SOCIAL OVERHEAD SERVICES IN RURAL AREAS

by Howard W. Ottoson* and Jack Timmons**

Insufficient attention has been given to the problems of providing public services in rural communities, compared to that directed at expanding urban areas. In terms of research attention one is conscious of the efforts of a multitude of institutes, planning centers, and other well organized and financed activities working on the various aspects of metropolitan growth in contrast to the modest efforts a few individuals have given to the problem of rural government and services. Yet the problems in the public sector in rural communities may be more difficult since they have to be solved in an environment characterized by relatively few people occupying large areas of space, and further where the spatial aspects are magnified by out-migration and shrinking economic bases. In urban areas, in contrast, many problems can be dealt with under the assumption of growth in population and in the economic base which can offset errors in estimation and planning.

Our assignment calls for attention to rural areas in general. However, our empirical examples and our generalizations will be in terms of the more sparsely populated areas of the western Corn Belt and Northern Plains, since the authors are most familiar with those areas. We assume that our ideas similarly apply to other rural areas.

Further, particular attention is given to the problems associated with population loss through off-farm migration. Our objectives are to delineate problems, to develop hypotheses amenable to research, and to suggest alternative policies.

We recognize the existence of a different set of problems in rural areas affected by urban expansion. However, we have not dealt with them in this paper.

General Concept

It is useful to indicate the general model toward which our discussion is oriented. We are assuming the desirability of social efficiency in the long-run sense. What does this mean? Presumably it implies notions of the kinds of social service objectives about which there exists some consensus as to
desirability. With these identified, one can determine the social costs involved in attaining them.

Any discussion of social services is oriented to geographic space. Thus, in a sense, we ask ourselves, What would the rural landscape look like were we to start with a blank map and chart in the features of social organization and economic relations which would appear efficient and feasible? Several features would be included.

First on our map would appear "adjusted" farms, which would be of the sizes and which would employ the combinations of inputs necessary to meet standards of production efficiency and income. Also on the map would be other primary production activities of a non-farm nature, their nature depending upon available resources, available markets, transportation, and the energies of local chambers of commerce. Built around the primary production sector would be the supporting commercial services, including credit, transportation, food, dental and medical, and other services. Finally, overlaying this emerging spatial structure would be various kinds of public services supporting the commercial and social activities of the area. We recognize the general environment and the necessity of interplay between these various components. Also, by mentioning it last we do not intend to minimize the importance of the public sector. Thus the nature of the resources available for production, the possibilities for private efficiency in the area, and the attractiveness of the area as a place in which to live will depend importantly upon the public sector.

On our map would now materialize the outlines of social organization. Political and economic regions would emerge; they may or may not coincide. Economic centers, which may label central cities, might be evident. Around them would appear satellite points, performing various functions spatially related to consumers, producers, and the central cities. Connecting all of these entities would be logistical links -- roads, power, telephone, radio, television, mail services, etc.

Presumably the economic and social organisms now outlined would be efficient in the broadest social sense. Efficiency would be represented in terms of production costs, the cost of consumer goods, and the costs of public and private services. Also it would be represented in terms of satisfactory opportunities for a desirable level of living.

Our intellectual problem is defined by comparing the model expressed above with what we find in the existing rural landscape, particularly in areas where we are losing population. The alternative means by which these communities can move toward more desirable situations become questions of policy to be determined by the people involved. However, the lack of descriptive knowledge, the need for knowledge about the consequences of alternative courses of action represent the challenges to research.
Nature of Adjustments in Rural Areas

We can define what happens in depopulating areas in terms of population shifts, economic status, or differential development in various sectors. Let us first examine population shifts.

The movement of people off farms is well documented; however, we know less about the age breakdown of those leaving the farm. Some people have naively assumed that adjustment is an osmotic process which operates in some random fashion. Actually, the population losses from farms have been primarily from two groups—the young who leave for other occupations, and the old who retire. Migration of the former reduces the competition for land; migration of the latter makes land available to neighbors. The adjustability of established farmers has been greatly exaggerated by those who have looked at the adjustment process as simply a matter of bearing down harder with the forces of economic coercion. A relatively small number of boys are starting on their own, because of the financial requirements for a decent income. Of course the makeup of farm population movements in terms of age, income level and other factors has been altered in specific areas by droughts or other severe economic phenomena.

The shifts of population from the rural towns are related to size; the smaller the towns, the larger the percentage decline, up to a size which has held its own, population-wise. Towns of larger size have generally grown in population. The net depopulation of the smaller towns has probably lagged behind that of their supporting rural areas for several reasons. First, older retiring farmers tend to move into smaller rural towns. A few young people tend to move from country to small towns, and then to larger towns, with latter attracting proportionately more of them. Also there is an increasing amount of farming done by farmers living in town.

As a result of these shifts, the age level of persons living in the countryside is at an all time high, on the average. The same is true of many small towns which are simply "hanging on" economically. Persons living in central cities and larger cities tend to be more youthful.

Changes are also taking place in the economic status of rural people. The size of farms is increasing as farm units decrease in number, and the land is tending to concentrate in stronger hands. As a result, income levels per farm have been increasing, as sizes of farms have increased but significant numbers of farmers still have relatively low incomes. Commercial farmers are becoming more like their city cousins in their cultural and economic aspirations, and in their consumption habits. Of course, pockets of rural poverty exist in all states, associated with factors of nationality, race, lack of educational opportunities, lack of developed resources, or other factors conducive to immobility.
On the average the depopulating small towns are probably quite similar in per capita income levels to the surrounding countryside. We have not seen sufficient empirical evidence on this, however. Of course one will find professional people and entrepreneurial people with higher incomes, but most small town residents are engaged in manual labor, clerical work, and other activities providing them with nominal returns. Many others run small commercial enterprises which provide them with returns to their labor and capital which are about as low as to the returns earned by small farms.

On the other hand, the central cities are experiencing growth in income per capita as well as in numbers of people. This increase is associated partly with a relative scarcity of certain types of labor, and the consequent bidding up of wage rates. More fundamentally per capita income has increased in central cities as such cities have acquired economic activities in which what labor produces has a higher market value. It also stems from the changes in existing business units. Their volumes and size to plant are increasing, with associated economies. Witness the growth of the supermarket and the retail sellers of farm production items.

In general we are probably seeing a gradual strengthening of the economy of the countryside, and that of the central cities. The small towns are lagging behind, economically, as their economic functions are lost or removed to the central city.

The Public Sector in Rural Communities

Nature and Cost of Services

How do the sparse and declining populations of rural areas affect the cost of social overhead services? We shall first look at local governments, and then at some specific services, in examining this question. Our basic premise is that because the overhead costs of governmental services are relatively constant over ranges of population, densely populated areas tend to enjoy lower unit costs than more sparsely populated areas. For example, Shapiro found in most states a U-shaped cost pattern when he related per capita general expenditures of local government to county populations. Counties with populations of less than 5,000 typically showed higher costs per capita than counties of 5,000 to 10,000 population. Stocker found similar results when he compared the per capita costs of local government in the smallest counties of 17 Western states with the average for each state.

1In more precise economic terms, the marginal value product is higher.
2Social overhead services are provided by society as a whole and are necessary for economic growth.
Because of the spatial aspects of rural communities farm people have tended to use smaller scale services -- smaller schools and smaller hospitals -- and to have smaller numbers of people per township or county, giving them higher costs per unit of comparable service. To partially offset these costs they have accepted inferior services, such as less well trained teachers, poorer roads, and more limited recreational facilities.

These cost disparities are being enhanced by the further out-migration of people from the country and the smaller towns. Thus the example of the rural mail carrier in New York who lost one family per year in his 20 years on his route. Norris Public Power, a rural public power district in Nebraska, has lost 1,920 customers in the last 12 years, a loss representing $1,387,200 in idle or retired service investment.

In the meantime the standards of rural people are rising; their expectations are becoming urbanized as far as services are concerned. The types of services needed are also altered by the aging of the rural population. Finally, new types of services are available through advancing technology. Thus the difficulties of determining what services will be required and of providing efficient services are compounded as we look to the future.

The Number of Local Governments. It is ironic that the areas of low population are already blessed with a multiplicity of governmental units. For example, only four states have as many governmental units as Nebraska's 5,125. Each of these states except Kansas has more than twice Nebraska's population. While all counties in the U.S. have an average of 29 governmental units including school districts, counties in the four Northern Plains states of Kansas, Nebraska, North and South Dakota range from an average of 52 units per county in Kansas to 86 in South Dakota. In 1962, one fourth of the 318 counties in these states contained more than 100 units of government each. With 4.3 percent of the country's population the seven Northern Plains states have 23.1 percent of the local governmental units. However Figure 19.1 indicates that this area has no monopoly on low numbers of people per unit of government.

The population in these areas will probably shrink faster than the local government units will disappear, which means that the disparity will be enhanced in the future. Most of the units, 52 percent in the Northern Plains, are school districts. Other important types include special districts for functions such as irrigation, sewer and water installation, mosquito control, soil conservation, weed control, roads, fire protection, flood control, wind erosion control, and library service. These are of course, in addition to town, county and township units.

Schools. With 4.3 percent of the population, the seven states of Kansas, Nebraska, North Dakota, South Dakota, Minnesota, Missouri, and Iowa had 32 percent of the school districts in the U.S. in 1962. The number of school

districts in this region has been decreasing steadily, but no faster than for the nation as a whole. In 1958, these states had more than 50 percent of the one room rural schools, and 55 percent of the districts with nine or fewer teachers.6

Rural migration obviously affects enrollment in schools. In Sherman County, Nebraska, for example, the enrollment in rural schools has declined by 60 percent in the past 25 years. While the number of rural schools has decreased by 45 percent, the average enrollment per school has dropped from 16 to 10. More than half of the rural teachers in a five county area in central Nebraska are teaching in schools with fewer than 10 pupils. One in five of the secondary teachers served schools of less than 50 students, while 60 percent taught in schools with less than 100 students.

In his study of the American high school, Dr. James B. Conant recommended a size large enough to have 100 in the graduating class; this means a total enrollment of more than 400, depending upon dropouts, which may approximate 20-25 percent of the freshman class. Such a goal may be difficult to achieve in many sparsely populated areas. However, achieving a goal of even 200 students per high school in a five county area in central Nebraska would involve a reduction of the number of high schools from 25 to 14.

To produce a secondary enrollment of 300, a compromise target in this five county area, would mean that a minimum number of children in grades kindergarten through eight in a high school district would number 675. Thus the total number of young people in grades kindergarten through 12 would be 975. This is bare minimum for a reorganized district. Reorganizing the districts on the minimum basis would mean a reduction in the total number of districts from 242 to ten consolidated kindergarten-through-12th grade districts in this area.

Special Districts. This type of governmental unit has increased rather rapidly in numbers in the nation in recent years, and even more rapidly in the seven Northern Plains-Mountain states. This tendency may be evidence of a failure of traditional local governments to meet the felt needs of the people.

Counties. County consolidation is like weather. It is much discussed, but not much has been done about it. The number of counties in the United States was reduced by three between 1942 and 1957. Later Connecticut abolished its eight counties and Wisconsin added one. Thus the total number of counties in 1962 was 3,043. There is some tendency toward consolidation of county offices, and intercounty cooperation, however.

Some evidence from research in Nebraska illustrates how counties measure up to minimum standards. We assumed that today's county might be appraised against four criteria: (1) the county seat should be no further than 100 miles from any point in the county; (2) it might typically include a maximum of 4,000 square miles of area; (3) it should have at least 30,000 people; (4) it should have $40,000,000 of assessed valuation. In applying these four standards in Nebraska we found that only six counties met the two criteria on population and valuation; 15 met one criterion but not the other; 72 were deficient on both counts. Seventy-three counties have areas of less than 900 square miles. Two-thirds of the counties could not satisfy any of the last three criteria.

Townships

The number of townships has been reduced by 1 percent in the United States in the last 20 years. However, many of them are nearly dormant, being little more than voting units. Others have surrendered most functions to the counties except the maintenance of certain roads, and in Nebraska, the operation of a few small libraries. The research available suggests that the services provided by townships in rural areas are inefficient and costly.

Cities, Towns and Villages. In the past 10 years the number of these units has increased slightly in most other states as in the Northern Plains -- Mountain states, except for South Dakota. This increase is not surprising since there is no procedure for unincorporating towns that fall below the minimum population except by a vote of the citizens of the town. Nebraska and Iowa have many incorporated communities with from 1 to 100 population although the minimum for incorporating a new village in Nebraska is 100. Some have difficulty finding persons to fill the village offices. Like the townships, they may fade away but they rarely disappear.

Roads. Nebraska had 90,000 miles of county and township roads in 1956, or one mile of road per commercial farm. Over half of these were earth roads, 37,000 were gravel or crushed stone roads, and 700 miles were dustless surface roads. Lancaster County, an urban, eastern Nebraska county, had more miles of dirt county roads than paved. The difficulties faced by a sparsely populated state are illustrated by the fact that Nebraska ranked 12th in the nation in total road mileage, but only 34th in population. The contrast in Wyoming, North Dakota, South Dakota, and Montana is even greater.

In terms of its proportionate support for its road systems, Nebraska ranks fairly well. In 1959 it spent 27 percent of all expenditures for state and local government for roads, compared to 20 percent in the country as a whole. In per capita expenditures it ranked 21st, spending $69 per capita compared to $55 in the United States as a whole. The combination of high cost per taxpayer unit and inferior service is illustrated in these data. Obviously a reduction of population in rural areas will increase the cost to those who remain.
The Costs of Local Government.

What is the evidence concerning the effect of population on the cost of local government? Several sources are illustrative.

A study of Iowa county government analyzed the effects of population, area, method of selecting a county board, and the degree of urbanization on per capita costs. Population had the largest effect on per capita costs of county government. A study in Nebraska showed similar results. Per capita costs for general administration in counties of less than 5,000 residents were $12.67. For counties of 5,000 to 10,000 the costs dropped to $7.23; in counties of 10-15,000, 15-20,000, and 20-36,000 the costs were $6.01, $5.97, and $4.75 per capita, respectively. The two largest counties, Lancaster with 155,000 residents and Douglas with 343,000 residents, had costs of $2.96 and $3.40 per capita, respectively.

Another study of Iowa government found a tendency toward a widening of the cost differentials between sparsely populated counties and those with greater population, compared to 1920 when the two groups showed little difference.

The data in Table 19.1 indicate the effect of population per county on all expenditures for county government in seven Northern Plains states. The costs show substantial increases for population levels of less than 10,000 persons.

Table 19.1 Costs of County Government, per capita, in seven states in the Northern Plains.

<table>
<thead>
<tr>
<th>State</th>
<th>Average and over</th>
<th>100,000</th>
<th>50 to 99,000</th>
<th>25 to 49,000</th>
<th>10 to 24,999</th>
<th>Under 10,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Colorado</td>
<td>$176.51</td>
<td>$71.50</td>
<td>$123.60</td>
<td>$ -</td>
<td>$135.57</td>
<td>$210.31</td>
</tr>
<tr>
<td>Kansas</td>
<td>115.56</td>
<td>52.32</td>
<td>59.57</td>
<td>74.47</td>
<td>106.63</td>
<td>132.71</td>
</tr>
<tr>
<td>Montana</td>
<td>92.24</td>
<td>-</td>
<td>65.52</td>
<td>66.22</td>
<td>69.54</td>
<td>104.39</td>
</tr>
<tr>
<td>Nebraska</td>
<td>89.24</td>
<td>38.83</td>
<td>-</td>
<td>65.70</td>
<td>74.11</td>
<td>98.59</td>
</tr>
<tr>
<td>North Dakota</td>
<td>73.55</td>
<td>-</td>
<td>44.43</td>
<td>51.61</td>
<td>68.26</td>
<td>82.26</td>
</tr>
<tr>
<td>South Dakota</td>
<td>78.78</td>
<td>-</td>
<td>32.36</td>
<td>39.81</td>
<td>54.85</td>
<td>84.17</td>
</tr>
<tr>
<td>Wyoming</td>
<td>83.47</td>
<td>-</td>
<td>51.00</td>
<td>73.18</td>
<td>83.42</td>
<td>86.43</td>
</tr>
</tbody>
</table>

aData obtained from Census of Governments, 1962, Bureau of Census.

9Donald E. Boles, "County Government in Iowa," Iowa College-Community Res. Center, 1962, Iowa State University, pp. 4-5.
It should be noted that the traditional administrative offices of county government do not make up the bulk of these costs. Rather, the major costs stem from expenditures for education and roads.

The Quality of Services.

One may find in comparing two communities that high costs per unit of public service stem from superiority of the services provided. The evidence in rural areas indicate rather that inferior services are frequently a corollary of high costs, compared to the situation in a more urban area. Thus one student of local government characterizes rural governments as "amateur" governments, lacking in specialization and expertise. He points out such deficiencies as haphazard budgeting, accounting, and financial reporting, the lack of competitive purchasing, and deficient employment practices. 10

Many services can be provided only at high cost in sparsely populated areas. Others may not be provided at all. Thus, in some Northern Plains counties, public health service, parks and playgrounds, hospitals, and police and fire protection are sometimes lacking. Many farm areas do not have fire districts or arrangements with nearby towns for fire protection. The provision of adequate outdoor recreation facilities by counties has been the exception rather than the rule. Some states have relied chiefly on the federal government to provide such facilities.

With a few exceptions, educational services are deficient in small rural schools. Laboratories, specialized teachers, counseling services, and other specialized services are too expensive for them. In Minnesota 20 percent of the public high schools in 1960 were unable to provide even the minimum levels of mathematics required for entrance into freshman college algebra courses. 11 High school teachers are expected to teach too many different kinds of subject matter. Teachers in rural one-room schools are poorly paid, but also poorly trained.

Road service is also deficient in many areas. Many roads are unsurfaced, impassable in wet weather, and poorly maintained. Many streets in smaller towns are similarly deficient.

Similar difficulties exist in other service areas in the rural communities. Snider has pointed out the deficiencies in rural libraries, public health services, hospitals, public welfare, and other services. 12

It is likely that the outmigration of rural people has a dampening effect on the quality of rural services, not only because the cost per capita...

10 Roscoe Martin, Grass Roots, University of Alabama Press, 1957, page 35.
is increased as a result, but because leadership may be shifted to older, less innovative hands.

Changing Demands for Social Overhead Services

The easiest way in which to characterize changes in the demand for social overhead services is to say the rural people are becoming urbanized. Their educational levels are rising. Income disparities between rural and urban people can be expected to narrow. The modern communications media—personal contact, newspapers, radio, and television—have made rural people more aware of consumer goods and personal services available to them. In addition, they are more sensitive to the arts and the esthetic.

What are the implications of these developments to social overhead services? In the first place, rural people will probably be more critical of the performance of local levels of government. They will be less tolerant of inefficiency. They will travel farther and pay more for higher quality services in such areas as health and medical care, education, and recreation. They will request and pay for new kinds of services—new kinds of recreation, health services, and educational experiences as well as additional facilities for the aged, and transportation.

The topic of changing demands, and desirable standards of performance for social services needs much attention. For example, we really do not know what the demand for local outdoor recreation will be 20 years from now. We need a better basis for organization than sheer conjecture on this point. What will be the demand for retirement housing by older persons in given rural areas? One might infer from the current interest in such facilities that a retirement home is one of the hopes for saving many rural towns from further shrinkage. What medical and hospital facilities are needed by rural families, and where should they be located? There is evidence that farm families may tend to bypass the local general practitioner, for example, in favor of a specialist, even though the latter is located some distance away. The availability of medical facilities is also important when considering location of homes for the elderly.

These examples illustrate that one cannot simply apply urban standards by a little clipping and pasting. Because of the spatial factor, the basic problem is how to devise performance criteria and organize to provide services in rural areas, with their particular spatial aspects, in order to meet broader expectations.

Policy Alternatives with Respect to Rural Social Overhead

What are the alternative courses which can be followed by a local government in order to provide adequate services at reasonable cost? Many of the means discussed can be used by local governments with no assistance from federal and state levels. However, in the following we suggest the possibilities for the use of resources of higher levels of government to encourage and assist adjustments which will improve social overhead services in rural areas.
Relocation Assistance for Nonfarm Labor

In the discussion of redundant labor in farming, and recent policy measures taken to enhance the mobility of rural people through training programs, the fact that workers can be redundant in the nonfarm sector of small towns has not been adequately considered. As in farming there are people in small towns whose economic role is possible only because they accept low labor incomes. With the reduction of farm population, their position becomes even more tenuous. Policy attention might be directed at them in terms of retraining assistance and other means of increasing their job mobility.

The general programs such as the Manpower Development and Training Act of 1962 and the Vocational Training Act of 1963 have provided limited opportunities for retraining and basic education. The Economic Opportunities Act offers promise of more extensive assistance. However, with some exceptions, these programs have tended in the past to center on urban areas. Rural communities have some difficulty in organizing and applying for job training assistance because they lack both the information as to what kind of training is best suited to their needs and of what programs are available.

The training aspect of present programs is progressing fairly well. There is some doubt, judging from the projects completed, that the programs have applied equally to rural and urban areas. Some study is called for to determine why this is so, and if so, how to correct it.

Assistance to Small Town Business

The position of small town business in rural areas may be somewhat comparable to that of farmers operating units too small to make a living. In some ways they are worse off than the farmer. Their investment disappears while the farmer still has land value and equipment which are marketable and mortgagable. With declining farm population they can experience a price-cost squeeze similar to that of farmers under adverse price conditions. Because of their number, shouldn't we be cognizant of them from the policy standpoint? Are planning assistance and credit resources available to a business which considers the possibility of relocating, expanding or diversifying? Of course, many rural businesses are characterized by entrepreneurs in latter stages of their business life cycles; they may be farmers who retired early, or people on Social Security who are simply operating to earn extra income. They are not likely to be as mobile as younger people.

The Small Business Administration and the ARA carry on some activities which help alleviate this situation. However, their activity is sporadic rather than of a planned nature.
Industrial Development, and the Location of Industry

Nothing brings a gleam to the eyes of a good chamber of commerce secretary like the prospects of a new plant. Certainly many success stories can be cited of country towns which have experienced the heady impacts of a new enterprise, expanded labor force, more families, and the other multiplier effects which have been generated. On the other hand there is considerable wishful thinking in many rural communities about the therapeutic effects of a possible new plant. There are many cases where un-economic ventures have been subsidized heavily by communities for a time but failed in the end. The development of industry in rural areas involves changes in social overhead facilities--schools, roads, utilities, communications, and recreation. The residents of many communities are unaware of the impacts of new industry on social overhead and on existing industry -- until too late! These communities are caught in a dilemma. If they do not invest in additional services, they may not attract new industry. If they do invest, they have no assurance that a new plant will result.

One may note that rural areas lack knowledge concerning new industry. But one may also marvel that we have been content to let the whole course of industrial location go its way. Seemingly there has been a minimum of policy direction in industrial location except through the politics involved in locating defense industry, or through the magnetic influence of public resource development programs. Thus we have seen the growth of the sprawling Megapolis, with social overhead problems associated with the moving of labor, plant, and equipment to a proliferating series of new plant sites. Once established, public resources are made available at local, state and national levels to provide for overhead services.

Are there situations where generating new enterprises in rural areas would involve less social overhead cost than moving and reestablishing farm and nonfarm rural people in already crowded urban areas, and providing them with necessary services? We need to know more about this matter. In addition to knowing the resource requirements of plants of different types, and their locational limits from the standpoint of transportation, we ought also to have available information on the social overhead requirements in smaller as well as larger cities. Perhaps for some kinds of industries the impediments to their location in rural areas may not be as great as is sometimes assumed. At any rate this matter deserves the attention of research people and planners, as well as makers of policy.

Assistance to the Social Overhead in Rural Areas

It is not our intention to argue for or against transfer payments to rural communities to reduce disparities in financial support for social overhead services. We would point out that the precedent is well established; indeed, important types of financial aid are now being given to rural communities by higher levels of government, particularly federal agencies. The rationalization for such assistance might well be that the problems faced by depopulating rural communities are related to national economic development.
and the transfer of people to urban areas. Since society as a whole has benefited, partly at the expense of these communities, it may be appropriate that society share some of the benefit with them. Studies indicate that substantial subsidies have been provided by rural areas to urban areas in the form of education for rural young people moving to the city, farm capital inherited by city dwellers and in other forms. In the 1920's these subsidies were estimated at about $1.4 billion per year. There is reason to believe the pattern is similar today, although somewhat more offset by farm programs. Such assistance to rural areas could be either as permanent subsidies, or as assistance to facilitate organizational adjustments of an adaptive nature.

We would suggest that in the long years of discussion about resource adjustment in agriculture, the problems of reorganizing rural communities and their overhead services have been overlooked in many ways, with some important exceptions such as hospitals. There are perhaps several reasons. The nonfarm sectors of rural communities have not always been completely aware of the population adjustments taking place on the nearby farms, and all of the implications of these shifts. They have not been noted as social innovators, but rather as preservers of the status quo. However, in their defense it should be noted that it is far easier to innovate in an expansion situation, than one in which the problem is how to perform an orderly retreat; they have more to lose by the change than most other groups including farmers. They have in their group mentality a contradictory mixture of optimism that somehow the future will be better, with a reluctance to take actions which violate tradition. Underlying all of this may be the fact that effective communication between farm people and their town neighbors is sometimes lacking, particularly on issues of social overhead, even though their equity in social overhead services may be equally great. The townspeople have always had difficulty sensing all of the economic relations between town and country; to them, the town is a somewhat independent entity which faces the world which lies outside of its gates; conversely, many country people, also have difficulty in recognizing their vested interest in the services located in these towns, or in visualizing themselves as part of an economic economic entity involving both town and country.

Transfer payments can perform a catalytic function above their intrinsic subsidy value. They add weight to the social coercions which are encouraging change. They can influence the choice between alternatives. They can bring the initiation of action in a traditional situation where action is not presently forthcoming. Thus the skillful application of transfer payments can bring changes out of proportion to their volume, if the direction of the change is inherently sensible. Ineptly used, or used without a sense of direction, they can have the opposite effect, namely preserving the status quo; they can even result in overbuilding of facilities and services, as may be the case of hospitals, old age homes, and sewer systems in some rural areas. A sense of direction implies knowledge about the alternatives, and some consensus about what the directions of change should be.

Consolidation of Governmental Units.\(^{14}\) Despite the staying power of the counties in rural areas, the direction of social coercion suggests as one possibility their ultimate consolidation into larger units. Or, an alternative fate would be their eventual dissolution in favor of state administration on a piece-meal basis, unless their problems can be solved through larger scale organization of other types. The counties are creatures of the state, and it is probably at the state level that pressure for change can most effectively be exerted. Relevant questions can be raised at certain strategic times. Thus, are all counties to be encouraged to build new courthouses, when the old ones have deteriorated? Can counties be encouraged to consider consolidation when they become dissatisfied with their old buildings? What kind of state laws are needed to facilitate consolidation? Is sufficient information available for determining sound consolidated areas? Would the inducement of selective transfer payments encourage such discussion? (Thus, outside funds might be made available to help finance one new structure somewhere in a multi-county area provided that local support for the idea would be present.) Obviously, the question of new facilities can hardly be considered without parallel discussion of consolidation of functions and staff. Far-fetched as the idea may seem, the incentive of having outside funds available to help support salaries of "consolidated staff" for a period might encourage such discussion.

County consolidation is not the only alternative. Another is county-city consolidation. This possibility would be particularly relevant in counties which include a central city whose economic relations extend at least to the county borders. A joint county-city building is a first step. Again, financial inducement might stimulate the parties concerned to creative thinking. The next step is the possibility of joint departments, and joint employees. A third step would be joint elected officials, such as a city-county treasurer. At this point the distinction between city and county becomes quite vague — we are on the threshold of integrated government for a geographical region already bound together by a multitude of economic relations, as well as by public problems such as zoning, roads and streets, sewage disposal, and power. Already outside assistance is available for public hospitals servicing large geographical areas. Can assistance be used constructively to broaden the points of consolidation? Do we know which communities, if any, should be encouraged along this line?

Another form of consolidation might be possible between two or more town governments. The common type has been between a large town and its suburban satellite when the two have grown together through expanding population — not a common phenomenon in rural areas. However, in visualizing a town-county government oriented toward a central city, we should recognize that such an arrangement must also involve the smaller towns in the county. The matter becomes complex, but somewhat akin to that involving a city and a self-contained shopping center within its limits.

Internal Reorganization of Governmental Units. Perhaps the greatest possibilities for improvement lie with the counties. In the first place county offices can be combined and the number of elected administrators reduced. Second, the chief governing body of the county -- the board -- performs both legislative and executive functions, but at the same time has little control over the independently elected officials. Our hypothesis is that the efficiency, effectiveness, and responsiveness of government would be improved if the legislative and executive functions were separated, and a chief executive, either elected or appointed as in the county manager system, were given clear responsibility for administration. Greater responsiveness in the executive branch would result if the other county officers were appointed by the chief executive, rather than elected independently. With the greater emphasis on administration implied in the above arrangement could come greater attention to qualifications of other county employees, the possibilities of centralized purchasing, and greater possibilities for focusing on current problems. Financial assistance might be coupled with standards of performance and organizational criteria as an incentive to adjustment in governmental organization by the counties.

Consolidation of Services. The popular discussion of the consolidation of schools has tended to obscure the opportunities for consolidating the various other services in the rural community. We ought to know more about the factors affecting the progress of school consolidation in various localities. At least one writer feels that the success which has attended school reform has siphoned off much of the potential support for other kinds of governmental reform at the local level.15

State aid has certainly played an important role in bringing about the consolidation of rural schools, the raising of educational standards, and other reforms. Federal funds have been instrumental in creating vocational programs in agriculture and home economics in rural high schools. The absence of substantial state aid certainly restrains school consolidation in states like Nebraska. With the present reliance on property taxes many farmers in rural districts are unwilling to support consolidation because it would mean substantial increases in property tax payments. State aid from sources other than property tax provides a means of alleviating this circumstance. Federal aid would provide additional resources which could be used to encourage further desired shifts, including further consolidation of both elementary and high schools, broadening of curricula, raising of salaries, and improved transportation. Such assistance seems particularly important to areas which are exporting population; typically such areas experience the unhappy combination of low average incomes and population distributions which are weighted heavily by the young and older age groups, both of which represent financial commitments on the community. The export of trained young people represents a very real capital loss to the communities.

in terms of the expenditures by families to rear such young people and by the community to educate them. These losses represent one rational basis for transfer payments to support education.

The reasons used for supporting transfer payments for education can be applied to other services as well. In the case of roads the dual problem is again one of how to improve service while consolidating facilities. Some farmers have moved to town in order to be closer to educational, recreational, and other services. To what extent can the relocation of rural residences be encouraged in the long-run in keeping with a long-run county road plan? The federal government has subsidized several hundred thousand miles of secondary roads in the country. Subsidizing the relocation of rural residences may be an economic alternative to road construction in many depopulating areas.

Health, library, and recreational services, fire protection, and police protection may also benefit from consolidation. In each case consolidation implies a look at a larger planning area, working out of a plan for the achievement of desired objectives over time, and then organizing for the program.

**Intercounty Cooperation.** In the absence of county consolidation, multi-county arrangements offer many possibilities for efficiencies and enhanced effectiveness in providing specific services. Transfer payments can serve as the catalyst for their formation. A current example of this type of activity is the inter-county district for extension work in agriculture and home economics. We could have district superintendents of schools rather than county superintendents. Property assessment could be handled on a district basis for purposes of data processing, equalization and other overhead tasks. Health districts can include several counties; several counties can cooperate in jointly operated hospitals. Similarly, several counties can go together in establishing road districts large enough to justify full-time trained engineers and modern equipment. Recreation plans should be made on a district basis. Economic development programs should visualize areas larger than counties in most cases. Junior colleges and vocational schools can be more effectively supported on an inter-county basis rather than by a city or a single county. Library service, police protection, and jails may also be provided on an inter-county basis.

It is possible that desirable adjustments will be delayed by the encouragement of partial solutions to the problem. Will functional consolidation, for example, delay by several years or decades the area consolidation that might be necessary for realistic long range adjustment?

**Back to the Blank Map**

The previous discussion has served to emphasize the importance of planning. We cannot ignore the economic bases of today's rural communities. How would we sketch these economic and the accompanying social relations on a blank map if we were starting afresh? Presumably we might devise a
system of economic areas quite different from those implied by today's counties. Such areas would be larger, encompassing the areas of several existing counties. Continuing with our sketch we might insert county boundaries which coincided roughly with economic boundaries. The result -- a greatly reduced number of counties. The central city around which this area might organize would be the county seat; the governments of the central city and the county might be housed together, with many of their functions integrated or coordinated.

This central city would be the logical location for the many federal agencies operating in country communities; they might be housed in a federal building, which might be next door to the city-county building. Perhaps, instead of the federal building, we might find a federal-state building, which would include the district offices of state activities such as highway department, parks department, forestry department, and others.

Drawing such a map may seem to be at the minimum an enjoyable but abstract academic exercise. Our map may never materialize in this initial form. However, the map does represent a model, with logical basis, toward which change may be oriented. If transfer resources are to be applied to rural communities by state and federal governments, and if the organization forms in which social overhead services are provided have any significance, these resources can provide leverage for changes which might be in the directions implied by our map.

The Need for Research and Planning

Significant amounts of money have been available for planning activities related to economic development through specific programs like RAD. However, it is doubtful that the planning activity in RAD or its predecessors focused adequately on problems of social overhead. At any rate, planning and research on problems related to social overhead services should most appropriately be initiated at state levels, or at the minimum on an inter-county regional basis. Inter-county regions which are organized so as to work effectively with these problems are rare. Neither has the attention given at state government levels to these matters been of much consequence. It is at the state level that planning and research, and consequent legislative and executive leadership, must take place. In the words of the Council of State Governments in a study of 1956 for the Governor's Conference:

16Fox has dealt extensively with the concept of the functional economic area, and has explored the implications in detail. See, for example, his paper on "The Use of Regional Accounts in the Development of Programs for Economic Growth."
Although the roles of local government and the national government are indispensable, the states are the key to solving complex difficulties that make the general metropolitan problem. To achieve adequate results the state governments -- the legislative and executive branches and the people -- need to exert positive, comprehensive, and sustained leadership in solving the problem and keeping it solved.18

This thought is equally applicable to the problems of rural communities.

Studies are needed to determine the extent to which state constitutions limit adjustments in organization of local governments, and the other types of innovations referred to earlier. An agency of the state government could be established to concern itself with problems of local government services, and overhead services. It could receive funds for research and planning from state and federal sources. It should be in a position to contract research work with appropriate research agencies. It should coordinate the activities of state government which affect local government in rural areas. It should provide consulting assistance and other resources to towns, counties, or inter-county commissions concerned with government structure.

Such an agency should concern itself with questions such as how changes in social overhead can take place in orderly fashion in rural communities, desirable directions for adjustment and improvement in social overhead services and new services that will be needed. It should represent the interest of effective local government in relation to such outside forces as farm programs, economic development programs, and the multitude of other federal and state assistance programs which affect the rural community.

The Economic Opportunity Act provides for several approaches to the social overhead problem in rural areas. The Job Corps, Volunteers in Service to America,19 and the various community work training programs will provide manpower and some equipment and supplies for work on public services. The social overhead needs in both urban and rural areas are so vast that efforts almost anywhere will be useful. However, the communities need guidance and planning assistance in determining priorities so as to use the EOA constructively. We are not sure these priorities have been established.

What Course Evolution?

The history of local government in rural areas in America does not give much basis for thinking that the unguided processes of nature will bring about desirable changes in social services and local government. However, some aspects of social overhead have been neglected in the economic and social programs directed toward rural areas. Our rural governments are inadequate in meeting the greater expectations of the people. Neither do they become more efficient and effective by reorganizing so as to take advantage of new technologies available to them.

19Established under Title VI of the Economic Opportunity Act.