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Lessening Impacts of Land Withdrawals on Nonfarm Resources and Rural Communities

TOO LITTLE ATTENTION has been given to the adjustments of nonfarm portions of rural communities which have accompanied the continuing shifts of labor resources out of agriculture. This is one reason why the Soil Bank has gone "sour" politically. Thus, it is most appropriate that time and space be devoted to this topic which has been explored only to a limited extent by agricultural economists or others.

In order to set the stage, it is convenient to make some assumptions about the nature of the land withdrawal program about which we are concerned. First, however, it may be helpful to conjecture briefly on the geographical location of the areas which most likely might be affected by land withdrawal programs. There is some evidence on this point. In Figure 19.1 are indicated the areas of soils classified by the Soil Conservation Service as not suitable for cultivation, (land capability classes V, VI, VII and VIII) but which are still in cultivation in the Great Plains.² There are nearly 14 million acres of such soils, with the largest areas being found in Kansas, Colorado and Oklahoma, followed by North Dakota, South Dakota, Texas and Nebraska. In addition, some 15 million acres of marginal Class IV land are found in the same states as well as elsewhere in the Plains. It should be noted that the concentration of these areas will not be coincidental with concentration of small towns. Large averages of land of low productivity are sparsely populated. Others are more thickly settled.

Heady and Egbert have used programming techniques to detect farming areas sensitive to production shifts.³ They delineate

¹ I am indebted substantially to the many helpful comments from my colleagues at the University of Nebraska during the preparation of this paper.

² A. R. Aandahl, "Location of 'low grade' croplands in the Great Plains States," Proceedings of the 1958 meeting of the Great Plains Agricultural Council, Bozeman, Montana, July, 1958. Mimeo.

³ Earl O. Heady and Alvin C. Egbert, "Programming regional adjustments in grain production to eliminate surpluses," Jour. Farm Econ., 41:718-33, Nov., 1959.

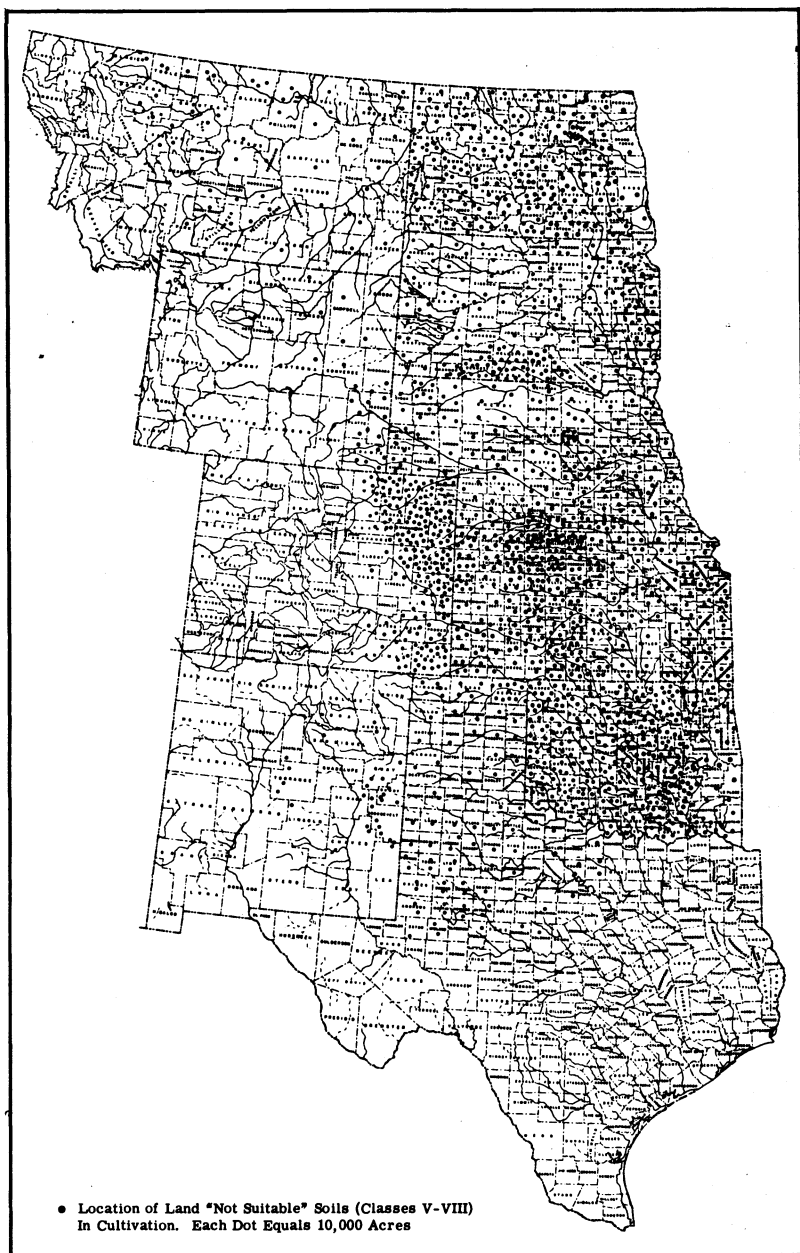


Fig. 19.1. Location of land use classes V, VI, VII and VIII land in the Great Plains. (Source: Aandahl, Andrew R. "Location of 'low grade' croplands in the Great Plains States." Proceedings of the 1958 meeting of the Great Plains Agricultural Council, Bozeman, Montana, July, 1958. Mimeo.)

certain areas in the Plains which could be withdrawn from production. However, they delineate much larger areas in the southern states, as well as in the cutover areas of Michigan and Wisconsin. These areas are, of course, on a subregional basis. Actually we would expect to find adjustment areas more widely different than is indicated by these subregions.

This discussion will be confined primarily to the Plains setting, recognizing the other areas which would be affected by a land withdrawal program. It is simply that I can speak with the most familiarity about the Plains. Differences between Plains communities and others which would be affected by land withdrawal programs should be of mostly spatial derivation; aside from spatial factors, the things which make Plains communities effective and efficient also make other communities effective and efficient.

For this discussion I am assuming a land withdrawal program of magnitude large enough to achieve desired levels of supply reduction in agriculture. I am assuming that most land to be withdrawn will come as whole farms, or parts of farms, but not in such intensity as bodily to eliminate farming in entire communities. The latter might actually be economically desirable in the long run. I simply do not believe that the latter course would be politically possible. The land affected may be removed completely from production, as under a conservation reserve, or its use may be shifted to a more extensive type, such as the replacement of grain by grass in areas where such a move would reduce the production of feed per acre. The latter course might be accomplished by some sort of scheme of land easements, under which farmers might sell the right to raise cultivated crops to the government. It is possible that all of the farm land in a small community would go out of tillage under a land withdrawal program, with farming converted to a more extensive basis.

Next, I assume that the removal will be accomplished by some sort of market operation, in which each operator will be given the opportunity to respond to economic incentives in the form of a rental payment, or easement purchase. I am ruling out outright land purchase in significant quantities as unlikely from the political standpoint, although its effects on communities would be similar to rental or easement schemes. With these assumptions it seems likely that many communities would be affected by the land withdrawal scheme, but also likely that few communities would be completely eliminated. (One might ask at this point, "Is a ghost town eliminated?")

Finally, I assume that the withdrawal program will be set up so as to encourage economically desirable long-run land use

adjustments; that it will be efficient in the sense that the cost of withdrawing given units of production, or units of standard resource inputs, will be minimized.

NATURE OF IMPACTS OF LAND WITHDRAWAL ON FARM COMMUNITIES

General Effects

Rural communities in the Plains and elsewhere have been experiencing the results of the outmovement of labor resources and the extensification of farm production since the 1930's; thus the institution of a land withdrawal program would not be qualitatively a new phenomenon. For example, between 1930 and 1950 the farm population of Nebraska declined by 33 percent, while the total population declined by 4 percent. The total population of the state had exceeded the 1930 level only by the year 1956, while during the same period the population of the United States had increased 32 percent. More dramatically, the decline in total population in the six-county Plains-Corn Belt transition area in central Nebraska was 28 percent during the period 1930 to 1950. If we examine these data more closely, we find that the farm population declined by 40 percent during the period, while nonfarm population fell by 4 percent. (The exclusion of the town of Broken Bow, with a 25 percent increase in population, brings the decline in the nonfarm sector to 9 percent.) At the same time the composition of the population shifted from a ratio of 66 percent farm/34 percent nonfarm to 55 percent farm/45 percent nonfarm. The extent of disengagement of farm labor resources from farming already accomplished during this period in areas at the margin between intensive and extensive types of farming is sometimes not fully appreciated.

We must distinguish between small communities and large ones in considering population dynamics. It seems that the larger communities have been getting larger, and the small ones are getting smaller. For example, the relation between the size of towns in 1930 in the six counties in the central Nebraska transition area and the percent of their population changes between that year and 1950 is shown in Figure 19.2. Data from the whole state show the same relation.

The geography of the land class data previously noted when examined along with the geographical distribution of towns in Nebraska emphasizes the implications of land withdrawal to the towns. In Figure 19.3 are shown the towns and villages of

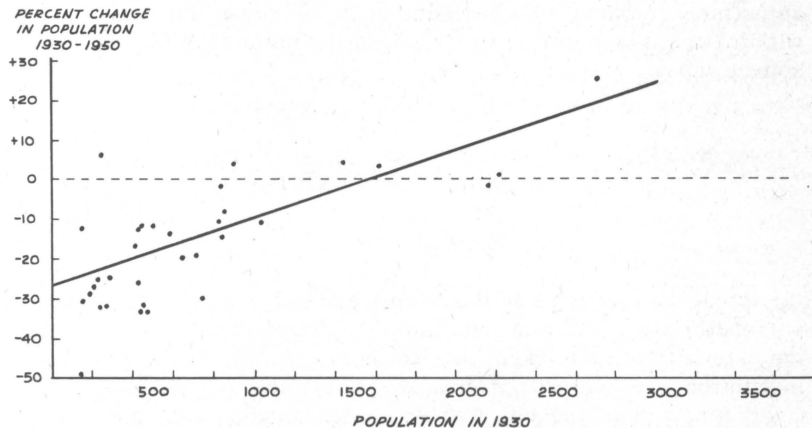


Fig. 19.2. Relationship between percent change in population of incorporated places in central Nebraska from 1930 to 1950 to size of place in 1930.

Nebraska, by size groups, coded to indicate their population losses or gains from 1930 to 1950. In addition there are charted on an area scale the acres of land use classes IV, V, VI, VII and VIII land in each county which are presently in crop production. In these two sets of data we can identify some probable adjustment areas in Nebraska which are as yet heavily occupied by

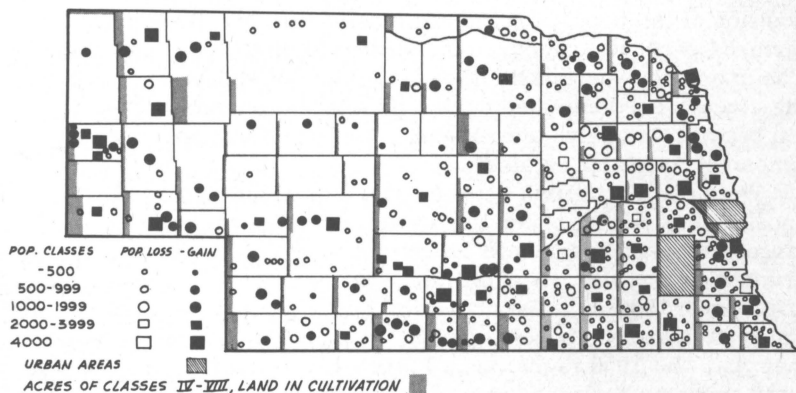


Fig. 19.3. Geographical distribution of incorporated places of different sizes in Nebraska, 1950, population changes between 1930 and 1950, and acreage of land use classes IV, V, VI, VII and VIII. Land Presently in Cultivation, by County, 1958.

small towns which will be affected by land withdrawal programs. It is these same communities which have lost population heavily during the past. I would suppose that some other areas in the Plains would be affected more severely than those shown in Nebraska.

The peculiar effects of a land withdrawal program on the rural communities affected will not occur because of the beginning of a population movement as such, but rather because of the "shock" aspects of the program. The people in most rural communities are presently concerned with problems associated with population withdrawals, and are reacting in one way or another. The land withdrawal program envisaged here would confront them with an enhanced version of the same problems. This is not to say that there is no need for policy attention to the impacts on these communities. On the contrary, policy attention is rationalized because of the newly created urgency of the same problems as well as the additional costs created by this urgency.

Specific Impacts

Several types of impacts will be felt in the local community as a result of a land withdrawal program. In the following discussion each of these is taken up in turn.

Movement of Farm Population

A land withdrawal program large enough to affect agricultural production will inevitably provide the impetus for the outmovement of farm people who are particularly susceptible to alternative opportunities. Various "susceptibility classes" can be suggested. In the first place, beginning owner-operators not fully established, or owner-operators on small farms, particularly those whose debt encumbrances are substantial, might find it expedient to sign up their entire acreages. Under a Soil Bank arrangement they would be free to engage in full-time work off the farm while continuing to live there, or to move to a farm-city, or to metropolitan areas near and far to take nonfarm jobs. They may do all three, in that order, over time. They would have similar incentives under a land easement program, under which they would either sell their land or lease to other farmers.

Tenants would be a second group which would be susceptible to such a program. Under a rental program landlords stand to gain more than tenants, even though they split the returns from

the program with the tenant; there is evidence that they have not been unaware of the economics of this, even though they have been reluctant in many cases to take direct steps to force tenants off. Tenants would be equally vulnerable under an easement program, and would have the incentive either to secure the control of more land or to leave the farm.⁴

A third susceptible group would be those operators who are nearing retirement. The program would provide them with the incentive to disengage from active farming more quickly than would otherwise be the case. However, most of this group will remain on their farms, or in the community.

In a short run many of the whole farms which are placed under the program by owner-operators will be kept under the control of these operators, even though they assume an absentee status. In the longer run, as the younger men become established elsewhere, and the older farmers dispose of their farms, the land will pass into the control of remaining operators, and so the farm consolidation process will be enhanced, particularly under an easement program which will allow more extensive use of the land.

In addition to those placing their whole farms in a withdrawal program, there will be less-susceptible operators who will "sign up" parts of their farms. This process will be selective between land productivity classes, related to the type of payment schedules set up for various productivity classes. As time passes, these operators may decide to work part-time off the farm as a permanent arrangement, or in this way begin the process of moving out. Or, they may enlarge their total acreage by renting or buying more land.

On balance, a decrease in the farm population can be expected as farm land is withdrawn from production. This movement will tend to lag behind the "sign up" of land, but it will be sustained as people find the conditions propitious for a decision to leave.

Effect on Farm Income

With pressure for the disengagement of human resources, and a reduction in various capital resources, the initial impact of a land withdrawal program would likely be a reduction in gross

⁴In another context it is to be noted that tenants and owner-operators of smaller-than-modal farms were most common among those selling out in central Nebraska during the drought of 1956-57 than farmers of other types. Of a group of these sellers contacted by mail survey in 1956-57, with a 47 percent response, one-third left the state after selling out, and all of them left farming.

farm income in an area. Data from an analysis of the Conservation Reserve Program in Nebraska indicate that in two areas conservation reserve payments equalled about 75 percent of the gross income which would have been received had the land been farmed.⁵ This reduction in gross income will have a direct impact on the nonfarm businesses handling the goods and services for which this increment would have been spent. The decrease in gross income in a given community will be more severe, of course, under a rental, nonuse program than under an easement-use extensification program.

On the other hand, net income per farm should be increased by a withdrawal program for several reasons. First, farmers signing up will presumably have decided that they are adopting the more profitable alternative. In the longer run, a second factor will be additional impetus toward farm enlargement because of the withdrawal of farm population. The community effects related to net farm income changes will depend on the distribution of that income, and on the items for which it is used — consumer goods, farm enlargement, expansion of farm working capital or outside investment. Also, to the extent that landowners move out of the community, their net income will in a large sense move with them, as long as they retain control of their land.

A final, less immediate income effect will presumably take place if the program is large enough to have the macro-effect assumed for it; that is, if a reduction in national feed production is accomplished the result will be an increase in farm prices, and a consequent gross income effect will accrue to the farm production activity left in the community.

Effect on Structure of Expenditures by Farmers

Several effects can be hypothesized. First, if the population outmovement is small enough, there may well be an increase in types of consumption expenditures by farmers for which income elasticities are relatively high, for example recreation, education and other items considered to be in the luxury class. Conversely a decrease in the total expenditures would be expected for those items for which income elasticities are relatively low; examples of these would be food, work clothing and small household appliances. Finally, there may well be a decrease in the farmer expenditures for production factors such as fuel, fertilizer and machinery.

⁵Ralph Johnson, "Some effects of the Conservation Reserve Program in selected counties of Nebraska," unpublished manuscript, 1960.

Unfortunately for the small town, there is considerable evidence that farmers tend to travel to larger trading centers — farm cities — for the first type of goods, relying on the small town for staples and convenience goods.⁶ This means that the level of economic activity of small towns is affected more by population numbers than by level of income, as compared to larger centers.

Effect on Structure of Farm Marketing

Obviously a land withdrawal program in a cash grain area will decrease the volume of grain marketed. Grain typically moves through marketing facilities close at hand, in the small centers. On the other hand, livestock tends to move directly to larger marketing centers located either in farm cities or in stockyards cities. Small towns in ranching or livestock feeding areas are thus presently involved to only a limited extent in marketing activity, and will not be affected by a land withdrawal program. However, in a cash grain town direct contraction of business will result.

Banking is an activity which is carried on to an important extent in small towns. Any change which reduces the volume of business flowing through a town will affect it directly.

Differential Impacts on Private Service Sector of Small Community

Having outlined the impacts which will be generated at the farm level and which will affect the community, we can next translate them into effects on Main Street. The net effect of a land withdrawal program in a county will be decreased volumes of business and smaller resource returns to various types of town business; however, the impacts will be differentiated depending upon the type of business. The largest impact will fall on those businesses handling staple, convenience goods of various kinds, including both consumption and production items. Among these will be grocery stores, everyday clothing stores, auto repair shops, lumberyards, filling stations and feed and supply stores. Banks would be similarly affected. These businesses characterize towns of populations of 500 or less. Table 19.1 is illustrative.

⁶ Edgar Z. Palmer, "Some economic problems of Clay Center, Nebraska," Univ. of Nebr. Business Res. Bul. 54, 1950; also A. H. Anderson and C. J. Miller, "The changing role of the small town in farm areas," Nebr. Agr. Exp. Sta. Bul. 419, 1953.

Table 19.1. Types of Businesses in Towns in Sherman County, Nebraska^a

Types of business	Number of businesses by places					
	Total, all towns	Loup City	Litch- field	Ashton	Rock- ville	Hazard
	(1950 population)					
1950 Population	2,520	1,508	337	381	164	130
Heavy construction	1	1				
Electrical, masonry, stone- work, etc.	1	1				
Special trade contractors	1	1				
Partitions, shelving, lockers, etc.	1	1				
Meat packing	1	1				
Creamery	1	1				
Newspaper	1	1				
Dairy products store	1	1				
Car dealer	1	1				
Women's ready-to-wear	2	2				
Dry goods and gen. merchandise	3	3				
Family shoe store	1	1				
Men's and boys' clothing	1	1				
Jewelry store	1	1				
Hotel	1	1				
Cleaning and dyeing	1	1				
Machine shop	1	1				
Grocery or general store	12	3	2	2	2	3
Service station	11	6	1	1	2	1
General auto repair shop	7	2	2	1	1	1
Drinking places	8	3	1	2	1	1
Eating places	6	4	1	1		
Fuel dealer	3	1	1			1
Assembler (mainly farm prod.)	4	2		1	1	
Hardware store	3	2			1	
Farm equipment dealer	7	6		1		
Drug store	3	2		1		
Liquor store (packaged)	3	2		1		
Funeral director	3	2	1			
Electrical repair shop	5	3	2			
Blacksmith shop	2	1			1	
Hay, grain, feed	2		1	1		
Lumberyard	3	1	1		1	
Shoe repair shop	1		1			
Gen. repair shop	1		1			
Electric or gas utility	1		1			
Telephone system	1					1
Total types	---	31	13	10	8	6
Total establishments	106	60	16	12	10	8

^aSource: Dun and Bradstreet.

On the other hand, there will be less decrease, perhaps no change, and even an increase in the expenditures for recreation items, education, professional services and luxury items; these items for the most part are obtained in the farm city of 2,500 people or more rather than the small town. The net effect on trade in these items will depend upon the relative magnitudes of population outflow and increase in net consumption increases of the people remaining. Of course, the farm city also serves as the source of staple consumption and production items for farmers in its immediate trade area and will be affected in this sector in a manner similar to the small town by land withdrawal and population movement. We have simply noted the existence of two types of trade areas for the farm city — the staple goods trade area of more modest circumference, and that for goods of higher income elasticity which extends further out and blankets the immediate trade areas of small towns.

The Community Multiplier

If we are to deal effectively with the impacts of land withdrawal on the nonfarm sector, some quantitative predictions of these impacts will be necessary. The notions of primary, secondary and tertiary economic activities are relevant.⁷ In a purely agricultural community the farms would comprise a primary sector, while the townspeople would be engaged mostly in tertiary activity, with little secondary activity being carried on. A variation of this formulation is the derivative-basic ratio and the community multiplier.⁸ In brief these terms imply that there are quantitative relationships between the basic, or "export" activities of a community, the derivative, or service activities, and the total economic activity of the community. Using employment as the symbol of economic activity the derivative is the quotient when derivative employment is divided by basic employment, while the multiplier is the quotient of total employment divided by basic employment. In the typical small communities with which we are concerned, the basic activities would be almost entirely agricultural, while derivative would include trucking, banking, trade, government and other activities whose economic output is not exported but is consumed internally.

⁷Colin Clark, *Conditions of Economic Progress*, (Rev. ed.), Macmillan Co., London, 1951.

⁸Edgar Z. Palmer (ed.), Gerald E. Thompson, Moon H. Kang and William Strawn, "The community economic base and multiplier," *Univ. of Nebr. Business Res. Bul.* 63, 1958.

Table 19.2. Total, Basic and Derivative Employment and Ratios for Selected Great Plains Farm-Cities, 1950

County	State	City	Employment			Derivative ratio	Multiplier
			Total	Basic	Derivative		
Pierce	N. Dakota	Rugby	2,818	1,434	1,385	.966	1.966
Tripp	S. Dakota	Winner	3,409	1,464	1,945	1.328	2.328
Clay	Kansas	Clay Center	4,512	1,616	2,896	1.792	2.792
Union	N. Mexico	Clayton	2,449	914	1,535	1.679	2.679

Source: Edgar Z. Palmer (ed.), Gerald E. Thompson, Moon H. Kang and William Strawn, "The community economic base and multiplier," Univ. of Nebr. Business Res. Bul. 63, 1958, p. 101.

There is little evidence available on these relations for small communities on the Plains area. However, some data from selected Plains counties whose boundaries coincide with the trade areas of small farm cities give some indication (Table 19.2).

In the counties which these towns dominate, 85 percent or more of the basic activity is agricultural; thus they are fairly "pure" examples. They illustrate magnitudes of what may be expected in rural communities. Thus, in Tripp County, South Dakota, where 90 percent of the basic employment is agricultural, about 1.3 persons were employed in derivative activity for each person in basic production activity, largely farming.

Admittedly, these data relate only to the labor resource. In moving labor out of farming and releasing land we will also release nonland capital. We need to know more about the quantitative effects of this total resource movement on the capital of the nonfarm business sector of the community, as well as on its labor. Such knowledge is lacking, and the research need is obvious.

Impacts on the Public Service Sector

Perhaps as important as the effects of land withdrawal on the private business sector will be its impacts on the public service sector. Typically public services are organized on a different geographical basis than is private business, with some, such as country roads, being set up on a county basis and others, such as power, in districts. These services may be operated as strictly governmental activities, or as public utilities.

A first impact will occur from the revenue side. With an out-movement of population, and assuming no changes in levies,

revenues from personal property taxes will obviously decrease. With a change in the use of land, as under an easement program, there will undoubtedly be pressure to reduce real estate tax rates on the land affected. Utilities depending upon per capita payments, such as telephones, will experience direct loss of revenues with population shrinkage.

On the cost, or service side, a decreased need will occur for those services which are provided on a per capita basis, such as telephones, elementary and secondary education and consumption electricity. On the other hand, the cost per capita for these services will rise, due to the fixed components which will be divided among fewer persons. Some services represent fixed costs almost entirely, once they are established. Among the latter are roads and county government. The per capita cost of these items will rise in proportion to population declines, until some retrenchment takes place.

MEANS OF LESSENING THE IMPACTS OF LAND WITHDRAWAL

In the past, agricultural control programs have typically been oriented toward the individual farmer, and in most cases have ignored the nonfarm sector of the community in which the farmer lives. Inversely, the nonfarm part of the local community has been quite ignorant of the larger issues involved in economic development, resource adjustments in agriculture and need for action in the small town in the face of these adjustments. The more vociferous reaction in the small town in the face of changes like this, if one is to take the comments of country newspaper editors at face value, is that any loss of population is undesirable and is to be prevented at all costs. After having fought losing, if poorly planned, battles against such loss, many small towns awake to find themselves empty shells of their pasts. It would seem possible that small towns could benefit by taking as positive a view of these developments as possible, rolling with the punches, and capitalizing on any advantages which they may retain. We would suppose that deliberate policies could be initiated in conjunction with land withdrawal programs which could assist towns in the most feasible directions.

THE ROLE OF EDUCATION

Sometimes programs "break" with little warning or interpretation and are brought into being without adequate understanding

on the part of the people affected. The first requirement of a land withdrawal program should be intensive educational efforts in the communities affected, probably carried on by extension services in cooperation with the action agencies. Such educational programs should leave the community clear as to the reasons for the particular program, the various effects which are expected, both in the aggregate and at the local level, and how the program will be carried on. Finally, the communities should be given some insights into the types of actions which might be taken locally. Implied here is policy education in its broadest sense.

COMMUNITY ORGANIZATION

An educational program of the type suggested above would logically awaken the community to the need for broadly conceived community or area planning. Desirably such planning should be oriented toward the natural economic areas organized around the farm city. In the process, villages should be made conscious of this broader economic area of which they are a part. Such planning activity should cut across the boundary lines of local units of government, and should encompass all major lines of economic activity, including agriculture, business and services. With it, people should be made to feel a sense of participation in working out their own economic and social adjustments in what may be in the large sense a strategic withdrawal.

An economic area planning organization might involve itself in many ways. It could estimate the number of farm people involved in a withdrawal program, and predict the nature of population movements which will result. It could analyze in detail the impacts of the program on the business and service sectors of the individual communities. It might make recommendations about the types of business enterprises which are likely to be the most viable in the long run. It might make recommendations to local governmental units concerning adjustments which should be made with respect to public services such as roads, schools and power, as well as local and county government per se. It might also make recommendations to such non-governmental corporate units such as churches, credit agencies, real estate agencies and the like. It might make recommendations about possible zoning of new business enterprises, as well as the location of rural residences.

STATE POLICIES

Policy consideration at the state level in connection with land withdrawal programs would be necessary. Educational and action activities should be coordinated here. The identification of communities to be affected heavily by withdrawal programs would logically be made on a state basis. Problems related to such things as the tax system, school system and county organization should receive cognizance at the state level.

FEDERAL POLICIES

Considerable federal activity would appropriately be directed at the community in connection with land withdrawal programs. It is obvious that different communities will be affected in different ways and to different degrees by a withdrawal program. Criteria would need to be set up in advance as to the conditions under which federal assistance would be forthcoming to affected communities. Such criteria might relate to (1) the proportion of land affected, or (2) the proportion of population which will be displaced, or both. We would suggest that such communities (for lack of a better geographical unit these would probably be counties) be designated as withdrawal communities, similar to the designation of disaster areas made during times of drouth or other emergency. Communities so designated would then be eligible for special types of assistance such as those suggested below.

Relocation Assistance for Farmers
Who Elect To Change Occupations

The type of activity inferred under this heading has been a missing link in our collection of agricultural policies. The need for it will be simply increased by a land withdrawal program. Obviously a land withdrawal program is in the essence going to be a labor withdrawal program as far as agriculture is concerned if the long-run effects are to be consistent with our past analysis of the resource problems of agriculture. The "Homesteads in Reverse" approach appears feasible.⁹ Involved in it might be several means. Subsidized retraining of a vocational nature

⁹Theodore W. Schultz, "An alternative diagnosis of the farm problem," Jour. Farm Econ., 38:1137-52, Dec., 1956.

might be provided through special courses in local schools or through vocational schools. Such training must be comprehensive, in line with abilities of the students, and also relevant to the needs of the nonfarm job market in the most sophisticated sense possible. Subsistence allowances might be provided during training in the same fashion as the GI training program for World War II veterans. Individual job placement assistance might be provided, going beyond the mere provision of information about job openings in various areas. This could be coupled with the payment of moving costs for men accepting a job in another location. A subsistence and rental allowance might be provided for a specified period such as one year, after a man has accepted a job, to offset various kinds of special costs accruing to people in the process of making this type of adjustment.

In terms of the kinds of societal resources which we are prepared to devote to a number of purposes from time to time, including other aspects of agricultural policy, it would seem that this is an example of an area for which our financial support has been rather meager, and to which we have devoted little imagination.

Relocation Assistance for Nonfarm Residents of Withdrawal Areas

The nonfarm sector or rural communities may have labor surpluses in the same way that we characterize agriculture. As in farming, we find people in small towns whose economic role may be justifiable only by their acceptance of very low imputed returns to their labor. The effects of resource withdrawal from a community's agriculture on the nonfarm sector should be a predictable phenomenon, and may be expressed in terms of the number of persons who may be displaced in the town by the withdrawal policy, assuming a minimum acceptable labor return in the town. Again, as in farming, the operators of businesses in the small town are of many economic types, including those who are getting started, those who are expanding and those who are contracting. In fact, a distinct class which appears to have come into being may be the retired farmer who starts a business, partly just to do something for which he gets a return low enough not to interfere with his social security payment. Thus, not everyone who operates a business or performs a service in a small town will choose to leave in response to either coercions or incentives. However, policy could be directed at assistance for some proportion within specified age limits who might choose to make a shift involving change of location or job.

Such means might be very similar to those already suggested for farmers, including retraining and moving subsidies. In the cases where the problem is one of moving a business to another location, or consolidation and reorganization, special credit might be made available through the Small Business Administration.

Industrial Development

Industrial development is regarded by some as a panacea for the cure of economic ills of small communities. There is a considerable amount of wishful thinking in many communities about the possibilities of attracting a new industry, and there are cases where uneconomic ventures have been subsidized heavily by a community for long periods of time only to prove incapable of survival.

Having introduced this note of caution, let us not, on the other hand, be too hasty in ruling out all possibilities for the introduction of industrial activities in rural communities. There are success cases, too. The development of industry in rural areas involves costs, but so does the outmovement of people. May there not be situations where new economic activity may be generated more cheaply in social terms in a rural area than the social costs of moving and reestablishing farm people, and setting up the educational and other facilities to service them, in already heavily industrialized areas?

This question calls for sophisticated analysis and planning on both national and state levels; it involves much more than salesmanship and brochures produced by chambers of commerce and state industrial development commissions. First there is needed research directed at the possibilities, resource requirements and limitations related to "industrial development" in rural areas. There has been some description of labor and natural resources in rural communities toward this end, but little analysis directed at the cause-effect relationships involved. It should be possible to classify rural communities with respect to the factors making up their potential for nonagricultural economic activity, and similarly to classify industries with respect to their adaptability to such communities. Perhaps for some kinds of industries the marginal factors relative to their location in rural communities may be less stringent than commonly thought.

Admittedly the rural community referred to here is the "farm city," rather than its surrounding satellite towns and villages. The latter will become more and more subsidiary to the farm city in a relationship similar to those between metropolitan areas and suburbs.

Let us assume for the moment the availability of information on social and private costs, and consequences associated with the locations of industrial activity, and that these facts bear out the hypotheses inferred above. It would appear that much more planning and policy attention could be given to the locational aspects of industrial development than has been the case in the past, particularly at the national level. Except in times of emergency, industrial development has gone its own way, with society following along and making such adjustments and additional investments as are forced upon it.

Grants-in-Aid to Local Communities

As we have seen, the type of economic retrenchment involved in a land withdrawal program will have definite impacts on various types of local governmental and quasi-governmental services. The problem, when the chips have all fallen, will be whether the local facilities can be left as effective in providing services for the people who remain as they were before the program. Admittedly this will call for reorganization on the part of these facilities. Grants-in-aid might facilitate the reorganization of the services, encourage changes which are presently desirable and keep the financial burden from descending upon those who remain. For example, aid might be given to counties to cover the expenditures associated with the closing of public roads in areas of heavy population loss. Similarly aid might encourage the consolidation of school facilities whose efficiency has been affected adversely. Funds might be used to purchase power and telephone facilities made excess by reduction in population; in addition, payments might be made to utility systems in lieu of lost revenues for a specified period, say for three years, under the condition that service to those who remain be unimpaired. The consolidation of counties in affected areas might be encouraged by funds for the movement of equipment and materials and renovation or construction of facilities designated as the permanent centers after consolidation. Perhaps both federal and local offices might be consolidated in this process. The longer the period given for the total adjustment, the more costs of this type which can be depreciated out, and the fewer which might have to be subsidized.

A NOTE ON THE STATE OF KNOWLEDGE

It has been obvious throughout the foregoing discussion that there is much we don't know about the economic and social causes and effects associated with the types of land withdrawal programs assumed as they relate to the affected communities. Some of the research needs implied are very complicated, and the data subjective. Yet it is to be hoped that programs of this type might be initiated and administered with the benefit of as much information as possible if the desired long-run effects are to be accomplished. Specifically, we need more data on which farm tenure types are most vulnerable and most apt to shift in response to the program. We need to know more about the types of community "multipliers" which hold for various types of rural communities so as better to predict the impacts of farm population withdrawal on the nonfarm sector. What are the per unit costs of services as related to population dynamics? What of the job market? Can we really do an effective job of identifying job opportunities in sectors in which growth is taking place, train human resources for these jobs and then bring man and job together satisfactorily? What kinds of training will actually make people useful in these growth sectors? How best can communities be organized to participate in the type of economic retrenchment activities which would seem on the surface to violate traditional values and orientations of city councils and chambers of commerce? Can this actually be done? What of the possibility of replacing agricultural production activity in the rural community with other types of economic activity which would absorb its surplus labor? These questions illustrate the complexity of the subject which has been covered rather hastily and superficially in this chapter.