The Study of Rural Labor Markets

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Recent population gains in nonmetropolitan areas may presage a reversal of the historical exodus of people and jobs from rural America. After remaining at a level of about 53 million persons for over half a century (1920-70), population growth in rural counties between 1970 and 1975 has increased both the number and percentage of the total population living in rural America. Between 1970 and 1975, the net gain of three million persons in nonmetro counties has increased the rural share of the population by over one percent, the first *share* increase since 1790, when nearly 95 percent of all Americans lived in rural areas.

Aggregate rural-urban population shifts obscure intrasectoral changes. Within the rural sector, population gains have been concentrated among nonfarm residents. The farm population, after declining from 30 million persons in 1940, has remained relatively constant at nine million. By 1970, nearly 22 percent of the domestic population had rural, nonfarm residences, and these rural nonfarm persons accounted for 82 percent of all persons living in rural America. Within both the rural farm and nonfarm populations, diversity rather than uniformity prevails, with some geographic areas still losing population as other rural areas expand.

Recent population trends highlight the importance of the rural *non-farm* sector for understanding conditions affecting economic welfare in nonmetropolitan America. Rural America includes those living in places of 2,500 or less. Even though over eight in ten rural persons have nonfarm residences, remarkably few studies of rural labor markets exist.[1]

Agricultural economists have been concerned with the direct and indirect impacts of a declining agricultural sector,[2] while labor economists have confined their research efforts to the problems of urban labor markets. Although past research efforts have increased our understanding of labor market functioning, policy prescriptions emanating from urban studies generally have only limited relevance for the rural sector. Conclusions from agricultural labor market studies are usually confined to the problems of farmers and agricultural laborers, leaving a lacuna in the study of rural labor markets.

The study of rural and small town labor markets is assumed to derive its justification from the unique characteristics of the rural, nonfarm sector. Specialized studies derive their *raison d'etre* from at least one of several implicit assumptions. Most frequently, it is assumed that differences in population or geographic characteristics are significant enough to affect optimal public policies toward particular populations or areas, e.g., that the objective characteristics describing the Black population (education, unemployment experience, income, etc.) are significantly different from the total population, justifying the study of the Black subgroup in order to develop public policies unique to it. Similarly, it is implictly assumed that rural labor markets are affected by factors not characteristic of agricultural or urban areas (few employers, small plants, few unions, informal administration, etc.), forcing the development of separate labor market policies for rural America.

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Giannini Foundation Paper No. 440.

[1] See Ray Marshall. *Rural Workers in Rural Labor Markets,* (Salt Lake City: Olympus, 1974), Varden Fuller. *Rural Worker Adjustment to Urban Life* (Ann Arbor: Institute of Industrial Relations, 1970); and the three-volume *Proceedings of a Conference on rural Manpower,* edited by Collette Moser (East Lansing: Center for Rural Manpower, 1972).

[2] Agricultural economists exhibit a persisting tendency to begin their discussions of rural in broad terms but conclude them with farm-urban contrasts. For example, Gardner sets out to discuss the "distribution of gains and losses from economic growth in rural areas" but concludes by discussing factors affecting the size distribution of income in the farm versus nonfarm sectors. Such parallels abound in *Benefits and Burdens of Rural Development* (Ames: Iowa State U. Press, 1970).

Thus, differences in population or geographic attributes may be significant enough to warrant specialized research study and the formulation of unique public policies for such subgroups.

A second justification for specialized studies and policies assumes that (changes in) aggregate indicators have differential impacts on the various defined subgroups and/or areas. For example, a one percent increase in the national unemployment rate may imply an even larger unemployment increase among teenagers or racial minorities, and may imply a greater percentage change in urban vis-á-vis rural unemployment. If such localized effects are significant and can be identified, public policies can seek to redress the problems of particular groups or areas. Thus, the performance of specialized studies is justified if groups or areas with different objective circumstances can be defined and current conditions or changes of condition have differential impacts on these defined subgroups and areas.

Labor market studies describe current labor market outcomes (industrial and occupational deployment, earnings, labor force participation, and unemployment experience) and seek to establish the causal determinants of such outcomes. In this discussion, recent changes in the rural labor force structure are evaluated for their (potential) labor market impacts. The structure of the rural labor force and its industrial deployment affect both the outcomes of rural labor markets and their eligibility for federal manpower funds. After examining the interaction of rural labor force characteristics and manpower funding criteria, we discuss the applicability of one recent labor market theory–segmentation–for explaining rural labor market outcomes. We conclude by noting that the decentralization and diversity of rural America may require a package of manpower policies rather than mere participation in existent national programs.

Labor Force Trends

In 1974, the employed U.S. labor force totaled almost 85 million persons, nearly two-thirds of whom were employed in service related industries (table 1). The remaining one-third were employed in "goods producing" industries; viz, agriculture, mining, construction, and manufacturing. Nearly 25 percent of those employed worked in manufacturing; 20 percent in trade; 18 percent in government; and 17 percent in broadly defined services. Less than six percent were employed in agriculture or mining.

Sectoral employment differences follow expectations–employment in extractive industries

Table 1. Industrial Distribution of the Labor Force, 1974

	Employment					
		Metro		Nonmetro*		
Industry Group	Total	Total	Central Cities	Total	2,500 or less	Nonmetro reclassed
			thousands			
Ag, Forestry, and Fisheries	4,832	1,730	604	3,102	643	275
Mining	656	261	73	395	59	22
Construction	5,224	3,343	1,186	1,881	252	319
Manufacturing	20,700	14,200	5,787	6,500	584	893
Trade	16,905	12,155	5,258	4,750	410	743
Transport etc.	5,665	4,179	1,814	1,486	141	231
Finance etc.	4,649	3,770	1,804	879	60	186
Business, Rec., and Personal Services	5,717	4,304	1,953	1,513	118	204
Professionals	15,993	11,607	5,193	4,385	417	563
Public Administration	4,539	3,389	1,584	1,150	103	221
Totals	84,879	58,940	25,285	25,939	3,787	3,658

*This nonmetro definition varies from some other metro-nonmetro distinctions drawn. Metro is defined to include an SMSA of at least 50,000 persons.

Source: U.S. Bureau of the Census, *Current Population Reports,* Series P-23, No. 55, "Social and Economic Characteristics of the Metropolitan and Nonmetropolitan Population: 1974 and 1970," table 15.

is nearly six times more frequent in rural than in urban areas; the percentage of the labor force engaged in manufacturing is the same; while service-related industries employ a significantly smaller share of the rural labor force. Within the nonmetro sector, counties or county attributes with no places of 2,500 or more had one-fourth of their labor forces engaged in the extractive sector while counties which achieved metro status between 1970 and 1974 had only eight percent of their employment concentrated in agriculture and mining. In order to analyze intrasectoral employment changes, the causes of employment growth and decline must be identified.[3]

A useful taxonomy of the causes of change in employment opportunities can distinguish two sources of decline and two which increase job opportunities. Losses of employment result from 1) spatially specific declining or automating industries, e.g., mining and agriculture or 2) industry-shifts, as e.g., textiles from the Northeast to the Southeast, causing employment losses in the Northeast. Job gains result from incoming industry and expansion of industries already in place. Employment gains in rural America are primarily the result of *incoming* employment opportunities offsetting spatially specific declines in agriculture and mining, since few industries have shifted from rural America and few traditionally rural industries have experienced substantial employment expansions.

Among incoming industries, two extremes can be contrasted for their impact on local employment. At one extreme, incoming firms may be components of viable, expanding industries (e.g., electronics, some durable goods manufacturing). Such firms, usually profitable, have wage structures likely to be influenced by labor market institutions, e.g., trade unions, wage comparability scales, etc., making plant location decisions relatively independent of regional wage differences. Declining, footloose industries, in contrast, often contain marginally profitable, labor-intensive firms and production methods. Given competitive pressures, footloose industries are likely to have relocation (rather than expansion) decisions primarily determined by differences in wage costs.

It is clear that the motivation to locate a new plant will have wage implications for the local labor force, but what are its employment impacts? Here the opposite impacts emerge. While profitable, expanding firms pay high wages, they typically hire relatively few local residents, both because their production processes are not labor-intensive and because the higher wages they pay induce the transfer or influx of an already skilled and trained labor force. The footloose, labor-intensive industries tend to hire a greater percentage of the local labor force per dollar of investment or sales, but pay lower wages. To the extent local communities can influence plant (re)-location decisions, the tradeoffs between wages and employment should be recognized. Nonmetro areas wishing to promote employment growth are faced with an apparent dilemma; if it is possible to influence location decisions, should *all* opportnities for employment expansion be pursued or only those promising relatively high wages and stable working conditions? Such employment development choices, to the extent they are possible, will clearly exert a substantial impact on rural welfare.

Substantial employment expansion has occurred. Between 1960 and 1970, some 12.7 million new jobs were added in the economy, 84 percent in metro areas and 16 percent in rural areas.[4] The distribution of *new* jobs was significantly different in metro and nonmetro areas. Nonmetro counties contained a disproportionate share of declining occupations; 81 percent of the employment decrease among declining occupations occurred in rural areas, while rural America gained only 18 percent of the new, nonmanufacturing jobs available in the 1960's. It is in the *manufacturing* sector that the rural-urban comparison is striking; of the 1.37 million new manufacturing jobs, nonmetro counties obtained 64 percent or nearly two out of three new manufacturing jobs.

[3] In rural development terms, "success" is most often defined in terms of population and employment growth and/or increases in per capita income. If the population criterion is employed, nonmetro "success" becomes self-defeating in terms of aggregate nonmetro growth–if an area succeeds in increasing employment opportunities, its population grows and it is reclassed as metro. On such numerical criteria, nonmetro development policy can *never* be successful, since nonmetro areas will include only residual, nongrowing areas.

[4] Note that nonmetro counties *gained* two million jobs between 1960-1970 as the rural population *fell* by 0.2 million, from 54.1 to 53.9 million. The population and employment statistics are from Fred Hines, David Brown, and John Zimmer. *Social and Economic Characteristics of the Population in Metro and Nonmetro Counties, 1970* USDA-ERS, Agricultural Economics Report 272, 1975.

Thus, employment changes between 1960 and 1970 indicate that rural America is replacing its lost agricultural and extractive sector jobs with new manufacturing jobs, while urban areas continue to expand their service sectors (only five percent of new industrial jobs between 1960 and 1970 were in manufacturing).

The expansion of the manufacturing sector in rural America is more striking when it is realized that employment gains are concentrated in certain nonmetro county classes and in the North Central and Southern geographic regions. Over 56 percent of the new nonmetro manufacturing jobs were located in less urbanized nonmetro counties, the 1,285 counties containing between 2,500 and 19,999 urban residents (these counties include 48 percent of the rural population). The North Central and Southern regions were the prime beneficiaries of new nonmetro manufacturing jobs, accounting for 1.5 million new jobs as the Northeastern region lost 0.3 million jobs and the Western region gained 0.2 million jobs. Gains in the rapidly expanding North Central and Southern regions were concentrated in nonmetro areas—nearly 56 percent of the new manufacturing jobs in these areas were in nonmetro counties, while such counties contained only 35 percent of the regional population. Thus, recent nonmetro manufacturing job gains have been concentrated by rural county class and geography. Despite the concentration of new employment in intermediately sized rural counties, it is clear that rapid employment expansion, especially in the manufacturing sector, provides some rural counties with a disproportionately large share of new jobs.

Most rural communities attempt to encourage the influx of manufacturing jobs, implictly assuming that multiplier effects from ancillary service establishments will ensue. If manufacturing holds the key to permanent employment growth in rural areas and small towns, it is instructive to examine the composition of manufacturing employment in metro and nonmetro areas. In 1974, some 71.4 percent of total manufacturing employment was in the manufacture of durable goods. Headquarters of such manufacturing establishments are concentrated in metro areas—81.4 percent of professional and managerial workers for durable goods manufacturers as well as 79 percent of their clerical and sales workers are employed in metro areas. By contrast, only 69.7 percent of the craft workers and operatives in durable goods manufacture are employed in urban areas, in line with the 69.4 percent of the employed labor force located in metro areas in 1974.

Manufacturing employment in rural America is disproportionately in nondurable industries. Nondurable manufacturing is both more rural and less concentrated—in 1974, 76.8 percent of the professional and managerial staffs of nondurable manufacturers were employed in metro areas, five percent fewer than their durable counterparts. Despite the dispersion of nondurable manufacturing, average wages in nondurables are $500 per year less than the $9,727 durable average in 1974. Metro-nonmetro comparisons are more striking; craft workers in durables earn an average of $1,173 per year more than their nonmetro counterparts, while nondurable workers obtained $691 per year more in urban areas. Thus, rural areas have their average earnings lowered because they add jobs in relatively low paying industries and, within these industries, interarea occupational wage differences favor urban areas.

The industrial and occupational distribution of the rural labor force has implications for rural earnings. In 1974, mean male earnings in rural areas were $8,912 per year, while metro earnings averaged $11,164 per year. The sources of the earnings gap are two-fold, resulting both from the industry mix and interarea earnings differences within industries. If the rural industrial deployment is multiplied by urban industrial earnings (column (2) times column (3) in table 2), we obtain an estimate of the amount of the earnings differential due to the differing industrial mix in rural areas. In 1974, mean rural earnings would have been 19 percent higher if rural industries paid urban wages.

Alternately, we could estimate causes of low rural earnings by weighting the urban industrial distribution by rural earnings (table 3). In this case, mean urban earnings for males are reduced over 17 percent. Thus, the difference in mean earnings between rural and urban males can be attributed both to intraindustry earnings differences and an industrial deployment of the labor force which acts to accentuate low rural earnings.[5]

[5] Although earnings comparisons are confined to males, we have not adjusted for the cost-of-living differences. It is often assumed that rural living costs are only 85 to 90 percent of urban living costs. However, such earnings-living costs comparisons remain ambiguous since they fail to account for fringe benefits, which are likely to be higher in urban areas.

Table 2. Rural Employment and Mean Earnings of Males, 1974

	Rural Employment		Mean Earnings			Column 2 x
	Thousands	Percent	Metro	Average	Nonmetro	Column 3
	(1)	(2)	(3)	(4)	(5)	(6)
Ag, Forestry, Fisheries	2,191	13.6	$ 7,046	$ 6,997	$ 6,977	$ 958
Mining	373	2.3	12,313	10,789	9,887	283
Construction	1,782	11.0	11,045	10,199	8,720	1,215
Durables Mfg.	2,730	16.8	11,561	10,886	9,200	1,954
Nondurables Mfg.	1,751	10.8	11,536	10,753	9,172	1,246
Transport, Comm.	1,201	7.4	11,864	11,272	9,680	878
Wholesale Trade	517	3.2	12,192	11,738	9,929	390
Retail Trade	2,167	13.4	8,295	8,052	7,511	1,116
Finance and Insurance	422	2.6	13,490	13,238	12,183	351
Business and Repair Sers.	456	2.8	9,517	9,026	7,380	266
Personal Sers.	188	1.2	11,555	11,276	7,677	139
Entertain. and Rec.	105	0.6	8,439	7,902	6,014	51
Professional and Related	1,453	9.0	12,551	12,194	11,143	1,130
Public Admin.	822	5.1	12,623	11,970	10,084	644
Total or average	16,159	100.0	11,164	10,459	8,912	10,621

Source: U.S. Bureau of the Census, *Current Population Reports,* Series P-23, No. 55, "Social and Economic Characteristics of the Metropolitan and Nonmetropolitan Population: 1974 and 1970," table 15.

Table 3. Metro Employment of Males, 1974

Industry	Metro Employment (Male)		Metro Occup x Rural Incomes
	Thousands	Percent	
Ag, Forestry, Fisheries	767	2.1	146
Mining	220	0.6	59
Construction	3,123	8.8	767
Durables Mfg.	6,797	19.1	1,757
Nondurables Mfg.	3,527	9.9	908
Transport, Comm.	3,247	9.1	881
Wholesale Trade	2,080	5.8	576
Retail Trade	4,873	13.7	1,029
Finance and Insurance	1,789	5.0	609
Business and Repair Service	1,537	4.3	317
Personal Services	523	1.5	115
Entertainment and Recreation	369	1.0	60
Professional and Related	4,268	12.0	1,337
Public Administration	2,399	6.7	676
Total	35,522	100.0	9,237

Source: U.S. Bureau of the Census, *Current Population Reports,* Series P-23, No. 55, "Social and Economic Characteristics of the Metropolitan and Nonmetropolitan Population: 1974 and 1970," table 15.

In addition to industrial and occupational employment patterns, structure of the labor force is of interest for ascertaining responses of the resident population to market employment opportunities and the attractiveness of the potential labor force to industries contemplating expansion. In 1970, 55.5 percent of persons over 14 participated in the labor force (defined as employed or unemployed and seeking work). Labor force participation rates (LFPR's) vary by age, sex, race, region, and rural-urban residence. White, male, urban workers outside the South have the highest labor force participation rates; black and white females in the most rural counties outside the South have the lowest LFPR's. For both males and females, LFPR's decline with rurality, meaning that the *potential* labor force is larger in more rural areas, if employment expansion can succeed in inducing labor force entry.

The final factor affecting the rural labor force's attractiveness as a potential labor force concerns levels of education and training. In 1970, persons 25 or older in metro counties completed a median 12.2 years of schooling, a full year more than the median 11.2 years in nonmetro counties. Within the rural sector, the most rural county classes, those containing no urban residents, had median educational levels of only ten years for the total population and 7.5 years for minority groups. Thus, while low labor force participation rates among those of prime working age would ensure a large potential labor force, deficient educational backgrounds retard employment expansion or ensure that a sizeable portion of new jobs created go to new residents rather than the current population.

An inventory of rural labor force deployment and potential finds rural areas with relatively high proportions of their labor forces in low-wage industries and a relatively low proportion of the potential labor force at work. A battery of manpower programs seeks to encourage job upgrading and labor force entry in rural America, but too often these programs, designed for urban areas, contain implicit biases against rural areas. One such program, public service employment (PSE), seeks to provide countercyclical employment opportunities by enabling state and local governments to create jobs at federal expense in times of high unemployment. The PSE program, national in scope, allocates funds to areas in proportion to each area's volume and severity of unemployment.

Allocations made under recent PSE programs were strongly biased toward urban areas.[6] Under the Emergency Employment Act (EEA) of 1971, rural areas obtained only nine percent of EEA allocations, even though rural areas contained 27 percent of the unemployed. Urban areas, by contrast, received over $1.25 for each dollar justified by the share of all unemployed persons in urban areas. Although later PSE programs under the Comprehensive Employment and Training Act (CETA) of 1973 were able to redress some of the bias against rural areas, rural areas still tend to be underallocated funds in proportion to their unemployment defined needs.

Reasons for underallocations to rural areas illustrate the interaction of differential labor market structure and labor force behavior. To obtain countercyclical PSE funds, an area should experience sustained high unemployment rates. Rural areas are less likely to experience such unemployment behavior with: 1) the quicker exhaustion of job search with fewer potential employers, leading to early discouragement and labor force withdrawal; 2) more opportunities to revert to self-employment or part-time work in agriculture; and 3) fewer incentives to remain in the labor force in order to collect unemployment benefits, since relatively fewer members of the rural labor force are eligible. Labor market characteristics combine with labor force behavior to affect the *timing* of rural funding needs. While rural areas tend to experience high but stable unemployment rates, urban areas experience unemployment rates which vary with the business cycle. Since durables manufacturing is concentrated in urban areas and durable goods purchases are the first to be postponed in recession, urban areas are likely to be first to experience rising unemployment rates. Countercyclical PSE programs gear their funding efforts to aggregate employment parameters; hence, maximum funds accrue when urban needs are greatest. Thus, rural labor market structure and labor force behavior often combine to deny rural areas needed assistance under national manpower programs.

Analyzing Rural Labor Markets

The theory of labor market operation is currently in a state of flux. Throughout the sixties, labor economists adopted implicit human capital views of labor market functioning, i.e., it was assumed that "bad" labor market outcomes (unemployment, low wages, turnover, etc.) resulted from a lack of objective productivity characteristics and/or stable preference patterns among those experiencing such labor market behavior. If society could *provide* such persons with necessary but lacking attributes, society could equalize labor market and thus earnings opportunities. The result of such theorizing was the plethora of manpower and education programs which accompanied the War on Poverty, representing a melange of efforts to increase the labor market attractiveness of those "left out" of promising labor market opportunities.

This implicit human capital model of causes of labor market failure pointed to relatively uniform

[6] See Philip Martin. *Public Service Employment and Rural America.* (USDA: forthcoming).

remedy programs, i.e., equalizing the determinants of labor market opportunity. But the idea of specialized policies for population subgroups or geographic areas is akin to the idea that the labor market is segmented rather than continuous. Rather than viewing workers as mobile along a job continum, where mobility is dependent on human capital investments, a segmented labor market theory divides workers and jobs into clusters defined by job and worker characteristics. Segmentation is really only a taxanomic device—in the limit, we could say that each worker and each job was in some sense unique and thus constituted a labor market cell or segment. Any taxonomy becomes useful for policy purposes only if the underlying phenomena it describes are static or a theory exists which can predict intercellular movement, i.e., a process model exists to describe the dynamic implicit in intercellular movement.

Segmented labor market theory distinguishes between primary and secondary jobs. Primary jobs are those offering "... high wages, good working conditions, employment stability and job security, equity and due process in the administration of work rules, and chances for advancement."[7] Workers in primary jobs are distinguished both by objective productivity characteristics (education, training, etc.) and motivational or behavioral attributes, viz, the acceptance of authority and routine; reliability, etc. Beginning from a *port-of-entry,* workers are screened as they enter the firm from the external labor market, advancing through internal job ladders as their objective and subjective characteristics dictate. Thus, as one moves up the job hierarchy in the primary sector, one finds stable, expected patterns of promotion.

By comparison, the secondary labor market is in a constant state of flux. Secondary jobs pay low wages and are accompanied by poor working conditions, inducing high turnover and absenteeism. Secondary employers protect themselves from their constantly changing labor forces by utilizing production processes which are relatively independent of specific workers or worker attributes. The consequent homogeneity of the "bad" jobs open to them is not lost on secondary workers, who change jobs frequently. Wages tend to be relatively uniform, making the secondary worker's income much more dependent on hours worked (under his control) rather than wages paid (uniform). The essential feature of the secondary labor market may be epitomized as homogeneity:

> There were no statistically significant differences between workers hired on jobs and workers rejected by employers. Nor did there seem to be significant differences between the jobs for which workers were typically hired than those for which they were rejected.[8]

Potential policy contributions of segmented labor market theory arise to the extent they can usefully categorize job and worker segments and describe mobility patterns between segments. If mobility between segments is *unimpeded,* then segmented labor market theory is of limited policy relevance, since workers will move between segments without policy assistance. If mobility between segments is blocked, then policies to promote intersectoral labor mobility can be implemented.

The contrast drawn between primary and secondary labor markets has emphasized two extremes. In applying the theory to rural labor markets, certain characteristics of rural areas tend to locate rural jobs and workers in the primary or secondary sectors. Little empirical evidence on rural labor markets and employment patterns exists, but it is clear that 1) rural wages tend to be lower than urban wages for the same job and skill level; 2) average plant size is lower in rural areas, thus reducing the extent of unionism, administrative due process in the internal labor market, and lowering promotion possibilities, and 3) the density of employers is lower in rural areas, lowering chances for mobility within a given commuting range.

While certain characteristics of rural jobs may make many of them appear secondary, other forces impute a primary character to rural jobs. Employment in rural areas is likely to be more stable, since rural unemployment tends to be high but constant. Lower land prices ensure more rural home ownership, increasing worker attachment to an *area,* though not necessarily to an occupation or job. Finally, the rural labor force is likely to be more homogeneous, not permitting the "easy" segmentation which accompanies discrimination by race, sex, educational attainment or some other objective characteristic. Since new entrants to the rural labor force either result from immigration or local labor force entrants (primarily new entrants from housewives and post-

[7] David Gordon. *Theories of Poverty and Underemployment* (Lexington: Heath, 1973), p. 45.

[8] Ibid., p. 45.

school youth), the rural labor pool has been relatively static. Recent population and employment gains in rural America may presage a change in the composition of the rural labor force.

Current definitions of primary and secondary labor markets do not permit unambiguous assertions about their extent in rural and urban areas. While some factors could tend to increase the proportion of secondary jobs and workers, other forces tend to lower the number of unstable jobs and workers. More serious than the lack of precise definition is the absence of a theory of process, an explanation for the dynamics of change between defined labor market segments. Without such a theory of worker movement and job change, we are left groping for effective manpower policies in both rural and urban America.

Conclusions: Migration and its LF Impacts

The United States remains one of the few developed economies without an explicit population distribution policy. Adopting the view that current patterns of population distribution were the result of adventitious historical circumstance rather than rational economic reaction to changing prices and opportunities, the various European nations have impressed a variety of policies to *explicitly* redirect internal migrants,[9] e.g., the "new towns" in Britain; decentralization away from Paris in France; development of the Mezzogiorno in Italy, etc. The U.S., by contrast, has adopted no such explicit distribution policy, preferring to influence location choice indirectly with national policies.

Several national policies have had profound regional impacts. The G.I. loan program in the postwar era combined with the rapidly improving highway network and the age of the automobile to promote the suburbanization of residence in America. It was not long until the externalities attending the spatial separation of employment and residence were evident, with the resultant shift of employment from the urban cores toward the residential suburbs. We are now witnessing what appears to be the third step in this decentralization process, one which reverses the past 200 years of American history. Changing tastes have combined with an envolving economic structure to encourage relocation in rural America.

Rural nonfarm America presents us with simultaneous cases of *intermediacy* and *diversity*. Socioeconomic factors place the rural nonfarm sector between the farm and urban sectors in terms of income, occupational levels, level of educational attainment, fertility, and labor force participation. But intermediacy is accompanied by diversity—the rural nonfarm population includes those living in towns which act as agricultural service centers; in mining or industrial towns, which can be declining *or* growing but still have fewer than 2,500 residents; and persons providing services at rural recreation centers or in the vicinity of transport arteries. Combined with a residual rural nonfarm population living in the open countryside, it is apparent that even a separate *rural* labor market policy would have to be stretched to account for the diversity of its target population.

Although recent populations and employment gains in rural America may not presage a rural revival, they do offer opportunities to direct employment such that rural welfare is increased. Identification of rural labor markets, with specifically rural features, justifies empirical research which can increase our understanding of rural labor market functioning. If recent employment gains in rural America only augment the supply of secondary jobs available, public policy and local community decision makers can redirect the "natural" movement of jobs from urban to rural areas. Only if such knowledge is used in planning will an expanding rural sector avoid the mistakes of a recently declining rural America.

[9] See James Sundquist. *Dispersing Population: What America Can Learn from Europe.* (Washington: Brookings, 1975).