APPRAISAL: AREA REDEVELOPMENT PROGRAMS

AND RURAL COMMUNITIES

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The paper presented by Mr. Sheppard focuses on the objectives, accomplishments and problems of the Area Redevelopment programs with which he is closely associated. This appraisal will consider some of the same points made in Mr. Sheppard's paper. In addition, it will consider a number of related points not mentioned in his paper.

The history of America has been a story of economic growth and development; it has been a story of change and adjustment. In no phase of American life has this been more evident than in American agriculture. Throughout the history of this country, and particularly during recent years, we have seen a tremendous growth in U. S. population, a rapidly increasing production capacity of both agriculture and industry, widespread advances in science and technology, a shift from a predominately rural economy to an agricultural-industrial economy, a relatively high standard of living for many segments of the population and a present-day demand for even higher economic and social benefits for all of our citizenry.

During recent years, expanding business and industrial developments and activities have both aided in solving old problems and in creating new problems in many areas of the country. This has been particularly true with respect to the development and use of the basic resources in rural areas.

Recent changes in American agriculture have been influenced by both farm and nonfarm factors. The effects of these changes have been reflected in both farm and nonfarm sectors of the nation's economy.

The fact that all segments of the economy and all areas of the country have not shared equally in their contributions to or the benefits from this recent economic growth and development provided part of the basis for the establishment of the present-day Rural Area Development and Area Redevelopment programs.

We now have behind us about six years of experience with Rural Area Development programs. Originally, RAD was established with three major objectives:

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1. To help families that have the desire and ability to stay in farming to gain the necessary tools, land and skills.

2. To expand industry and industrial opportunities in these areas and to widen the range of off-farm job opportunities.

3. To help the people in these areas to enjoy better opportunities for adequate education, vocational training, improved health, higher incomes and higher levels of living.

From the very beginning, emphasis in RAD work has focused on the second objective -- expanding industry and off-farm job opportunities. Two years ago, an Area Redevelopment program was initiated with the objective of helping low-income communities and areas obtain loans and grants to develop new industries, to build community facilities and to carry out training programs to teach new skills.

Based on recent and current administrative operation of RAD and ARA programs, it appears that a major effort is under way in this country to industrialize rural America. Such programs, when soundly conceived and effectively administered, deserve support. There is a danger, however, that if all objectives of these programs are not kept in balance, such programs may create one kind of problem while attempting to solve another. For example, one of the original objectives of RAD was to help families that had a desire and ability to stay in farming to gain the factors and meet the requirements for success in farming. In many RAD areas in this country, we could ask what has happened to this objective? What is being done along this line? Or, are RAD programs and efforts in these areas concerned primarily with industrial development and training programs, to the almost complete exclusion of agricultural development?

At the National Agricultural Outlook Conference in Washington last month, it was emphasized by one of the speakers that "we no longer need to worry about our ability to grow food." This would appear to be strictly a short-run view. If we are committed, however, to subscribe to this kind of philosophy in the long-run, then we can in fact industrialize rural America and ignore any further agricultural development. On the other hand, if we look objectively and realistically toward the future we will obviously need to concern ourselves with both industrial and agricultural development programs.

Since the establishment of both RAD and ARA programs it has been continuously emphasized that if these programs are to succeed they must be based on doing what local people want to do. If this is true, then we should raise the question: How do we find out what the people want to do? And, whose job is it to find out?

If we agree that this is a problem for research, then we can assume that it can best be handled by trained and experienced research personnel. This would mean that programs of Area Development and Area Redevelopment should be research-based. In those communities, counties, areas and states where such programs are under way how many of them are research-based? In RAD and ARA what is the current role of research?
In regard to the wants and desires of local people we could raise this question: Suppose we find that, because of any number of different reasons, the people in an area are satisfied with their present conditions, are not aware that they have serious low-income problems, are not interested in changes and adjustments, are not concerned about Area Development or Area Redevelopment and have no particular wants or desires that can be satisfied by organized Area Development or Area Redevelopment programs.

Do we leave these people alone? Or, do we, through organization, education and action, attempt to stimulate and motivate these people? Do we make them aware of their problems and opportunities? Do we, in fact, make them dissatisfied, make them problem-conscious and make them unhappy, thus creating an awareness of needs and desires that have to be met before satisfaction and happiness can be restored to them?

Thus far in both RAD and ARA work we appear to have devoted far too much attention to defining areas in terms of needs rather than in terms of potentials for development. In those few cases where potentials have been examined and evaluated the efforts made have been largely in terms of potentials for developing physical or natural resources. The human resource has been largely ignored.

Area Development or Area Redevelopment work should be based on the recognized interests of people in their own situations and problems and their willingness, desire and ability to do something about them. It involves research, study, education and organized action.

For any county or area that is contemplating the initiation of a development or redevelopment program there are certain basic factors that should be recognized. Among them are these:

1. The program to be developed, whatever it is, should start from the present resource base. This emphasizes the needs for a complete, accurate and current inventory and analysis of currently available resources -- both physical and human.

2. The program to be developed should take into account the present use of resources -- both physical and human.

3. The program to be developed should be realistic in terms of the quantity and quality of potentially available resources -- both physical and human.

4. Finally, the program to be developed should take into account the attitudes and opinions, and the wants and desires of the people involved.

If an Area Development or Area Redevelopment program is conceived to be entirely a program of education and action, and if it is developed on this basis, it will have a very difficult road ahead. On the other hand, if it relies on research and other agencies and organizations for cooperative assistance it offers one of the best opportunities currently available for helping rural people to make the most effective use of their resources, to increase their over-all productivity and to raise their levels of income and levels of living.
Successful Area Development or Area Redevelopment is based primarily upon local leadership and action. But local groups often need outside technical assistance and guidance. This can be provided by both public and private institutions.

Although the primary concern may be with rural resource development and use, a successful program cannot be developed by working in rural areas alone. The solution to many of the problems now in existence in rural areas can best be found outside of rural areas -- in urban areas. As resource data are collected and interpreted, therefore, both rural and urban areas must be considered. This is true both for problem identification and for problem solution.

Experience has shown that we not only need to collect adequate data on resources. We also need to accurately interpret these data. Both of these tasks are basically research jobs. Once these two jobs are completed, then the needs, limitations and goals of the county or area can be established. Problems can be identified. The people can then join together on a program of education and action.

Unless the individuals involved at the local level are aware of their opportunities and problems, are interested in solving these problems, are willing to work toward problem solutions and are able to assume responsibilities and to exert the proper leadership, area economic development or redevelopment, resource adjustment and factor mobility at the local level will be difficult to achieve. This means that one of the major efforts needed is in the area of education, training, motivation, stimulation and guidance of local people.

The kinds of Area Development and Area Redevelopment programs that we have seen develop during recent years have very broad and general but worthy objectives. Thus far we have heard and read a great deal about the philosophy of these programs, about the objectives and potentials of these programs and about administrative organization for and operation of these programs. We have heard much less about results. The obvious reply to this is that these are long-time programs and that we cannot expect to see immediate results from such programs. This, of course, is true. But, Rural Development, as a pilot program, was started more than six years ago. Its name has since been changed to Rural Areas Development. Certainly, after more than six years of operation, this program should be producing results (particularly in the original pilot counties and areas). Actually, in many instances and in most states, this program was moving ahead and there were some signs of real progress up until about two years ago.

It was about this time that ARA (Area Redevelopment Act, PL 87-27) came into being. The AP dispatches originating in Washington, D. C. in July, 1961, indicating the counties and areas over the country that were eligible for ARA funds and the announcement that the first grant and loan had already been approved for a small community in Arkansas dealt a severe blow to progress being made with RAD programs. Local communities, towns, counties and areas immediately became interested in ARA grants and loans.
At the same time, most of them became less interested in RAD programs and in using local efforts and local resources to solve local problems. Pressures from these groups for assistance and guidance in interpreting ARA provisions, policies, regulations, requirements, etc., were so great that even at the state level personnel in most agencies, organizations and other groups shifted both their interests and their efforts from RAD to ARA. As a result, for nearly two years there has been little RAD work carried out in many states. There has been, during this period, a great deal of ARA work (preparing OEDP’s, loan applications, grant applications, etc.), area (ARA) organization work (also largely on paper), and area (ARA) educational work.

Despite these efforts on ARA during recent months, there has not developed an outstanding record of accomplishment -- either in Area Development or Area Redevelopment. Under ARA very few loans or grants have been approved. Even fewer technical assistance contracts have been approved. Progress on previously active RAD programs in many cases has been reduced or completely stopped.

The development of this situation leads us to ask this question: When do we again begin doing productive work that will lead to the attainment of our original objective -- Area Development and Area Redevelopment? Planning, organization and education are always necessary ingredients for success in programs of this type. But somewhere along this line, some work has to be done!

Mr. Sheppard’s paper indicates that during the first eighteen months of the ARA program, 134 projects were approved which provided 24,000 additional jobs in the areas involved. This represents about 180 new jobs per project. It has provided job opportunities for about 4 per cent of the 1.2 million unemployed and underemployed people in the areas that have been designated as eligible for service and assistance from ARA. Any kind of projection based on this record of accomplishment would indicate that ARA currently is moving far too slow to attain its objectives in any reasonable length of time.

It has also been pointed out that a major part of the projects approved by ARA to date has been for new or expanded industries, that more than half of these have been approved for non-agricultural industries in non-urban areas. Since traditional patterns for industrial location continue to persist throughout this country, serious questions can be raised in many instances as to the wisdom of ARA approval and support of non-agricultural based industries in non-urban areas. By working against what appears to be a fixed principle of location for non-agricultural industries, success in decentralizing such industries will be difficult to achieve.

Mr. Sheppard makes no qualitative nor quantitative reference to technical assistance activities of ARA. And yet this phase of the ARA program could be one of the program’s best features. To realize this goal, however, the requirement that the use of technical assistance funds must result in a direct
increase in employment should be rescinded by ARA. This requirement, in effect, prohibits the approval by ARA of requests for technical assistance for many research projects. Such projects, depending upon their findings and results, will usually contribute only indirectly to increased employment, or to decreased unemployment and underemployment.

On three of the questions raised in Mr. Sheppard's paper, which he termed problems of ARA, some comment appears to be in order:

**First**, Mr. Sheppard states that a basic problem of ARA is in terms of the question: "Is it really possible for a federal agency to determine in advance which specific counties have zero possibilities of success and therefore should not be helped?" I would assume, first of all, that there are no counties with zero possibilities for success. I would assume, secondly, that there are positive possibilities for success in every county.

The real problem is to identify the direction and rate of adjustment or change necessary to achieve this success. It should be a function of ARA to assist in doing this. This could be exercised through the technical assistance provisions of ARA. But, to do this, ARA would have to recognize that research is necessary and that such research will not usually provide a direct solution to unemployment and underemployment problems. Thus far, ARA has not been willing to extensively approve and support technical assistance projects of this type.

**Second**, Mr. Sheppard indicates that ARA is concerned about what appears to be the current policy of saving the family farm. I would comment that there are a great many people today who are alarmed by the growing size of our farms. They fear that the "family farm" is doomed. Others view this trend as a sign of progress and no different from the trend of other businesses. They view present trends as a logical outcome of more farming knowledge due to research and education and of more skill in management.

Commercial family farms are not doomed, but they are growing in size. To stay in the business of farming in the future and to expect a reasonable income from farming, full-time farmers of today will need to keep their businesses growing in size, in productivity and in efficiency if they expect to remain as "full-time" farmers.

Our principal concern in RAD, ARA and in other kinds of development programs should not be how to stop the decline in number of farms or how to slow up the increase in the size of the farms that remain. Instead, we should be concerned with (1) doing the very best job possible on those farms that have adequate resources to support farm families and (2) making possible a transfer or combination of resources on those farms that have inadequate resources to support farm families.

Our task is to define this problem of readjustment both on and off the farm, to discover the alternative ways in which the adjustment can be accomplished and to develop our research, educational, training, credit, service and other action programs as an aid in the adjustment process.
In the future, any material increases in production and income for farm workers in America will largely depend upon (1) providing more land, livestock, machinery, fertilizer and other capital items per farm worker, and (2) providing more opportunities for nonfarm work for the young people who grow up on farms but who will not be needed in farm occupations and for the workers who will be released from agriculture as mechanization and other improvements gain momentum. To accomplish this, we must be concerned not only with industrial development but with agricultural development as well.

If the job facing American agriculture is to be done, remaining farms must become even larger in size, more specialized, more highly mechanized and more efficient. This raises important public policy issues. One of the most important is whether future policy programs will make it easier for farm people to choose between continuing in agriculture or accepting employment in other sectors of the economy. This, too, calls for policy programs that include consideration of both industrial and agricultural opportunities.

Third, Mr. Sheppard states that ARA questions the readiness of rural communities for industrialization in terms of adequacy of public facilities, health and educational institutions, and other locational factors. Many rural communities are not ready and are in no position to do the job alone. To assist such communities was one of the reasons for the creation of ARA in 1961. Since that time, ARA has assisted some of these areas and communities. Many others need and can be helped by ARA. Two major factors, however, limit or prohibit the assistance that ARA can provide in some of these cases. (1) The statutory requirement of ARA that no loan or grant can be made unless there is a prior commitment from a specific employer to create additional employment as a result of the new facility often cannot be met. Some prospective employers and industries are just as insistent as ARA but in the opposite direction. They will not commit themselves to a location until there is a prior commitment that the facilities are (or will be) available. (2) The statutory requirement of ARA that, for industrial and commercial projects, a minimum of 10 per cent of costs must be borne locally and repaid only after the federal loan is repaid, in some cases, works against industrial location and development. In some of these instances, local communities do not have and cannot obtain this type of local participation under any condition. In other cases, local participation is denied because of ARA repayment requirements. Amendments to ARA legislation and regulations could solve both of these problems.

At last year's Farm Policy Review Conference in Raleigh, North Carolina, RAD policies and programs were discussed with little reference to ARA. In Mr. Sheppard's paper at this conference ARA policies and programs have been discussed with essentially no reference to RAD. By now you have observed that in this appraisal reference has been made to both RAD and ARA. Although these are two different programs, they are closely related. It appears that they can be better understood, more objectively appraised and better discussed when they are considered together rather than separately. It also
appears that the personnel involved in administering the two programs and the potential recipients of benefits from these programs would gain more by a closer coordination of the planning, operation and administration of the programs than has been apparent from last year's and this year's program at this conference.

In his concluding statements, Mr. Sheppard implies that rural communities may be on the threshold of a new era -- entering a stage of early urbanization -- and that urban planning concepts should be incorporated into rural thinking and community actions. We agree with this general statement, but we would add that it is equally important that rural planning concepts should be incorporated into urban thinking and community actions. We would suggest further that if maximum economic growth and development is to occur, the urban and rural segments of society should be thoroughly integrated through a process which might be called environmental planning and action.

This process could operate on an area or regional basis. Local urban and rural people could operate through RAD, the states through their respective land-grant institutions, the federal government through ARA. Through environmental planning and action a major contribution could be made toward stimulating, promoting, and achieving economic growth and development in many areas and regions of this country. In attaining these objectives, the local people -- urban and rural alike -- would both contribute to and share in the nation's economic growth.