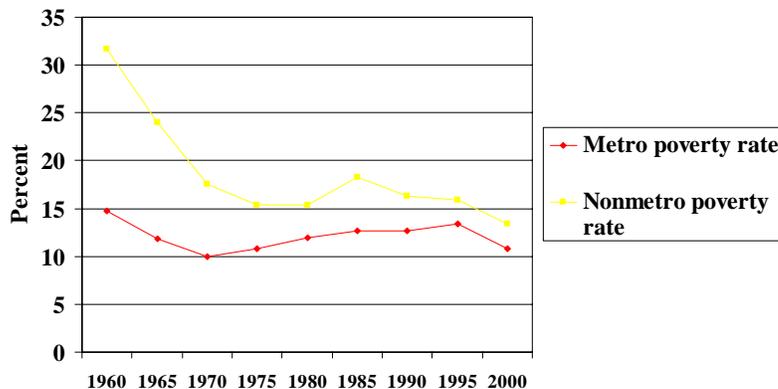


**Rural Renaissance:
New Policy Questions for the Carter Administration**
Anne B. W. Effland

As the new Carter Administration took office, the growing recognition of a startling demographic trend, eventually named the "Rural Renaissance," began to affect attitudes about rural policy. In a 1975 publication, demographer Calvin L. Beale of the USDA's Economic Research Service had reported a reversal of the rural-to-urban migration pattern that had prevailed in the United States since World War II. After losing 4 million in population during the 1960s, rural areas—or more precisely, nonmetropolitan counties—gained nearly 3 million during the 1970s. Moreover, the turnaround resulted not only from fewer people leaving nonmetro counties, but also because more people were moving into nonmetro counties from metropolitan areas. Although the rural or nonmetro counties with the greatest population increase were located adjacent to metro areas, nonmetro counties remote from metro areas also gained population at a faster rate than urban areas.¹

Beale and others cited decentralization of industry, increased rural employment in trade and service industries, slowing losses of population in agricultural and traditionally Black counties, the rise of rural recreation and retirement communities, and the expansion of rural State colleges and universities as responsible for the increases in rural population. Beale also noted a preference for rural or small town living as indicated by urban respondents to a national survey of residential preferences. Improved transportation—including expansion of the Federal interstate highway system, advances in communications systems, and increased employment opportunities—allowed urban individuals and families to choose to live in smaller communities and allowed rural residents to remain in the countryside. Nonfarm employment increased 16 percent in nonmetro counties from 1970 to 1976, double the rate for metro areas during the same period. At the same time, rural poverty fell nearly 13 percent in nonmetro areas, while urban poverty increased over 21 percent (fig. 7).²

Figure 7--Metro and Nonmetro Poverty, 1960-2000



Source: Calculated by Economic Research Service, USDA, using data from Bureau of Economic Analysis, U.S. Dept of Commerce

The impact of these changes for rural development policy was twofold. On the one hand, those wishing to reduce spending suggested that rural America had begun to thrive again on its own and so needed no special Federal attention. On the other hand, those advocating a stronger rural policy claimed the changes showed the effectiveness of Federal rural policies and added that continued intervention was needed to help rural counties cope with population growth. The conflict between these two points of view fueled debate on the question of Federal rural policy over the next 15 years. An additional issue arose for those counties experiencing the greatest influx of new residents. Migrants from metropolitan areas frequently had high expectations for government services, particularly in the area of public utilities, roads, education, and recreation; providing these new services strained small local governments and increased their demand for Federal rural infrastructure assistance.

These rural challenges occurred in the context of a lingering recession affecting most of the Nation. The Carter administration responded to that economic distress by pushing for an economic stimulus package providing increased Federal funds for local public works and public service jobs, and for increased revenue sharing to assist State and local governments in responding to economic distress. Although these programs helped rural as well as urban areas, they used up money that might have gone for increased funding for programs targeted specifically to rural people and places. And, as inflation continued to put pressure on the Federal budget over the next 4 years, increasing Federal outlays commensurate with inflation became a challenge for rural programs. The Carter rural policy agenda suffered from growing fiscal restraint almost as soon as it was announced, severely restricting the administration's ability to implement its rural policy.

Re-Evaluating Rural Development Needs

Advocates of a federally directed rural policy expected advancement of their cause with the election of Democratic President Jimmy Carter in 1976. Carter himself had a rural background and had been involved in rural development efforts in the South, as had a number of his high-level appointees, including Secretary of Labor Ray Marshall; Secretary of Health, Education, and Welfare Juanita Krebs; and White House Assistant for Intergovernmental Affairs Jack Watson. Within months of taking office, Carter met rural advocates' expectations by establishing two committees to analyze rural development efforts from different perspectives.

The first, the Task Force on Rural Development Issues, organized in May 1977 as part of the annual budget review, involved members from nine departments and agencies working through the Assistant Secretaries Working Group for Rural Development, chaired by USDA's Assistant Secretary for Rural Development. By October 1977, the Task Force reported to the Secretary of Agriculture.³

The Task Force found that five overall areas of weakness had hampered Federal rural development programs. First, they had not helped State and local governments build their capacity to administer rural development programs effectively. Second, they had concentrated too heavily on investment in the public facilities infrastructure in rural areas, without stimulating private sector employment in those areas and without investing comparably in human resources and new technologies. Third, Federal rural programs had not sufficiently targeted the special needs of the disadvantaged. Fourth, Federal programs had not supported research and documentation of the problems of rural areas and their potential solutions. Finally, although Federal assistance programs had grown for rural areas, they had done so without a focused Federal rural development policy.⁴

In response to the weaknesses identified by the Task Force, the group proposed three objectives to guide the formation of a national rural development strategy. The first and second objectives responded to the needs of the rural disadvantaged: (1) "Expand economic opportunity through improved access to better jobs and income for low-income and underemployed rural people and assist in adjustment to structural economic change that results (or is likely to result) in chronic unemployment;" and (2) "Provide access to a minimum acceptable level of essential public facilities and social services for all rural people." The third objective spoke to the need for building administrative capacity at the State and local levels: (3) "Strengthen the planning, management, and decision making capacity of public (and private) institutions concerned with economic opportunity and quality of life in rural America."⁵

These three objectives of a national rural development strategy spawned a series of questions the Task Force recommended be considered further by a continuing study group. The Assistant Secretaries Working Group for Rural Development acted as that study group and worked closely with the White House Domestic Policy Staff through Jack Watson, Assistant to the President for Intergovernmental Affairs and Secretary of the Cabinet. Early efforts focused on developing an explicit rural policy for the administration, to balance the attention being paid to the development of an urban policy, and to address the problems identified by the Task Force directly and comprehensively. But as urban problems proved more intractable and budget constraints loomed, the White House settled on preparing a series of more limited initiatives on selected policy issues, to be followed later by a comprehensive policy statement if the initiatives went well.⁶

The White House Initiatives

The "White House Rural Development Initiatives" became the interim rural policy of the Carter administration until a comprehensive statement could be developed. These initiatives were intended to respond to concerns expressed by State and local officials with several "doable" projects that would make White House interest and involvement in rural issues visible. Following a series of local hearings, meetings with public interest groups and members of Congress, and field visits, White House staff chose five areas for immediate attention. Working groups for each of these areas, composed of representatives from all involved Federal funding and granting agencies, prepared interagency agreements to simplify and coordinate access to their services and improve rural development programs using already existing authorities. In most cases, these interagency agreements reduced duplicative application procedures or improved the targeting of grants and loans. Reports announcing the initiatives appeared periodically from late 1978 into early 1980: Health Care (October 1978), Water and Sewer Projects (December 1978), Transportation (June 1978), Housing (January 1979), Energy (May 1979), and Area Development from Large-Scale Construction (January 1980).⁷

In the Health Care initiative, FmHA and the Department of Health, Education, and Welfare (HEW) agreed to cooperate on choosing sites and providing funding for 300 primary health clinics in rural areas. In addition, HEW and the Department of Labor (DOL) agreed to use funds from the Comprehensive Employment and Training Act (CETA), a Federal employment and training block grant program created in 1974, to train migrant and seasonal farmworkers as medical support staff for these clinics.⁸

The Water and Sewer Projects initiative produced an interagency agreement among EPA, FmHA, EDA, and HUD to standardize definitions and coordinate environmental assessments, application forms and reviews, construction inspections, and auditing and reporting

requirements. Agreements also developed a system of pre-application conferences with communities to determine how different agencies might coordinate in jointly funded projects and an effort to create consistent compliance requirements with cross-cutting laws and executive orders.⁹

The Transportation Working Group developed several initiatives. One coordinated the Civil Aeronautics Board (CAB), Federal Aviation Administration (FAA), EDA, FmHA, and the Small Business Administration (SBA) in targeting assistance to small community airports and commuter airlines wishing to serve small communities. Another brought the Federal Railroad Administration (FRA), EDA, and FmHA together to coordinate funding to rehabilitate railroad branch lines. A third coordinated social service and public transit programs among six Federal agencies. This initiative offered CETA funds to train and place drivers, mechanics, and dispatchers; to provide surplus government vans to rural public transport systems; and to cooperate with insurance providers and regulators to make insurance for public transportation affordable in rural areas. A fourth promoted rural ridesharing (carpools and vanpools) by coordinating efforts of Community Action Agencies, the Cooperative Extension Service, the IRS, EDA, and Department of Energy (DOE).¹⁰

The Housing initiative involved only one agency, creating a set-aside of FmHA funds to support 10 demonstration projects of elderly congregate housing with onsite social services provision. One of the Energy initiatives, however, brought together 9 agencies to target funds for up to 100 small-scale hydroelectric plants for local energy supply. The other two Energy initiatives coordinated funding from multiple agencies to assist construction of fuel alcohol plants and to fund feasibility demonstrations of unconventional sources of energy for local development.

The final initiative, Area Development from Large-Scale Construction, followed the Federal announcement of the President's rural development policy. It was the first effort to follow through on the "action agenda" set forth in that comprehensive policy, and featured guidelines to rural communities for breaking the traditional rural boom and bust cycle by gaining long-term, equitable benefits from large-scale construction projects.¹¹

Meanwhile, the second committee appointed by Carter to analyze the state of Federal development programs, the OMB Reorganization Project Local Development Study, began a review of the organization and structure of significant Federal local development programs in July 1977. Although their work entailed urban as well as rural development programs, such major rural programs as FmHA community development and housing programs, the Appalachian Regional Commission, and TVA, received scrutiny. The study group considered an array of options to solve problems of duplication, poor coordination, and jurisdictional confusion among rural programs, including consolidation, changes in the balance of loans, loan guarantees, and grants, improved local coordination and administration, and improved Federal-level coordination. By the end of 1977, the study group had recommended fundamental structural changes to create a new Federal Department of Development Assistance. As it did with the recommendations of the Task Force on Rural Development Issues, the administration chose to follow the short-term path of improved Federal-level program coordination of existing programs, reserving comprehensive change for later.¹²

Appointments in the Department of Agriculture confirmed expectations that the administration would pay special attention to rural America, and especially to disadvantaged areas. Secretary of Agriculture Bob Bergland appointed Alex Mercure as Assistant Secretary for Rural Development. Mercure was an outspoken supporter of educational and development

programs for the rural poor and minorities and had most recently served as vice president for regional and community affairs at the University of New Mexico. To head the Farmers Home Administration (FmHA), Mercure chose Gordon Cavanaugh, a lawyer, former housing director for the city of Philadelphia, and most recently Executive Director of the Housing Assistance Council, an independent organization financed by HUD grants, that helped the rural poor with housing issues. Cavanaugh in turn appointed James E. Thornton as his associate director because of his rural development experience on the staff of Senator Hubert Humphrey, particularly in preparing and implementing the Rural Development Act of 1972. Finally, William J. Nagle, who served during the Kennedy and Johnson era with the Peace Corps, the Area Redevelopment Administration, and the Economic Development Administration, and as Director of Economic Development for the State of Maryland, took over the Rural Development Service.¹³

FmHA as Rural Development Agency

Despite what appeared to be a clear commitment to rural development in USDA appointments, one of the Administration's first actions was to transfer the independent Rural Development Service (RDS) into the traditionally agriculture-oriented FmHA. Although Cavanaugh and Nagle did not favor the consolidation, Secretary Bergland and Assistant Secretary Mercure believed RDS would be less vulnerable to the Congressional criticism it had incurred in the past if it were part of the larger, old-line FmHA. Mercure and Bergland also believed that bringing RDS into FmHA would create a stronger rural development agency that combined the planning and coordinating functions of RDS with the program functions of FmHA. As a result, FmHA became the lead rural development agency within USDA.¹⁴

During the first year of the Carter presidency, before its transfer to FmHA in 1978, RDS continued to operate much as it had under the Nixon and Ford administrations. The Rural Development Leaders Schools continued into 1978; the Federal Assistance Programs Retrieval System (FAPRS) database remained a service of RDS until it was transferred to OMB as part of the 1977 Federal Program Information Act; and local governments worked with RDS staff to coordinate granting and lending programs. When RDS officially became part of FmHA in August 1978, Nagle, who became an associate administrator of FmHA, reorganized the RDS staff, now called the Rural Development Policy Management and Coordination group, to focus almost exclusively on planning. Nagle ended the Rural Development Leaders Schools as part of this reorganization, reasoning that they had become too expensive for the now-smaller organization and were no longer training high-level community leaders as originally intended.¹⁵

In addition to integrating rural development planning in FmHA through RDS, Cavanaugh reorganized field offices to better serve the needs of rural borrowers. Rather than require local county offices to handle the increased rural development lending administered by FmHA, Cavanaugh gave that responsibility to the 302 district offices, where specialists in rural development work could provide the expertise to use these funds most wisely. To facilitate FmHA district cooperation with increasingly popular multicounty development work, the districts were reorganized to better match sub-State planning districts.¹⁶

The RDS planning staff worked with rural development specialists from the district offices to determine the best use of FmHA rural development program funds. The district plans would be passed to State FmHA directors and incorporated into State rural development plans. In about three-fourths of the districts, this exercise produced annual plans outlining priorities and cooperation. The districts also had some success in incorporating minority participation

objectives into FmHA lending programs. State plans were used to help judge the performance of the actual lending programs.¹⁷

Despite numerous policy statements suggesting increased support for nonfarm rural development lending programs, FmHA's focus on farm lending continued to take precedence in the agency and even increased as a proportion of total loans and loan values over the levels existing at the end of the Nixon and Ford period. Following the American Agriculture Movement protests in early 1978, the Emergency Agricultural Credit Adjustment Act responded to the difficulties facing farmers as a result of inflation--which brought increasingly expensive credit--and falling prices, which were exacerbated by Federal policies like the 1979 embargo against U.S. grain shipments to the Soviet Union. In addition to imposing loan ceilings and tying interest rates to the cost of government borrowing, the new legislation created special low-interest loans for disaster relief and for assistance to entry-level and limited-resource farmers. By the end of the decade, farm loan levels had risen to 53 percent of the total number of FmHA loans and 49 percent of the total value of FmHA credit, compared with 42 percent and 34 percent, respectively, at the beginning of the Carter administration in 1977. Moreover, despite the Carter administration's efforts to target both farm and nonfarm assistance to persistently disadvantaged people and places, over 80 percent of increased appropriations received by FmHA between 1977 and 1980 went to emergency farm and business loans.¹⁸

As economic stress in the farm sector increased and investigations made clear that larger borrowers with better ability to repay loans were receiving increasing shares of FmHA farm loans, the agency began a 6-year pilot program, in cooperation with the Ford Foundation, the Southern Development Foundation, and several other Federal agencies, to provide special assistance to small, limited-resource family farms. Technical assistance, grants, and loans were targeted to help these low-income families establish specialty crop farms and market their produce cooperatively. At the same time, FmHA adopted a policy of making 25 percent of the value of farm ownership and operating loans available only to limited-resource farmers. According to a GAO review of this effort, FmHA more than met its 25-percent goal in 1980, loaning 33 percent of the credit available for ownership and operating loans to limited-resource farmers. The 25-percent set-aside became law in the Consolidated Farm and Rural Development Act Amendments in October 1980.¹⁹

The housing and community loan programs of FmHA suffered from the same tight Federal budgets and high-cost credit that forced changes in the farm loan programs. In the face of these constraints, administration and congressional support for housing programs focused on targeting assistance to low-income borrowers and developers of housing for low-income renters. As the Carter administration took office in January 1977, a lawsuit brought by the Rocky Ford, Colorado Housing Authority over the Ford administration's refusal to implement rural rental assistance ended in a judgment against USDA. Later in the year, before USDA's response to the new requirement had been formulated, Congress passed the Housing and Community Development Act of 1977, which provided again for FmHA rural rental assistance, as well as for renewal and expansion of the loan and grant programs to low-income housing owners for repairs, and to developers of migrant labor housing.

Sixty percent of lending for rural single-family homes and rural rental assistance was reserved for low-income borrowers, and lending was authorized to developers of rural housing projects for the elderly and disabled. Amendments in 1978 created a home ownership loan to borrowers unable to meet even a 1-percent interest rate, as an alternative to the rural rental housing subsidy in areas where rental housing was unavailable. The program offered the same

subsidy for housing costs—mortgage, taxes, utilities, and maintenance—available through the rental program, keeping costs for borrowers no higher than 25 percent of their income. Congress never appropriated funds to support this program during the Carter administration because it was deemed too expensive.²⁰

As the cost of traditional homeownership loans increased with the generally rising cost of credit, the number of loans and grants for the rural rental housing program increased, as did lending for rehabilitation of existing residences. In 1977, 1,336 rural rental housing loans were made, valued at \$545 million, compared with 1,539 loans valued at \$881 million in 1980. Rehabilitation loans in 1977 totaling \$4.9 million were made to 2,000 elderly and very low-income individuals, compared with \$23.9 million for 8,600 borrowers in 1980. Despite these increases, however, FmHA housing assistance fell as a proportion of its lending activity. While 56 percent of FmHA borrowers received loans or grants for housing in 1977, that level declined to 45 percent in 1980. Housing assistance programs made up 43 percent of all FmHA expenditures in 1977, but only 33 percent in 1980.²¹

FmHA-funded community facilities programs continued to receive steady and sometimes increasing support during the Carter years. Planning grants under Section 111 of the Rural Development Act received appropriations in 1977 to support rural development planning and model programs to improve transportation, health care, housing, and community facilities services. Regional, State, and local planning agencies, both government and nonprofit, that could match them at a 25-percent level, were eligible for the grants. The Agricultural Credit Act of 1978 increased the amount of lending available for development of rural water and waste disposal systems, hoping to help small communities meet the increasing costs of such facilities in the face of inflation and new, stricter EPA regulations.²²

Business and industrial loans continued to take an increasing share of FmHA community development lending outlays. Successive measures under the Agricultural Credit Act of 1978 and the Consolidated Farm and Rural Development Act Amendments of 1980 expanded coverage of the loans and eased restrictions on eligibility for some loans. In 1977, 584 firms received \$350 million in FmHA loan guarantees and 143 community groups received \$9.9 million in grants for developing industrial sites, accounting for 16 percent of the total number of FmHA community loans and grants and 22 percent of their value. By 1980, 46 percent of the value and 27 percent of the total number of FmHA community loans and grants went to business and industrial projects. In that year, 1,356 firms and communities received nearly \$1.1 billion in business and industrial grants and loans.²³

Policy Statements To Refocus Rural Development

In March 1979, Agriculture Secretary Bergland issued a policy statement on rural development that updated the position of the Nixon administration. While the document reiterated many of the same goals identified by Nixon's Secretary of Agriculture, Clifford Hardin—improved employment and income, enhanced housing and community facilities, targeted programs to distressed areas, integrating the private sector and local governments in developing policies and programs, and improving planning and other capacities of local institutions—its focus on strong Federal involvement in rural development suggested differing philosophies about the government's role in development policy. The Nixon administration, with its emphasis on the New Federalism, had focused on State implementation of programs, downplaying the Federal role. Bergland also added an emphasis on assistance to low-income

families, minorities, and the elderly, which the Nixon administration had not done in its policy statement.²⁴

To facilitate the increased coordination of rural development policy in the Carter administration, Bergland re-established an Assistant Secretaries Working Group for Rural Development, chaired by the USDA Assistant Secretary for Rural Development and made up of assistant secretaries with rural development responsibilities from other Cabinet departments. The new policy offered additional Federal assistance to State and local governments by establishing State Rural Development Coordinating Committees made up of "appropriate USDA agencies, other Federal agencies, State agencies, colleges and universities, and private organizations." Secretary Bergland also established a USDA Rural Development Coordinating Committee "as a vehicle for coordinating rural development policy and activities within the Department of Agriculture and assisting State committees with their rural development responsibilities." Although the Carter administration stressed the need for a national rural development policy, the Federal approach to rural development policy continued to emphasize efforts by local communities and State agencies, rather than imposing national solutions.

By February 1979, White House staff involved in the rural initiatives began to see a positive response from rural interests and began preparing a presidential rural development policy to be announced sometime before the end of the year. To ensure that a broad representation of constituencies could voice their positions before formulating the details of the policy, the staff organized meetings with State governors; the Congressional Rural Caucus; the Rural Coalition, an organization of 50 national and regional groups interested in rural issues; and local government leaders and citizens. Some of the meetings took place in Washington; President Carter personally met with representatives of the Rural Coalition. Others took place during field visits by White House staff to rural areas around the country. After Federal departments and agencies involved in rural development programs had approved the document, the President formally announced the policy on December 20, 1979.²⁵

The Carter Administration Small Community and Rural Development Policy had two overall objectives: to develop a framework of goals and principles to guide program activity, and to take concrete action in support of these goals and principles through already established programs and institutions. The goals focused on providing for "basic human needs," full employment opportunities, management of the effects of population migration, and "responsible use" of natural resources and the environment. The principles recognized State and local priorities and powers, encouraged private investment, enhanced the capacity of State and local governments to obtain and use Federal funds, and targeted funds "to disadvantaged persons and distressed communities." All Federal program administrators, not just those responsible for rural programs, were requested to streamline their procedures, improve coordination, and consider special rural circumstances in administering programs to improve accessibility of all Federal programs to rural areas. In effect, the new policy combined the poverty focus of the Kennedy and Johnson rural policy with the State and local direction of the Nixon and Ford New Federalism.²⁶

The action agenda portion of the policy translated the goals and principles of the administration into specific program and legislative initiatives, and was essentially an expansion of the earlier White House Rural Development Initiatives. The agenda addressed rural needs in the areas of housing; health; education; income maintenance, social services and legal aid; job creation; economic development; energy; transportation and communications; capacity building; and environmental stewardship. Over 200 separate actions appeared in the 1979 policy

announcement. The list changed continually, however, as some actions were accomplished and others were added when new needs were identified.²⁷

The policy document incorporated organizational changes to promote the action agenda and goals of the rural policy as part of the policy document. Those changes had two aims: to better coordinate the many Departments and agencies responsible for programs affecting rural areas, and to facilitate State and local involvement in identifying needs and determining appropriate uses of Federal programs to address those needs. To improve Federal-level coordination, Carter raised the profile of the Working Group on Small Community and Rural Development and encouraged wider participation by appointing the White House Assistant for Intergovernmental Affairs and the Secretary to the Cabinet to co-chair the committee with a new USDA Undersecretary for Small Community and Rural Development, and by providing a staff to support the committee's work.²⁸

At the regional level, Carter appointed FmHA area coordinators to lead the Rural Development Task Forces that had been created during the Nixon administration as part of the 10 Federal Regional Councils. These appointments not only improved coordination, but also helped maintain USDA's leadership of Federal rural development initiatives in the field. To promote and assist State and local involvement in Federal rural program delivery, Carter directed the Secretary of Agriculture to appoint an Advisory Council composed of representatives of rural community interests, including public officials, community-based organizations, and business and financial concerns. Intergovernmental cooperation was further encouraged by inviting State governors to form State Rural Development Councils to work with Federal program personnel and Regional Councils to ensure consideration of State and local priorities in implementing rural programs. By October 1980, 40 governors had signed on to this program.²⁹

Congress Takes On Rural Development Policy

Soon after Carter issued his Small Community and Rural Development Policy, Congress made its contribution to the rural development policy arena with the Rural Development Policy Act of 1980. The Act had its origins in concerns that the 1972 Rural Development Act had not made clear how the USDA's leadership of rural development policy and programs was to be carried out. The 1980 law required the Secretary of Agriculture to develop national goals and strategies for the achievement of rural development, and specified that the Department was to develop a clearly delineated process for gathering information on regional, State, district, and local activities and for assessing the ability of leaders and administrators at those levels to identify needs and to develop goals and plans for rural development programs.³⁰

The Carter administration supported this Congressional effort to strengthen USDA's leadership of rural development, although it opposed a mandate in the legislation requiring the Secretary of Agriculture to develop a detailed 4-year strategy that required annual updates and evaluation. In a compromise with Congress, Carter accepted the strategic planning requirement in return for congressional authorization of a new USDA position, Under Secretary for Small Community and Rural Development, and for authorization of the increased use of rural development planning funds (under Section 111 of the 1972 Rural Development Act) to pay for specialists to help local governments prepare their Federal grant requests.³¹

President Carter signed the Rural Development Policy Act in September 1980. By November, Alex Mercure, USDA Assistant Secretary for Rural Development, was appointed to the new Under Secretary post. Defeat in the 1980 Presidential election, however, denied the Carter administration the opportunity to implement its new authority.

1. Calvin Beale, *The Revival of Population Growth in Nonmetropolitan America*, ERS-605, Economic Research Service, U.S. Dept. of Agriculture, June 1975; Secretary of Agriculture, Rural Development Progress, pp. 6,18.

2. Ibid.; John M. Wardell, "The Reversal of Nonmetropolitan Migration Loss," in *Rural Society in the U.S.: Issues for the 1980s*, eds. Don A. Dillman and Daryl J. Hobbs (Boulder, CO: Westview, 1982), p. 23-26

3. Sandra S. Osbourn, *Rural Policy in the United States: A History*, CRS Report for Congress No. 88-487, Congressional Research Service, The Library of Congress, July 13, 1988, 54; William J. Nagle and Kenneth L. Deavers, "Rural Development Issues," U.S. Department of Agriculture, October 20, 1977, unpublished ms. from the personal collection of Richard Reeder, Economic Research Service, USDA .

4. Osbourn, p. 54-55; Nagle and Deavers, p. 2-6.

5. Osbourn, p. 55; Nagle and Deavers, p. 6-9.

6. Nagle and Deavers, p. 9-10; Memo, Lynn Daft to Stu Eizenstat, December 5, 1977; Memo, Henrietta D. McArthur, Deputy Assistant Secretary for Rural Development, USDA, to Lynn Daft, Policy Staff, The White House, January 19, 1978; Memo, Lynn Daft to Stu Eizenstat, March 3, 1978; Memo, Lynn Daft to Stu Eizenstat, October 30, 1978 with attachment, Note, Bert to Stu, October 31, 1978; Memo, Lynn Daft to Stu Eizenstat, December 8, 1978. These materials, other than the Nagle and Deavers study, are all from the personal collection of Lynn Daft, former Associate Director of Agriculture and Rural Development, Domestic Policy Staff, Office of the President. Copies are in the Agricultural and Rural History Section, Economic Research Service, USDA.

7. Memo, Lynn Daft to Stu Eizenstat, December 8, 1978, Daft papers, ARH, ERS, USDA; *The Carter Administration Small Community and Rural Development Policy*, The White House, December 20, 1979, pp. 14-15, 18, 29, 33-34; *Making Water & Sewer Programs Work*, The White House Rural Development Initiatives, December 1978, p. 1-2.

8. Ibid.

9. *Small Community and Rural Development Policy*, p. 18; *Making Water & Sewer Programs Work*, p. 3-8.

10. *Small Community and Rural Development Policy*, p. 33-34.

11. *Small Community and Rural Development Policy*, pp. 12, 29; *Area Development from Large-Scale Construction: Planning and Implementation Guidelines*, The White House Rural Development Initiatives, January 1980.

12. Osbourn, *Rural Policy*, p. 56-58.

13. Norwood A. Kerr, "Rural Development and the USDA: 1977-1980," p. 7-9, unpublished manuscript, Agricultural and Rural History Section, Economic Research Service, USDA; Interview by Joseph C. Doherty with Paul R. Kugler, March 3, 1986; Interview by Joseph C. Doherty with Jim E. Thornton, April 16, 1986; Interview by Joseph C. Doherty with Gordon Cavanaugh, April 16, 1986; Interview by Joseph C. Doherty with Bill J. Nagle, April 25, 1986; and Interview by Anne B. W. Effland and Dennis Roth with Lynn Daft, November 19, 1991. These and all other interviews cited in this chapter are part of the Oral History Collection of the Agricultural and Rural History Section, Economic Research Service, U.S. Department of Agriculture, Washington, DC.

14. Ibid.; J. C. Doherty, "Rural Development and the Federal Bureaucracy: A 30 Year Search for Coherence," *American Land Forum*, Fall 1986, p. 44-51; Doherty interview with Jim

Thornton, May 16, 1986.

15. "Rural Development Service: What RDS Does," USDA, Employee Newsletter of the U.S. Department of Agriculture, Vol. 36, No. 17, August 17, 1977; Kerr, "Rural Development and USDA: 1977-1980," p. 8-9; Doherty interview with Kugler; Doherty interview with Nagle; Donald L. Nelson, *Silver Threads among the Gold: The First 25 Years of Community and Rural Development Programs*, USDA, Science and Education Administration, Joint Planning and Evaluation Staff Paper Series No. 80-PPS-08, November 1980, p. 22.

16. Kerr, "Rural Development and USDA:1977-1980", p. 9-10.

17. Doherty interview with Gordon Cavanaugh, April 16, 1986.

18. Congressional Quarterly, *Congress and the Nation: Vol. V*, p. 376-78; Kerr, "Rural Development: 1977-1980," pp. 16, 26.

19. USDA, Press Releases 1829079, August 3, 1979 and 2647-79, November 4, 1979; General Accounting Office, *Limited-Resource Farmer Loans: More Can Be Done to Achieve Program Goals and Reduce Costs*, GAO/RCED-81-144, August 31, 1981, p. 3; *Rural America*, November 1980, p. 10.

20. Congressional Quarterly, *Congress and the Nation: Vol. V*, pp. 436, 442; FYI/FmHA 179, July 20, 1979.

21. House Committee on Agriculture, USDA Budget Hearings: 1979, Part 5, p. 255 and 1982, Part 5, p. 944.

22. *Area Redevelopment Interchange 7* (November 1, 1977): p. 1-2; USDA, Press Release 1371-78, April 28, 1978; Kerr, "Rural Development: 1977-1980," p. 23.

23. House Committee on Appropriations, USDA Budget Hearings: 1979, Part 5 and 1982, Part 5.

24. Secretary's Memo. No. 1979, March 21, 1979, which superseded Secretary's Memo. No. 1667, November 7, 1969.

25. Memo, Stu Eizenstat and Jack Watson to The President, February 26, 1979; Memo, Lynn Daft to Stu Eizenstat, April 5, 1979; Background and agenda, "Meeting with the Rural Coalition, Thursday, October 4, 1979," from Stu Eizenstat and Lynn Daft; Memo, Lynn Daft to Stu Eizenstat, October 9, 1979; Memo, Stu Eizenstat and Jack Watson to Secretaries and Heads of Departments and Agencies, October 9, 1979; Draft, "The Carter Administration Small Community and Rural Development Policy [For the 1980's]," n.d.; Memo, Lynn Daft to Stu Eizenstat, December 12, 1979; Memo, Jack Watson and Stu Eizenstat to The President, December 17, 1979; Press Release, Office of the White House Press Secretary, "Remarks of the President," December 20, 1979. All materials part of the Daft papers, ARH, ERS, USDA.

26. *Small Community and Rural Development Policy*, p. 6-7; Lynn M. Daft, "The Rural Development Policy of the Carter Administration," in *Agricultural Communities: The Interrelationship of Agriculture, Business, Industry, and Government in the Rural Economy: A Symposium*, Congressional Research Service, Library of Congress, for the House Committee on Agriculture, 98th Cong., 1st sess., October 1983, p. 334-335.

27. *Small Community and Rural Development Policy*, p. 11-42; Daft, "The Rural Development Policy of Carter Administration," p. 335-336.

28. Doherty interview with Gary Madson, March 5, 1986.

29. *Small Community and Rural Development Policy*, p. 7-10; Daft, "The Rural Development Policy of Carter Administration," 336-337; Kerr, "Rural Development and USDA: 1977-1980," p. 6.

30. *Rural America*, October 1980 and November 1980; Public Law 96-355, September 24, 1980.

31. *Ibid.*