

# The Rural Economy And Rural Youth: Challenges For The Future

J. NORMAN REID<sup>1</sup>

The poor performance of the rural economy during the 1980's creates major challenges for rural youth. Youth will need better educations to qualify for emerging jobs that demand higher skills. They will need to lead community-wide actions to develop creative opportunities for economic growth. They also will need to develop effective community organization and leadership to manage the future growth of their communities. Schools and economic development agencies need to cooperate in developing better futures for rural youth.

## INTRODUCTION

For most of the 1980's, the rural economy has been stagnated. Millions of rural people lost their jobs and farms. Millions more left for better times in the cities. Many of those who remained worked at jobs that paid too little to lift them out of poverty (Brown et al.).

After a decade of economic hard times, rural employment is again growing as fast as in urban areas. But this growth masks fundamental changes in the rural economy in the last decade. Traditional rural industries—farming, mining, and timber production—now employ fewer workers than before. While new industries, especially manufacturing and services, have replaced many of these jobs, the combination of automation, new labor-saving production processes, and stiffer competition from Third World countries has put considerable pressure on these newer rural industries. Whether life will be better for rural citizens as a result remains an open question. Certainly, it will be different in the future than it has been in the past. The changes sweeping across rural America will provide a new context for rural youth as they move into adulthood.

## OUTLOOK FOR THE RURAL ECONOMY

In the 1970's, the rural economy experienced a renaissance in employment and population growth, leading to hopes that the historic gaps between rural and urban areas might be closing. But these hopes were dashed in the 1980's. The recessions that began the decade produced a loss of jobs that took rural areas nearly five years to regain. Since then, the rural economy has grown more slowly than the pace of national job growth. From 1982 to 1987, nonmetro employment grew only 43 percent as

fast as metro area employment. At the same time, the nonmetro unemployment rate stood two or more percentage points above the metro area level throughout most of the decade (Majchrowicz). The number of rural residents who migrated to seek jobs in metro areas reached nearly 400,000 between 1986 and 1987. Despite dramatic problems in the farm sector, job and income losses were widely shared among rural industries, including manufacturing, which employs 50 percent more rural workers than farming, mining, and timber production.

Hopeful signs now point to recovery in important parts of the rural economy—especially agriculture and manufacturing (Whitener). Still, the ability of rural economies to match the vigorous urban job growth of the 1980's remains doubtful. Major changes in the domestic and world economies have altered the conditions under which rural areas must now compete. Furthermore, rural areas continue to face locational and social weaknesses that threaten to limit their growth potential.

The rural economy's ability to compete in increasingly tough national and world markets will require rural people to work smarter, not just harder. This demands well-trained workers with skills to meet newly-emerging industrial needs. But there is little evidence that these needs are being met. Despite job losses in traditional resource-based industries, rural areas have been slow to replace them with new jobs in more innovative industries. Furthermore, the statistical profile of the rural population shows it to be poorly equipped for new high tech, high skill jobs. Nonmetro residents, on average, have completed fewer years of schooling than metro area residents, and a smaller share have attended or completed college. High school nonmetro dropout rates and the rapid loss of college graduates to the cities during the mid-1980's suggests that conditions are not improving (Swanson and Butler).

<sup>1</sup>Deputy Director for Rural Development, Agriculture and Rural Economy Division, Economic Research Service, U.S. Department of Agriculture, Washington, D.C. The author would like to acknowledge the assistance of Martha Frederick in assembling the data and figures used in this paper.

Throughout this paper, the terms rural and nonmetro, urban and metro, are used interchangeably.

**RURAL CHANGE AND RURAL YOUTH**

Rural economic restructuring presents some major challenges to rural youth. The job market they enter will be very different from the one their parents faced. Rural youth will confront difficult choices concerning both their livelihoods and their lifestyles. Much of the burden of finding the right answers will fall on their own shoulders.

The time was when a boy growing up in the country could look forward to doing what his father did. Sons of mill hands grew up to be mill hands; farm boys became farmers in their turn. But technological advances in most natural resource industries—the farms, the mills, the mines—have brought about a continuing rise in output per worker (Thurow). Inevitably, fewer and fewer workers are needed in these industries, even as output continues to rise. As a result, many rural workers have had to look to new industries and new occupations for their livelihoods (Figure 1).

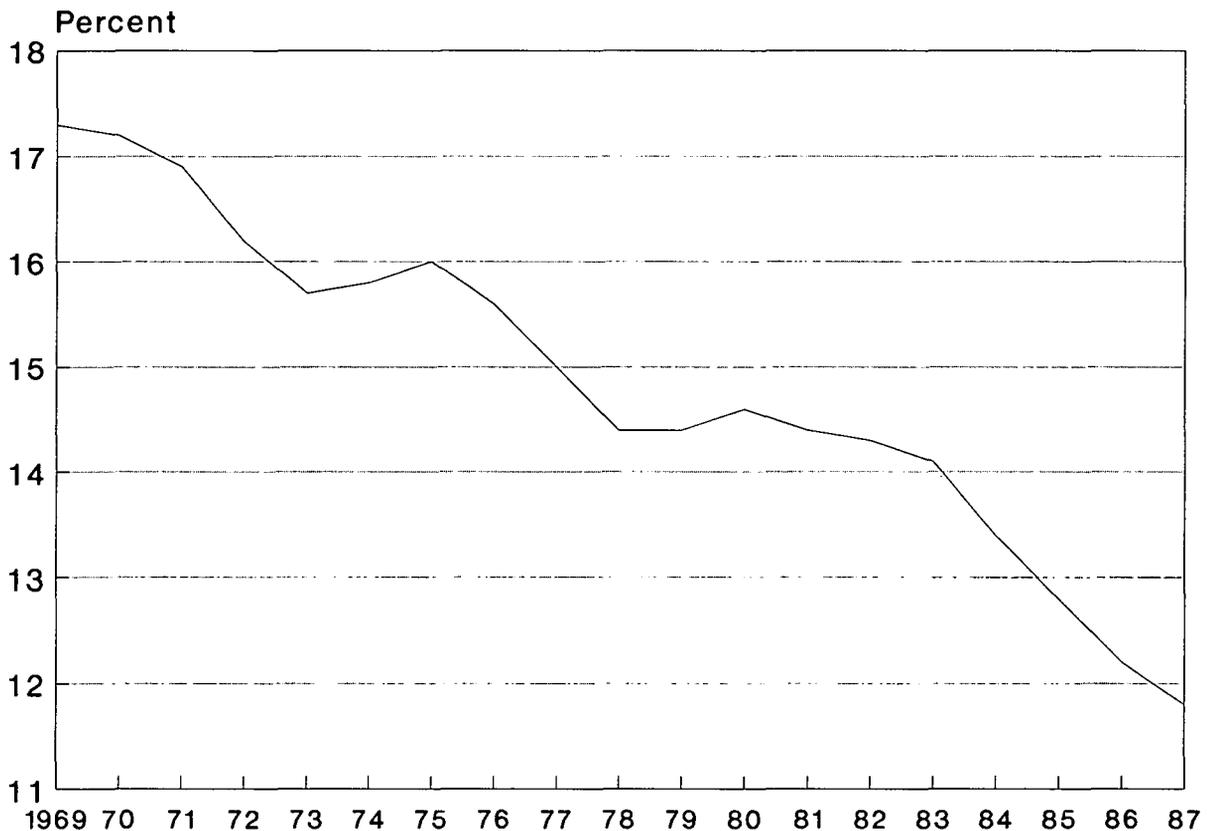
Most of the jobs now being created require far higher skills than traditional rural jobs. Few of the jobs demanding higher skills are being created in rural areas (Figure 2). Since 1980, jobs for workers with less than a high school

education have had no growth, while jobs for the college educated grew by 40 percent. Only in the consumer services sector have low-skill jobs increased, reflecting the rise in demand for low-level, hamburger-flipper type employees in this sector (McGranahan and Ghelfi).

It is possible that the generally poorer educational characteristics of the rural population are at least partly responsible for the limited introduction of higher skilled jobs into rural areas. The current distribution of skills in the rural workforce makes a better fit with the traditional mix of occupations than with those in the emerging economy. Not only has the rural economy specialized in industries with large numbers of low-paying jobs, but within individual industries, there is a pronounced tendency for the better-paying managerial and technical jobs to be located in urban areas and the lower-paying production jobs in outlying rural locations (McGranahan, 1988a, 1988b).

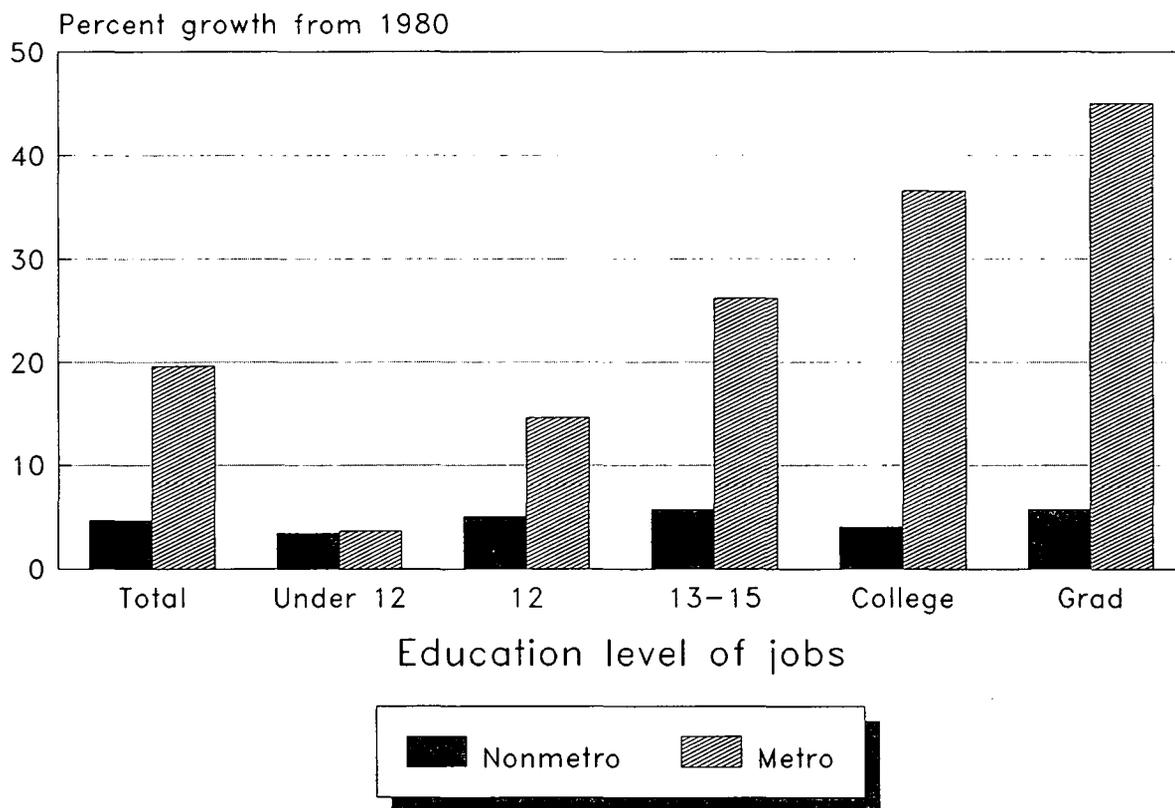
The future livelihoods of rural youth will be determined by the educational choices they make. To get jobs that offer rising incomes and the chance for career development, youth must learn better skills and aspire to qualify for new occupations, perhaps in non-traditional industries. Accepting traditional levels of education may likely

**Figure 1. Nonmetro workers in resource industries, 1969–1987**



Source: Bureau of Economic Analysis.

**Figure 2. Metro and nonmetro production sector job growth, by education level demanded, 1980-88**



McGranahan and Ghelfi

mean settling for a standard of living that is under continuing pressure and with limited chances of improvement.

This urban-rural division of labor has widened during the 1980's due to the slow growth of high skill jobs in rural areas. At the same time, a national slowdown in the rate of youth seeking higher educations has occurred, creating a shortage of workers qualified for the new urban jobs (McGranahan and Ghelfi).

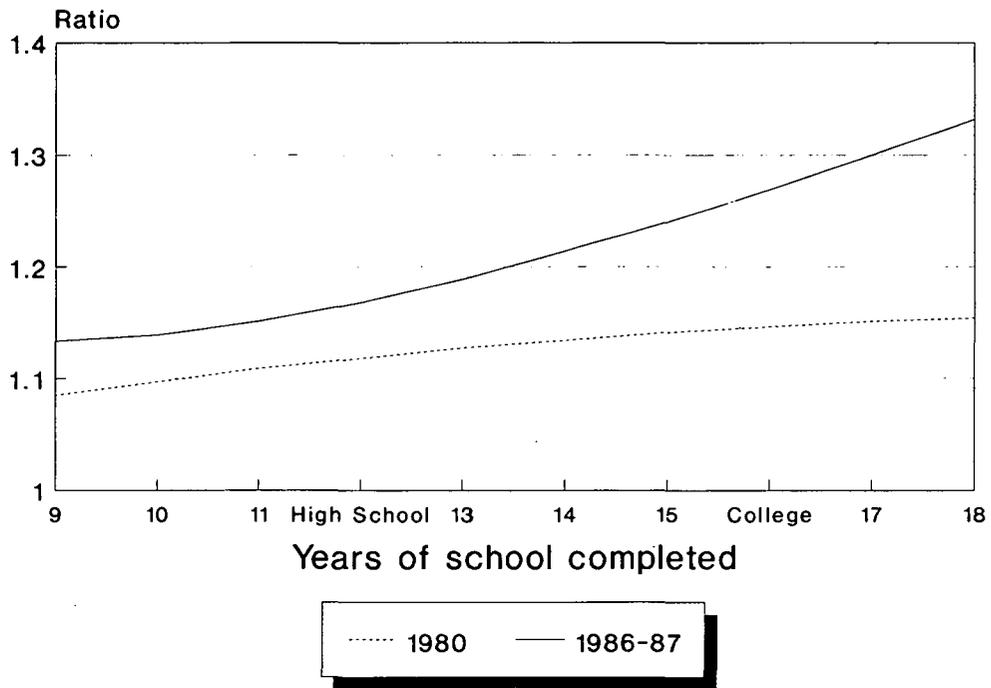
The convergence of these trends has led to a wide urban-rural gap in the earnings of new entrants to the labor force. Among 25-34 year olds, the urban-rural earnings differential ranges from about 15 to 35 percent for males (Figure 3) and averages just under 30 percent for females (Figure 4). For both sexes, the gap widened significantly during the 1980's. For males, the difference increased most sharply among the most highly educated (McGranahan and Ghelfi). This urban-rural income differential has drawn workers out of rural areas at a rapid pace during the mid-1980's, especially among the better-educated (Figure 5). On net, between 3 and 5 percent of college educated persons have left rural areas in each of the last several years (McGranahan and Ghelfi). The current pattern of job growth in the national economy

thus forces rural youth to choose between remaining in their home communities and achieving higher incomes and better career opportunities elsewhere.

Shifting national values regarding rural areas challenge rural lifestyles as well. For generations, rural areas' chief role was to supply raw materials to the Nation's industrial machine. Later, rural areas also came to be valued as a source of low cost labor. In the 1980's, the role of rural places again appears to be shifting. In this decade, the principal source of rural growth has built upon the use of rural areas as places to vacation or retire. During the 1970's and 1980's, rural counties with high levels of retirement-age inmigration were the fastest growing rural counties (Bender et al.; Reeder and Glasgow). From 1982 to 1987, their job growth of over 3 percent annually was almost double the nonmetro area growth rate. Their populations grew by over 15 percent between 1980 and 1988, more than one and a half times the national rate.

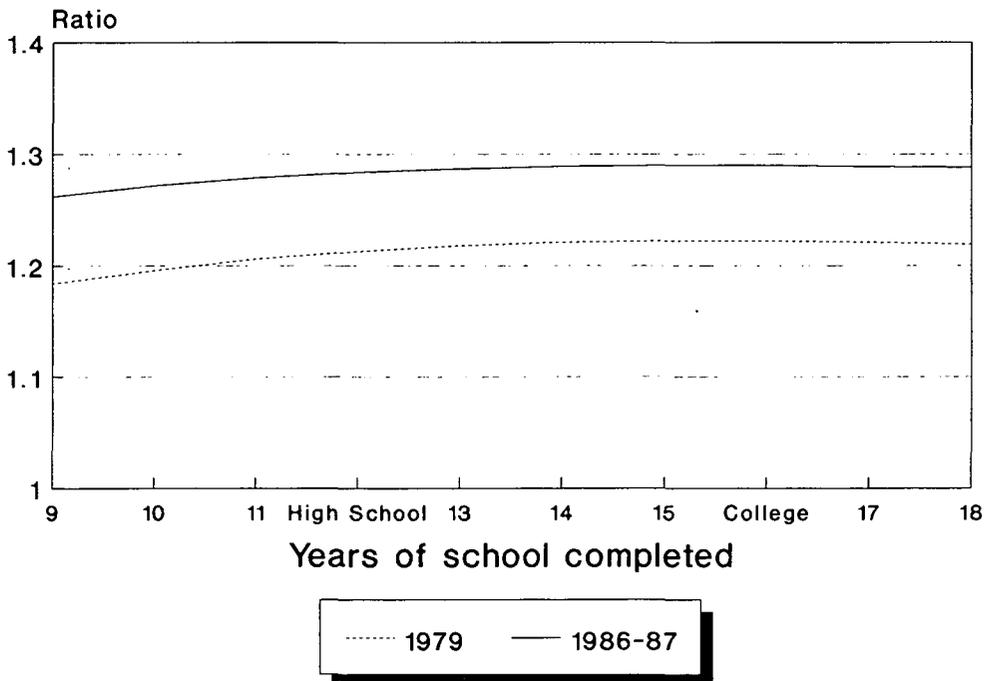
While growth brings welcome jobs and income to workers in these counties, it also brings problems to the countryside. New residents' values may conflict with those of the existing population. Newcomer vs. oldtimer conflicts over whether to expand the range of public services are not uncommon. Disagreements over the

**Figure 3. Ratio of metro to nonmetro earnings, males aged 25-34, 1980 and 1986-87**



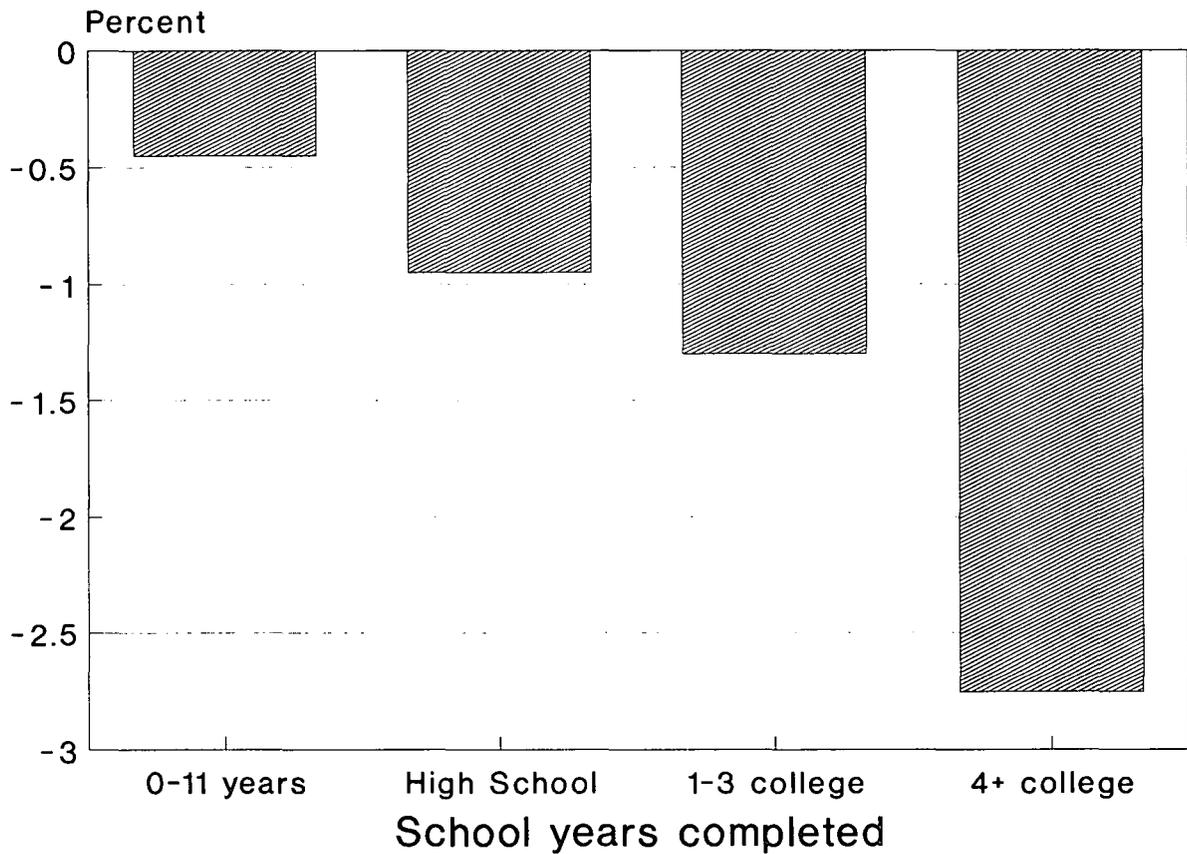
Source: Current Population Survey

**Figure 4. Ratio of metro to nonmetro earnings, females aged 25-34, 1980 and 1986-87**



Source: Current Population Survey

Figure 5. Rural areas lost their educated to the cities, 1987-88



Source: Current Population Survey

mix of services may erupt as well. Retirees have sometimes shown unwillingness to support public education at the level desired by parents (Reeder and Glasgow). Population immigration also drives up the cost of housing and raises local property taxes. Unless existing residents benefit through higher incomes, rising costs may make it increasingly difficult for them to live in their own homes and communities. In addition, development of new sites for housing and recreation may threaten the character of the rural environment. Rural citizens will need to find an acceptable balance between economic growth, on the one hand, and the value of preserving their rural cultural and physical environments, on the other.

**FINDING SOLUTIONS TO RURAL CHALLENGES**

Effective responses to these challenges will not come easily. Improvements in transportation and communications have linked rural areas with the rest of the world; still, the physical barrier of distance limits the ability of rural areas to match the vitality of urban economies. Major social barriers resulting from the underdeveloped state of rural human capital further restrict the set of likely futures for rural areas. During the 1980's, both the

Federal government and private corporation have undertaken a more limited role with respect to rural areas. As a result, recent strategizing about rural development has placed more emphasis on the need for local communities to take charge of their own development, with the goal of developing rural economies that can compete in the more innovative and lucrative sectors. Education has a major part to play in the success of such locally-centered strategies.

*Building Competitive, Independent Economies*

Traditionally, many rural communities have relied on industries and activities that minimized the returns to both workers and the local economy. Often, they sold themselves cheaply by trying to be low bidder with firms seeking labor and natural resources (Caudill). While understandable from a short-term perspective, this approach has been appealing to rural workers, who often believe themselves better off even at wage levels that are low by national standards.

In the longer term, by relying on outside investors, rural people developed little capacity to improve their economic alternatives. Low-wage jobs seldom taught

useful skills to rural workers, who were valued for their low cost rather than their talents and were readily replaced when machines and foreign workers offered further economies.

At the present time, the diminishing supply of firms willing to relocate to rural areas has raised the price of recruiting businesses to levels that are unacceptable to many communities. As an alternative, many communities are turning to self-development strategies.

Self-development makes heavy demands on communities. It requires them to identify their comparative economic advantages as well as local resources—such as raw materials, location, scenic beauty, or the special talents of its residents—that are currently undervalued and underused. Usually it involves community-wide efforts to create new, locally-owned businesses. It often begins by energizing community organizations and leadership. And it requires taking a long-term perspective on community development that may offer help in solving immediate needs for jobs and income (Reid).

Self-development is intended to be implemented by community members themselves, using local resources. Whether it succeeds will depend on the ability of rural people to understand the changes in the economy and to visualize and implement alternative futures that improve their well being.

### *Education's Roles*

The importance of knowledge and skill in creating better rural futures places additional demands on the Nation's educational system in responding to these challenges. Education can help strengthen rural communities by improving the basic skills of the rural labor force, helping rural communities understand and adapt to the changing world, and directly participating in rural community development.

*Strengthening workforce skills.* The ability of the rural workforce to participate in the emerging economy is limited. Thorough analyses of the educational needs of rural industry and the distribution of current skills are lacking. However, existing data portray the rural population as less well-educated than the urban population and often lacking in basic skills (Swanson and Butler). Illiteracy is high in some areas. Furthermore, there is little evidence that rural educational conditions are improving. Dropout rates are often high, especially in the South. While spending for education in rural areas and in rural-oriented states has increased at a faster rate than in urban areas or urban-oriented states, it remains lower (Dubin). As a result, improving basic education remains the most fundamental challenge facing rural schools.

*Improving Community Understanding.* Economic adaptation will continue to be a major challenge for many rural areas as they approach the next century. Most, however, lack the capability either to understand the need to adapt or to bring it about (Reid). While urban

areas have think tanks and blue ribbon commissions to study their problems, rural communities usually fly by the seats of their pants, often piloted by volunteer, part-time leaders. Few rural communities have plans for future development; most operate by responding to short-term problems and opportunities as they arise.

Rural schools can help respond to the need for greater intelligence in community action. Schools are often the most important source of information and leadership within rural communities. Yet many do not regard responding to community problems as their responsibility. Schools can assist community problem-solving in several ways. School facilities can be used as meeting places. Information centers about civic problems can be established in school libraries. Faculty can be released to research and instruct adults about community issues. Schools can provide access to outside resources through teleconferencing or distance learning. And students can take a more direct path through classes and research projects on community history, economy, governance, and problems.

*Participating in development projects.* Rural areas often lack institutions to carry out development projects. While most responsibility normally falls to civic groups and local governments, schools can contribute as well. Faculty can be given released time to lead community activities. Student class or club projects can be directed toward identifying and solving community problems. And schools themselves can sponsor school-based enterprises that create jobs and provide needed services in the community.

### *Dilemmas for Rural Education*

A transition in the role of schools—from educators to community service agencies—is one means of helping rural communities create better futures for their youth. But several hurdles must be crossed if the transition is to occur. First, state laws and regulations concerning curricula, teaching loads, and the use of school facilities may need to be broadened. The tradeoff between traditional academic curricula and community-focused education may appear to threaten the fundamental goal of strengthened basic education, making it difficult to convince state educators to champion change, especially if they are unfamiliar with rural problems.

Second, adding responsibilities will further strain school finances. Already many parents resist spending more for schools out of fear that improved education will drive their children to the city. Until the benefit of changing school roles is proven, other sources of finances may be needed.

Finally, the tendency for educated workers to migrate to urban areas drains rural communities of their best workers and most capable leadership. While a better-educated rural population is the best hope for long-term development, in the short-term it may be necessary to invest in job-creation projects that permit rural people to remain. However, if these projects are to help promote lasting development, they must be clearly linked to longer-term development strategies that will find places

for well-educated rural youth and not end up as one-shot, short term fixes (Smith).

### REFERENCES

1. Bender, L.D., Green, B.L., Hady, T.F., Kuehn, J.A., Nelson, M.K., Perkinson, L.B., & Ross, P.J. *The diverse social and economic structure of nonmetropolitan America*. RDRR-49. Washington, DC: U.S. Department of Agriculture, Economic Research Service, 1985.
2. Brown, D.L., Reid, J.N., Bluestone, H., McGranahan, D.A., & Mazie, S.M. (Eds.) *Rural economic development in the 1980's: Prospects for the future*. RDRR-69. Washington, DC: U.S. Department of Agriculture, Economic Research Service, 1988.
3. Caudill, H.M. *Night comes to the Cumberlands: A biography of a depressed area*. Boston: Little, Brown and company, 1963.
4. Dubin, E. *Financing rural elementary and secondary education*. AEL Occasional Paper. Charleston, WV: Appalachian Regional Education Laboratory. Forthcoming.
5. Majchrowicz, T.A. *Patterns of change in the rural economy, 1969-86*. RDRR-73. Washington, DC: U.S. Department of Agriculture, Economic Research Service, 1989.
6. Majchrowicz, T.A., & Ghelfi, L. *Employment and earnings in nonmetro industry, 1979-86*. AIB-552. Washington, DC: U.S. Department of Agriculture, Economic Research Service, 1988.
7. McGranahan, D.A. Rural workers at a disadvantage in job opportunities. *Rural Development Perspectives*. 1988, 4, 7-12.
8. McGranahan, D.A. Rural workers in the national economy. In D.L. Brown, J.N. Reid, H. Bluestone, D.A. McGranahan, & S.M. Mazie (Eds.) *Rural economic development in the 1980's: Prospects for the future*. RDRR-69. Washington, DC: U.S. Department of Agriculture, Economic Research Service, 1988, 29-47.
9. McGranahan, D.A., & Ghelfi, L.M. The changing importance of education for rural workers, unpublished manuscript, 1989.
10. Reeder, R.J., & Glasgow, N.L. The economic development consequences of growing elderly populations in nonmetro counties. Paper presented at the Southern Regional Science Association Meetings, Chapel Hill, NC, 1989.
11. Reid, J.N. Entrepreneurship as a community development strategy for the rural south. In L.J. Beaulieu (Ed.), *The rural south in crisis: Challenge for the future*. Boulder, Colorado: Westview Press, 1988, 325-43.
12. Smith, E. Reflections on human resources in the strategy of rural economic development. Paper presented at the Southern Regional Science Association Meetings, Morgantown, West Virginia, 1988.
13. Swanson, L.L., & Butler, M.A. Human resource base of rural economies. In D.L. Brown, et al. (Eds.), *Rural economic development in the 1980's: Prospects for the future*. RDRR-69. Washington, DC: U.S. Department of Agriculture, Economic Research Service, 1988, 159-79.
14. Thurow, L.C. *The zero-sum solution: Building a world-class American economy*. New York: Simon & Schuster, 1985.
15. Whitener, L.A. Nonmetro employment update: Second-quarter 1989, *Agricultural Outlook*, (AO-156). 1989, 26-27.