The Johnson Administration and the Great Society

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It was said hyperbolically of President Kennedy that he had so little interest in agriculture that he did not know where USDA was located. The same could not be said of his successor, President Lyndon B. Johnson, who had represented a poor rural congressional district in East Texas before being elected to the Senate in 1948. Indeed, Johnson was single-handedly responsible for one of the great feats of rural development when as a first-term congressman he completely electrified his district.

During Johnson's first State of the Union address on January 8, 1964, he called on the nation to mobilize for a "War on Poverty." In his first message on agriculture later that month, he reminded Americans that while the most visible victims of poverty were found in the cities, nearly one-half of nation's poor lived in rural areas. Johnson then asked for legislation to "accelerate the development and conservation of both material and human resources in rural America."

During Johnson's Administration, Congress satisfied many of the specific program requests by attaching rural-oriented provisions to general legislation designed to help the poor. Urban poverty continued to dominate public discussion, although Secretary Freeman strove mightily to bring increased attention to the issue of rural poverty.[65]

In August 1964, Congress passed the Economic Opportunity Act, which was the single most important piece of legislation in Johnson's War on Poverty. The act created an Office of Economic Opportunity (OEO) within the executive branch, and Johnson prevailed upon Sargent Shriver, the first Director of the Peace Corps, to head the new agency. OEO administered 10 separate programs aimed at eliminating the symptoms and causes of poverty. Nearly every section had some relevance to rural areas, but Title III, Special Programs to Combat Rural Poverty, was especially directed to rural development. Under Title III, the agency was authorized to act as a lender of last resort for rural families who needed money to help them permanently increase their earning capacity. Loans could be made to purchase land, improve the operation of family farms, allow participation in cooperative ventures, and finance non-agricultural business enterprises. Local cooperatives which served low-income rural families could apply for another category of loans for similar purposes. Title III also made available loans and grants to local groups to improve housing, education, and child care services for migrant farm workers.

Titles I and II also included potentially important programs for rural development. Title I created the Job Corps which enrolled school dropouts in community service projects; 40 percent of the corpsmen were to work in a Youth Conservation Corps to carry out resource conservation, beautification, and development projects in the National Forests and countryside. Even more important for rural areas were the Community Action Programs authorized by Title II. Federal money was allocated to States according to their needs for job training, health, housing, and welfare assistance. The States were then to distribute their shares of the Community Action grants on the basis of proposals from local public or non-profit private groups. Urban and rural projects were to receive equal funding.[66]

Economic Development Administration

In 1965, Congress passed the Public Works and Economic Development Act (PW&EDA), which reorganized the Areas Redevelopment Administration into the Economic

Development Administration (EDA). There had been general dissatisfaction with ARA's performance, but Congress felt that it had done enough good to warrant another try under new auspices. The Act authorized $3.3 billion over 5 years and specified seven criteria for eligibility. The list included low median family income, but the 6 percent or higher unemployment applied to the greatest number of areas.[67] The Act also mentioned outmigration from rural areas as a criterion. Consequently, EDA became much more rural-oriented than ARA. Like its predecessor, EDA primarily dispensed business loans and public works grants.

In an attempt to go beyond ARA's failed scattershot approach of providing aid to individual counties and inspired by the European model of regional development, the EDA encouraged counties to form Economic Development Districts (EDDs) because it was recognized that individual distressed counties (called RAs or Redevelopment Areas) lacked sufficient resources for their own development. EDDs encompassed from 5 to 15 counties and both planned and implemented development with EDA funding and technical assistance. Each EDD had a "growth center" (another concept borrowed from Europe), called a redevelopment center if it was located in an RA or development center if in another county. With the exception of the growth centers, EDD counties were not eligible for assistance unless they were RAs, but they were all expected to benefit from "coordinated districtwide development planning."

From 1965 to 1972, EDA's overall experience was "mixed," as some programs were very successful while others accomplished little.[68] The main problems were political pressure to disperse aid to as many congressional districts as possible and EDA's reluctance to admit that some EDDs and growth centers were more viable than others. As a result, the growth center approach was hobbled and not enough assistance was targeted to those areas that might have benefited most from it.

Appalachian Regional Commission

Created in the same year as the EDA, the Appalachian Regional Commission (ARC) made better use of the growth center concept. This was mainly because ARC was a hybrid institution - a confederation of States acting on a regional basis funded by congressional appropriations. Governors and their staffs, not constrained by specific eligibility criteria or direct congressional pressure, determined where projects would be located, and thus could be much more selective than EDA.

Governor Millard Tawes of Maryland called the first conference of Appalachian governors (8 at the time, but later expanded to 13) in 1960. They petitioned the President for a regional approach to the region's poverty, "an admission of impotence to solve their problems using State and local resources and an expression of dissatisfaction with the results of prior national legislation to ease the burdens of distress."[69] ARA had little impact, but when floods devastated the region in 1963, President Kennedy, who had discovered the region's problems while campaigning in West Virginia in 1960, established the President's Regional Appalachian Commission (PRAC).

In 1964 PRAC issued its report. Believing that Appalachia's problems stemmed from its geographic isolation and lack of social services, the Commission envisioned a program of interrelated public investments in highways and facilities, such as hospitals, schools, and other community facilities, that would "both upgrade the human resources of the region and attract human growth and diversification."[70] However, the commission was not interested in immediately attracting industry because it feared provoking interstate rivalries.

One of PRAC's more innovative ideas was a proposal for supplemental grants to financially strapped county governments so that they could participate in federal grant-in-aid programs that were normally beyond their means.

Another was the future organizational structure of the Commission itself, in which the States and the Federal government would jointly make decisions and States would collectively be given a role equivalent to that of the Federal government. Nothing of this kind had ever before been attempted within the Federal system.[71] On March 9, 1965, President Johnson signed the act creating the Appalachian Regional Commission (ARC), which very quickly got down to work. According to historian Bruce Schulman:

"The ARC owed its popularity in southeastern state houses to two unusual features. First was its so-called partnership. The commission included fourteen voting members, one representative from each state and the federal co-chairman. Representatives could propose projects only within their own states' borders and they were loath to reject proposals from other members lest their own states' projects receive similar treatment. . . Second, [ARC] elaborated the 'growth strategy.' Unlike the EDA, which directed funds to the most distressed low income and high unemployment areas, the ARC dispersed its funds to communities with high growth potential. . .The ARC never provided jobs training, or welfare to the regions' needy. It instead offered development assistance to southern Appalachia's wealthiest [rural and urban] communities. The Commission dedicated itself to highway construction, technical development, and technical training, all regional favorites."[72]

In 1972, Monroe Newman, an economist with the Commission, listed some of the modest improvements which may have been influenced by ARC's efforts since 1965. Aside from mining, employment was increasing in all sectors and subregions, although more quickly in the central and southern States. Manufacturing growth was occurring in areas outside established centers. These new growth areas were also experiencing some expansion in nonmanufacturing, service-sector employment, a critical indicator for measuring the degree of modernization in a mature industrial economy. However, the older, more established northern centers were having competitive difficulties. Overall, the good news was tempered because the employment changes did not suggest a "rapid regional convergence to the national employment pattern with its more modest dependence on manufacturing as a source of jobs." Appalachia was doing better but still not so well by national standards.[73]

Rural Housing

Before 1961, the Veteran's Administration (VA), the Federal Housing Administration (FHA), and, to a minor extent, USDA's Farm Credit Administration, were the only Federal agencies involved in nonfarm rural housing, and accounted for approximately 24 percent of rural home loans. The Farmer's Home Administration (FmHA) assisted farmers only.

In 1961, as previously mentioned, FmHA was given authority to lend for nonfarm housing and by 1972 it accounted for a significant percentage of Federal loans. FmHA's Rural Housing Insurance Fund, unique in the Federal government, served as a revolving fund for loans which were later sold to lenders. The fund had a rapid turnover, "making it possible to handle an annual loan volume many times as large as the fund of $100,000,000."[74] In 1972 FHA assisted 95,000 rural units, FmHA 84,000, and VA 32,000. Together, these three programs represented nearly 26 percent of the total rural units assisted from all sources.[75] Unlike VA or FHA loans, FmHA supervised and provided counseling for its loans and made its loans to very-low-income families. When those facts are taken into consideration, it could be said that by 1972 FmHA had become the most active Federal home lender in rural America.

During the 1960's, rural housing conditions continued to improve. The number of occupied substandard nonmetro units declined 79 percent, compared with 69 percent in metro areas. By 1975, 8 percent of nonmetro households lived in substandard housing, compared with 4 percent in metro areas.

The 1968 Housing and Urban Development Act also enhanced rural housing prospects because of its provision for interest supplements to low-income families. Made to lower income families than could previously be reached, low-interest loans still fell short of full coverage because many people at the poverty level could not afford the amounts needed to repay the principal plus 1 percent interest.[76]

Despite this progress, in 1972 the Senate’s Select Committee on Nutrition and Human Needs, chaired by Senator George McGovern (D-SD), pointed out some of the problems remaining.

“FmHA is operating under a statutory limit that restricts it to towns of 10,000 and below. FHA redlines most towns of 25,000 and below, leaving literally millions of people caught in between without housing programs of any kind. Neglect of this magnitude on the part of the Federal government demands earnest reevaluation.”[77]

USDA and the Great Society

All of these developments created both opportunities and problems for USDA. The new programs brought additional funding into rural development, but created potential for interagency and interdepartmental conflict. William C. Motes of the newly-created Economic Development Division (EDD) of the Economic Research Service later recalled the intense activity that followed the inauguration of the War on Poverty.

"EDD was formally organized in 1965 in a pressure-cooker of frantic activity throughout USDA to build a credible USDA development program. . . . Both OEO and Commerce had huge programs and even greater ambitions by 1965. It may be hard for us to believe how serious we all were in 1965 about eliminating poverty, and how deeply many people believed that it could and should be done, and quickly. OEO believed community action was the key, . . . The ARA-EDA programs focused on districts and regions and depended heavily on direct Federal intervention with dollar investments. . . . USDA, however, regarded itself as the legitimate heir to the Resettlement Administration [a Depression-era USDA agency] program and concepts. In addition, some USDA policymakers felt that both OEO programs with their preoccupation with urban social structure and the EDA programs with their intricate designs of economic linkages were, for USDA clients in the small towns and countryside, at best insufficient and at worst unworkable. . . . The pressure on all supporting USDA programs to ‘get involved’ was intense."[78]

In November of 1965, Secretary Freeman wrote an 8-page memorandum to President Johnson, something he probably would not have done with President Kennedy, in an attempt to gain some control over the burgeoning field of rural development. Freeman noted some of the successes of the rural development program -- 2100 counties with Development Committees, 17,000 projects begun, and 365,000 new jobs created -- but quickly pointed out that there were many communities that had no success stories to tell, either because they were not organized well enough or hadn’t tried hard enough, or because they had tried and failed. According to Freeman, there was much confusion and frustration in trying to get Federal aid, and some disillusionment that the Federal government had "over-promised". This was particularly true of the Area Redevelopment Administration, which was "vastly oversold in the course of political campaigning; far more communities have expected benefits than have received any." As a result, anti-Federal government prejudice had grown in certain parts of rural America in reaction "against our sprawling bureaucracy and the multiplicity of its programs."

Freeman suggested to Johnson that there was a need for an organizational means to carry existing Federal programs and the new programs of the Great Society beyond the cities into the poorest and most remote rural areas. A big problem was the unequal distribution of Federal funds between urban and rural areas, the reason for which lay in the lack of local knowledge of and access to Federal assistance programs. It would, however, be inefficient to establish new Federal offices in all rural counties simply to rectify this deficiency and promote "outreach". According to Freeman:

"The missing link has been a properly organized and recognized general-purpose agency which can serve as a central channel of communication to rural communities, and a source of general technical assistance to rural development organizations. . . Local development groups, whether the RAD committees we have been promoting or other groups, need a single source of information and advice which can review with them the total range of Federal assistance that will help them achieve their place in the Great Society."[79]

Rural Community Development Service

In February 1965, following the issuance of Johnson's Executive Order 11307, Freeman created the Rural Community Development Service (RCDS) to coordinate rural development outreach for USDA and other departments. This new agency was an expanded version of the Office of Rural Areas Development which had been in existence since 1961 under Almon Turley Mace. The new director was Robert Lewis, formerly an editor of a newsletter for the Farmers' Union and Deputy Administrator of the Agricultural Stabilization and Conservation Service. Mace stayed on as deputy director.[80] Lewis was relatively young and idealistic, and inspired his colleagues to believe they were doing the most important work in rural development. Morale, which had been good in the predecessor agency ORAD, went even higher in the early, heady days of RCDS."[81]

Under Lewis the Washington Office of RCDS grew through the transfer of staff from other USDA agencies, principally FmHA. Three field offices were opened and Lewis eventually hoped to have field offices in many states.

Within six months, however, it became apparent that RCDS’ goal of becoming the hub of rural development outreach would not be attained easily. Sargent Shriver, the Director of the Office of Economic Opportunity (OEO), and Jamie Whitten (D-MS), chairman of the House Agricultural Appropriations Committee, stood in the way of that ambition.

The OEO, created at about the same time as RCDS, was the lead agency in the Johnson administration's War on Poverty. It looked upon RCDS's efforts to address rural poverty as a trespass on its domain, which encompassed both urban and rural poverty. Naturally its spokespersons did not express this directly. Rather they couched their resistance in the fact that any financial transfers from OEO to RCDS might also be used to help some people who were not poor. For instance, in October 1965, after several months of negotiation between Lewis and Jack Conway of OEO, Shriver, in a memo typical of much OEO-USDA interchange, informed Freeman that he could not help fund RCDS's fiscal 1966 budget request of $3.4 million.

"I regret that my discussion with you of the difficulties we face in acceding to a particular proposal was interpreted as a reluctance to work with you and your Department to combine our resources in an effort to eliminate rural poverty.

I am very much aware of the extent of rural poverty and the difficulties in getting at its roots. I am also aware of the substantial resources of the Department of Agriculture. Within the parameters of our legislation and yours, I am most anxious to develop meaningful action that we can take together.

We have discussed the difficulties in taking action in the specific $3.4 million proposal . . . It would create many problems for us to finance an RCDS staff which would be providing services to various groups other than the poor."[82]

Congressman Whitten, sometimes known as the "Permanent Secretary of Agriculture" because of his long tenure as the chairman of USDA's appropriation committee, took an interest in virtually all of the Department's operations. He knew the internal workings of USDA perhaps better than any other person outside the Department and had friendly sources throughout the department, including a brother-in-law who worked for RCDS.[83] He was on constant lookout for any activity that might have skirted the authority of his committee. The transfer of personnel from other agencies to RCDS did not escape his attention. He became incensed that it had been done without his prior knowledge or approval.

In early 1966, Undersecretary John A. Schnittker informed Secretary Freeman that although USDA had been involved in rural development for several years it did not have an articulated program for the development of rural areas "that proceeds from design to implementation to tangible results as the Food Stamp Program does, for example." The Undersecretary worried that the "archaic local government situation" (i.e., obsolete townships and counties, overlapping political jurisdictions, etc.) inhibited the movement of industries and developers into rural areas. He wondered if it were possible for the Federal government to "do something in this area by way of model laws for rural development districts and more attention to zoning." Schnittker's memorandum, which was provoked by conversations with Robert Lewis, appears to have been the genesis for the Community Development District (CDD) bill, which was introduced into Congress in 1966.[84] The fate of Lewis' program became linked to this proposed legislation.

Following the example of the Economic Development Administration, successor to the Area Redevelopment Administration, rural development districts were to be created throughout the country under the leadership of RCDS. If it had passed, the CDD bill would have given USDA unchallenged leadership in virtually all rural development activities. Since 1962, USDA had organized Technical Action Panels (TAPs) in hundreds of counties, but these TAPs had always acted officially as advisors to the locally-run Rural Development Committees. Under CDD, USDA and RCDS would have moved from a strictly advisory role to that of a grant-giver and approver of community development plans, similar to the function performed by the Economic Development Administration in the Department of Commerce. Fearing an encroachment on their terrains, OEO and the Department of Commerce opposed this bill behind the scenes. The U.S. Chamber of Commerce and business groups spoke openly against it, alleging that it would be a big step towards Federal control of local business.[85] Chairman Whitten did not like it because he believed it would eventually make RCDS more powerful than such old-line USDA agencies as FmHA and the Extension Service, which he believed were the proper channels for USDA outreach.[86] Faced with such strong opposition, the bill never made it out of committee in the House, although it passed the Senate. (In 1968, section 701 of the organic act creating the Department of Housing and Urban Development was amended to allow for planning grants to be given to rural districts. Under the amendment, USDA was allowed to administer the grants. This modest measure did not stir any real opposition. As Freeman was leaving office in early 1969, only one such grant had been approved.)

Whitten's dispute with RCDS culminated in the 1967 agricultural appropriations hearings. There he told Lewis that his committee would not fund the requested $3,468,000, much of which was to be used to pay new field staff. Instead, only $637,000 would be appropriated for "coordinating functions." According to Whitten, money should not be spent on a "new organization, without a program of its own, which in the opinion of the Committee, would only retard the successful efforts of the Farmers Home Administration and other action agencies."[87] Whitten had received a leaked draft memorandum in which Lewis had speculated that up to 5,000 more personnel might be needed to adequately perform "outreach," and that current USDA personnel were not qualified for such work. Whitten took this as a warning that Lewis was intent on building his own bureaucratic empire, even though he was assured that this informal memorandum had only been the product of brainstorming and did not reflect official policy.[88]

Secretary Freeman testified on behalf of RCDS and assured the committee that the transfer of 36 people to RCDS had been a temporary expedient "pending a review of the budgetary situation within the Congress."[89] Lewis also received some outside support, especially from officials in Vermont, who praised the work of its RCDS field representative, but it was not enough to sway the committee. Several weeks after this budgetary rebuke, Lewis resigned his position and soon thereafter left USDA.

Some have claimed that the real reason Whitten was hostile to RCDS and other Great Society programs was that they would have disturbed labor relations between white farmers and African-American tenants and laborers in his district at a time when blacks had virtually no political power in Mississippi.[90] On at least one occasion he had expressed disapproval of food distribution to the poor during the harvest because it would have lessened their incentive to work in the fields.[91] Whatever his motivation at that time, in later years Whitten became much more receptive to programs for the rural poor when African Americans began to vote in large numbers in his district.[92]

RCDS continued to operate as a "coordinating" agency under the leadership of Lewis' replacement (Kenneth Birkhead) and his deputy, a defeated 7-term congressman (D.R. Mathews) who had just left the Agricultural Appropriations Committee, both of whom maintained good relations with Whitten. However, the agency had lost most of its *elan* and by 1968 Freeman felt compelled to ask Assistant Secretary Baker "if the people in RCDS were really getting anything accomplished."[93] Baker listed a string of successes but one wonders if Freeman's question had only been rhetorical. A Secretary as vitally interested in rural development as Freeman would have been expected to know about significant accomplishments without having been told in a memorandum. In fact, a few months earlier Baker had told the acting administrator of RCDS that he had virtually no information on the amount and extent of "outreach" and asked the administrator to give him the data "if it exists." Then, in early 1968, William Whyte of the Office of Information wrote that "the only significant results of the Executive Order [11307 authorizing RCDS] so far are the Secretary's increased contact with other Federal agencies and the December Rural/Urban Balance conference."[94]

In fairness to the leaders of RCDS, it must also be said that there existed bureaucratic obstacles to outreach and multicounty planning. In a 1966 memorandum, special assistant Kenneth Birkhead told Freeman that it would take a "major revolution" to shift traditional departmental thinking about rural planning. He cited a New York State project funded by FmHA with "multicounty implications" that, after a year, was being carried out by four separate county Technical Action Panels. Birkhead also asserted that, although there existed an understanding of what outreach was, its actual implementation was "foreign to the rather inbred nature of the bureaucracy." According to Birkhead, outreach required rethinking the relationships between agencies and departments and "rethinking by the bureaucracy is a slow and torturous operation. ‘Outreach’ will only succeed when those at the top - the Secretary, the Undersecretary, and the Assistant Secretaries make ‘outreach’ a way of life. When that happens the bureaucracy will slowly begin to move."[95] Another unidentified memo writer was even more critical. He made the same argument as Birkhead but then went on to deride the Technical Action Panels as being only a ‘small farmers protective association’. Such strong language elicited an immediate response from Assistant Secretary Baker, who defended the TAPs "as relatively successful instruments of change."[96] However, in 1967 an investigator for the Bureau of the Budget (predecessor of the Office of Management and Budget) had concluded that, "Generally the TAPs are heavily weighted, if not solely representative of the USDA and agricultural interests. This is particularly true at the county level."[97] Even if these evaluations were overly harsh, they do indicate some of the difficulties inherent in promoting "outreach" within USDA.

Program Evaluations

By 1966, the rural development and Great Society programs had been in operation long enough to attempt some field assessments of their impact. One such investigation was carried out by two economists from the Economic Research Service in several counties of the Ozarks region of north central Arkansas. This was one of nine geographic regions in the United States where rural problems were associated with "relatively dense settlement with high birth rates, where there are few outside jobs and education and skill levels are relatively low." This study is representative of several others that were conducted around this time.

In 1959, a five-county area in the Ozarks began to organize. The Rural Development Committees were composed of people from various interests, ranging from agriculture and forestry to recreation and tourism. One of their first successes came in 1960 when they induced a shirt-manufacturing plant to locate in the region, where all previous manufacturing activity had been in natural resource processing.

During plant construction it was discovered that a water supply for a sprinkler system was needed. The RAD committee prepared a plan and in 1964 the counties received $763,000 in public works funds from the Federal government. They contributed an equal amount from local funds. The Commerce Department's Area Redevelopment Administration also granted money to the local water district.

In 1963, the Bureau of Public Roads of the Department of Commerce approved a $235,000 public works grant for highway improvement for one of the counties. Also, the Department of Health, Education and Welfare (HEW) approved projects totaling over $500,000 for two sewage treatment facilities and a nursing home addition to a county hospital. In addition, HEW also contributed to the construction of at least four hospitals. Research and other technical assistance in the area were provided by the State, Federal and local Technical Action Panels, which were composed of state and local representatives.

Farmers in the region participated in various national programs. From 1960 to 1963, production loans from the FmHA increased 165 percent. The Soil Conservation Service (SCS) was actively involved in a flood prevention program, and also helped landowners with conservation plans and land use adjustment problems. The Federal Extension Service was involved in its usual educational programs in addition to helping organize the Rural Development Committees.

Practically all of the major communities in the area had made industrial sites available through donation or fund subscription efforts by local industrial development corporations. In addition to industrial and agricultural programs, tourism and recreation were also fostered. The Forest Service approved nearly $400,000 for construction and repair of roads, buildings, and recreation facilities in the Ozark National Forest. The Fish and Wildlife Service of the Department of the Interior approved some projects for the development of fish facilities, and the Corps of Engineers approved public works funds for recreation facilities in one of the counties. The ARA approved a $1.3-million loan in one of the counties for the establishment of an Ozark folk culture center, resulting in the expansion of employment in tourist-related trades and services.

State and Federal governments were also actively involved in manpower training in the area. The Manpower Development and Training Act of 1962 was administered in Arkansas by the Department of Education and the Arkansas Employment Security Division. By 1966, they had counseled, referred, or trained several thousand people in the five-county area.

After describing the various State and Federal programs, the authors attempted to assess some of the resulting social and economic changes. The brief 4-year duration of the local initiative made it difficult to make a definitive evaluation but the authors were able to reach some tentative conclusions about the impact of rural development in this region.

During the 1950's nearly 28 percent of the population had migrated out, the highest rate occurring in the 20-24 year-old group, which experienced an outmigration rate of 65.3 percent. Immigration into the region, however, was beginning to increase among older age groups because "the mild climate and the recreational developments encouraged the influx of retirees." This trend was continued into the mid-1960s. In addition, the increase of women in the manufacturing labor force "appears to be reducing the outmigration of both men and women from the area -- frequently holding husbands and young men in the area in an unemployed or underemployed status."

The economists did not have much recent data on income levels, but they inferred that there had been a modest increase from the fact that "passenger car registrations in the case area increased 26.3 percent in 1960-64, and in Marion and Baxter counties the increase was 43 percent." These figures compared with a 25 percent increase in the State as a whole.

Although they were somewhat encouraged by these two trends, the economists' overall evaluation of the economic health of the region was not as positive. They discovered that in spite of employment shifts from agriculture to manufacturing, there had been no corresponding reduction in unemployment costs in the area. In fact, unemployment insurance benefit payments increased 61.4 percent from 1960 to 1964. Nor was there a "smoothing" of the seasonal fluctuation in benefit claims, "as would be expected in the establishment of some relatively large year-round employers in an area which formerly had a high proportion of seasonal and part-time employment." Some women who had not previously been part of the labor force had found jobs, but the "larger portion of the experienced unemployed in the case area (the men), was not greatly affected by the industrial development activities, since most of the manufacturing jobs created were for women."

According to the authors, the existence of the new shirt plant demonstrated that one of the major problems facing development efforts in rural communities could be overcome -- that of an inadequate tax base and the county-line barriers of small government units. Two counties had combined and had been successful in securing financing for a sizeable industry. However, they had done so by voting the maximum industrial tax in order to finance this single new industry, making it difficult to attract another company "which could balance the employment pattern of the area." They believed that future development would benefit from combining even more counties into a tax base. Other benefits of county coordination would be the prevention of duplication of effort and "wasteful competition among communities and counties for new employment opportunities." In addition, it would foster economies of scale of service and trading centers, more adequate governmental and public services, and a "more complex and diversified set of economic opportunities."

The creation of such a county confederation was anticipated under the provisions of the Public Works and Economic Development Act of 1965, administered by the Economic Development Administration. (It was this same kind of analysis which had led to the drafting of the Rural Community Development District bill, which was being debated when this study was published.)

The authors concluded their study with the prediction that it would be difficult to raise median family income from $2,264 (1959) to a target level of $4,000 by 1975, "without considerable further Federal expenditures in the area. Even if desired male employment opportunities can be provided and female participation in the labor force continues to increase, the large number of persons dependent on nonwork income will tend to hold down family income levels in many families."[98]

Relations with OEO

USDA's work on rural poverty brought the Department into frequent contact with the Office of Economic Opportunity. One aspect of that relationship has already been mentioned in connection with RCDS. In general, OEO personnel had a poor opinion of USDA's ability to deal with rural poverty. Despite occasional high-level promises of cooperation, the rift between the two departments was never overcome. A good example of their mutual suspicion occurred when Secretary Freeman visited California in November of 1967. The state representative for OEO attended some of the meetings and wrote a report which later found its way to USDA as an "eyes only - administratively confidential" document. At the first meeting of State TAPs members, the

USDA State chairman listed the agencies involved, omitting only OEO from the list. Following his presentation, he asked representatives of other departments to describe their TAPs activities. Unfortunately, most of them "had never attended a TAP meeting nor, I am sure, had ever heard of TAP before entering the room. Several did a rather shameless snow job on the Secretary by describing nonexistent cooperation in really glowing terms." Noticing that OEO had not been called upon, Freeman asked if its representative were present. He then received a brief report, during which he evinced "some annoyance" when told that "a considerable educational effort by both agencies remained to be done before the full potential of such cooperation could be realized."

As the tour progressed, the OEO representative became irritated that OEO involvement in various projects was not mentioned and in some cases was deliberately ignored. He implied the reason for this lack of recognition was that the group "consisted of perhaps the most conservative county board of supervisors in the State, various Chamber of Commerce types, a group of the wealthiest and most influential farmers in the State, dedicated to the cause of cheap farm labor and a group of largely like-minded USDA officials." According to the OEO official, these groups, and not the rural poor and migrant laborers, were the natural constituents of local USDA officials.

At one stop a lawyer with California Rural Legal Assistance (CRLA) spoke. (CRLA was funded by OEO.) Such CRLA activities as challenging and delaying the importation of Mexican farm laborers, opposing the closing of schools to permit children to harvest late crops, and contesting the State's cut in medical aid to the poor "would be regarded as heresy, if not treason, by all but a handful of the assembled dignitaries. Thoughts flashed through my mind of the Roman Coliseum and Christian martyrs being tossed to the lions." The CRLA lawyer wisely (according to the OEO memorialist) did not speak of his agency’s activities but instead "presented a gentle but nonetheless pointed critique of USDA."

According to him, USDA was not structured to encourage rural economic development because it was "too highly decentralized and too reactive to local pressures." He also faulted the department's alleged unwillingness to take risks in its rural programs. Like many in OEO, he believed that migration to the cities could not be reversed by government programs, but only by the private sector through tax and other incentives.

The OEO representative stated that the day's events demonstrated to him the gulf that existed between the good intentions of USDA's Washington Office and the "motivations and performance of its officials at the State and local levels."

He felt there had been a conscious attempt on the part of local USDA officials to "play down" any involvement of USDA with OEO, the reason being that USDA officials in California were "inextricably tied up with commercial agriculture and the prosperous and conservative farmers who own and control that industry." His conclusion held out little prospect for any future cooperation in California between USDA and OEO.

"The truth is, I think, that USDA employees in California are scared to death of OEO. They do not want to risk damaging relationships with their own clientele by admitting involvement with us and are prepared to go to considerable lengths to avoid meaningful involvement and to conceal whatever relationships do exist with our ‘controversial’ agency.

"These tactics of subtle passive resistance to Washington level policies of USDA are exceedingly difficult to combat. There is nothing overt about it. They go through the motions of complying with specific instructions from their headquarters by inviting CAP [Community Action Program] personnel to TAP meetings and treating them politely when they appear but that is about where it ends."

The acting administrator of RCDS, who had received this memorandum in confidence, speculated to Assistant Secretary Baker that the negative report resulted from the fact "that perhaps the OEO man had his feelings hurt because he was not recognized to the extent he thought he should be." There may, indeed, have been an element of personal pique in the report, but it is more likely a reflection of real friction in California where the class line between big commercial farmers and farm laborers was more clearly drawn than in other States. Some evidence suggests that relations between local OEO and USDA officials were better when the correlation between farm labor and rural poverty was not as strong.[99]

In Washington, the conflict between USDA and OEO revolved around the amount of money spent on urban versus rural projects. USDA repeatedly pointed out that OEO rural spending was considerably lower per capita than its urban spending. USDA could refer to a 1967 report of the Senate Subcommittee on Employment, Manpower, and Poverty which pointed out that although more than 40 percent of the poor lived in rural areas, these areas received only 32 percent of Federal War on Poverty funds.[100]

OEO's principal figure in this dispute was Assistant Director Robert A. Levine, who reportedly enjoyed the confidence of Director Sargent Shriver. Levine argued that spending money in rural areas would simply help perpetuate the conditions of domination and subservience, experienced especially by southern blacks. For instance, in June of 1967, Levine wrote Shriver that:

"If we are to allocate our highly limited funds for maximum effort, or for any effect in rural areas, we are going to have to live with the fact that the programs which try to cure rural poverty by creating a personal or community economic base under conditions where such base does not exist are seldom going to work. . . I think the rural poor in their current state of ignorance and lack of training would be better off in urban slums than starving in the Delta and other parts of the South."[101]

Levine, in fact, contended that the rural poor should be assisted in migrating to the cities. He opposed the "controversial" Southwest Alabama Farmers Cooperative Association (run jointly by OEO and USDA) to help 700 black farm families gain self-sufficiency by cooperatively growing and marketing vegetables. Levine charged that such farmer cooperatives were a "sort of naive communalism" that could help only a handful of the rural poor.[102]

Levine's arguments struck at the heart of one of Secretary Freeman's favorite themes, the idea of a rural/urban balance, which he had vigorously advocated since 1965. The urban riots of the 1960s were seen as portents of future social unrest if rural outmigration were allowed to proceed unchecked. In December of 1967, a large USDA-sponsored conference was held on that topic in Washington, DC just at a time when Levine's position was being publicized in the press.

Faced with the prospect of further public disagreement and embarrassment, Secretary Freeman directed Assistant Secretary Baker to reach an accommodation with OEO. Baker had a meeting with officials of OEO, including Levine, during which they agreed to continue the Alabama cooperative project. OEO also promised to distribute its funds more equally between rural and urban areas and to support the Freeman position on rural outmigration. Levine also assented, although he expressed unofficial reservations about doing so to Baker. Thus ended the public controversy between OEO and USDA, although OEO's lack of cooperation remained an issue until the end the very end of the Johnson administration.[103]

Economic Perspectives

In his 1975 doctoral dissertation, Stephen Crane of the University of Iowa identified three philosophical approaches to rural outmigration and its relation to economic development that prevailed during the 1960s and early 1970s: (1) "Naturalists," who believed that market forces should be allowed to determine population movements; (2) "Modifiers," who advocated a "growth center" approach to stimulate development in large towns and small cities; and (3) "Developers," who supported more active intervention to preserve the viability of small rural communities.[104]

OEO's economists and policymakers were naturalists, at least when it came to rural areas. Economist Betty Mahoney probably spoke for the majority of her OEO colleagues when she said there was no firm evidence that outmigration was stemmed by rural economic development.

"However, the evidence of the high outmigration of young people from standard metropolitan statistical areas and from rural areas which do have opportunities suggests that migration will not be halted by economic development programs. Rather, it is possible that instead of stopping outmigration from rural areas, economic development programs may change net migration from the areas by bringing in migrants from other areas. Thus, the extent to which economic development programs may alter out-migration is yet to be fully ascertained."[105]

The Economic Development Administration was the principal home of the economic "modifiers." Its grants and loans for industrial park development and for infrastructure went primarily to small cities with rural hinterlands. The idea was to modify outmigration by directing some of it to these small cities. In addition, it was hoped the multiplier effects of this economic activity would spill over into some of the neighboring rural areas. This approach met with some success in areas of Appalachia and northern Alabama, but its critics charged that too much money had been spent to attain it.[106]

On the other hand, USDA, because of its size and the diversity of its programs, never spoke with such a consistent or unified voice. In the early years of the Great Society, many economists in USDA's Economic Research Service attempted to confront the problems of rural poverty and economic growth directly and specifically. The ongoing research on characteristics and trends was continued, but as much research as possible was focused directly on needs and means of Federal intervention.

For instance, the work of the ERS' Economic Development Division was focused on finding out why some regions grew and others declined and to "define efforts the government should undertake to help slow growing regions grow faster. The Division was committed to describe the characteristics of rural people and their communities and understand the implications of changes in these characteristics."[107]

Consequently, during the early years of the Great Society there were many economic "developers" within USDA, but there were also economists who maintained a skepticism about the efficacy of its programs. Their ranks increased as studies such as the one on the Ozarks were released and it was realized that "eliminating poverty" would be more difficult than had been thought during the early flush of enthusiasm for the War on Poverty. Many then became "modifiers" and pinned their hopes on creating so-called "growth centers" by uniting counties in community development districts. Others became (or had always been) "naturalists" who believed it was pointless to oppose the powerful economic forces driving people out of rural areas.

However, USDA policy leaders, especially Secretary Freeman, did not lose faith in the development strategy. Freeman was, in fact, an eclectic proponent of any approach that held promise. By late 1967, evidence of some friction between the Secretary and his economists surfaced in a testy note he sent to the chief of Agricultural Economics, Walter Wilcox:

"I recognize that there are certain professional reservations on this subject [i.e. rural/urban balance]. I certainly do not want to violate them. However, I am thoroughly convinced that in this instance the Secretary is in the eye of history and not some economists in our own operation who have been dragging their feet. . . . If there aren't people within ERS who see what's going on around the Nation, we'll have to get our resources elsewhere."[108]

An Economists' Summary

During the interregnum between the Johnson and Nixon administrations, economists presumably felt less constrained in voicing their opinions. In December of 1968, Lynn Daft and other economists on Walter Wilcox's staff in the Office of the Chief Economist collaborated on a report that evaluated the previous 8 years of rural development work in USDA. After listing the five main USDA rural development programs (RAD committees, RCDS, TAPS, Rural Renewal, and the Resource Conservation and Development Program), the authors proceeded to examine each one in turn.

The Extension Service (ES) had organized the RAD committees in 1961 and helped them prepare their development plans, but once the plans were prepared, most RADs went out of business. During the previous year, ES had assigned 351 people to work full-time in community resource development. This positive step was counterbalanced by the fact that the county extension agent was still very much "preoccupied with the interests of commercial agriculture," and did not identify with the Federal government as much as with the State university. More troublesome, however, were reports that some members of ES felt threatened by the existence of State and Federally-sponsored development groups. In some areas, according to the authors, the Service had "openly and vigorously opposed the creation of State development districts; in several other areas it has failed to participate in EDA [Economic Development Administration] districts and county Technical Action Panels." For these reasons, the Extension Service had not been much involved in rural development in recent years, which the authors felt was unfortunate because "it has a lot of talent that could be useful."

The Rural Community Development Service merited only a brief mention because it was felt that its work with RADs and other groups had fallen off significantly during the preceding 2 years. TAPs had superseded the RAD committees, the leadership of which had been assigned to the Farmers Home Administration. These panels, composed of local representatives of USDA agencies, provided technical advice to rural communities. Daft and his colleagues concluded that, although the TAPs program had been a good concept in theory, it had not "functioned effectively in practice." Other agencies had reacted negatively to FmHA's exclusive leadership and in many cases had simply gone through the "motions of participation". In addition, the "parochial image ascribed to the USDA by other Federal agencies, largely because of the Department's natural resource orientation, has made it difficult to gain their confidence and to establish a rapport."

The Rural Renewal Program, which began in 1962, had five projects encompassing 12 counties. During its 6 years of existence the authors found that it had basically expedited conventional FmHA programs, especially housing loans. In that limited sense it had been reasonably successful, but the problem was that the FmHA representative(s) had become accustomed "to working with individual program participants. As a result, he is not inclined to view social needs on a community or area basis." The advent of FmHA water and sewer loans had begun to change the agency's approach, but "it is changing slowly."

The authors were most positive in their assessment of the Resource Conservation and Development (RC&D) Program conducted by the Soil Conservation Service. These projects had the advantage of encompassing large areas. They were limited by the fact that they dealt only with "the natural resource component" of a potentially much broader development activity, and as "the projects mature, the need for a more comprehensive attack on area problems seems to become more apparent." Despite this limitation, the RC&D projects often had had a "catalytic" effect in stimulating other development, and there was ample evidence that the projects "have contributed to the economic growth of the areas in which they are located. Nevertheless, it is also evident that this has occurred piecemeal, not as an integral part of a total development effort."

Finally, the authors briefly examined the interrelationships of the programs and concluded that the biggest obstacle to cooperation was the lack of common boundaries. For instance, most of the RC&D projects operated in multicounty regions that rarely coincided with the jurisdictions of the other programs. There appeared to be a justification for this because natural resource needs were different from the others, but "actually many local USDA administrators disagree. Many of them are among the staunchest proponents of a common boundary system." As a result of this "proliferation of programs," many of the local community leaders complained that they were spread thin attending a different meeting every evening.

As Daft and his colleagues implied in their report, rural development work had made, at best, modest gains during the 1960s. Many within USDA felt that the Department was still unequipped to adequately deal with "human resource" needs and that a "new kind" of employee was needed. Field personnel had often passively resisted being turned into "social workers" and even when they were willing to assume that role were unsure how to balance their commodity and natural resource responsibilities with the more amorphous and ill-defined community development work.

Now that 33 years have passed, it may be said that the biggest achievement of USDA during Secretary Freeman's tenure was to bring forcefully and persuasively the issue of rural depopulation and decay before the public and Congress. Even though he had left USDA more than three years earlier, the Rural Development Act of 1972 is largely the result of his and Assistant Secretary John Baker's constant advocacy of a "rural/urban balance".[109]

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