Job creation in rural areas
A select annotated bibliography
Job Creation in Rural Areas

A Select Annotated Bibliography

This annotated bibliography is designed to assist rural leaders who are seeking ways to effectively structure job development projects in their communities that, based on current research findings and actual project experiences, stand a good chance of success. The literature reviewed deals mainly with the factors, or determinants, that give rise to new or expanded jobs — and increased incomes — in rural America.

To a great extent, revitalization of rural America, or even the survival of rural communities, calls for the expansion of income and employment opportunities.

A comprehensive rural economic development policy has yet to be written [89]. While the research studied demonstrates that there is sufficient information available to support encouragement, as well as ideas, for getting individuals and communities started on rural economic development, no single strategy can be advocated for the local rural development practitioner.

Still, the research reveals that a number of strategies are producing positive results. Among those rural communities that are succeeding, a few general conclusions can be drawn:

• Community leadership education/rural development expertise can, and should, be taught and learned [23, 70, 89, 96, 98, 100];
• An educated labor force is a major plus [45, 61];
• Flexibility and adaptability are required of local governments, the private sector, and other rural development partners [113];
• Diversification of the local economy is important [11, 23, 54, 112];
• Government-provided incentives, effectively applied, can have a positive impact [53, 58, 80];
• Retention and expansion of existing businesses are the best first steps [3, 223, 24, 40, 99];
• Look broadly at tax incentives [50, 73, 81, 87];
• Attracting outside employers depends upon a solid infrastructure, access to telecommunications, and quality of life factors [89].

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Organization

The organization of the bibliography follows the research findings of Margaret G. Thomas, Project Leader, Midwest Research Institute, in her guidebook of selected successful rural area initiatives entitled Profiles in Rural Economic Development (1980). Thomas defines what she calls "seven hallmarks of successful rural development," and these hallmarks have been adapted to form the basis for the classification of the selections in this bibliography:

1. Incorporating Education/Job Training/Improving Skill Levels
2. Industrial Recruitment/Seeking New Businesses
3. Capitalizing on Existing Resources/Existing Businesses
4. Adding Value to Existing Products
5. Rural Leadership Development
6. Aggressive Grantsmanship/Cash Transfer Strategy/Financing
7. Pursuing New/Innovating Concepts

In addition, the bibliography contains an eighth category -- General ("G") -- which encompasses practically all seven categories, or macroeconomic issues, and other subjects indirectly related to rural job creation.

Each bibliographic entry is given a number, which appears in brackets at the end of the annotation and which corresponds to an appropriate job-creation category. Recognizing the interrelatedness of these eight broad groupings, a specific annotation may be assigned to more than one category. In such cases, the entry is referenced by the category numbers in order of major emphasis -- e.g., [7,1] indicates that the article deals mainly with new or innovative job-creation concepts [7] but also incorporates education and/or job training (1).

Bibliographic entries are listed alphabetically by principal author. The reader can easily pursue the annotated articles and select those of greatest interest by:

1. Using the category designation appearing in the lower left corner of each annotation, or
2. Referring to the index, where each entry within a category is listed alphabetically by author and corresponding page number.

Obviously, the categories can, and do, overlap. However, the short-term solutions are more adaptable to a "let's get going" approach, while the long-term remedies, more deeply rooted in classical growth theory, have wider application to a diversity of rural area characteristics [36]. Both views may be necessary, however, as short-term successes may whet the local appetite for community action leading to more comprehensive economic development. Alternatively, early identification of common goals within rural areas can promote community activity and solidarity, important elements in attracting employment [67, 88, 97].

Public funding

Job grants

Fast and slow growth

Tax incentives

Locally generated jobs

Value added

A summary of the findings

The discussion on public funding and cash transfer strategy aimed at job growth, for example, is focused largely on timing and targeting elements [4, 8, 14, 119]. There is evidence of rigid, poorly-timed public expenditure programs that lead to either inefficiencies or very high costs for every new job created. On the other hand, success stories demonstrate that flexible financing instruments, occasionally involving local business development organizations, combined with high levels of entrepreneurship and a rapid process of technology transfer, can lead to relatively rapid job creation [59, 80, 94, 112, 118]. Experience also shows that development grants may take at least three years to register a significant employment effect [12].

Furthermore, on the subject of job targeting, the literature distinguishes between subsidizing capital (i.e., cash incentives to businesses) and directly subsidizing labor [77, 26, 85, 110, 113]. Government funding programs that feature both forms of subsidies are believed to play a role in job creation. Further, targeted employment grants can be cost-effective in comparison to the more expensive general grants. However, immediate results from direct job grants may prove to be only temporary since long-term success depends on the improvement of the overall economy [35].

Another funding distinction occurs between fast- and slow-growing areas. In rapidly growing rural counties, direct development investments are thought to be better directed to manpower training, whereas in slow-growing rural counties, the impacts of employment grants to businesses can be relatively large, even in those counties ordinarily considered "beyond hope." Often overlooked is the impact of transfer payments (i.e., social security or other unearned income sources) that can lead to new jobs, particularly in the service-producing industries. This is especially pronounced in those communities that attract the elderly [54, 56, 57, 90, 103, 108].

The literature on tax incentives (i.e., resulting from tax differentials between areas or states) is contradictory -- positive impacts are recorded in some studies, while other research concludes that such tax innovations are neither efficient nor equitable for economic development [50, 53, 58, 73, 81, 87].

Many of the best rural economic development efforts are directed toward existing businesses and new, small enterprises owned/operated by local residents [7, 13, 25, 48, 60, 75, 76, 94, 104]. These may include assistance to nonmanufacturing businesses (i.e., services) through training and business visitation programs intended to increase the effectiveness of efforts to preserve and generate local jobs [44, 105]. Moreover, analytical tools have been developed to help local leaders assess their options in developing the community's commercial sector. Several other successful job-creation endeavors have in common the innovative tapping of the wide diversity of existing resources that are found in America's rural areas, including natural, historic, and ethnic resources; vacant buildings; businesses; and unique human resources [113].

Value-added projects, such as irrigation development, food processing, and market expansion of locally produced goods and services, can contribute to income and job growth without having to attract outside businesses. Also, studies on farm labor show that economic incentives to attract such labor to
Employment recruitment

Industrial recruitment, or the attraction of new manufacturing businesses largely financed with public funds and other economic incentives, has been viewed as one of the most viable strategies for long-term job creation in nonmetropolitan areas [15]. There is strong evidence that rural areas can be successful in competing with metro areas in this endeavor. Even "start-up" industries, such as high technology manufacturing, can be attracted to rural areas as these industries evolve through their product life cycles, use less skilled-labor and seek expansion in areas with relatively low land costs [3].

Influencing location

Research in location theory has largely focused on the determinants of industrial location. In addition to low labor and land costs, horizontal linkages with major markets and other communities, which are related to infrastructure development such as highways, modern telecommunications systems, and other extrabloc systems, are found to play a major role in attracting manufacturing as well as service-producing employment [9, 26, 33, 47, 52, 99]. Further, the ability to guarantee a trained local work force to a new company is seen as a key incentive during site selection negotiations, which, in turn, is linked to population size and local educational opportunities [45, 61]. More controversial is the role of a "quality living environment." The restructuring of New England's economy serves as an example as job growth moves from the Snowbelt to the Sunbelt [19, 22, 23, 29, 107].

Community research

Research offers additional tools to help rural leaders identify those community characteristics that have drawing power, permitting a tailored, highly specific development approach [38, 49]. These tools include a software system that matches industry requirements (with 118 economic development variables) and community characteristics [46]. Further, research has discovered significant errors in published employment data which suggests that conducting separate local surveys can be more effective in attracting new industries and jobs into rural regions [63, 65].

Education and jobs

Finally, there is broad agreement that the strongest case for public investment in job creation can be made for investment in education and vocational training programs that highlight human resource development [23, 29]. This important foundation for economic development is considered the greatest challenge for rural communities. Successful short-term rural employment and specialized training programs are cited in the literature, including individualized counseling and job search assistance, as well as innovative concepts to train local business managers about establishing goal frameworks and improving their potential growth [99]. Model education programs in the Midwest that assist commercial farmers who were affected by massive economic failures in agriculture, stress "home grown" projects, with regional networking among educational institutions and funding agencies [106]. Joint ventures between two-year colleges and businesses are also cited as offering a competitive edge for rural economic development [31, 70]. Generally, community colleges and as well as University Extension agencies are often found to be active elements in those rural areas where growth is occurring.

Tie education to specific jobs

However, without major program adjustments, education cannot be viewed as the universal solution to revitalizing rural America. Certainly the connection between potential job availability and higher educational and training expenditures must be considered, given a mobile labor force (i.e., especially rural youth and more highly skilled workers). To be more effective, educational efforts must recognize the strengths and disadvantages of rural people, initiate better state and local coordination, and improve job recruitment and targeting mechanisms [34, 95, 98].

In summary, the literature suggests that social scientists are indeed probing a wide spectrum of potential remedies and methods for reviving rural America, while meeting unique individual or community needs. However, in seeking ways to generate new jobs and increased income in rural areas, the investigators often contend with contradictions, wherein the cure confounds the objective. This is particularly true in primary resource industries such as agriculture, where a growth-enhancing technology can increase productivity but diminish the need for labor in rural areas. The proverbial "bottom line" for rural economic development rests with the local community.

The influence of federal and state policies, tax incentives, location theories, etc. notwithstanding, the fact is that rural development expertise can be learned. Perhaps, then, the first step for rural communities to take involves critically assessing the capability of local leadership to address income and employment issues, taking advantage of the available educational resources, and generating a collective, practical vision for the community's economic growth.

Many of the tools needed to help insure success exist. It's up to rural communities and the capability of their leaders to put them to use.

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2. The literature selected here was derived from several sources, including:
   a. Database Search Filo
   b. ERIC Database (DIALOG) - supplied by Regional Information Center (RIC), Beltsville, Maryland.
   c. Sociological Abstracts - Oregon State University (OSU) library
   d. Commonwealth Bureau Abstracts - OSU library
   e. Bibliography of Agriculture - OSU library

   (NOTE: In many cases, abstracts supplied by the database search services were included in the annotations in complete or abridged form.)
3. Journal Articles
4. Government Reports
5. Rural Development Agency Reports
6. Reports by Research Foundations
7. Books

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Bibliography


   Estimates the impact of manufacturing trade on domestic employment opportunities during 1964-75. Found that exports of manufactured goods created job openings for workers with above-average skills, whereas imports displaced job prospects in those industries with less-skilled labor and more women and minorities. [Although not directly related to rural areas, these findings support the role of education and specialized training in rural development, particularly in export-oriented areas.] [1,3]


   Using 1965-82 U.S. employment data, analyzes trends in productivity and production worker employment in the electronics industry. Concludes that advances in technology create jobs for skilled workers. On the other hand, imports cost U.S. jobs when much of the technology is conventional and is accessible to firms in many parts of the world. [Although not directly related to rural areas, these results support the role of education and specialized training in rural development, even for attracting high technology industries.] [1,3]


   Suggests that plant closings are not random events over which the community has no control. Found that rural areas near population and production centers can reduce the probability of plant closings by increasing the proportion of their employment from locally owned firms, especially those producing nondurable goods. [3]


   Evidence suggests that about 22 percent of public funds spent on public works construction activities have been used for on-site labor. Further, a maximum of 33,000 person-years of direct employment can be expected from $1 billion (omitting reductions for substitution and displacement) with most of the jobs held by previously unemployed skilled workers. Overall, the study concludes that public works programs doubling as employment generators are faced with a difficult mission of timing and targeting. [6]


   Uses shift-share analysis to determine whether high-technology manufacturers have relocated production to rural areas, based on 1975-85 U.S. employment data. Found that employment in this sector increased by more than 13,000 as a result of decentralization. Small and medium sized nonmetropolitan counties and areas in New England, the South, and the West experienced the greatest gains. The characteristics of participating regions and industries were found to be consistent with the product
life-cycle theory of spatial decentralization, i.e., employment in nature high-technology industries shifted to areas with relatively low land and labor costs, while industries in their growth and innovative stages remained close to the sources of skilled labor and specialized inputs. Concludes that the potential of high-technology industries as a source of nonmetropolitan employment is generally positive so long as these industries evolve through their product life cycles and become less skilled-labor intensive. [2]

The Granger test for causality, a statistical technique that attempts to identify cause-and-effect relationships, was applied to 1975-80 loan and retail sales data for 27 nonmetropolitan Arizona communities to determine whether banks had played an active or passive role in community development. Regression results for Arizona indicate that bank lending was sensitive to past local economic activity. No statistical evidence was found to indicate that bank lending leads local economic development. [7]

Economic theory was used to identify the potentially important variables in explaining the success of public works projects in attracting industry and creating jobs. A multiple regression model provided the basis for examining the influence of these variables on the employment impacts of EDA public works projects. Found that employment impact increased with distance from a major city or town (contradicting the growth center approach) and was inversely related to the population of the more distant counties concentrated on towns of 2,500 or more residents. Suggests that rapidly growing counties should direct funds to manpower training and labor-market information. Employment impacts were relatively large in counties ordinarily considered below hope. No single economic development strategy was advocated. [6,2]

Considers the costs and employment effects of a wide variety of federally funded job creation programs that target pockets of unemployment. Conventional analysis of the firm is used to develop mathematical expressions for the employment effects of two major categories of job creation programs: wages and block grants. Using 1978 data, parameters estimated from the empirical literature are employed to determine the cost effectiveness of alternative job programs. Fiscal substitution is the key parameter affecting employment grants, while budget elasticity, wage elasticity, and the elasticity of substitution are the key parameters for wage subsidies. The study concludes that it is relatively inexpensive to create jobs using either marginal subsidies or targeted employment grants. On the other hand, job creation under general wage subsidies or untapped target employment grants is very expensive. [6]


Found that lagged employment effects (i.e., length of time needed for grants to create new jobs) from federal economic development assistance were not strong for direct loans or loan guarantees. However, economic development grants registered small, but significant, employment effects that differed by both region and industry. A lag of at least three years was observed. Overall, Federal grants helped the sector that best responded to national business conditions. [Although this study is not specifically aimed at rural areas, the response lag may apply to rural development grants.] [6]

Reviews the literature on the role of service-producing industries in rural development and derives two critical assumptions. The first is that the income elasticity of demand favors services over goods as per capita income increases. The second divides the previous argument into two separate camps. On the one hand, the new rural development perspectives (assuming that services are footloose) lead to decentralization. Alternatively, traditional theory holds to a continuation of a centralization of services in large cities. The data indicate a centralization of services in the more urbanized areas within nonmetropolitan regions. Concludes that direct subsidies to service activities may be an inappropriate regional development emphasis. Further suggests, however, that the future of services in some rural economies continues to be attractive, particularly where income unrelated to employment (i.e., retirement) becomes more important in future years. [6,6]

The author, Executive Vice President and General Manager of the National Rural Electric Cooperative Association and a former U.S. Secretary of Agriculture, discusses the plight of U.S. farm families subjected to excessive debt and falling prices. In response to the situation, private/public partnerships such as rural electric cooperatives—which can play a vital role in the revitalization of the rural economy—must be re-established. Emphasizes that overall economic development may be as important to the future of rural America as federal programs designed specifically to assist agriculture. [7]

Shows that the sharp decline in rural population growth in the 1980s, especially in 1983-85, was offset in nonmetropolitan counties and in counties that were within commuting range of metro jobs. [This study supports other research related to the importance of infrastructure development, particularly highways, in rural development strategies.] [8]


Suggests that direct public-sector job creation programs cannot reach the roots of the unemployment problem. Instead, such programs represent a transitory measure that allows the unemployed to gain time until overall economic prospects improve. Assesses government efforts in terms of whether they attain this modest objective. Concludes that direct job-creating programs, while conceived as a short-term measure, demonstrate a vigorous tendency to become permanent. Estimates of budgetary savings by governments suggest that direct job creation schemes are the cheapest way to get quick results and, on the whole, reached the kind of unemployed for which they were designed. [6]


Examines employment instability in rural Indiana counties, using monthly data for 1970-80 and a single-index portfolio model. Results show rural counties are more responsive to systematic or cyclical employment instability than are urban counties. The higher instability is shown to be associated with lower percentages employed in manufacturing in rural counties. [6,2]


Compares American rural development issues over time, suggesting that the primary policy thrust has moved from revitalization in the 1970s to economic dislocation and stress in the 1980s. Recommends that human resource development and job creation be closely coordinated through regional or multi-community cooperative efforts. [G,5]


Contains twenty case studies illustrating some of the contributions of Comprehensive Employment and Training Act (CETA) programs to economic development and job creation efforts in rural areas. The studies are arranged to illustrate four economic development models: (1) the income generation model, in which CETA provided manpower for production of goods and services; (2) the infrastructure model demonstrating CETA's provision of materials and resources; (3) the promotion model showing CETA's role in new business promotion of a local area; and (4) the economic development intermediary model in which CETA provides management or technical assistance. [G]


Attempts to clarify the role of vocational education in job creation and development and to illustrate what past vocational educators can play and are playing. Three models for implementing or coordinating job creation efforts—single state agency, multi-agency, and local development—are described along with examples.


Concludes by forecasting the socioeconomic trends of the 1980s and charting the implications for vocational education and its part in job creation. [1]


Explores the determinants of population and employment densities interregionally, using data for 3,000 U.S. counties in the 1970s. Differences among regions in economic and demographic conditions were found to explain differential regional growth in manufacturing employment. Climate preferences for sunbelt states were detected, but public policies, including those intended to promote local growth, had less impact on local population and employment than did interstate highways. [2,3]


Offers guidance on the direction that the farm sectors of different nonmetropolitan counties are headed and/or how they will respond to impending changes in U.S. agriculture. Suggestions are particularly useful to leaders of unclassified counties (i.e., farm counties that are neither large nor small) because controlled change can best be carried out in such jurisdictions. [5,3]


Results demonstrate that the introduction of a shopping center does not assure a small community will be able to capture its retail market potential. Rather, the growth in some retail categories appears to be more a consequence of improved store management, or the addition of a single store either in or out of a shopping center. With respect to existing downtown businesses, adding the shopping center seems to have limited economic effects. [G]


Decodes the Job Training Partnership Act (JTPA) the most successful attempt by the Reagan Administration to devolve responsibility for domestic programs to states and the private sector. Examines the organizational and structural provisions of the 1982 law and assesses the program's implementation. Concludes that the JTPA program has proved to be a quasi-block grant to the states with a high level of private sector involvement. [Indirectly, this study may help rural areas in designing grant programs.] [5,6]

Redefines the Cooperative Extension System's integrated response to rural revitalization in light of the current farm and rural economic crisis. Offers a model which shows that rural revitalization may be understood as the interaction of economic, institutional and cultural factors that are driven by technology. Education is viewed at the heart of this effort, with Extension providing the perspective, knowledge and skills to help shape the decision-making environment necessary to create rural

Economic development efforts in small communities should be largely directed toward existing businesses and new, small enterprises created by current local residents. Since such development has difficulty securing conventional financing, leadership from an enthusiastic local development team, one which is knowledgeable and highly respected, is almost a necessity. [5,3]

25. Cortright, I. Small is beautiful—Manufacturing, small business

Small businesses are the dominant source of new manufacturing jobs in Oregon. The pattern of small firms (less than 20 employees, creating 100 employees) losing jobs, has been repeated in four of the last five years. Oregon's manufacturing sector is volatile and constantly changing. On average, one in every five Oregon manufacturing jobs is created or lost each year. Report concludes that site's role may be more in the form of facilitating change than in creating jobs. [No distinction is made between urban and rural areas, but results may be useful in planning rural development projects.]


Provides an empirical analysis for the calculation of export promotion elasticity of exports on a state basis. Results indicate that export promotion expenditures are having the desired effect of increasing exports. The results also support the basic rationale that economic development will be assisted via the creation of jobs. [Indirectly, results may be related to rural development, particularly for counties with a high export component.]


Iowa, with a multitude of small towns struggling for survival due to a depressed farm economy, faces the choice of spreading public resources among many towns or concentrating those resources on a relative few. Based on Great Britain's experience with a key settlement policy or a triage approach, the authors recommend the creation of growth centers in rural areas, thereby limiting depopulation and promoting economic diversification. A key settlement policy involves the selection of certain villages where public and private investment and population growth will be concentrated at the expense of other rural settlements. However, such a rural development policy must overcome the major problem of lack of mobility of assets such as homes and businesses.

28. Deaton, B.J. Strategies for strengthening the rural economy. Testimony presented

Concludes that capital and amenities, two related forces, hold the key to nonfarm employment growth. Argues that, to a substantial

to the Joint Economic Committee, U.S. Congress, 1985. (Available from author, Virginia Polytechnic Institute and State University, Blacksburg.)


Provides a discussion of the elements of a national rural policy and its likely impact on job creation. The elements include macro-policy, sectoral policy, territorial policy, and human resource policy. Concludes that macro-policy signals a long-term rural structural adjustment problem, while sectoral (i.e., agricultural) policy is unlikely to contribute significantly to job creation. However, territorial or regional policy offers some hope in terms of reducing rural disadvantage through public investment in improved information and communication systems. The strongest case for public investment can be made for education and training programs, highlighting human resource policy.


Rural counties that are economically dependent on farming or mining, or have a high proportion of federally owned land, have not grown more slowly and are not poorer than all nonmetropolitan counties. Still, the report shows that dependence on agriculture continues to be a strong negative factor in rural counties' population growth.


Contains fifteen case studies of successful rural employment and training programs. Eight of the program sites were visited by researchers; the other seven were contacted by telephone. Emphasizes reflected in the various cases included nonprofit corporations; roles of two-year and four-year institutions of higher education in job training and job creating; government efforts at job creation; job placement; responsibility of community-based organizations; manufacturing; new industry development; and cooperatives.


Study shows that, all things being equal, Americans would prefer to live in more rural locations. Suggests that the observed turnaround in rural population in the 1970s (i.e., "rural-reverse") was effected by this residential preference, although other factors were involved and need to be quantified through joint economic/sociological research. Rural immigrants (i.e., those who move from metro to nonmetro county) are more likely to have environmental reasons, not job-related ones, for moving to a rural location.
Based on the premise that jobs are more likely to be created by newer, smaller (rather than larger) organizations whose major emphasis is services, study concludes that rural area characteristics will tend themselves increasingly to new industrial sites (i.e., information intensive services and small-scale industries do not require the physical infrastructures that are difficult for small communities to supply). To tap this job-creation potential, authors suggest (1) development of rural technical information infrastructures (e.g., telecommunications capacity); and (2) development of human capacity to use modern information technology and innovative research and demonstration programs. [F,7]

Concludes that rural transition policy is the logical starting point for responding to rural economic stress. Recommends federal funding of retraining projects (administered by state agencies) and suggests that infrastructure, business development, and information dissemination programs be targeted to those rural communities that have a likelihood of attracting investment. [L2]

This analysis measures the performance of the Small Business Administration (SBA) 503 program. SBA 503 is designed to organize a nationwide network of Certified Development Companies (CDCs) to serve as catalysts in economic development, marshalling the resources needed to complete economic development projects. Locally organized CDCs can sell debentures with SBA guarantees, and the proceeds can be used to help small businesses by financing part of their fixed asset needs. While statistics show that the program has more than doubled since its beginning, it seems to result in short-term benefits, such as employment growth, with potential long-term damage. [Results are not directly related to rural experiences, but may be useful in deciding on type of grants that would best serve rural needs.] [G6]

Protests five theoretical bases for economic growth: (1) increasing resource availability; (2) advancing resource availability; (3) expanding markets; (4) conquering space (i.e., location of economic activity); and (5) building institutions (i.e., a group of individuals organized to achieve a goal). Suggests that rural problems persist because policymakers fail to integrate the five bases for growth into a practical rural development policy to achieve the desired rural-urban balance. Also suggests that policymakers need to be more clear about rural development goals and about the existing and proposed legislation and appropriations that act on the several bases for growth. [G7]

Focuses on the socioeconomic consequences of economic decline in the rural areas of the world's industrialized countries as well as both the theoretical considerations and the practical revitalization of the affected communities (of the world's industrialized countries). Concludes that, generally, the impacts of decline are not the mirror-opposite image of the impacts of growth, including the effects on secondary economic multipliers, reduced employment opportunities on labor force participation and migration and on property values and local tax bases. Revitalization efforts were found to be difficult to generalize; however, a deft shift to a more active role by state and local agencies, and away from federal involvement, was observed. Includes 670 references. [G,3]

In theory, rural communities grouped together in a single type or classification will share an industrial profile, permitting a tailored, highly specific development approach. However, several important variables (i.e., size; supply and quality of labor; market; community access to transportation systems, etc.) require that an assessment of the usefulness of these typologies should initially be made in light of specific rural development goals. [Specific goals such as rural job creation may benefit from an industrial profile classification.] [2]

This survey of recent research analyzing factors that may affect off-farm labor participation and labor supply decisions among U.S. and Canadian farm operators and spouses found level of education to most consistently have a positive influence on off-farm employment participation. However, it is argued that if education improves both on-farm and off-farm labor productivity, resulting in both a higher imputed on-farm and off-farm wage, then the education effect may be less than expected. The studies surveyed are representative of the empirical analysis characteristic of off-farm employment research (83 references cited). The research is broadly grouped into five sets of off-farm labor participation determinants: (1) individual characteristics; (2) family characteristics; (3) financial characteristics of the farm family; (4) characteristics of the farm operation; and (5) area of location characteristics. [N1]

Suggests that rural communities interested in quality of life should be encouraged to retain, expand, and create local farms with local capital as a base, as opposed to launching efforts to attract outside industries to locate in their areas. Also stresses the tri-partite nature of locally based community economic development as possessing: (1) an umbrella community organization; (2) local entrepreneurial talent; and (3) local professional training and resource mobilization. The umbrella organization is viewed as the catalyst for creating and maintaining the rural development capacity. [5,3]

Compares the relative merits of (1) the enterprise zone concept; (2) ESOPs (Employee stock ownership plans); and (3) GSOCs (General stock ownership corporations) in job creation and income growth within distressed areas. Projects that enterprise zones will attract large corporations that hire low-skilled workers, whereas the GSOC alternative will encourage the growth of small-to-medium sized firms, resulting in a better mix of low- and high-skilled workers. Also, ESOPs and GSOCs potentially offer more democratic decision making, involving the disadvantaged classes, than do enterprise zones. The model of Mondragon, the Basque cooperative system in Spain that has tapped ethnicity to develop disadvantaged areas, is cited as a means to improve democracy and innovation in development projects. [7,8]


Suggests that economic development efforts be tailored to meet specific local needs rather than targeting creating jobs, helping businesses, and reducing unemployment as separate goals. Two examples of 'specific needs' targeting are discussed: (1) Job Creation Limited (JCL), a British firm founded in 1980 to create jobs in the U.S., England, Scotland, and the Netherlands; and (2) the Corporation for Technological Training (C TT), a Maryland nonprofit organization linking the personnel needs of high technology local firms with the skills of the labor force. The principles and objectives of these two approaches are outlined, stressing the complexities of the modern economy and the way in which the barriers between public and private initiatives and structure were overcome. - [findings, although not directly related to rural development, may be applicable, paralleling the concept of building on existing rural resources] [3,7]


It is the job of business education teachers to take an active role in developing entrepreneurs. Teachers should give encouragement and training to aspiring entrepreneurs, and assist them in establishing and expanding their own businesses. [For rural areas, this finding may be related to community college and extension programs]. [1,3]


Discusses the need for including assistance to nonmanufacturing businesses (i.e., services) through business visitation programs to increase the effectiveness of efforts to preserve and generate local jobs. Findings included: (1) The interdependence between the production and distribution of goods and the availability of services requires the maintenance of a diversified, quality service sector to attract manufacturing enterprises; (2) Services play an important 'basic' role in most local economies, bringing dollars directly into the local economies; (3) In many communities, there exists the potential for service businesses to capture a larger share of the local market; and (4) In some cases, service sector development may be more effective than manufacturing employment in achieving local economic development goals. [3,6]


50. Harrison, B., and Kanter, S. The political economy of states' job-creation business Alleges that the labor costs and market conditions reportedly responsible for the movement of traditional manufacturing out of the Northeast may be changing. Concludes that while the Northeast provides markets for rapid growth industries, it must also provide the skilled labor that industries require as well as the infrastructure and other financial inducements that are effective in attracting economic activity. [2]

A community's chances of attracting up to 69 manufacturing industries can be assessed by matching industry requirements and community characteristics. The MIT-EDD system allows the user to compare a particular community with 1,100 others in the Northeast in relation to 118 economic development variables, including labor force, tax rate, highway access, and proximity to markets. Hardware and software requirements are detailed, along with industries, variables, and communities included in the system. [2]

Uses a new method of grouping federal payments to examine how the payments were distributed among nonmetro counties in fiscal year 1980. Per capita income transfers were highest in 'retirement' counties offering opportunities for rural growth. These counties differed from others in several ways, including their remote locations and large service-producing sectors. Concludes that the provision of adequate health-care facilities is most necessary for economic growth. [6]

Reviews D. L. Birch's MIT Program (see above) as well as the University of California Study (1975-79) and the Brookings Microdata Project, an update (1978-85) of the D:B files used by Birch. Concludes from these two job-creation studies that small (less than 20 employees) young firms are very important to job creation. [6]

Through the use of trade area analysis tools (trade area capture and pull factor), rural decision makers can better assess the development of their community's commercial sector, an income and job growth option that is often overlooked. Suggests that by strengthening the rural community's commercial sector, it's export base may also be increased. Concludes that the major benefit of trade area analysis is that it stimulates communities to examine reasons why they have lost pulling power and to assess possible options for recapturing lost trade. [3]

Found that, when applied, business incentives in state economic development plans do not produce much new employment. Rather,

Data from the U.S. Current Employment Statistics survey based on payroll records from 250,000 nationwide businesses was used to analyze employment trends in retail trade. Concludes that the relatively strong employment growth in the retail trade division during the 1973-85 period can mostly be attributed to extraordinary growth in eating and drinking places and food stores. [No breakdown for rural areas provided.] [4]


Describes Southwestern Bell Telephone Company's active role in promoting economic development in rural communities in Arkansas, Kansas, Oklahoma, and Texas. The effort includes videotapes, continual updating of network technology, and the personal involvement of SouthWest Bell employees. The program has helped improve both the regional economy and the company's performance. Since a first-rate telecommunications network is important to attracting businesses, Southwest Bell is constantly updating its local switching and loop technology. [7]


Results of analysis using 1965 through 1979 annual data for 48 states indicate that state and local tax increases significantly retard economic growth when the revenue is used to fund transfer payments. However, when the revenue is used to finance improved public services the favorable impact on location and production decisions provided by the enhanced services may more than counterbalance the disincentives accompanying the associated taxes. [6]


Concludes that the highest population growth in rural counties is occurring in retirement counties. Suggests that while rural counties involved in wholesales and retail trade do possess some potential, they function at the expense of the traditional mainstream businesses in small, neighboring communities. Views deregulation, especially of financial markets and the transportation industry, as contributing to rural economic stress. [7]


Examines the location determinants of the high-technology industry by examining the location (migration) decision of workers with high-technology occupations. Results offer no evidence to support the contention that high-technology workers are more sensitive than other workers to area characteristics such as climate, cost of living, and access to amenities, and, thus, would be willing to re-locate. [8]


Examines the relationship between rural growth and changes in the source of income. The rise in "unearned" income (defined as income transfers and investment incomes) is traced as part of a nationwide trend-(data from the U.S. Bureau of Economic Analysis demonstrate that unearned income now accounts for 33 percent of total personal income.) Argues that large amounts of unearned income leads to job creation, particularly in service industries. Concludes that effective community economic planning should include an awareness of unearned income as an economic resource. Also suggests strategies for channeling unearned income flows into rural development efforts. [6]


Reports that transfer payments have become an important source of income in nonmetropolitan areas. General retirement programs, social security and Medicare were particularly important, paying both large per capita benefits and a large portion of personal income in nonmetropolitan areas. In contrast, public assistance such as welfare payments contributed a relatively small share of personal income. [6]


Examines Federal tax policy affecting employment policy through four major provisions: (1) the Targeted Jobs Tax Credit (TJTC); (2) employment incentives in enterprise zone legislation; (3) individual training accounts (ITAs); and (4) employer reimbursement of employee educational expenses. Suggests that the TJTC and enterprise zone proposals are unlikely to create many new jobs (net) for the economy as a whole. Since the ITA approach is heavily dependent upon employer funding, further suggests that comparable objectives could be achieved with direct government expenditures. Concludes that the special benefits that enterprise zone, TJTC, and ITA programs extend to special groups distort the tax system relative to more neutral forms of taxes. [6]


The Massachusetts revitalization is cast as the second most significant step in market capitalism, as nearly 100,000 new manufacturing jobs were created during the second half of the 1970s. These key factors appear to have played a dominant role: (1) high levels of entrepreneurship; (2) a rapid process of technology transfer; (3) and aggressive capital financing. To replicate this in rural areas, Howell suggests attracting new ideas that have already become part of the existing stream of technology and creating new businesses to produce the goods and services previously imported. [2,7]


Describes how a small business program was initiated for the purpose of private sector job retention and creation. Critical to the success of this program was the Extension Service's ability to integrate the small business program into a total economic development plan. Thus, the creation and maintenance of jobs in

The ability to guarantee a trained local workforce to a new or expanding company is a key incentive during site selection negotiations. This study suggests that community colleges have an opportunity to play a key role in the development of a strong, well-trained workforce. One promising approach concerns the involvement of community colleges with economic development projects in their respective localities. States that have developed joint ventures between two-year colleges and businesses include Colorado, Oregon, Iowa, Illinois, Ohio, North Carolina, and South Carolina. Community colleges are also currently in the early growth stages of working in the international markets. [1,2]


Discusses growth, decline, and stability factors in rural labor markets. Factors influencing change will vary among these markets. However, in areas of both growth and decline, there are likely to be people out of work or who have low incomes. To be effective, programs designed to help resolve problems in rural labor markets should be based on: a sound understanding of how recent trends fit into a long-term pattern; an assessment of the area’s strengths and weaknesses for future development; and an awareness of strategies that have worked elsewhere. [6,2]


Focuses on the local labor market for a discussion of the issue of industrial diversity and specialization in rural areas. Argues that the local labor market (i.e., defined on the basis of commuting patterns) is a more appropriate unit for both analysis and policy purposes than either the county or the aggregate category "rural." In addition, rural labor markets are classified as either "diversified" or "specialized" industrial structures, with descriptive statistics on mean earnings and employment rates provided for comparison purposes. [G]


Reports that half of the nation’s rural economies are dominated by a few industries and about half are diversified with many industries. Concludes that diversified economies fared better overall than the rural average measured in terms of employment growth and per capita income stability. Economies that specialized in education and government showed similar economic strengths to diversified economies. [G]


Describes a research project which demonstrates a more "proactive" role played by Extension in addressing the rural unemployment problem and which documents the rural bias in official employment statistics. Using telephone interview data from a survey of all adults living in 3,125 randomly selected households in an eight-county region in Michigan, researchers found that the unemployment rate for the region was 17.5 percent, nearly three times the official unemployment rate. The communities made extensive use of the survey findings in attracting new industries and jobs into the region. Another important benefit has been the spirit of cooperation instilled in the communities by collectively addressing a locally relevant problem. [2,7]


 Defines rural development as the creation of “growth capacity” in rural areas. Calls for federal rural block grants that would be administered by a coalition of federal, state, and local groups to permit custom-designed plans for each community. [6]


Conventional theories on manufacturing development have paid little attention to the influence of community factors on the location and/or expansion of manufacturing firms in rural areas. This study argues that greater consideration must be given to community factors such as community activism and solidarity before the current economic changes impacting rural communities can be fully understood. Items such as the presence of a local school board system are evidence of previous community activism and symbolize local solidarity. The effects of these two factors on rural manufacturing development, in 160 nonmetropolitan communities of Pennsylvania, are estimated in a regression analysis with controls for linkages between the community and larger economic systems. Findings indicate that rural manufacturing development is influenced by community activism in promoting growth and by the solidarity of the community. [2]


Recreation-related goods and services (skiing, condominiums, summer homes, fishing, etc.) are apparently superior economic goods; therefore, the impacts of a recession in recreational areas are different than in more traditional natural resource areas. In the county studied, employment and wage levels continued to grow between 1979 and 1983, while general economic growth was damped, because two-thirds of total employment was recreation related. [3]


Examines the location of new manufacturing industries in 221 rural New Hampshire Minor Civil Divisions. By using logit analysis, a model that permits forecasting of an occurrence of an event, in terms of probabilities (e.g., number of industries gained by a town), a five-factor location model is developed. The five factors


Analysis of private, nonfarm job creation data in nonmetropolitan areas suggests that the contribution of small businesses (i.e., those with fewer than 100 employees) to rural employment growth may be larger during a period of rapid employment growth (i.e., 1978-83) than during a period of sluggish growth (i.e., 1980-83). Cautions that while the creation of small local businesses can help rural communities expand employment, the failure rate of such businesses is higher than that of established businesses. [6][7]

Prepares new data that show that the local economies of rural counties depend more on corporate affiliates for new job growth than do urban counties. Also concludes that jobs generated by small, independent businesses in rural counties appear to be less stable and less permanent, and, therefore, more vulnerable to economic changes than jobs in affiliated firms. [6][7]

Studies the extent and nature of employment growth in the service sector on a national basis, with a special focus on differences between nonmetro and metro areas. Growth in both kinds of areas appears to be largely explained by changes in demographics, household incomes, consumer tastes, and technology. However, the link to growth in goods production is stronger for nonmetro areas. Preliminary analysis of recent employment trends suggests that nonmetro areas may continue to lag behind metro areas in services unless they can capture a larger share of the nation's goods production or expand export services. [6][7]

Designed specifically for private industry councils (PICs), this guide introduces the subject of economic development and job creation and highlights the impact PICs can make through carefully planned involvement in local economic development efforts. Includes an introduction to economic development; ideas on the PIC's role in economic development; and practical suggestions for what a PIC can do. Also contains resource materials for use by PICs in day-to-day coordination with economic development programs; ten case study models of successful linkage experiences; a PIC self-assessment worksheet; a PIC economic development linkage worksheet; an annotated listing of sources (organizations) of technical assistance; a list of federal economic development programs; and a bibliography. [Though not specifically related to rural areas, this study may benefit local rural leaders.][6][5]

Beginning in 1981, Montana's lumber and mining industries suffered an unprecedented loss of jobs, having a devastating effect on the entire state. The AFL-CIO's Human Resources Development Institute (HRDI) stepped forward with a retraining plan called "Project Challenge." Each of five program sites evalua
25 people quarterly and offers them one week of job search training and 90 days of individualized counseling and job search assistance. In addition, the program can arrange for education classes, on-the-job training, and reimbursement for an employer, or specialized skills training at a local vocational technical school. Nearly 70 percent of the 400 participants served by Project Challenge annually find jobs, usually with the small companies that are considered the basis of Montana's employment future. [1]


Covers a broad range of U.S. rural economic development issues. Suggests that development financing instruments be packaged for greater flexibility and effective targeting, including the use of local development business organizations to find deals. [6,7]


Develops and utilizes a model which simulates the results of potential policy strategies directed toward alleviating problems of underdevelopment in rural areas. For each strategy simulated, limited public funds are assumed allocable among various types of development activities (i.e., public assistance, human development, and job development). Findings indicate that with a 30-40 percent annual increase in development allocations, study area poverty can virtually be eliminated within 15 years and that public assistance and industrialization programs are the necessary bases for potentially successful development plans. [6,7]


Using census data from all existing U.S. counties, the authors examine industrial change during the 1960s, an historically important decade of unprecedented affluence and change in the United States manufacturing employment. Regression analysis of shifts in median family income shows that while small towns benefited from the migration of industry or the expansion of existing facilities, the benefits did not equal the income lost from a decline in manufacturing jobs in large metropolitan areas. The findings are consistent with Bluestone's and Harrison's contention that industrial change results in a net loss of income to U.S. workers. A major conclusion is that while many U.S. sociologists were celebrating alliances between business and labor, forces were at work undermining worker income and prosperity. [2,7]


Contains annotations of 120 publications dealing with job creation and economic development. Focuses on more recent publications, but includes some from the past 15 years in order to show the evolution of the job creation process. Materials are organized into nine major sections: (1) Human Resource Development; (2) Statistical Information; (3) Vocational and Career Information; (4) Public/Private Involvement; (5) Work-Related Projects; (6)


Identifies the employment contributions associated with different types of employment establishments, measures the distribution of jobs among various population subgroups in ten Ozark counties, and analyzes the role of government funding in the economic growth process in a five-year period, 1979-1984. The area selected experienced considerable growth in new and expanded businesses and employment, with 30 percent of the wage and salary jobs in the area developed after 1978. The survey results show that the role of government in providing direct capital to private businesses in the area was limited, with only five percent using direct grants or guaranteed loans during the preceding twelve years; large firms and goods-producing industries benefited more from public funds than did small firms and service producers. [6]


Examines selected public sector direct job creation schemes that were in operation in 1977-78 in Canada, Denmark, Norway, the United Kingdom, and the United States. Based on responses to a questionnaire and discussions with officials in the five countries, the report shows the results of a series of different job creation programs, suggests the implications of the various existing program types, and outlines their common characteristics. Includes data pertaining to: number and type of jobs created; characteristics of

Economic Factors; (7) Illinois Manpower Information; (6) National Manpower Policies; and (9) International Manpower Policies. [This work is not directly related to rural areas, but may prove useful as a source of research material on job creation.] [G]

Describes an econometric study of the effect of interstate tax differentials on the location of new manufacturing businesses. Found that tax burden differentials are statistically significant and negatively related to the size and location of a capital investment. The empirical results contradict the opinion that state and local taxes exert little or no influence on business location decisions. [6,3]


Describes how small cities are launching their own development efforts based on the example of large cities. Suggests that small cities use a market-oriented method and adopt a problem-solving approach capable of early achievements. The key is to provide enhanced business environments where companies in growing economic sectors can find competitive sites. [7]


Summarizes the determinants of rural development and job creation (industrial location) according to five critical criteria: (1) access to knowledge; (2) capital; (3) telecommunications; (4) transportation; and (5) high quality living environment. Points out the need for comprehensive rural development policy. Concludes that the single most important issue for states is to expand the education and technical assistance to community economic development to units of local government and community leaders in rural areas. [2,5]


Discusses economic revitalization of rural America in terms of a comprehensive rural economic development policy. Central to the development of that policy is the recognition of important changes over time in the sources of income in rural areas. Concludes that the survival of rural communities depends equally on policies affecting farm incomes and on the expansion of nonfarm income and employment opportunities. Apart from attracting manufacturing industries, rural communities can achieve economic growth from other sources, such as tourism, service industries, dividends, interest, rent, and social security benefits. [6]


Identifies five foundations for economic development and job creation at the state and community levels: (1) infrastructure capital; (2) innovation capital; (3) commitment capital; (4) financial capital; and (5) human capital. Concludes that all five foundations are necessary and that each presents major policy dilemmas, with human resource development constituting the greatest challenge. [6,3]


Using data from the U.S. Department of Labor's Current Employment Statistics survey aggregated into nine census divisions, regional employment growth is analyzed (does not include agriculture). Suggests that any regional advantage in employment growth is often short-lived. The period of decline may actually create the conditions for future growth, while the forces of growth may ultimately result in a loss of competitive edge. Examples include reversal from the Snowbelt to the Sunbelt as New England's economy is being restructured. [G,3]


Concludes that regional job growth and decline occur not only because of changes in comparative advantage between regions but also as a result of public policy. Between 1968 and 1978, increased Federal contract dollars helped to expand job opportunities in the Sunbelt, causing a large migration from the North to the Sunbelt area. Federal defense, welfare, energy, transportation, and water policies are cited as key determinants of regional job creation. [6]


Survey data suggest that employee-owned firms create jobs three times faster than their conventional counterparts. Employee-ownership plans include: ESOPs (employee stock ownership plans), cooperatives, and other such as direct purchase plans. Contrary to popular belief, employee owners of troubled companies actually represent only a small percentage of all employee-owned companies. [7]


Examines major education and training policies and programs that contribute to rural economic development. Concludes that few programs address the unique needs of rural communities, noting only modest differences due to substantial public investments in education and training programs. Proposes new policy directions that recognize the disadvantages unique to rural people and the strengths of rural institutions. [1]


Argues that vocational education can contribute to the creation of new jobs through educational programs for employers or prospective employers and through collaborative efforts with community leaders. However, such a contribution is dependent upon strong leadership at the state and local levels. Local leadership is seen as the most essential ingredient because local leaders are familiar with their economic conditions and the
availability of resources. They can also identify the community
goals to which vocational education can contribute and define the
joint responsibilities of civic, business, industry, and educational
leaders. At the same time, state leaders need to work with local
leaders to implement programs. Coordination at the state level is
seen as providing a number of advantages over local education
alone, including wider program accessibility and a minimum
amount of lead time for training. [5,5]

Concludes that an "active" community has a better potential for
income growth and job creation. Recommends external assistance
for rural communities that are experiencing low levels of
activity, based on the assumption that every community has the
latent potential to mobilize concerns of common interests. Also
suggests that active community involvement in promoting economic
development improves an area's ability to obtain public funding
for specific projects. [5,6]

Examines and evaluates both public and private efforts to assist
dislocated farmers, with particular emphasis on employment and
training programs. Identifies five key elements in successful
retraining programs that lead to high new entry employment rates:
(1) use of trained field staff for outreach activities; (2)
establishment of program eligibility criteria that includes the
enrollment of target population with a minimum of delay and
embarrassment; (3) designation of a neutral service center; (4)
statewide leadership and cooperation; and (5) state structure that
permits the support of the most aggressive local projects,
regardless of their institutional affiliation. Suggests that job training
is not enough to insure long-term economic well-being and that
longer-term solutions to structural economic problems are essential
components of national and locally based solutions. [1]

Study identifies the source and distribution of jobs, as well as state
government's contribution to rural economic growth, in a
ten-county area in southern Georgia which had a net increase of
16,000 new jobs during the period 1970-81. Based on survey data,
growth from expansion of ongoing establishments was found to
create jobs more uniformly across the goods, services, and
government sectors than was growth from new establishments
that created jobs primarily in the service sector. However, new
and larger employers were found to be the more important sources of
new jobs than their smaller, ongoing counterparts. The area's
vulnerability to employment and operating decisions made outside
the local area was assessed by examining the characteristics of
multi-establishment firms with headquarters located elsewhere.
This vulnerability was found to be limited where branch
manufacturing plants had substantial linkages with input resources
from the area. The study found that few establishments depended
on public sector funding, with less than two percent of

businesses surveyed reporting they had workers whose wages were
paid or supplemented by federal and state employment programs.
Local government was found to indirectly assist economic growth
by improving the infrastructure which supported commerce and
attracted new employers. [3,2,6]

Examines the relationship between rapid rural growth and the
retention of rural youth. Statewide data from 170 high school
seniors in rural counties of Utah provided no support for the
beneficial retention hypothesis, i.e., no significant differences were
found in student migration intentions between rapid-growth and
comparison counties. This study implies that rural economic
development projects may not be sufficient to prevent
out-migration of rural youth.] [G]

Uses welfare, export base, and central place theories to help
explain the interaction between farm households and rural
communities. Concludes that attempts to diversify and develop the
economies of rural communities must not be viewed as competitive
with a viable farming sector. Suggests that many of the sectors
that were previously thought of as followers of changes in the
export sector are leading in the economic change of rural
communities, including changes in telecommunications,
transportation and finance. [G,3]

The advisability of developing economic incentive programs to
attract manufacturing industry to rural communities involves two
considerations: (1) the potential success of the programs; and (2)
the community's ability to select relatively cost-effective strategies.
Information from a two-state statistical study is provided as a basis
for evaluating the effectiveness of community actions including
development of high quality plant sites, industrial bond financing,
and improved financial support to schools. [2]

Transfer payments and investment incomes in the form of
dividends, interest, and rents are becoming increasingly significant
contributors to the economic growth and vitality of many counties
of the Pacific Northwest. In 1981 and 1982, for example, the
incomes from these two sources exceeded the combined earnings
from manufactures and services, the two largest private industry
employers. And for the small Washington county of San Juan, the
income from transfer payments and investments comprised 63.4
percent of its total personal income! This suggests that the narrow
rural growth strategy of expanding industry employment
and earnings overlooks the potential role, and importance, of
income sources such as dividends, interest, and rents. [6]

Argues that nonmetro communities should adopt a nonmanufacturing focus to expand their economic base. Since nonmanufacturing businesses form a part of the export base in these communities, Smith concludes that they should be included along with manufacturing in employment generation and economic development programs. While only a minority of the nonmanufacturing businesses were found to be export-oriented, those businesses were strongly export-oriented. Larger size, nonlocal ownership, and larger nonmetropolitan markets are associated with higher export levels, while proximity to a metropolitan market is not. [7,4]


Suggests six tactics for a successful rural economic strategy: (1) determine local competitive advantages; (2) target infrastructure support; (3) provide financing for demonstration, innovation, and translation (but not for ongoing economic activities); (4) provide marketing and business management support; (5) assure adequate management of natural resources; (6) support alternative agricultural systems closely linked to local economy. [6]


Provides an inventory of model programs developed by various agencies to assist commercial farmers and dislocated rural people affected by massive economic failures in American agriculture. The focus on education's response to people in crisis is based on the belief that effective rural development must ultimately be 'home grown,' with regional networking of educational programs, funding agencies, and consultants facilitating action. The inventory reflects the diversity of the programs, including job training, career assessment, political advocacy, financial and legal counseling, new market development, and stress management. A total of 53 entries from eight Midwest states are described, including outcomes, funding resources, and contact agencies. Several entries deal with developing supplemental income sources for farm families through the creation of home-based business opportunities, as well as assisting in identifying and securing new goods and services to replace lost commodity markets. [1,4,5]


Concludes that self-employment by in-migrants from other states is not a "growth industry" in the sense of expanding the local economic base. More generally, these new firms compete with existing firms and do little to expand the total number of local job opportunities. The new owners in the study were generally young, well-educated people who desired to live in environmentally attractive areas. [2]

108. Summers, G.P., and Hirsch, T.A. Capturing cash transfer payments and community economic development. 30

Examines the relationship between community economic development and transfer payments (unearned income). Initially argues that the fundamental restructuring of society is changing the context for community economic development. Citing data from the U.S. Bureau of Economic Analysis, authors show that transfer payments, especially to retirees, constitute a significant percentage of total personal income. Argues that large amounts of unearned income flowing into rural areas in the 1960s and 1970s resulted in economic growth and job creation, particularly in service industries. The formation of local capital through cash transfers and nationwide marketing strategies is seen as a possible way to channel unearned income flows into developmental efforts. [6]


Confirms the sensitivity of off-farm work to economic incentives, using data from a 1971 survey of Illinois farmers. A one-percentage increase in the off-farm wage was found to increase off-farm work (in hours) eleven percent, primarily replacing farm work rather than increasing total hours worked. Suggests that flexibility in farm labor markets permits human capital transfers between farming and other activities, with much lower adjustment costs than those associated with complete entry and exit of farms. Also suggests that the responsiveness of farmers to off-farm wage opportunities has important implications for resource adjustments, namely, that there may be more farm entrepreneurs, and a larger farm labor force, than exist in a structure of only "full-time" farms. [3]


Considers three priorities for rural development: (1) education, (2) employment, and (3) community infrastructure. Suggests that up to $4 billion be transferred from farm commodity programs to rural development, while at the same time targeting medium-sized farms for federal assistance. This proposal is not expected to address the majority of rural America's problems, but it recognizes that rural development will not occur "naturally." Further, the redistribution of funds would emphasize educational reform and federally assisted, but locally directed, economic development. [6]


Suggests that nonmetropolitan counties are at a disadvantage, compared to metropolitan counties, in terms of human resources (i.e., labor force). This is due largely to the outmigration of rural young people—the nonmetropolitan United States has a lower proportion of people in the prime working ages of 20-44 than does the metropolitan United States. Discouraged workers and high levels of work-preventing disability have contributed to this lower rate of nonmetropolitan labor force participation. In addition, workers in nonmetropolitan areas, particularly in the South, have lower educational levels, as indicated by higher high school dropout rates, lower average adult education, and lower proportions of college-educated adults. Concludes that better job opportunities in nonmetropolitan areas are necessary to reduce outmigration and to provide an incentive for increased education. [1]
112. Tevis, G. Small towns scramble for new jobs. Successful Farming, (March 1986): 14-15. Describes the success of a foresighted rural Iowa community which launched a development corporation in the 1970s while other communities were being blinded by the prospect of the agricultural boom. Through local business subscriptions, an industrial park was developed, attracting thirteen new industries in sixteen years. The community tax base increased fivefold and the work force increased by 41 percent. The impact of a more diversified economy has had a ripple effect on local schools, hospitals and health care as well. The development corporation has not focused on the retail sector, exporting service business to develop simultaneously with new industry. [5,2]

113. Thomas, M.G. Profiles in rural economic development. Kansas City, MO: Midwest Research Institute, 1988. Highlights 64 successful economic development initiatives in rural counties or communities with populations under 10,000. Contains descriptive profiles, along with contact agencies and names of specific projects that have produced measurable benefits in terms of employment and income. Concludes that initiatives have at least one-and usually several steps-in what is termed the "hallmarks of successful rural development efforts." Examples range from an industrial park initiative in Livonia, Michigan, which resulted in a $50 million investment and the creation of 600 jobs in three years, to a public entrepreneur stock issue in Prophetsown, Illinois, that led to the purchase of a furniture manufacturing company, which required no public expenditures and created 11 jobs. [The "hallmarks" are listed in the introduction of this report.] [6]

114. Thomas, M.G. A rural economic development source book. Kansas City, MO: Midwest Research Institute, 1986. Provides a compilation of development strategies for small towns and rural areas to assist local officials, community leaders, and economic development professionals. Selected materials present a strong "how to" component. Current success stories, as well as contacts for further information, are included. Organized into four sections: (1) organizing and planning for economic development; (2) economic development strategies; (3) economic development tools and techniques; and (4) periodicals for ongoing subscription information. [6]

115. Tweeten, L. Rural labor market performance. In Symposium on Rural Labor Markets Research Issues. Washington, DC: Agricultural and Rural Economics Division, ERS-USDA, 1986. Discusses national manpower policies, with particular emphasis on rural manpower, and identifies data and analysis needs for further research. Summarizes the new manpower policy—the Job Training Partnership Act (JTPA) of 1982—as increasing accountability by moving decisions closer to those who provide, and receive, labor force services. By emphasizing state and local training services, rather than federal training programs, higher rates of placement and return on investment can be expected. However, state and local governments frequently ignore the manpower needs of the disadvantaged. The prospects for JTPA in rural areas are not clear and will require further analysis. [1,3]

116. U.S. Comptroller General. More can be done to ensure that industrial parks create new jobs. Washington, DC: U.S. General Accounting Office, 1986. Based on a review of 101 industrial park projects funded by the U.S. Economic Development Administration, this report to Congress concludes that 27,072 jobs were saved or created at a cost of $414 million. However, problems were encountered in a number of projects, necessitating three specific recommendations: (1) require feasibility studies to determine if proposed parks stand a good chance of attracting businesses and creating jobs for area residents; (2) establish a management assistance program to help underutilized projects attract businesses; and (3) control business relocations that do not provide additional jobs for area residents. [2]

117. Wardwell, J.M. Migration research in the West, 1982-1987: A review of the literature. Corvallis, OR: Western Rural Development Center, 1987. Provides a review of the literature dealing with migration in nonmetropolitan areas of the West. One conclusion suggests that migrants from nonmetropolitan areas can provide some employment and income-related benefits, whereas, among those in the labor force, metropolitan migrants were more likely to be unemployed. [6]

118. Watkins, D.A., and Allen, T.G. Rural revitalization: Role of and policies for entrepreneurship. In Increasing understanding of public problems and policies—1987. Oak Brook, IL: Farm Foundation. Discusses the relationships between small farms and entrepreneurship in rural areas to promote growth and employment, including the adaptability of the incubator concept. Suggests that incubator operations in rural areas need to take on an additional set of functions, such as outreach, community organization, and technology transfer. [7]

119. Weiss, B. An empirical analysis of unmet demand in domestic capital markets in five U.S. regions. Springfield, VA: U.S. Department of Commerce, National Technical Information Service, 1983. Estimates that as many as 70,000 financially sound, small independent firms, particularly those in rural areas, have significant unmet needs for intermediate and long-term financing. The survey data reported includes a chart that lists and ranks the capital and noncapital factors affecting business location decisions and statistics showing the awareness and usage of governmental financing programs. [2,6]

120. Ziegler, J.M. Barriers to full employment of rural youth. Children and Youth Services Reviews, 2, (1980): 1-2, 63-80. Analyzes institutional and structural barriers to full employment for rural youth and recommends a holistic approach to new policies. Examines differences and similarities between rural and urban youth unemployment. For example, restricted job numbers and types, less access to transportation, and less service infrastructure are seen as typical rural concerns, while modernization and the experience of unemployment problems are held as applicable to both groups. Further barriers for the rural sector include: economic vulnerability, inadequate school preparation for available positions; lack of access to social/institutional networks; and intensification through sex and race discrimination. Outlines policy initiatives for comprehensive job training and creation, establishment of school-to-work councils, infrastructure development, and rural economic diversification. [4,4]
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