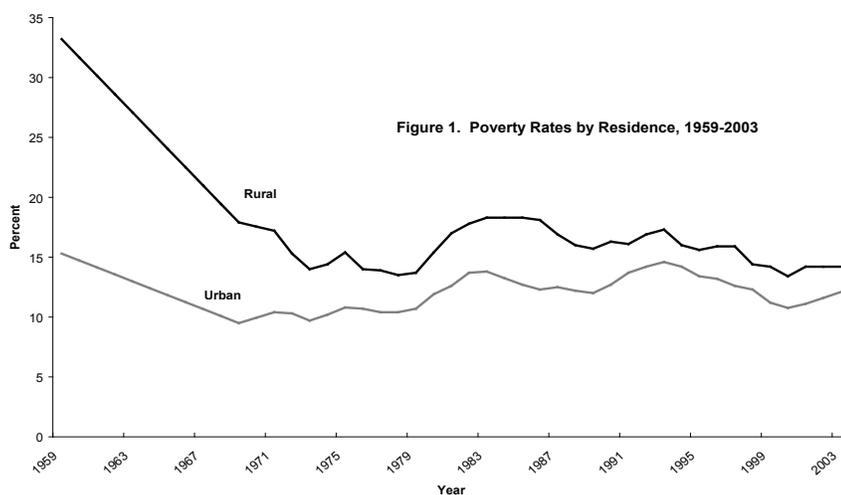


# The Challenges of Rural Poverty

In rural America today, more than one in seven residents lives in poverty. Poverty's causes are a complex interplay of individual characteristics and decisions, on the one hand, and the nature of the communities and economies in which people work and live, on the other. Leif Jensen, Diane McLaughlin, and Tim Slack, in their chapter in *Challenges for Rural America in the Twenty-First Century*, show how poverty emerges in rural areas and offer suggestions about what can be done to bolster the incomes and well-being of rural residents.<sup>1</sup>

## Rural Poverty Trends

Figure 1 shows the trends in rural and urban poverty since 1959. After a significant improvement from the extremely high levels in the late 1950s—when more than one in three rural residents was poor—rates settled at about 15% from the early 1970s on. From 1993 through 2000, amid a national economic boom, rural poverty rates (as well as metro rates) took another dip, to a low of about 13% in 2001.



Rural poverty in aggregate is consistently higher than metropolitan poverty, and it is more chronic. It also differs significantly by region. The rural “Black Belt,” for example, which arcs from eastern Texas through Virginia, is home to the largest expanse of rural poverty in the country, with rates often exceeding 20%. Portions of the Southwest also have high and persistent poverty, mainly among Hispanics and Native Americans, and portions of the Great Plains have higher poverty rates, especially on American Indian reservations. Appalachia, too, has historically high poverty rates.

## Factors that Increase Risk for Poverty in Rural Areas

The usual risk factors for poverty apply in rural areas: low education, being a racial minority, being elderly or very young, and being a single parent. However, there is clearly something about living in rural America that increases the odds of being poor. All racial-ethnic groups, including whites, are

<sup>1</sup> David L. Brown and Louis E. Swanson, editors, *Challenges for Rural America in the Twenty-First Century* (University Park, PA: Pennsylvania State University Press, 2003). This brief draws mainly on the chapter 9, “Rural Poverty: The Persisting Challenge,” by Jensen, McLaughlin, and Slack (all at Pennsylvania State Univ.)

more likely to be poor in nonmetro than metro areas. In 2003, 33.4% of nonmetro African American were poor compared with 26.5% of central city African Americans and 17.1% of suburban African Americans. Likewise, regardless of education, marital status, and employment status, rural residents were more likely to be poor. (see Table 1).

**Place or Person?** —What is it about rurality that makes poverty more likely? Some suggest it is characteristics of the place that create poverty. An area’s remoteness, its natural amenities (or lack thereof) create a context that in turn creates or fails to create jobs. Poverty is clearly associated with the quality and quantity of jobs available in an area, and “good” jobs—those with higher pay, stability, benefits—make up a smaller share of rural than urban jobs.

**Table 1. Poverty Rates, 2003**

	National	Nonmetro	Metro		
			Total	Central City	Suburb
<b>Race-ethnicity</b>					
White	8.2	11.2	7.3	8.9	6.2
Black	24.3	33.4	23.0	26.5	17.1
Hispanic	22.2	26.7	21.7	25.0	17.8
Other	12.7	23.3	11.4	12.9	9.3
<b>Education</b>					
Less than high school	23.3	25.1	22.7	27.6	19.1
High school	10.3	10.5	10.2	14.7	7.8
Some college	7.8	8.7	7.6	9.3	6.4
Bachelor’s degree or more	4.1	5.0	4.0	5.3	3.2
<b>Marital Status</b>					
Married	5.7	6.8	5.5	8.0	4.3
Never married	17.0	20.6	16.3	22.5	11.9
Separated/divorced	17.9	23.1	16.6	18.4	14.3
Widowed	16.5	19.6	15.7	17.9	13.7

Source: March 2003 U.S. Current Population Survey.

Here again, even when a rural person has the same human capital (education, job skills, and experience) and the same job as an urban person, he or she earns less. In fact, the earnings gap between metro and nonmetro Americans widened between 1991 and 1998, and more working families are likely to be poor in rural areas.

Reasons for this is rural labor markets are typically smaller, have few large employers, and are more likely to be dominated by a single industry, limiting the bargaining power of workers to demand higher wages. Others suggest that rural areas are intentionally underdeveloped so raw materials can be extracted more cheaply and labor can remain cheap. Still others suggest that urban areas are magnets to more complex and higher paid industries (high tech, for example). Finally, as globalization advances, even lower-tech or production jobs typically performed in rural areas (such as textiles) are being shipped overseas.

***Interplay of Person and Place***—The individual and structural factors have an influence on poverty, but in rural areas, the interplay of individual characteristics with place—its history, its opportunities, its traditions—also affects poverty. Consider race. Cynthia Duncan traced the dire circumstances of African Americans in the Delta to the rigid class system that denies employment and other opportunities.<sup>2</sup> Forty-one percent of rural African American children in the South are poor, double the rate for southern white rural children and six percentage points higher than African American children in southern cities.

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In other areas, local economies shape populations, such as the draw for immigrant workers of low-wage fruit and vegetable operations in the Midwest and elsewhere. Immigrants working in these industries are often poor, which raises the poverty levels in the area.

In addition, local power structures can influence jobs. Paternalism in rural areas may give individuals from certain families an inside track on jobs, for example. Less access to pensions, disadvantaged occupational histories, and lower life-long earnings leave the elderly in rural areas more likely to slide into poverty from one year to the next and less likely to move out of it. In addition, more rural elderly than urban elderly are living alone today than in the past, and their children live farther from them than in urban areas.

Finally, a good argument can be made for a link between the poverty and the ability of a community to organize and to attract or retain good jobs, or to assist its poorest members. Communities that lack human, social, and financial resources often cannot compete with other communities for jobs and other investments. (See Brief nos. 3, 4, and 5.)

### **Addressing Rural Poverty**

Rural families tend to rely more heavily on earnings, less on public welfare, and more on jobs in the informal economy than other families. As a result, earnings make up a larger share of income in rural families than in urban families. Therefore, a key solution to rural poverty is to boost earnings through employment or earnings supplements. Strategies to achieve this end, however, must recognize the unique aspects of rural areas that contribute to or exacerbate risks of poverty.

***Economic Development***—Local economic development is most likely to occur in places that have effective institutions and organizations and an active process of public participation. (See Brief no. 5.) Encouraging and building opportunities for civic involvement for all citizens, and building bridges and bonds between and among residents are key steps to a vibrant community and opportunity

<sup>2</sup> Cynthia Duncan, *Worlds Apart: Why Poverty Persists in Rural America* (New Haven: Yale University Press, 1999).



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for all. Similarly, reaching out to neighboring communities, fostering regional trade associations, local industrial districts, producer cooperatives, and other forms of locally based entrepreneurship can create dynamic and sustainable rural economies.

**Human Capital: Training and Education** —Training and education are critical if rural areas are to create or attract jobs. One predicament many rural places face is training individuals only to see them leave for greater opportunities elsewhere. To lessen this risk, communities and regions could tailor their training to existing or jobs they wish to cultivate, or develop training in skills that are common across industry lines as a way to lessen risk to employers of investing in training. Large firms could also assist their suppliers by providing training opportunities, and thus also ensuring quality and stability of

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production. Another predicament is that youth in a struggling community often see no reason to gain higher education, given the few jobs prospects that await. Building a dynamic, locally based economy can help address this problem.

A targeted program of entrepreneurial education, training, and technical assistance in high schools, community colleges, and with local nonprofit

organizations would help to create an enabling culture and networks of support for aspiring and existing entrepreneurs. Such programs not only help engage and retain young people, but they build on the local assets, heritage, and resources.

**Governing** —As devolution of government power continues, local governments are required to do more, often with less. (See Brief no. 4.) For rural areas with limited expertise and even more limited funds, devolution can severely limit their ability to produce and deliver services, administer municipal functions, and plan and execute strategies for future development. Poor communities, with a lower tax base and fewer resources, are especially susceptible.

Networking and building bridges with other communities, sharing costs, and co-developing services can ease the burden and address difficult economies of scale that rural areas face in providing services. At the same time, the burden cannot be borne exclusively by resource-scarce rural communities and regions themselves. Outside support from state or federal sources needs to be strategically invested to revitalize rural economies.

Given the ramifications of poverty, and the sometimes limited job opportunities in rural areas, it is important that the federal government continue to provide a safety net for the most vulnerable. Health care, supported living services, food programs, and programs that supplement earnings, such as the Earned Income Tax Credit, are critical to the well-being of many rural families. In addition, policies that provide a broad range of universal social provisions to support families and provide for an array of public work strategies to strengthen local infrastructures and provide work can help to counter poverty. Finally, policies that reduce the barriers to and support rural entrepreneurship would complement efforts to retain and attract business.