

PEOPLE LEFT BEHIND: TRANSITIONS OF THE RURAL POOR: DISCUSSION

Brady J. Deaton

As I read this paper and listened to the author's presentation, I was reminded of a recent story told by one of our State Extension Specialists. He was in a rural community in Northwest Missouri analyzing some of the more severe social and economic issues confronting that particular region. In closing, he pointed out that this was an exciting time for those of us addressing such serious problems of social and economic adjustments. Afterwards, one of the local citizens pointed out to the Extension Specialist that what was an exciting time for him was a very serious problem for residents of the affected rural communities. Each of these positions are worth consideration as we continue to examine some of the dimensions of the people left behind.

The theme of my discussion is that we have seriously underinvested in information and knowledge systems to serve both the needs of the poor and of the practitioners addressing rural development problems. Such problems are exciting for social scientists, but we must recognize that the plight of the people we're addressing causes serious pain from harsh social and economic conditions. The authors of this paper effectively describe the continuing plight of "the people left behind" and the human pain associated with poverty and inequality. In marshaling an impressive array of appropriate data, they effectively dispelled some widely held myths, and reinforced some important concerns. Some of the myths they address include the following:

- The rural poor are more likely to be employed.
- The poor are more apt to be members of married couple families.
- The poor are less likely to be children.
- The poor are less likely to be minority.
- The poor are more likely to have assets.
- Accordingly, their profile of the stereotypical rural poor presents a white, married person with a job and owning property. This description of the model person in poverty holds in spite of the fact that 57 percent of rural minority children in the South live in poverty. The authors point out that poverty rates for children in single parent homes have averaged 50 percent since 1965. Hence, virtually all fluctua-

tions in the levels of poverty of children, including the increases in the 1980s, represent changes in two-parent homes. Herein another myth is dispelled. Children in poverty are not the result of increasing rates of broken homes, but are the result of serious deleterious impacts of the economy on two-parent families. These images run counter to most of our notions of the rural poor.

Their depiction of the poor as one-half "chronic" and one-half experiencing "spells of poverty" was very informative. I was shocked later in the paper to discover that the average spell of poverty for blacks is 6.5 years, twice as high as for whites (3.4 years). Average spells of this magnitude appear to be consistent with Keynes' view of the long-run, wherein we all find ourselves dead. How much worse can the chronic conditions be, one is led to ask.

The paper would be strengthened by giving more attention to the subtitle: "Transitions of the Rural Poor." The authors properly call attention to the 1966 conclusion of the National Advisory Commission on Rural Poverty that established the concept of poverty as a result of a web of issues related to: "poor health and nutrition; inadequate housing and sanitation services; marginal educational and vocational training programs; the lack of accessibility to services and economic opportunities; and in many cases, racism, sexism, and age discrimination. Only by addressing all of these matters could rural poverty be conquered."

We must be continually reminded that this "web of issues" is still an appropriate identification of the many causes of poverty. When we are called on to use our social science knowledge to inform public policy, it is not enough to simply say that poverty is a "complicated matter." We must learn to discern the appropriate relationships among the salient features of this "web of issues" in order to clarify cause/effect relationships that can ameliorate problems of poverty. This is the fundamental challenge to the social sciences.

At first glance, one is tempted to separate some of the above items as *effects* rather than *causes* of rural poverty. Housing, for example, comes to mind. On

Brady J. Deaton is Professor and Unit Leader in the Department of Agricultural Economics, Social Science Unit of the College of Agriculture, University of Missouri-Columbia.

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the other hand, some housing, particularly if owned by the occupant, can be a source of great pride that can turn around the economic fortunes of the family and instill pride in children that can last a lifetime. The self-help housing program of the Farmers Home Administration had enormous potential in this regard, but was never seriously funded or supported by the Farmers Home Administration.

Transitions out of poverty and our understanding of transitions into poverty become the key challenge to the progress of our social sciences in being useful to the continuing dialogue on problems of poverty. The authors' discussion of transition identifies structural changes in the economy and ownership of farms as principal causal forces. I don't find their arguments very convincing in this regard, and the causal pattern creating poverty is not well established. This isn't surprising given the limited research on this issue which can be drawn on.

I want to say a further word about the state of our limited knowledge of poverty, and then argue that the authors have minimized the role of the private sector in proposals for alleviating poverty. A solution to poverty will require, in my opinion, a concerted public/private sector partnership and important private sector initiatives.

J.K. Galbraith's 1958 observation still holds: "The most certain thing about modern poverty is that it is not efficiently remedied by a general and tolerably well distributed advance in income" (p. 254). After 1958 we thought we'd gained a general understanding of the response of poverty to the business cycle. However, the 1982 recession and subsequent upturn in the general economy left the poor behind. Their numbers did not diminish as the economy climbed out of the recession. In contrast to every other business cycle to conclude since World War II, this recent paradox has led some economists to believe that poverty is becoming increasingly inelastic to national economic growth.

Even if we document the relationship between aggregate economic factors and the poverty rate, we still will not have a clear understanding of the underlying dynamics bringing about these changes. For example, the authors note that a one percent increase in unemployment increases the poverty rate by .7 percent. However, this does not inform us as to whether that change is due to:

- Underemployment in secondary jobs.
- Failure to qualify for transfer payments.
- Associated breakups of nuclear families.
- Emotional distress and loss of confidence for continued job search.
- Most likely the relationship rests on a combination of these and other factors. Understanding such

relationships should command the concerted efforts of all of us in the social sciences who are concerned about such issues.

We probably know a great deal more than we sometimes recognize in addressing these issues. For example, surveys of research undertaken by agricultural economists and rural sociologists over the past few decades reveal that we have a reasonable understanding of the economic adjustments associated with increases in unemployment and poverty and their linkages to a variety of other important social and economic phenomena such as:

- Increased school drop-out rates.
- Increased drug abuse.
- Increased teen pregnancies.
- Increased crime.
- Other measures of social alienation and family stress.
- For example, our research in the Appalachian region of Virginia revealed that per capita income growth was not an adequate remedy for many of the other social and economic ills of the region. By analyzing the central Appalachian region of the state and comparing social and economic conditions in the principal coal-producing counties there with a surrounding set of similar rural counties outside the coal-producing region, we found that the coal-producing region had higher per-capita incomes. However, that region also had higher levels of poverty and other social problems. Income was more evenly distributed outside the coal producing counties, resulting in more acceptable social and economic conditions.

I'm concerned that the authors down-play the role of the private sector in alleviating poverty. They reported a sharp decline in elderly poverty, but failed to point out that poverty reduction among the elderly stemmed not only from improved public sector transfer payments, but very importantly from improved systems of private pension funds and associated private transfer payments. Even though the income needs of the rural elderly have to some extent been met through the crafting of public/private sector retirement programs, the rural elderly still have serious needs for improved access to social services. We have had relatively little clear analysis of the mobility of the rural elderly. Access to health care and other long-term care by members of the family must be important factors stimulating movement of the elderly and associated changes in transfer payments associated with this group of our population.

We need to gain a much better understanding of the dynamics of poverty over the life cycle and between generations. We need to gain a better understanding of the effects on low-income households of changing

incentive structures in welfare systems and in the private sector. Longitudinal household data will be necessary to gain such understanding.

As stated earlier, we haven't mobilized our knowledge system to meet the needs of the poor. If we had, we would be directing our resources for training and education in a different direction. For example, look at the list of skills which will be in short supply in the 1990s:

- Physical therapist
- Registered nurses
- Veterinarians
- Electrical and chemical engineers
- Computer systems analysts
- Physicians
- Dieticians
- Pharmacists
- Biological and life scientists.

Are these the anticipated future occupations of the current rural poor? I doubt it very much. Can some of this training be delivered to the rural poor through innovative continuing educational efforts? I suspect skilled training in some of these areas could be delivered if we set our will and our institutional might in that direction.

Our knowledge base regarding the rural poor has improved significantly in recent years as a result of greater attention being given to this area by the Economic Research Service of the U.S. Department of Agriculture. I would commend the excellent work that Sara Mazie and others do with their publication, *Rural Development Perspectives*. The June-September 1990 issue, for example, contained a number of excellent articles that improved our understanding. I would call attention particularly to three important findings of Elizabeth Morrissey: (1) the rural working poor tend to have larger families and younger children than the non-poor, (2) rural working poor have less education than the non-poor, (3) the biggest problem for the rural working poor is *too little work* (Morrissey).

We have also gained significant new knowledge regarding the role of public sector infrastructure investment in stimulating private sector jobs and

thereby providing an employment base for alleviating poverty conditions. Infrastructure programs associated with the Appalachian Regional Commission, the Economic Development Administration, and the Tennessee Valley Authority have provided productive investments in job creation to improve rural economic conditions and to stimulate more income equality. A recent article analyzed public sector investments nationally, and revealed that the rate of return on public sector investments was equal to that for private sector investments (Munnell). Munnell's analysis also reveals that public sector investment is a prerequisite for effective private sector investment. We should not lose sight of these relationships as we look to the future and assess the extent to which we need to tax ourselves, or find other sources of public sector revenue to make the appropriate infrastructure investments that will ensure job growth in rural areas of the country.

Simultaneously, attention must be given to the appropriate mix of institutions and sources of job creation stimulated by the private sector. Labor unions, non-profit organizations, cooperatives, entrepreneurs, and corporations are all important actors in stimulating private sector investment and service delivery.

In conclusion, I would reemphasize the theme with which I began this discussion, and that is that we have under-invested in knowledge about the rural poor. The time has come to marshal our social science disciplines in order to gain an understanding of the interrelationships of social and economic phenomena that can ameliorate conditions of poverty in this country. From this, it is likely that we will develop both up-cycle and down-cycle strategies to address the needs of the poor as public and private sector investments interact to alter job conditions and job market adjustments associated with global market changes. Labor adjustments are always necessary in a dynamic economy, but income floors and security cushions can be developed to enhance the family's ability to deal with the future effectively and to ensure that future generations do not suffer by being left behind.

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