

3714 ECONOMIC OPPORTUNITY ACT AMENDMENTS OF 1967

Obviously then, the time is in sight when the out-migration will begin to decline and eventually become a minor factor.

Thus the problem of under-employment and unemployment of those moving out of agriculture will be alleviated in the discernible future.

But what of the interim?

STABILIZE EMPLOYMENT IN AGRICULTURE?

Among the proposals advanced in this connection is that by some means (not usually specified in workable detail) we should halt the decline of farm population and employment.

To an organization whose future membership will be determined by the number of people in agriculture, this proposal has a natural appeal.

Yet this would be a backward step which would stabilize, not reduce, poverty in rural areas.

Between 1956 and 1966 average productivity per farm worker (farmers, farm family members and hired workers) increased 90%. This trend will certainly continue in the discernible future. Under these circumstances to try to stabilize the number of people engaged in such production is futile. Programs which encourage people to enter or to continue in an agricultural operation at a lower than average level of productivity lead to a dead-end street—particularly for young people. It should also be noted in this connection that the average investment per farm in the United States is \$71,000. To endeavor to continue in agriculture a larger number of persons than needed to produce the nation's food requirements would reduce average farm incomes and, in the long run, result in higher costs to consumers than would otherwise be the case.

Despite the trends noted above it is still true that many farmers have insufficient acreage to utilize modern technology or to provide the operator with full time employment on an efficient basis.

In many cases the problem of such farmers can best be solved by credit programs enabling qualified operators to put together efficient economic units. This is a major purpose of the Farm Credit System and the Farmers Home Administration programs. But this consolidation of farms into economic units involves a further reduction, not an increase, in agricultural employment.

In the light of the economic facts reviewed above, we doubt that the rural programs provided in Part A of Title III of the Act can make any dent at all on the problem of poverty in rural areas. In fact, if such measures encourages individuals to defer making an adjustment they must make sooner or later, the programs can defeat the purpose of the Act.

INCREASED INDUSTRY IN RURAL AREAS

A proposal of more current interest is to promote the development of industry and related economic activity in rural areas.

In a number of fortunate situations, the development of non-farm businesses in rural areas has tremendously aided unemployed and partially employed farm and rural people to obtain employment. In hundreds of rural areas industry and commerce is expanding rapidly and providing employment opportunity for growing numbers of people.

This is an extremely desirable development since individuals can make an adjustment under such circumstances with a minimum of difficulty.

The major factors affecting the development of industry in a particular area are—

1. The delivered costs of raw materials, component parts, fuel power, etc. in a particular area as compared with the costs in other areas.

2. The costs of transportation and marketing of products from a particular area as compared with comparable costs in other areas.

Where these factors are favorable in a particular area it is likely that employment opportunity in such area is growing and will continue to grow, regardless of loans and/or grants for economic development in such area.

Where these factors are not favorable in a particular area it is unlikely that employment opportunity in such area will grow.

Most additional employment in the U.S. will develop in areas where economic growth is already occurring.

Many rural areas are part of, or adjacent to, an area with locational advantages in which additional employment opportunity will naturally and logically develop. Many rural areas are not.