus, it is not the purpose of this paper to discuss the abstract and irrelevant question as to whether or not there is a role for government in rural labor markets since this is a fact of modern industrial life. Rather, it is to look critically at the factors that have hindered the conduct of research and sometimes the handicapped formulation of more effective policy interventions into rural labor markets. It will also examine the types of policies and programs that governmental bodies have had available and what lessons the research on the experiences of these efforts has to offer for the future.

With almost a quarter of the nation's population and one-third of its labor force, the economic state of the nonmetropolitan sector is vital to the overall well-being of the nation. Yet as will be shown, rural America is often treated as an afterthought in the design of labor market indicators and is seldom the exclusive subject of serious labor market research. Without an appreciation of its unique features, national economic policy measures are frequently developed that treat the rural economy as if it were a carbon copy of the larger urban economy. The result has sometimes been -- as is the case in the 1980s -- that the rural economy has been adversely affected by policies that are intended to promote general economic recovery. With regard to policies and programs that have been specifically targeted to rural areas, there has been a disproportionate interest in the problems of the agricultural sector despite the fact that the vast majority of nonmetropolitan countries in the United States are not farm-dependent. Thus, even though agriculture remains a critical concern of public policy, it is also the case that some issues in the nonagricultural rural sector have not received the attention they require and deserve. For all of these reasons, a review of the role of government in nonmetropolitan labor markets should be instructive.

Definitional Variations and Public Policy

One of the most difficult problems that hampers the conduct of rural labor market research and which limits the usefulness of research findings to the policy formulation process is the lack of definitional agreement on what constitutes the rural sector of the economy. Because it is extremely costly to conduct research that relies on primary data, it is not surprising, that most of the limited amount of available rural research is based upon secondary data. But the use of secondary data sources is often confusing. The Bureau of the Census has two separate data series that are most commonly used to define the rural population. In its decennial count of the population, the rural population is defined as those persons living in open country as well as small towns of less than 2,500 persons, unless inside the urban fringe of metropolitan areas. Between actual population counts, the Census Bureau conducts a monthly sample survey known as the Current Population Survey (CPS). In this survey, the relevant data is classified on the basis of being metropolitan or non-metropolitan. The metropolitan population consists of all persons living in a Standard Metropolitan Statistical Area (SMSA) of 50,000 persons or more; those living in the county in which an SMSA is located; and those counties tied to an SMSA by daily commuting links. The nonmetropolitan population includes those people living in the counties that remain. "Rural" and "nonmetropolitan" are sometimes used interchangeably. This is misleading because the land areas classified as "nonmetropolitan" greatly exceed the areas classified as "rural." Moreover, it is estimated that about 30 percent of those classified as "rural" reside in open areas within the boundaries of metropolitan areas. In this regard, it has been announced that the CPS will begin in 1986 to publish a new data series with a new rural definition. Rural areas will be defined as those with a population density of less than 1,000 persons per square mile or, for towns, those with a population of less than 2,500. As Janet Norwood, the Commissioner of the Bureau of Labor Statistics (BLS) has testified before Congress, "these data will be quite different from the data...for nonmetropolitan areas, which include large urban components" (Norwood, 1985). As this will be a new series, there will be no way to establish past trends with this new definition.

The U.S. Department of Labor (DOL), in turn, defines as rural counties those in which a majority of the people live in places with populations less than 2,500. Because the definition includes people living in places with more than 2,500, the DOL definition is more inclusive than is the definition of the Census Bureau.

The nonmetropolitan definition of rural is often used by the U.S. Department of Health and Human Services in its rural programs. In addition, there are other definitions used by the U.S. Department of Agriculture (some of its programs define as rural areas the open country plus places with population of 10,000 or less). All of these are "official" definitions of one government agency or another. Until the population is uniformly defined, it is very difficult to address the derivative labor market data problems in an unambiguous manner from secondary data sources.

Aware of this problem, the National Commission on Employment and Unemployment Statistics argued in 1979 in favor of a consistent definition among government agencies that collect and publish rural and non-metropolitan labor market data. To date, there is no sign that this recommendation has been enacted.

DATA CONCEPTS AND PUBLIC POLICY

The unemployment rate has become by far the most important of the nation's economic indicators. It has been referred to as "the most important single statistic published by the federal government" (President's Committee to Appraise Employment and Unemployment Statistics, 1962: 9). Not only has it become the standard for determining the inadequacy of the demand for labor and the slack utilization of the available labor supply, but, especially since the early 1970s, it also has evolved into a role as a primary allocator of federal funds for human resource development policies (Shiskin, 1977; Norwood, 1977). Thus, the "official" unemployment rate has become more than simply a subject of academic interest. It has become a topic of practical importance in both the formulation and the implementation of public policy.

Yet since the early 1960s there has been growing concern by some labor economists and by many public officials that the unemployment rate itself is an inadequate indicator for understanding the actual condition of local labor markets. Among the research community that has focused upon rural labor markets, the verdict is overwhelming--if not unanimous--that this standard is a very poor measure of both underutilization of the supply of labor and job adequacy in rural areas. (see Tweeten, 1978: 21; Hathaway, 1972: 43; Marshall, 1974: 78; Nilsen, 1979: 31; Martin, 1977: 223; and Rungeling, et. al., 1977: 146). Each has strongly recommended that some measure of subemployment or underemployment would be a far more appropriate descriptor. The reasons given for the need for such measures are complex but they are derived from the unique features that distinguish the rural labor market from the urban labor market. Many of these differences will be discussed in the next section of this paper.

Discerning Policy Issues

As is the case elsewhere, public policy interventions into rural labor markets are justified on the basis of a perceived need. A decision not to act -- called by political scientists as the "power of a non-decision" -- is also a relevant choice. But in either circumstance, there is a necessity to gather reliable information and to conduct research. Any intervention decision should be based on a careful assessment of what the problem is and what are the expected outcomes of the available policy options. In part, policy options need also to discern whether the expected benefits can be achieved as the result of general economy-wide policies, or through specific policies that are tailor-made for the rural sector, or some combination of both.

Industrial Patterns

Historically, it was possible to argue that the pronounced differences in employment and income experiences between urban and rural workers could be explained by the overwhelming domination of agriculture in many rural communities. But the accelerated decline in agricultural employment that has occurred since the end of World War II has effectively eliminated this distinction as a critical feature in most nonmetropolitan communities. Indeed, there is strong evidence in the aggregate that the rural economy is becoming similar to the urban economy. As of the first quarter of 1985, nonmetropolitan areas accounted for 28 percent of total nonagricultural employment or approximately the same as its proportion of the total population. But the growth in the importance of the nonagricultural sector has brought new risks. Namely, the rural labor force has become exposed to the same major structural forces that are buffeting the contemporary urban economy. These include: technological change in the work place; enhanced foreign competition in the sale of products; the dramatic effects of shifting consumer tastes from preferences from goods to services; and the effects of de-regulation of some key industries.

At the same vein, the legacy of the rapid decline of agriculture both as a direct source of employment and as an indirect influence on agricultural-related enterprises in local communities has meant more than a loss of employment opportunities. It has also dramatically exposed the human resource deficiencies of many rural workers. Inadequate education and skills as well as a lack of exposure and information about alternative vocations has often meant prolonged unemployment, labor force withdrawal of secondary workers, and out-migration of persons who would have prefered to remain in rural communities but had to leave. Many of these out-migrants were poorly prepared to find urban jobs. Countless urban employment problems of the past four decades have had rural roots.

Even when new industries do relocate in some rural areas, many bring their trained workers with them and only "skim off" the best qualified in the local labor force (Marshall, 1974). The decision of the General Motors Company (GMC) in 1985 to locate its new Saturn automobile production facilities in Spring Hill, Tennessee, is an example of this practice. When GMC announced the site, it also stated that first choice in hiring will be given to its present or former employees who agree to move to Tennessee. Only afterwards will the local labor force be tapped to fill any openings that remain.

And, lastly, while it is true that agriculture is declining in its employment importance, this is an aggregate phenomenon. In 1982, the Department of Agriculture identified 781 counties (of 2,493 nonmetropolitan counties and of 3,140 counties in the United States) that were "farm-dependent." Collectively, these 781 counties were sparcely populated (accounting for only 13 percent of the nonmetropolitan population). Nonetheless, within these counties agriculture remains the dominant source of both direct employment and related nonagricultural employment (Sinclair, 1985). Many of these "farm dependent" counties are geographically clustered in the Western Corn Belt, the Great Plains States and in the Black Soil Belt of the Southeast. In these communities, public policies pertaining to agricultural production and to agricultural labor remain of vital consequence. Likewise, in the rural region of the arid Southwest, the use of illegal immigrants as seasonal agricultural workers has become a controversial feature of the efforts in the 1980s to reform the nation's immigration system. As an alternative to reliance on illegal immigrants, pending immigration reform proposals as well as pending administrative actions by the Department of Agriculture call either for the creation of a new large scale foreign worker program or for the expansion of the existing H-2 program for agricultural workers. It would appear, therefore, that employers and public policy makers believe that there are significant regional shortages of temporary agricultural workers despite the fact overall economic indicators do not support such claims. The history of the use of foreign worker programs in agriculture, however, clearly shows that this is a policy option that should not be pursued (Briggs, 1984: Chapter 4).

The decline of the agricultural sector of the economy raises a number of vital public policy issues. Government became deeply involved in agricultural production (as it did in nonagricultural sectors) during the depth of the great depression of the 1930s. Social welfare as well as production concerns provided the rationale for interventions in order to offset the depressing conditions offered by the free market. In 1935, the number of farms reached its peak at 6.81 million separate enterprises but by June 1, 1985, the number of farms had decreased to 2.28 million enterprises. The land used for agricultural purposes, however, has not fallen as rapidly so the result is that average size of individual farms has increased. But it remains the case that, in the words of an August, 1985 N.Y. Times article, the immediate future for U.S. agriculture is "bleak" (Drabenstott and Duncan, 1985). Among the particular farm issues cited for concern were excess capacity, slow demand growth, increased export competition, declining asset values, and high debt carrying costs. Although some of these farm problems may be the result of earlier public policies that over time may have become outdated, it is also clear that most of the factors are the result of new forces that transcend events in the agriculture sector itself. Likewise, it is certain that if the decline of agriculture is ignored as a public issue, the nonagricultural sector of both rural and urban America are bound to share the adverse economics consequences as well as the social and political tensions.

As for the nonagricultural sector of the rural economy, there are proportionately fewer jobs in the private sector than is the case in metropolitan areas. Public sector employment is not only more important in terms of its size but also in terms of the quality of the jobs it provides. Public sector jobs are highly sought and, accordingly, public sector job turnover often tends to be lower than in the private sector (Rungeling, et. al; 27). The service industries, which have been the fastest growing sector of the economy, has been expanding in the nonmetropolitan areas as well. But only one-quarter of rural employment is in service industries while one-third is in metropolitan areas. Although manufacturing employs about one-fifth of both metropolitan and nonmetropolitan workers, manufacturing in nonmetropolitan areas is much more likely to be in non-durable production which tends to be low wage and labor intensive.

The nonmetropolitan labor market has also generated some distinctly different occupational patterns. For example, the incidence of self-employment was almost twice as high in nonmetropolitan areas (12.5 percent) than in metropolitan areas (7 percent) in 1984 (Coltrane, 1985). It is farm activity in rural areas that accounts for most of the difference between metro and nonmetro areas. Self-employed persons represent an entirely different group than those who work for wages and salaries. Income from self-employment is subject to greater fluctuations and the earnings derived from such work are often low. Also, "unlike wage and salary jobs, unemployment from self-employment activities generally requires that the enterprise fails" (Nilsen, 1979: 13).

Casual employment, unpaid family labor, multiple-job holders, as well as seasonal and migratory work are all more common in rural areas than in nonrural areas (Tweeten, 1978: 4). As a result, nonmetropolitan areas have a much higher proportion of low earnings occupations than do metropolitan areas (Nilsen, 1979: 22-25).

Population and Employment

As of the first quarter of 1985, the Bureau of Labor Statistics (BLS) reported that the number of persons of labor force ages (16 years and older) who live in rural areas totalled 52.2 million persons (Norwood, 1985). This represented 29 percent of the total population of the nation of labor force age. With regard to the civilian labor force, over 35 million persons (or 31 percent) reside in nonmetropolitan areas.

BLS also noted that the key employment to population ratio (58.4 percent) in nonmetropolitan areas was a full percentage point lower than that of metropolitan areas. All of this difference was accounted for by the lower employment levels by women. Although the general age distribution of rural areas was about the same as for urban areas, there are fewer young people than in urban areas. The proportion of the adult population that is employed in rural areas is considerably less than in nonmetropolitan areas (57 percent to 61 percent respectively).

With regard to race, about 37 percent of the white population of labor force age live in nonmetropolitan areas. Only about 15 percent of the black population and 10 percent of the Hispanic population of labor age do. Nevertheless, since the percentage of blacks and Hispanics in rural areas is higher than their respective percentages of the labor force as a whole and since this is not the case for whites, the rural economy is relatively more important to minorities than for whites. There is a pronounced regional distribution of minority workers in rural areas. Almost all rural blacks are in the Southeast while almost all rural Hispanics are in the Southwest. Hence, minority groups in rural areas are more affected by rural geographical employment trends than are whites. In addition, agricultural employment is disproportionately more important to blacks and Hispanics than is the case with whites (Moland, 1981: Chapter 12; Tienda, 1981: Chapter 13).

Unemployment

As of the first quarter of 1985, the overall unemployment rate in nonmetropolitan areas was higher than in metropolitan areas (80 percent versus 7.7 percent). Although historically unemployment rates in rural areas have been officially below those in metropolitan areas, nonmetropolitan unemployment has been higher since the late 1970s.

As was discussed earlier, the officially measured unemployment rate has been consistently found to be an inadequate measure of rural labor force availability. Thus, the worsening of official unemployment rates in rural areas relative to urban rates strongly suggests that structural barriers in the rural economy are becoming more severe and they are increasingly dimming the prospects for rural workers to find jobs.

<u>Income</u>

With regard to income, median family incomes in rural areas are rising but they remain considerably below those of urban families. The 1980 Census showed that median family income in urban areas was $20,623 while it was $17,995 in areas defined as "rural" and $16,592 in areas defined as "nonmetropolitan". In terms of incidence, the 1980 Census reported that 9.6 percent of all families in the nation had poverty level incomes. The urban rate was 9.2 percent; the rural rate was 10.6 percent; and the nonmetropolitan rate was 12.0 percent. Another way to express the issue is to say that about 38 percent of nation's poverty population are in nonmetropolitan areas. Poverty, of course, is not a new issue for rural America but, after declining in the 1970s, there is evidence that poverty is once again increasing in both absolute and relative terms in rural America. The Southern Regional Council, for example, has issued a report that shows a dramatic increase in poverty (an increase of 2.5 million people from 1979 to 1983) in its eleven state region (Schmidt, 1985). The increase is largely attributable to the sharp cutbacks in eligibility for social program by the federal government. It appears that it was the people in the rural areas of the South who were the most affected by these cutbacks. The study shows that 36 percent of the 4 million people nationwide who lost eligibility for coverage were from the South. The actual situation is probably even worse since participation in available social programs (e.g., unemployment insurance coverage, minimum wage coverage, and disability insurance) for needy persons, has in the past been found to be lower in nonmetropolitan areas than in metropolitan areas (Tweeten, 1978: 5).

Subemployment and Economic Hardship

For a number of reasons, policymakers and labor market scholars have become increasingly dissatisfied with the usefulness of the official measures of employment and unemployment (Briggs, 1981). The original pressure to develope an index of subemployment began in response to the urban riots of the 1960s. The U.S. Department of Labor sought to construct in 1967 a measure that, in addition to unemployment measures, would make allowances for the working poor, the involuntary part-time employed, discouraged workers, and even an estimate of statistical undercount which is known to be a serious problem in all low income areas (Manpower Report of the President, 1967: 73-75). No consideration was given at the time to the application of the concept to rural labor markets. This conscious omission occurred despite the fact that the presidential advisory commission on rural poverty concluded its comprehensive study the same year with the observation that "rural poverty is so widespread and so acute, as to be a national disgrace" (President's Advisory Commission on Rural Poverty, IX). The obvious explanation is that rural workers suffer from an "audibility gap." They lack a public voice. Their needs at the time that the subemployment index was conceived were as severe as those of urban workers, if not more so. But because rural workers are geographically dispersed and they lack media coverage (relative to what is available to urban workers), it is almost impossible for their needs to be articulated and publicized or for their frustrations to be manifested in ways that are available to urban workers. Hence, no research or policy effort was made to include rural workers in the conceptual design of the index by DOL.

In 1968, DOL announced that further surveys were underway and suggested that "impoverished rural areas" should also be studied in light of this expanded definitional concept. But with the change in political leadership and philosophy at the federal level that occurred in late 1968, the official interest in the subject of underemployment concepts was abandoned (Spring: 1972). It has yet to be reviewed by any subsequent presidential administration.

Interest among academicians in the subject of an expanded definitional concept has remained strong. (see Miller, 1973: 10; Levitan and Taggart, 1973; and Briggs, 1981). In 1973, the passage of the Comprehensive Employment and Training Act (CETA) mandated that DOL develop data that closely resemble those needed to construct a subemployment index. The act also required that its funds be allocated on the basis of local labor market data on unemployment--even though no such local labor market data existed at that time (Norwood, 1977). The Bureau of Labor Statistics (BLS) of DOL was given the responsibility to develop all such data. In 1975, the commissioner of BLS outlined the extreme difficulty encountered in the collection and tabulation of subemployment data (Shiskin, 1975). Because there was no consensus among policymakers, academicians, and the public, the commissioner requested that an independent and impartial review commission be established to examine the definitional issues involved.

Accordingly, in 1976, legislation was enacted that established the National Commission on Employment and Unemployment Statistics (Public Law, 1976). This presidential commission of nine nongovernmental persons was charged to examine the need to develop broader labor market concepts. A specific request was made to study the issue of economic hardship. Sar Levitan, was appointed its chairman.

In its final report, the Levitan Commission did find "that the present system falls short of meeting the information needs of labor market analysts" who are concerned with the usefulness of the data for policy development (National Commission on Employment and Unemployment Statistics, 1979: 38). The report observed that "unemployment rates in rural areas are consistently low relative to urban areas." Taking specific note of the inordinately high incidence of poverty in nonmetro areas and the general scarcity of jobs relative to metro areas, the commission also mentioned that the problems of worker discouragement, involuntary part-time employment, and the working poor were especially severe in many nonmetropolitan areas. The commission states that "the diverse circumstances of rural workers and the unique characteristics of rural labor markets" underscore the need for new measures of earnings and income adequacy (National Commission on Employment and Unemployment Statistics, 1979: 97). The commission noted that "economic hardship" may come from low wages among employed persons, unemployment (including partial unemployment due to slack work) among those in the labor force, and limited participation in the labor force by persons who desire more participation. The commission recommended the development of "multiple indicators" of hardship. In its final report, however, the commission rejected the idea of a single composite index of labor market hardship (National Commission on Employment and Unemployment Statistics, 1979: 59-60 and 71-72). The majority of the commission concluded that "the issues associated with defining labor market hardship reveal the inherent complexity and multidimensional nature of the concept." The commission did recommend that distinct indicators corresponding to various types of hardship be developed and published in an annual hardship report that would separately discuss employed persons earning low wages, unemployment, and nonparticipation in the labor force (National Commission on Employment and Unemployment Statistics, 1979: 63-71). In response to this specific recommendation for a special annual hardship report, the BLS has published such reports beginning in 1982 (Bureau of Labor Statistics, 1982, 1983, and 1984).

It is significant that the Commission explicitly recognized the lack of useful labor market indicators for measuring the adequacy of employment for rural workers. It discussed the need for better indicators than simply unemployment. It did recommend "that the rural population be an identifiable population group in indicators of labor market related hardships" (National Commission on Employment and Unemployment Statistics, 1979: 97). Unfortunately, but not surprisingly, the aforementioned BLS reports on economic hardship that have been published since 1982 have <u>not</u> included any data breakdown that identifies rural or nonmetropolitan workers as an "identifiable population group." It is likely that a disproportionate number of those persons identified in these reports as being in need are rural workers but one would never guess that this is the case from reading these reports.

<u>Underemployment</u>

To date, no federal effort has yet been made to address one additional indicator of underutilization of labor that is highly pertinent to rural labor markets. It is the case of persons who take jobs--and are thereby counted as being employed--but the jobs are actually below the skill and educational levels that the workers already possess. Such workers are usually earning lower wages than they would earn if they could find jobs for which they are trained. It is this meaning of the term "underemployment" that most non-economists usually have in mind when they discuss this issue. But, because this phenomenon is _not_ part of the federal labor market statistical system and because it is a concept that is not easily quantifiable, this type of underemployment is simply ignored as an issue. It is likely in rural areas that this problem is more common than in urban areas. Just because social problems cannot be easily quantified and, therefore, they are not examined does not mean they are nonexistant or unimportant.

Indicative of the need for such a measure is found in a 1985 special study done by the State of Nebraska--a predominately rural state. It conducted a special statewide survey to examine the accuracy and adequacy of official measures of employment and unemployment as well as the extent of underemployment in the state (Nebraska Department of Economic Development, 1985). Aside from the fact that the study found the existing data from the federal government to be grossly inadequate, the study sought to obtain a measure of underemployment. It found that 23 percent of those persons who were employed reported that they were working in jobs below their skill levels and had taken the jobs they held only because they were all they could find. Although the report did not give a specific breakdown of rural versus nonrural experiences, it did note that underemployment was more predominate in nonmetropolitan areas. The Nebraska study was based on a scientifically drawn random sample. The answers to the underemployment question, however, were simply the tabulated responses that the interviewees gave. The interviewees were not probed for details. Nonetheless, the fact that more than one of every five employed Nebraskans felt he or she was working (and being paid) at a job below their capabilities is a serious social comment on job satisfaction. If actually valid, the phenomena may at least offer a clue as to why official unemployment rates are so controversial in rural areas. Many workers are simply being downgraded to lower skilled jobs and are just taking whatever jobs they can find. Also it implies that those once employed at the bottom may be forced out of the labor market into the ranks of the discouraged workers.

Types of Governmental Interventions

Essentially, governmental actions to influence rural labor markets fall into five categories. They are economy-wide stabilization policies; economic development activities; human resource development policies; equal employment opportunity policies; and income support programs. In most instances, rural labor markets are affected by programs and policies developed to meet broad national economic objectives while in some instances the interventions are designed specifically to respond to rural needs. Unfortunately, to the degree that any research is involved in the analysis of the perceived problems or the design of the policy responses, the research is usually based on the manipulation of secondary data collected at the national level (which is heavily weighted by the urban sector) or findings based on primary research conducted on urban labor market behavior. Research based exclusively on rural labor market needs and behavior is scant.

Despite the size and importance of the rural population and labor force, the design of programs and policies for rural labor markets has been severely hampered by the lack of a commitment by the federal government to the conduct of exclusive, comprehensive, and on-going research on policy needs and policy effectiveness in rural areas. Hence, the discussion that follows is based on what appears to be the case but, frankly stated, the research base is so thin that it is impossible to speak with certainty about what is known or what can be done based on past experience. This paucity of knowledge is itself an indictment of the past and present inadequacies of governmental activities in rural labor markets.

Stabilization Policy

Perhaps no where is the problem of lack of concern over the effects of public policy measures on rural labor markets more clearly demonstrated than when it comes to the implementation of economic stabilization policies. These are the monetary and fiscal policy measures that are implemented to combat inflation and unemployment. They are intended to counter the "ups and downs" of the business cycle.

The effects of the tight money policies of the late 1970s and early 1980s severely impacted the rural labor market--especially those areas where agriculture was dominate. The fact that interest rates have continued to be high in "real" terms in the mid-1980s is certainly a major explanation for the continuing financial plight of many rural communities. But to make matters worse, the fiscal policy of the 1980s can only be described as being disaster to the economic welfare of rural America. The principles of these economic undertakings were set by the Budget Reconciliation Act of 1981 as put forth by the Reagan Administration and enacted by Congress. They have continued to be the basis for national economic policy since that time. Essentially, the policy contained three elements.

The first principle was a 25 percent cut in federal personal income taxes. The tax cuts, however, were proportional to income. Hence, as there were proportionally more people in lower income brackets and fewer people with higher income brackets in most rural areas than in most urban areas, the rural economy received substantially less stimulation than did the urban economy. Secondly, on the expenditure side, there were sharp reductions in the expenditures for social programs. Although people in rural areas have had greater difficulty qualifying for many social programs, the disproportionately larger size of the low income population of rural areas means that these communities were more affected by cutbacks than were most urban areas. Thirdly, also on the expenditure side, there has been the massive buildup in defense expenditures. Undoubtedly some of the additional defense spending will go into a few rural areas, but most of rural America will not be touched. Consequently, the combined effects of these major fiscal policy initiatives in the early 1980s have, at best, meant that most rural communities have benefitted only marginally and most have not been helped at all. It is also likely that some rural communities have actually been harmed by the combined effects of these undertakings.

One regional study was done by the Tennessee Valley Authority (TVA) of the impact of this economic package. TVA has a service area that includes

201 counties that are either in its watershed or that use its electric power. These counties are located in all or parts of seven states and they are overwhelming rural. The TVA study found that, collectively, the counties in its vast service area received only 17 percent of the economic stimulation received by the nation from this overall package and it found that a number of areas had actually been negatively affected (Office of Chief Economist of TVA, 1983: S7-8).

Similarly, the aforementioned study by the Southern Regional Council in 1985 also attributed the sharp increase in poverty in its eleven state area to these cutbacks in eligibility for social programs that have occurred since 1981 (Schmidt, 1985). The study estimated that it was the people in the South in general and in the rural South in particular who were the worst affected by these changes.

Despite the massive scale of these fiscal policy undertakings, little research has been conducted on the impact of these initiatives on the rural sector as a distinct entity. It may be for this reason that the people in many rural communities have had difficulty understanding what all of the talk of an "economic recovery" had been about.

Economic Development

Over the long run, governmental policies to stimulate economic development in rural areas have amazed a record of achievements that rank high on any list of national accomplishments. They have contributed significantly to the pre-eminant role that the United States has attained in the Twentieth Century in world economic affairs. The list of interventions is far too long to discuss in this present format. But because it has become fashionable today to speak only in terms of private sector accomplishments, it is--unfortunately--essential to cite some of the crucial governmental interventions. For unless this theme of joint public-private cooperation is fully recognized as being the positive force that it has previously been, there is the real danger that rural America may fall victim to the false belief that unguided market forces driven by private desires and initiative have been responsible for past achievements and that such a course offers the best hope for future accomplishments. Nothing could be further from the truth. It is this theme from the past--the positive role that public policy has taken in shaping the economic development of rural America--that needs to be reaffirmed in order that it be continued.

Examples of these major policy interventions certainly must begin with mention of the Homestead Act of 1862. It distributed at no cost more than 80 million acres of public land to rural settlers in the 19th century. It was followed the same year by the Morrill Act whereby the federal government turned over 17 million acres of public land to state governments to sell under the condition that the proceeds be used to endow agricultural and mechanical arts colleges--popularly called "people's colleges" at the time--in every state. By the 1980s, there were 69 such institutions. Aside from their educational missions, these land grant universities and colleges have provided the research crucible from which many of the new agricultural technologies and methodologies have sprung that have created the agricultural production revolution in this country and the world since the end of World War II. Another landmark example of public policy was the Reclamation Act of 1902 which outlined the long term development policy for the arid Southwest. Through its subsequent public works authorizations it has made possible the use of federal funds to construct large-scale irrigation and land reclamation projects. The fruits of this far reaching legislation can be seen in the fact that at the time of its passage the five states of the Southwest had a combined population of about half the size of the City of Chicago but by 1980 they accounted for 21 percent of the population of the entire U.S. Moreover, those portions of the rural Southwest that have benefitted from the irrigation projects have become a veritable cornucopia of agricultural and live stock output. Mention also must be made of the various policy initiatives that have created the nation's national parks system and which has sought to designate and to protect vast areas as historic national monuments. Beginning in 1864 with the designation of the Yosemite Valley in California by President Abraham Lincoln as a federally protected area and by the establishment of the first national park at Yellowstone in Wyoming in 1872 and followed by the passage of the Antiquities Act of 1906 which allows the president to proclaim certain historic areas as national monuments, more than 330 such areas -- mostly in rural America -- were in existence by the mid-1980s. These designated areas have contributed immensely to the development of recreational and tourist industries in many of these localities. Another relevant piece of legislation was the Tennessee Valley Act of 1933. It represented the greatest hydroelectric project in history up until that time. In harnessing the vast water resources of a mostly rural area covering 40,000 square miles in all or parts of seven states, it has been instrumental to the economic development and industrial diversification of a region that was once one of the most impoverised and forlorn areas of the entire nation. Obviously, the list could go on and it would include the role of public policy in the areas of rural electrification, highways, railroad right of ways, military base locations, defense testing sites, and public works infrastructure enhancements. It would also, of course, need to mention the vast array of agricultural support programs that have been enacted over the years. These have included agricultural programs to support prices, to limit imports, to subsidize exports, to underwrite the costs of research, and to assist in conservation measures.

The point is that public policy has served a long and positive history as an instrument of rural economic development. By enhancing the economic climate of rural areas, they have significantly contributed to the opportunities for the private sector to flourish. As the demand for labor is derived from the demand for products and services, these policies have contributed directly and indirectly to the generation of employment and the provision of income for rural workers.

It is true, of course, that state governments have also instituted programs and provided infrastructure in their rural sectors that have also assisted in the developmental process. The effectiveness of these undertakings, however, are not well documented largely because they have seldom been the subject of independent research. State initiatives, however, often go beyond merely enhancing the economic climate. They have frequently sought to assist particular private enterprises through tax abatements, subsidized low interest rates on capital loans, and providing linkages with local educational and training institutions to prepare workers for new jobs. These undertakings best serve the nation when they assist new industries to be created or to expand existing enterprises. But, on the other hand, they do not help when they are linked to attracting firms from one state to another. Unfortunately, such "beggar-thy-neighbor" policies have been far too common in the post-World War II era. There is probably little that can be done to stop such predatory practices but these undertakings do not deserve praise or support. In the absence of national concern over the necessity to develop an extensive industrial policy for the nation, the bitter competition between the states to encourage relocation of private enterprises is likely to continue. But while one community and its workers benefit, another community and its workers lose. Hence, the nation as a whole is no better-off.

At the local level, the governmental bodies of most rural communities often lack the resources and the expertise to conduct extensive economic development activities. Some may designate industrial parks, build infrastructure, and provide tax breaks but others are often financially constrained in the size and scope of such activities. In some cases, however, local community pressures may be an obstacle to rural economic development. Research on southern rural labor markets, for instance, has found that some rural communities are dominated by small elites who only want "certain kinds" of development to take place (Rungeling, et al. 1977: 243-4). They fear that local wage structures and employment patterns may be altered; community power structures may be changed; taxes may be increased; or that unions may come. If this is the case, the prospects for economic development in these communities are hindered. Economic development, by definition, implies a commitment to change and to diversity. Economic growth, on the other hand, implies more of what already exists. Too often, rural communities need economic development but are actually seeking economic growth which may or may not be possible given prevailing industrial trends.

With regard to federal assistance at the community level, the historic focus in rural areas has been on the needs of agricultural interests and its particular problems. Beginning in 1961, however, a series of legislative initiatives were undertaken by the federal government to address the problems of rural areas other than those that pertain directly to agriculture. In general, the legislation has sought to establish a planning process between local governments and between levels of government. In general, these efforts have adopted "a process approach" that has sought to promote growth and development in local communities. Although the details have varied, the differed initiatives have generally been designed to enhance the access of local communities and local private enterprises to capital markets. Thus, they have involved direct loans, loan guarantees, and subsidized interest rates. Also, some of the programs have included public works projects that have been designed to improve the infrastructure of local communities and some have been linked to the provision of training. Although there were initial efforts to target the limited funds to the "worst, first" communities (i.e., those in greatest need), the policy of trying to identify "growth centers" (i.e., those areas with the greatest potential for growth) soon became the preferred procedure. But studies of actual fund allocations indicated that non-economic factors (of which political considerations were one) often influenced the decisions (Johnson, 1971: 277). Lack of local initiative, intercounty squabbling, interagency coordination problems, and poor planning have produced mixed results from these efforts (Chappell, 1972: 93-5). The Rural Development Act of 1972 as well as its successor, the Rural Development Act of 1980 have also attempted to pursue investment-oriented strategy to improve both the economy and the living conditions of rural America.

Federal budget reductions in the 1980s have eliminated or reduced the scale of many of these undertakings. But aside from the ideological debates over whether the government should assist the private sector directly or indirectly, the entire experience to date has raised a larger policy dilemma. Namely, the number of persons in many rural areas who are qualified for direct employment in the new industries that are attracted to a rural area is often limited. Hence, should public policy attempt to attract industries whose occupational requirements exceed the skill levels of the local labor supply? If so, the result often is that the new enterprises import their skilled workers and only skim the local labor force of its best workers. This leaves most of the original work force unaffected by the development strategy and it may leave some of the original enterprises worse-off because they have lost their best workers. It is precisely this fear that sometimes leads to local opposition to the adoption of development programs unless they are restricted to absorb clearly existing labor surpluses. Or conversely, should public policy advocate a human resource development strategy that emphasizes training and education but which seeks to prepare people for private sector jobs that are not yet available and which may not materialize in the foreseeable future? More concisely, jobs alone may not help the local labor force if there has been no previous emphasis on education and training; but education and training are of little benefit to the local economy if there are no jobs. Some state governments (e.g. South Carolina and Alabama) have attempted to combine these approaches by offering customized training to new or expanding enterprises within their states. But this strategy does require careful planning, extensive coordination, and on-going funding support by the public agencies to be useful.

Human Resource Development

All research on rural labor markets have pinpointed human resource development as a critical public policy issue (e.g., see Marshall, 1974: Chapter 4; Rungeling et al., 1977: Chapter 7). The decline of the agricultural sector since the end of World War II and the growth of the rural nonagricultural sector has accentuated the problem of matching workers displaced in one industry with emerging opportunities elsewhere. When one contrasts the degree of policy interest that has been generated in the past decade over the several hundred thousand steel and automobile workers displaced from their jobs with the total indifference shown to the five million workers displaced from agriculture since the late 1940s, the inequities in treatment becomes painfully obvious.

The problem of providing human resources development programs to rural workers is more than simply an issue of neglect of attention. It involves the ways in which most federal programs are designed and funded.

Since the early 1960s, the federal government has enacted a series of employment and training programs that have been targeted especially for the economically disadvantaged and the unemployed population. Programmatically, they have involved opportunities for classroom occupational training, on-the-job training, adult basic education, work experience, and, until 1981, public sector job creation. Special versions of these programs were created for sub-groups such as youths and welfare recipients. Aside from a small program in the late 1960s and early 1970s called "Green Thumb" for older rural workers, the only other programs designed exclusively for workers in rural areas have been a host of programs for migrant farmworkers and their families. Despite the fact that migrant workers are only a small fraction of the nation's agricultural work force, their high national visibility as they move across the nation has exposed the often deplorable conditions under which they work and live to a large segment of the public. Hence, their plight has become the target of a myriad of assistance programs. In most instances these endeavors have sought to reduce the hardships associated with the low incomes they receive for their efforts (i.e., health, nutrition, and housing programs) but some have also sought to attack the basic problems of educational and skill deficiencies. For the remainder of the rural labor force, they have had to find places in the general programs that were passed largely in response to urban problems and which were simply extended *in toto* to rural areas.

The greatest problem associated with these policy endeavors has been the low scale of their activity relative to the universe of need. Given the high incidence of poverty, the large minority populations, and the indications of massive subemployed and underemployed, it would seem that these programs should have been disproportionately present in rural areas. But this has not been the case. Aside from the fact that federal funding was only sufficient to offer opportunities for a small portion of the eligible population, the funds that were available prior to 1982 were generally allocated on the basis of unemployment rates. The reliance upon this standard meant that urban areas received the lion's share of what was provided. Ironically, as rural unemployment rates have begun to exceed urban rates since the end of the 1970s, the available funding for these endeavors has been slashed. Moreover, in 1982, the Job Training Partnership (JTPA) replaced the previous legislation -- known as the Comprehensive Employment and Training Act of 1973, (CETA). Under JTPA the formula for the allocation of funds is composed of three equal components. They are: one-third of the money is provided according to each state's relative share of low income persons; one-third according to the state's relative share of unemployed person's above 4.5 percent of the labor force; and one-third according to the state's relative share of unemployed persons above 6.5 percent of the labor force. In sharp contrast to the CETA system, under JTPA, however, the allocated funds under the formula <u>do not flow automatically to the local areas of need</u>. Rather, they go <u>to the states</u> based on <u>their</u> unemployment and low income data (National Council on Employment Policy, July, 1985). Thus, there is no guarantee that the rural areas of a state will receive a share proportionate to their problems. Because the allocations to each state are based on statewide data, it is possible that economic conditions could improve in the metropolitan areas of the state while they do not (or even get worse) in rural areas. As a result, the state could find its allocation under one or more portions of the formula reduced or eliminated. The fact that nonmetropolitan unemployment has exceeded metropolitan unemployment throughout the 1980s and that metropolitan unemployment rates have declined faster than rural rates since 1983 means that this has been undoubtedly been the case. Unfortunately, the U.S. Department of Labor has not felt obliged either to build a national data system to collect information on JTPA or to conduct extensive research on program operations as was the case under CETA. The sharp decline in the level of funding under JTPA as well as nature of its allocation system strongly suggest that JTPA has little to offer rural workers. But it is a subject that begs to be researched.

It should be noted, however, that if underemployment measures are actually developed and if they are included in formulas that allocate funds for federal programs, there would be a considerable increase in assistance provided under most programs to rural areas. As such increases will probably mean decreases elsewhere, it is likely that there will be immense political opposition to any effort to change the prevailing urban bias that accentuates unemployment as the key allocator (National Governor's Association, 1979: 86-87). Thus, part of the resistance to the wider adoption of economic hardship measures stems not from logic or methodological restraints but from political awareness of what the results might be.

Aside from program mechanics, there have been other more fundamental problems confronting human resource programs in rural areas. Because rural populations are more dispersed than they are in urban areas, it is difficult to provide classroom training programs in convenient areas. In addition, under JTPA the private business sector -- through Private Industry Councils (PICs) -- are supposed to play a crucial role in program design. It is less likely in rural areas that the business community is as organized, as committed, or as capable as in urban areas to perform this crucial role. There has already been concern in urban areas over the commitment and dedication of PICs but to date no serious study have even been made of what is happening in rural areas (National Council on Employment Policy, July, 1985). Likewise, JTPA was designed to exclude the payment of training stipends for most of its programs. Under CETA, such stipends were usually available.

As a consequence, JTPA training has tended to be of short term duration and it has had difficulty meeting its participation goals for youths. Rural workers in particular need long term training opportunities that can overcome serious training deficiencies and to prepare them for the better quality jobs which are often the only ones that are available. Likewise, rural youths need quality training since many of them will probably have to leave their local communities to find jobs in metropolitan areas or in growth centers in rural areas. But JTPA does not seem capable of meeting these needs.

The research on other forms of publicly supported training in rural areas is also scant. What is available indicates that formal apprenticeship training is virtually nonexistant and that vocational education in rural communities is also limited in both its size and scope. The vocational education that is offered is too often only vocational agriculture and home economics. Many rural communities are reluctant to establish vocational training programs for occupations that do not exist in their localities. They fear it will only contribute to the out-migration of their youth. As a consequence, the youth tend to leave anyway because there are so few quality jobs locally available but the youth then find themselves unprepared to compete for better jobs in the areas to which they go. Much more needs to be known about the potential and the reality of vocational education in rural areas before firm policy conclusions can be drawn.

Tragically, the human resource program of the past decade that appears to have been the most successful for rural workers and rural communities is the one that JTPA was designed to eliminate: public service employment (Briggs, et al., 1984; Nathan, et al., 1981). The job creation programs of the 1970s in rural areas were able to provide needed public services that were often non-existent or insufficiently available (e.g., emergency services, teacher aids, senior citizen care, and conservation work). As the jobs were in the public sector, they often provided better wages and more regular employment than those in much of the private sector. Job opportunities were actually created in many rural areas where the shortage of jobs is a notorious problem. Also, these jobs provided an alternative to out-migration for adults who often do not want to leave where they are and, if they do go, they are often unprepared to find similarly skilled job opportunities. In the meantime, the public service jobs often enhanced the quality of life in rural areas which improved the possibilities that economic development could subsequently occur. There were also special job creation programs that were available for rural youths (under the Youth Employment and Demonstration Projects Act of 1977) that were especially beneficial. But despite the fact that research on the demonstrated benefits of public service employment was consistently positive, this program tact fell victim to political rhetoric that was looking for ways to reduce social expenditures (Briggs, 1982). Hence, JTPA is conspicuous by its absence of any direct public sector job creation programs. In many rural areas, the available work force needs jobs more than it does training. Given the types of jobs that presently exist in their localities, training is often not going to help the participants find immediate employment. Job creation programs, however, provide job opportunities and, in the process, they often serve as a form of on-the-job training from which the participants gain work experience that prepare them for other jobs in either the public or private sector should they later materialize. In the meantime, the worker has a job and the local community benefits from the availability of the work that is provided.

One type of publicly supported training that was initiated in the 1960s and which JTPA has continued to support is compatible with rural labor market needs. It is on-the-job training programs (OJT). Linked directly to employment, it is a program whereby the federal government subsidizes the costs of a private employer who agrees to hire an unqualified worker. The intention is that the worker will learn enough in the position so that he or she may, within a set period of time, become sufficiently knowledgeable to be retained as a permanent employee without a subsidy. OJT, however, does require careful administration to be sure that the people hired really would only be hired with the subsidy and it does take time to develop the interest of employers. Also, OJT hiring is generally pro-cyclical (i.e., employers are willing to participate when times are good but are reluctant to take-on and to keep additional workers when times are bad). Nonetheless, since many private employers in rural areas are small businesses, it is believed that OJT offers more potential for successful placements in actual jobs than does classroom training programs which train first and hope that jobs will be available when trainees are.

Another contribution that government can make to human resource development is the provision of up-to-date labor market information. What types of jobs are increasing and which are not? What does one have to do to prepare for the types of jobs that are growing? And where are both the jobs and the job seekers both in the community and elsewhere? In rural areas, however, these public services are often unavailable or only provided on a minimal basis. Budgetary cutbacks in the 1980s in the federal funds that finance the state public employment services (often called the "job service" in many states) have curtailed this mission (National Council on Employment Policy, May 1985). Although the job service in many states has often failed to meet the expectations of its supporters, criticism in the past has usually sought only to improve its operations--not to eliminate or reduce its vital activities. It is true that most job seekers and most employers can find each other without a public intermediary. But not all workers or employers can. Such is especially the case for low wage industries and low wage workers or where causal and seasonal work is frequent as is the case in rural areas. A public agency can greatly facilitate the labor market exchange function at the county (or multi-county) level. The public job service has also in the past provided a number of other useful labor market functions (e.g., recruiting and screening for publicly supported training programs and the provision of labor market information on a local, state, regional and national basis). It seems certain that the reductions in the availability of these public services, if continued, can only hinder rural labor market efficiency in the coming years.

Equal Employment Opportunity

There is one area of human resource policy that has essentially been ignored in rural areas. It is the subject of equal employment opportunity. Removal of the artificial barriers to employment in the work place and in the practices of institutions that prepare workers for the labor market has been a subject of governmental concern since the early 1960s. But the enforcement and monitoring of the associated policies has been essentially an urban phenomenon. As noted earlier, there is a disproportionately large minority population in the rural forces of both the

Southeast (of blacks) and the Southwest (of Chicanos). In both regions overt employment discrimination was a fact of life until governmental policies in the 1960s outlawed such practices (Briggs, 1973; and Rungeling, et al, 1977: pp. 130-5). Likewise, the occupational segregation of women in rural labor is likely to be at least as extensive as in urban areas but rural employment discrimination, the subject has seldom been explicitly studied. In one study--using primary data--of southern rural labor markets, gender discrimination was found to be a more pervasive and serious problem then was racial discrimination (Rungeling et al, 1977: 133). Discrimination was most severe in the case of black women but white women were also seriously affected. Given the lower employment to population ratio of women throughout rural America, it is likely that gender discrimination is one explanation for the lower labor force participation rates and high unemployment rates of rural women.

Admittedly, the research on labor market discrimination in rural areas in scant, but this is no reason to believe that the issue is unimportant. With almost one-third of the nation's labor force largely residing in nonmetropolitan areas, it is a subject that demands both more research and at least proportional attention by governmental enforcement agencies. The obligation to reduce discriminatory practices and patterns in employment is one of the most important duties that governmental agencies have. For discrimination has been consistently found to be a disease that the free market system is willing to tolerate. Despite theoretical beliefs that only productivity considerations govern hiring and promotion decisions, this premise has long ago been found to be faulty. In urban areas, anti-discrimination enforcement have become an important aspect of public policy. But in rural areas there is no indication that the subject has past the rhetorical stage.

Income Support Programs

Poverty has long been a disproportionate problem in rural America. Although there has been a long history of public involvement to combat this problem, most of the efforts prior to the 1960s dealt with ways to subsidize those in need and who cannot work. Since the 1960s, attempts have been made to design programs to prevent poverty from occurring and proposals have been made to find ways to assist the disproportionately large number of the poor who can and do work.

Many perhaps the majority--of the rural poor--are not in the labor force and, therefore, are beyond the purview of this paper. Yet, the few specific studies of rural labor markets have found a significant number of "working poor" and "near poor" (i.e., families with working members but whose total income is within 125 percent of existing poverty levels) who are in the labor force (e.g., see Rungeling, 1977; Chapter 6). This happens because wages are low and because employment opportunities are often irregular in terms of the number of weeks worked in a given year. It is also due to such labor market issues as the presence of discouraged workers and involuntary part-time employment which, as previously noted, also appear to be more serious problems in rural than urban areas.

During the 1970s, efforts were made by two different presidential administrations to reform the nation's outmoded welfare system (Moynihan, 1973; Burke and Burke, 1974; Lynn and Whitman, 1981). President Nixon was able to secure passage of a part of his reform proposal. Namely, the

Supplemental Security Income (SSI) program was enacted on January 1, 1974. SSI created a uniform federal income guarantee that applied nationwide for the aged, blind, and disabled. SSI replaced a patchwork of contradictory and inconsistant state administered programs for these target populations. The SSI program is the first national cash-income guarantee program to exist in the United States. But, the largest and most important part of the reform movement was a section that would have also federalized the Aid for Families with Dependant Children (AFDC). Unfortunately, this companion reform measure was deleted at the last moment when it became involved in a protracted series of political maneuvers in the U.S. Senate. Had it passed, the existing AFDC system would have also been federalized and the nation would have had a federally guaranteed system of uniform benefits and coverage for poor families. It would have replaced, just as SSI did, the prevailing quilt-work pattern of contradictory and unequal benefits that still exist in the nation's 54 different political jurisdictions responsible for welfare administration. Eligibility would have been based solely on the need for income and the same standards would have applied nationwide. The working poor--working fathers and non-welfare mothers--would have been included as would many of the families of the "near poor" who work. In over half the states, employed fathers would also have become eligible for the first time for a cash supplement to support their families. In all likelihood, it would have been families in the rural sector of the economy who would have disproportionately benefitted from the federalization of this program. Later President Jimmy Carter in 1977 tried to complete this reform drive by doing the same thing (i.e., to federalize AFDC and to create a uniform family assistance program) but his efforts also proved unsuccessful when it too encountered stiff legislative resistance. As a consequence, this gaping hole in the nation's social insurance system remains to be closed.

The absence of welfare reform is undoubtedly one factor that continues to explain the high incidence of working poor and near poor in rural areas. Welfare reform will not eliminate either of these problems but it could reduce the incidence of poverty as well as the magnitude of hardship that continues to envelop the lives of many rural workers and their families. It is a role that governmental policies and programs urgently need to address once more.

Concluding Observations

The aforementioned discussion has sought to show that governmental programs and policies have long been an instrumental factor in rural labor market operations. But this involvement has been sparodic and incomplete. Rural labor market problems--with the exception of agriculture issues--have tended to be viewed as simply extensions of urban problems. In some instances, the same problems in urban and rural areas have been amenable to the same policy solutions. But this is not always the case. Similarly, some uniquely rural labor market issues do not receive appropriate attention because they are relatively less consequential to the larger urban sector of the economy. Yet, despite the fact that the labor force and the population of the United States have become increasignly urban-oriented throughout the Twentieth Century, it is still the case that rural America is a sizeable and critical part of the overall economy.

Thus, the overarching question of the mid-1980s that confronts the rural economy is who will take responsibility for defining, measuring, and monitoring the affairs as well as for initiating the needed policies and programs for the rural sector? Most of the economic issues raised in this paper have traditionally been seen as responsibilities of the federal government although state and local governments sometimes can play a strong supporting role. But at the federal level, the overall responsibility for policy guidance of rural economic affairs is difficult to place. In fact, with the exception of agricultural issues, there really is no effective voice or advocate. The U.S. Department of Agriculture (DOA) has at times taken some initiative to address rural non-farm issues but these instances are too often the exception rather than the rule. Even in agricultural matters, DOA seems to be consistently on the side of employers interests. DOA sponsored research tends to be almost exclusively oriented toward agriculture and toward production goals. Little in the way of on-going research efforts seem to be devoted to the rural non-farm sector even though this sector dwarfs the farm sector. Obviously, agricultural interests should continue to a high priority of the Department of Agriculture but, if it does truly have repsonsibility for overall rural economic development, then it should put its overall responsibilities in proper perspective. During the 1970s, the Office of Research and Development in the Employment and Training Administration of the U.S. Department sponsored much of the research that identified many of the critical needs of rural workers and assessed the impact of various public policy initiatives on rural labor markets (Robson, 1984). Since 1981, however, this office has been disseminated by "penny-wise, pound-foolish" budget cuts. The uncertainty about what is happening to the rural labor force in the 1980s only serves again to emphasize the chronic need for the development of an on-going research strategy to monitor labor market developments in rural America. Some agency in the federal government needs again to assume this mantle of responsibility.

Research alone, of course, is no answer to contemporary rural labor market problems. It can identify issues and, if--as was the case with the U.S. Department of Labor research programs in the 1970--there is an absolute instance that the research be policy-oriented and not merely "numbers grunching," it should be able to suggest policy options (Robson, 1984). Research needs to be clearly attached to programmatic actions and commitments. Government alone cannot "solve" all the problems of the rural economy but neither can the private sector.

Ultimately, the degree of government involvement in rural labor markets requires a normative judgement of what makes a "good" society (Clark, 1983). In economic theory, it is easy to say that the efficiency considerations alone should guide the economy and that the free market should be allowed to make the decisions without interference from government. But in practice, decisions must be made in a social as well as a political climate with economic principles representing only one dimension of human affairs. Reliance or market decisions alone can be cruel, harsh, coercive, and unfair in its outcomes. It has effectively been argued that "justice is the primary virtue of social institutions" (Rawls, 1971: 3). Government programs and policies are designed to mitigate the human suffering that would otherwise result from these labor market adjustment pressures. Such interventions are a vital feature of the evolution of American economic history. The legitimacy of government itself must ultimately be based on its ability to satisfy the aspirations of its citizens over what is considered to be just. Government interventions are not only required in circumstances where the market fails. Rather, the primary role of government in a just society is to be an active agent of social change. The purpose is not to preserve the *status quo* but, rather, to provide options to citizens with regard to where they live and how they earn their livings. This is the essence of the meaning of the "freedom to choose." It is the philosophy that should ultimately determine the role of government in rural labor markets.

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