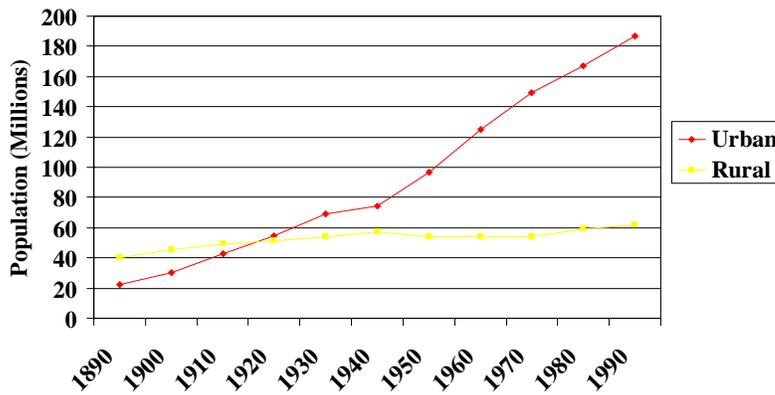


Introduction

Douglas E. Bowers

Rural policy has been on the American agenda since the Nation's beginning. During the past 100 years, rural problems have challenged policymakers and interest groups as the country evolved from a primarily agricultural Nation to one where over three-quarters of the population live in urban areas (fig.1) and farmers make up less than 2 percent of the workforce.

Figure 1--Rural and Urban Population, 1890-2000



Source: Bureau of the Census, U.S. Dept of Commerce, *Historical Statistics of the United States*, 1975, and Decennial Census, 1980-2000.

Rural development programs have been the focus of renewed interest in recent years as economic and social changes have brought the problems of rural America once again into public view. A reversal in the historic pattern of rural outmigration, the ongoing information revolution, and the greater exposure of rural areas to overseas trade competition have called previous rural development strategies into question. As such, any reassessment of rural policies can benefit from a better understanding of how rural development policies have evolved, which elements have remained constant, and what conditions make the present situation historically unique.

The Complexities of Rural Policymaking

Few areas of policymaking have been as fraught with difficulty as rural development and few programs have been harder to coordinate once put into motion. The massive scale of nonmetropolitan America, covering as it does some four out of five U.S. counties, has made many policy options too expensive or too diffuse in their effects to have a noticeable impact. Once seen as farm issues that could be addressed through agricultural policy, rural problems are now far more varied as rural areas have diversified to a point where less than a sixth of rural counties depend heavily on farming for personal income.

Some earlier solutions to rural problems have led to difficulties of their own. Better roads and automobiles, for example, have reduced the once sharp cultural differences between city and country. But, by widening the choices for marketing and consumption, they helped undermine the economies of many small towns dependent on local trade. Rural policymaking has been further complicated by operating within a political system more complex than that of any other modern democracy. Decisionmakers have had to deal with a Federal system divided between national, State, and local governments; a national government divided into three branches; and responsibility for rural development programs scattered among the branches themselves. Moreover, rural policy has had to contend with deep-seated feelings about the role of rural America in forming the Nation's character.

The government machinery and many of the issues that rural policymakers must deal with today have deep roots. Developments during the first century or so after the American Revolution determined both the form of government and the expectations that people had about government's role in rural affairs. The governments, State and Federal, created after the Revolution embodied a suspicion of power that has been a recurring theme in American history. To guard against any return of Britain's arbitrary rule, the Constitutional Convention of 1787 carefully apportioned power among three separate branches of government and further divided the legislative branch into two chambers. Nor did the States, which were similarly constituted, readily concede power to the Federal Government. The Civil War may have ensured the supremacy of national government, but by no means did it end power of the States, which often argued that programs belonged to them rather than the Federal Government. Moreover, when political parties settled into their modern form in the 19th century, they generally avoided the sharp ideological contrasts that have characterized parties in other democratic countries. The result has been a style of government that has discouraged quick policy changes and has often required a slow consensus building before a major policy change can take place. Rural development policy, crossing as it does all the various levels and branches of government, has been a particularly difficult challenge.

Nineteenth Century Rural Policies

The founders' distrust of power was complemented by their belief that government had only limited functions to perform and that it ought to perform them with a rigorous economy befitting a republican government. Since that time, there has been a nearly continuous debate over which matters belong to government and which to the private sector. Yet, Americans never expected their governments to remain completely on the sidelines. From its inception, when about 90 percent of the people lived on farms, the United States had what may be considered a rural policy. This policy was based on the desire to develop the country's vast interior and the belief that rural life--especially on the farm--had virtues that were essential to the preservation of liberty. Thomas Jefferson best summed up the prevailing belief about farmers in the early republic when he declared that, "Those who labour in the earth are the chosen people of God...whose breasts he has made his peculiar deposit for substantial and genuine virtue." Cities, Jefferson feared, bred poverty and dependence, while land-owning farmers had enough autonomy and strength of character to ensure the preservation of democracy.¹ Thus, to Jeffersonians, farm communities and the rural craftsmen supporting them in villages and small towns were to be the bulwarks of the new republic. Even early advocates of industry looked to

the countryside rather than the cities as ideal sites for factories. Gristmills, sawmills, textile mills and many other industries depended on water power to operate machinery. Rural factories "by the fall of waters and the rushing stream," as the Society for Encouragement of Domestic Manufactures put it, would use a clean form of energy and give industrial workers the benefit of country life. When Boston capitalists opened their textile factories in the new town of Lowell, MA in 1822, they expected to save the United States from the industrial squalor then overtaking parts of England.²

Thus, many 19th century Americans favored policies that would keep the Nation rural, and much legislation had this as its intent. The Louisiana Purchase of 1803 and subsequent acquisitions in the Southwest added enormously to the supply of potential farm land. Land disposal laws made it progressively easier for farmers to purchase undeveloped land from the huge public domain. An act in 1796 offered 640-acre tracts to the public at \$2 per acre. This was succeeded by laws gradually lowering the price and minimum purchase until the Homestead Act of 1862 gave prospective homesteaders 160 acres of land if they would live on and improve it for 5 years.

Transportation received much government assistance. States went deeply in debt to build canals. They chartered and often subscribed to railroads and turnpike companies, which attempted to pave the country's muddy system of rural highways. The Federal Government extended some aid to roads, canals, rivers, and harbors, and made extensive land grants to western railroads. These improvements lowered the cost of marketing farm products and enabled farmers to move to areas far from the more densely settled East. The Government's banking and tariff policies varied, but until the late 19th century they generally worked to increase credit and encourage agricultural trade. In education, the United States was the first nation to begin a system of mass schooling for its citizens. This began on the local and State levels, but Federal policy encouraged it by reserving part of public domain sales for common schools in Federal land areas. In 1862, a system of land-grant colleges ensured that rural people would have access to higher education.

These development policies had important consequences for rural areas. While those who otherwise would have lacked sufficient capital to enter farming benefited from cheap land, disposal policies also helped prevent the subdivision of land into unprofitably small units, a persistent problem in many older societies. The relatively large size of American farms coupled with the shortage of labor for hire (partly caused by the ease of farm ownership) forced U.S. agriculture to mechanize and pursue agricultural efficiency. From the outset, agricultural exports were one of the driving forces of the growing American economy. Every improvement in transportation helped commercialize agriculture more and forged stronger economic ties between farmers and distant markets.

On the other hand, rapid disposal of the public domain had less fortunate implications for rural society. The rush to buy desirable land spread settlement much more thinly than would have occurred otherwise. Many of these new communities lacked the resources to build adequate roads and other infrastructure. Rural towns in less populated areas, whose market hinterlands were limited by poor transportation as well as low population, were often too small to support the level of marketing, purchasing, and credit services that a larger population base would have permitted.³ Nor was the public school subsidy sufficient to prevent communities from having to rely principally on their small local tax bases to pay for schools. The

Government's development policies were implemented at a time when natural resources seemed inexhaustible. Little thought was given to the conservation of soil, trees, or minerals. Only later would the effects of this exploitation be appreciated and reversing the damage made a part of rural policy. Finally, the Government's policy of placing Native Americans in reservations isolated them from the general economy and would complicate future development efforts.

The Rise of Cities

Despite policies favorable to widespread land ownership, the Jeffersonian dream of a permanently rural Nation was eroded by the rise of large cities in the 19th century. With only 2 towns larger than 25,000 inhabitants in 1790, the United States had 38 cities with more than 100,000 residents by 1900. The urban population--those living in towns of 2,500 or more--had grown in this period from 5 percent of the total to 40 percent.⁴ When steam power superseded water power by midcentury, the growth of factories in rural areas tapered off. Towns that had relied chiefly on commerce became industrial centers when manufacturers opted to be closer to the centers of transportation, labor, and capital. Even some rural factories had spawned cities around them. More and more, economic decisions and cultural tastes were determined by urban dwellers. Yet Americans did not lose their emotional attachment to rural life nor their concern that cities might subvert republican virtues. By the 1850s, landscape architects such as Andrew Jackson Downing and Frederick Law Olmsted were urging the benefits of bringing the country to the city by means of large parks. New York's Central Park was only the first of many romantically landscaped urban parks that attempted to give urban dwellers green areas for relaxation and exercise reminiscent of the countryside. Urban boosters often argued that large cities expanded the market for agricultural products, thus putting a floor under farm prices.

To rural Americans, however, the growth of cities was ominous. Stories of labor unrest, crime, corruption, and waves of impoverished foreign immigrants who populated vast urban slums did nothing to dispel Jeffersonian warnings about the danger that cities posed to democracy. As business became more urbanized, it also became more concentrated. Monopolies, trusts, and holding companies came to dominate some major industries, including several that affected farmers. Concentration of ownership occurred in flour milling, meat packing, agricultural machinery, sugar, tobacco, and other commodities of interest to farmers. Moreover, the railroads on which farmers increasingly depended often charged whatever the traffic would bear in rural areas, where they seldom had competition. Grain elevators, many owned by railroads, were frequently local monopolies that could determine the price of grain by the way they chose to grade it. Behind the rise of these new industries lay a banking system that farmers regarded as stacked against them, charging high interest rates for mortgages and short-term loans during a time of overall deflation.

Changes in agriculture itself were having unsettling effects on rural areas in the decades following the Civil War. Widespread adoption of agricultural machinery--reapers, threshers, and better plows, for example--rapidly increased the productivity of individual farm workers and reduced the demand for labor. The use of machinery usually improved the economic condition of individual farms which, in turn, brightened the outlook for rural towns. While farm population stabilized between 1890 and 1940, rural population as a whole continued a slow, steady growth. But many farm children found better opportunities in cities rather than the countryside.⁵ Moreover, productivity gains and the bringing of new western land under

cultivation put a downward pressure on farm prices for the final third of the century. This was especially disturbing to farmers because they were becoming more dependent on purchased inputs and, therefore, more susceptible to the effects of overproduction.

Farmers throughout the country had to make serious adjustments to changing economic realities. The Great Plains, Pacific Coast, and parts of the Midwest saw many new farms from the Homestead Act and railroad land sales. In dry land areas, settlement moved back and forth as rainfall permitted or discouraged cultivation. The large gains in grain acreage and the spread of railroad lines made western growers more than competitive with eastern growers. Southern States, recovering from the Civil War's destruction of its slavery and plantation system, moved increasingly to tenancy and the monoculture of cotton, which left the South as the poorest rural section of the country. Eastern farmers had to adapt to competition from cheap western products. In New England, communities stagnated, leaving few prospects for young people either on farms or in towns.⁶

Toward the 20th Century

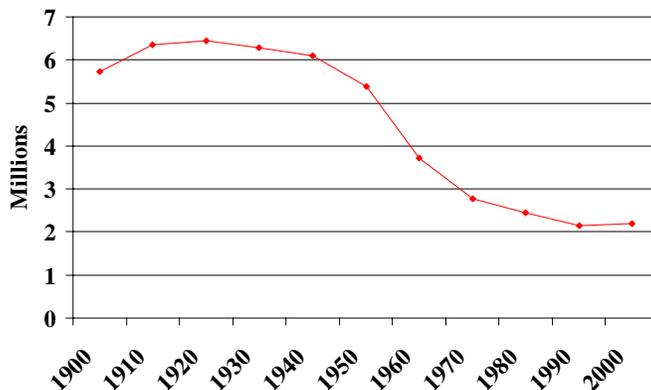
By the late 19th century, rural citizens were becoming very uneasy about the country's direction. Although paeans to country life continued unabated from rural and urban writers, people living in rural areas believed that they were being left behind politically, economically, and culturally by the increasingly powerful urban centers. Agricultural wealth as a percentage of national wealth dropped from nearly 40 percent in 1860 to barely 16 percent in 1900. Moreover, when the Bureau of the Census noted the closing of the frontier in 1890, it seemed that the long era of cheap land for new farmers had finally ended. As farmers' numbers declined after the Civil War, they began to regard themselves as an interest group with unique demands. Postwar farm groups such as the Grange, the Farmers' Alliances, and the Populists searched for ways to keep farming economically viable in this new world. One popular response was the founding of cooperatives to pool buying and selling by individual farmers and to eliminate middlemen. Though some cooperatives were successful, many others failed from inexperienced management. To many farmers, the answer lay in politics--in supporting a variety of regulatory and macroeconomic reforms and, in some cases, running farm candidates independent of the major parties. The two most persistent demands were for the regulation of railroads and grain elevators and for inflationary currency policies, such as the free coinage of silver. Other ideas in the air were for postal savings banks to expand rural credit, the breakup of monopolies and trusts, new tax policies to lessen the dependence on property taxes, and even a plan for government warehouses to enable farmers to borrow against their crops while waiting for the market to rise--a concept that finally found expression in the price support policies of the New Deal in the 1930s.⁷

This new interest by farmers in government policies came at a time when Americans were rethinking their views of the proper role of government in the economy. Rural people were by no means the only ones worried about the future of America. Industrialization had come at a high cost--urban slums, poorly paid labor, dangerous working conditions, monopoly control of a number of key industries, disregard for the environment, and extremes of wealth and poverty that contradicted the United States' reputation as a land of opportunity. Toward the end of the 19th century, a number of rural and urban reformers, today termed Progressives, called for a great expansion of government activity at all levels to regulate monopoly enterprises in the public

interest, improve working conditions, abolish child labor, and establish standards of public health, among many other things. Disgust with political corruption, along with the growing complexity of public affairs, caused many Americans to oppose the old political patronage system by which many government jobs were filled on the basis of party loyalty. Instead, reformers put their faith in experts with specialized skills. They believed that the methods of science could be applied not only in the laboratory but also to society. In short, the country was ready for major change led by governments at all levels.

In 1900, rural America stood near the end of an era. The population shift to the cities was irreversible. "Rural" still meant mostly farm in 1900 (65 percent of the rural population) and the number of farms would not plateau until the 1910s (fig. 2).⁸ But in the future, the problem would be decline rather than too-rapid growth. While the cities were growing dynamically and becoming more diverse from the influx of foreign and rural immigration, the countryside was maturing into a more homogeneous and stable society. Even in newer western towns, population turnover slowed. In the words of one historian, the years around 1900 were the "apotheosis of the small town," when small communities across the country achieved their greatest relative prosperity and sense of well-being.⁹ This was about to change.

Figure 2--Number of Farms, 1900-2000



Source: Bureau of the Census, U.S. Dept of Commerce

In the minds of a growing number of rural people, stability led to stagnation. Better communications with the outside world accentuated the sense of cultural lag. Many people, especially the young, left for the more exciting opportunities of cities. Later, when technology revolutionized farming, the push of economic necessity would join the pull of cities to leave rural communities bereft of much of their traditional farming base. Nineteenth century urban planners had wanted to bring the advantages of country life to the city. Ironically, the country did come to the city in the 20th century--in the form of its people. By 1970, the farm population had fallen to less than a third of its 1920 level.

In the 20th century, rural problems on and off the farm would bring unprecedented

government involvement in agriculture and rural affairs. The collapse of farm prices in the 1920s, the general depression of the 1930s, and loss of farm population in the decades after World War II brought demands for new and creative government policies to shore up rural economies and preserve the virtues of rural life. General promotion of agriculture through the distribution of resources such as cheap land gave way to a whole array of specific policies aimed at improving farm and rural life. Starting with efforts to give rural people some of the cultural and economic amenities enjoyed by urban people through better postal service, paved roads, and expanded credit, programs were added to support farm income, encourage conservation, extend electricity and telephone service, and resettle farmers off marginal lands. After World War II, emphasis shifted to stemming rural-to-urban migration through economic development, antipoverty programs, and preservation of the rural environment.

Legacy of the Past

Even as the economy changed, certain rural attitudes would persist in the 20th century debate on rural policy. The Jeffersonian celebration of farm and rural life would continue even as the number of people enjoying that life shrank. Indeed, the turmoil of the 1920s and 1930s brought forth a wave of rural romanticism in literature and a brief back-to-the-land movement that raised the number of farmers to its all-time peak during the Great Depression. After the War, as farm population shrank, Americans retained a high opinion of farmers and farm life that could readily be appealed to in support of farm programs. This remained generally true even though the large, heavily capitalized commercial farms of recent years scarcely resembled the small, general farms that were by then fading into nostalgia. Moreover, the strong association of rural areas with farming in the public mind kept alive the argument that equated farm aid with rural community aid long after farmers had become a minority in their own communities.¹⁰

Likewise, 20th century rural policy would have to be made against the backdrop of inherited government institutions and the ideology surrounding them. Longstanding American reservations about the proper role of government in economic affairs have remained a constant part of the debate on rural policy. The government activism of the Progressive Era at the turn of the 20th century was soon challenged by a resurgent belief that economic decisions were best left to the marketplace. Among farmers themselves, traditions of self-reliance made it difficult for them to cooperate economically or even agree on which government policies were best for agriculture. The New Deal and the 1960s represented high points in the confidence that government expertise and spending could solve major problems, but they were succeeded by periods of skepticism in government and faith in the private economy. To this ambivalence about the efficacy of government programs, rural areas added a local orientation that fostered uneasiness about proposals emanating from Washington. Despite strong growth in the National Government from the New Deal through the post-World War II period, State and local governments remained important actors in rural policy. The U.S. Department of Agriculture, more than any Cabinet department, worked through local people in planning and administering its programs. This tradition has continued into the new millennium.

This book focuses on rural rather than farm policy. It traces the evolution of rural development policy from 1900 to 2000, covering the growth of rural development as a concept and the economic and social conditions that led to changes in rural development policy. Finally, it examines how rural policy was actually formulated, its leading agents, and its consequences

for rural communities.

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 2. Thomas Bender, *Toward an Urban Vision: Ideas and Institutions in Nineteenth Century America* (Lexington, KY: University Press of Kentucky, 1975), pp. 21-28, 42-47. Rural people sometimes resisted the building of factories, fearing that factory discipline and the presence of wealthy capitalists would introduce threatening and alien elements into their stable and relatively homogeneous communities; see, for example, Jonathan Prude, "Town-Factory Conflicts in Antebellum Rural Massachusetts," in Steven Hahn and Jonathan Prude, eds., *The Countryside in the Age of Capitalist Transformation* (Chapel Hill, NC: University of North Carolina Press, 1985), pp. 71-102.
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 5. Fred A. Shannon, *The Farmer's Last Frontier: Agriculture 1860-1897* (New York, NY: Harper & Row, Publishers, 1945, 1968), pp. 140-147, 356-359; Bureau of Census, *Historical Statistics*, I, 11-12.
 6. Hal S. Barron, *Those Who Stayed Behind: Rural Society in Nineteenth-Century New England* (Cambridge, MA: Cambridge University Press, 1984), pp. 1-15, 51-77.
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