The Nixon Administration Through Passage of the Rural Development Act of 1972

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In 1970 the Nixon administration's Task Force on Rural Development sounded two themes that epitomized its approach to rural development. Programs promoting rural development were likened to those for "downstream flood control" in that they benefited both those living upstream (rural areas) and as well as those downstream (the cities). The Task Force thus ratified one of the basic themes of the previous administration. On the other hand, the Task Force stated that rural development could not work unless the local community actively worked for it. According to them, if "a community lacks leadership, if it lacks local concern, if it isn't convinced that it should become a better place to live - then perhaps it shouldn't."[110] This statement expressed a different emphasis. Henceforth, the Federal government would be less directly involved in local community development than it had in the 1960s.

The Nixon administration believed that it was necessary to have a new relationship between Washington and State and local governments. Traditional Republican concerns with increasing monetary efficiencies and lessening central government intrusions in local affairs motivated this approach. This was to be accomplished through "revenue sharing" whereby control over Federal programs would be transferred to State and local governments, which presumably had a better idea of how the monies should be spent. As a corollary, direct government grants and subsidies would be used only as a way of attracting private industry.

Revenue sharing faced strong opposition in Congress, and it was not until 1972 that Congress passed a General Revenue Sharing Act, which allocated $30 billion over 5 years to State and local governments according to a formula based on relative populations and incomes. This modest legislation, however, fell far short of the Nixon administration's dream of revolutionizing Federal-State relations. It had little direct impact on rural development programs, although it did aid development efforts in some communities because it was flexible and could be used, for example, as “matching funds” to get additional Federal assistance.

Because it was intent on substituting revenue sharing for direct grants whenever possible, the administration attempted to save on Federal rural grant and subsidy programs by placing a cap on annual amounts. Congress would then often raise the amount and the executive branch's Office of Management and Budget would then "impound" the difference. Each time Congress refused to accept the impoundment, which its members (especially the Democrats) considered to be unconstitutional, and the monies were eventually released. As a result of the constant wrangling and uncertainty, local communities did not know from year to year how much they would receive and had difficulty planning for the future.

The administration also proposed a sweeping reorganization of the Federal Government, which, among other things, would have divided the components of USDA among four new Departments. One - The Department of Community Development - would have handled both rural and urban development. This and similar proposals seemingly would have streamlined the bureaucracy by organizing departments around clearly defined fields of activity. However, Congress and the agricultural lobby, fearing urban interests would dominate such a department, strongly opposed this idea and it was never seriously considered.

The Nixon Administration's USDA, first under Clifford Hardin and then Earl Butz, had some success in reorienting programs within the Department. Previously the Farmers Home Administration had taken the lead in community development work. It had organized and chaired the TAPs committees and had been given responsibility for outreach after the downscaling of RCDS in 1967.

Republicans had always favored the Extension Service over other USDA agencies because of its mixed Federal, State, and local operation. Thus, in January of 1970 the Extension Service was given leadership of "outreach" and received an additional annual appropriation of $1 million for agents to help local rural development leaders in 30 multicounty areas. Two months earlier, the Technical Action Panels, whose reviews had not been very favorable, were disbanded.

The RCDS was abolished in 1969 only to be resurrected in 1971 as the Rural Development Service (RDS). Like its predecessor, its small staff performed a coordinating and informational role.

In July 1969 FmHA's Rural Renewal Program, which had never expanded beyond its five original projects, was merged with the larger Rural Conservation and Development program led by the Soil Conservation Service. Also in 1971, the Economic Opportunity Loan Fund program of FmHA, which offered small low-interest loans to poor rural families, was discontinued. This program had loaned monies to 65,000 individuals and 1,500 cooperatives over its 6-year history.

Despite an apparent diminution of FmHA's administrative role, it continued to play an important part in rural development. The FmHA loaned its own funds, but in addition it insured monies loaned through private sources, an innovation in lending practices introduced by the Nixon administration. FmHA appropriations constituted the largest share of the total USDA rural development budget during the Nixon administration, as it had during the Kennedy and Johnson administrations.[111]

Trends in Rural America

At USDA's February 1969 Outlook Conference, C.B. Rachford, Vice President for Extension at the University of Missouri, detected a growing conservative mood in rural areas. Presumably, it was this conservatism which made the Nixon administration's policies more congenial to a large segment of rural America. According to Rachford, the growth of vertically integrated rural industries and specialized regimes in agriculture had led to the splintering of unity in rural communities. Many communities had not adapted to social and economic trends and continued "to put faith in production increases" which had the opposite effect as hoped for, while at the same time rural communities had failed to attract enough nonfarm jobs. He had observed a "widespread rejection" of proposals that would change local institutions, noting for example that planning and zoning had been "almost uniformly rejected" in rural areas. Any consolidation of governmental functions, when it did occur, usually was the result of outside pressure. All of these were, or course, ideas that Freeman's USDA had championed.

Perhaps the most vivid indication of rural conservatism, according to Rachford, was rural communities' growing opposition to financial aid from State and Federal governments [or perhaps he meant the regulations connected with them since it is difficult to imagine communities rejecting grants of money], "except for the traditional programs of transportation and price support assistance to farmers." This did not seem to make long-term sense because:

"The great hope for institutions whose revenue is tied to real property is more State and Federal assistance, and no area is more dependent for revenue on real property than the rural community. The difference in attitude toward State and Federal support has been vividly documented in the past few months. Cities have been clamoring for financial support from State and Federal governments, but this has not been so in rural communities.

Rural areas are becoming increasingly conservative - not in a political sense but in attitude - toward institutional change. But it certainly has been in a relative sense because the times dictate rapid institutional change. . ."[112]

Rachford's analysis led him to argue that more needed to be done to break through this attitudinal barrier. On the other hand, it could have been maintained (and was implicitly by the Nixon Administration) that it was useless to force something on communities that did not want it.

Two years later, however, another analyst, Calvin Beale, chief demographer of the Economic Research Service, noticed some countervailing trends in rural America. The net rural population loss, which had been 6.5 million in the 1950s, had slowed to 2.4 million in the 1960s. And, according to Beale, if people leaving farms were subtracted from that total, the nonfarm nonmetropolitan population actually rose by 19 percent in the 1960s. This was a rate greater than the national and even the metropolitan percentages. In other words, the "heavy decline of farm people has masked from public notice the rapid growth of the nonfarm segment of the rural and small city population." For the first time in American history, the population of many rural counties had shifted from predominantly farm to predominantly nonfarm. This trend would have a vital impact on future rural development programs.

Overall 1,350 rural counties lost population, while 1,100 rural counties gained population. According to Beale, the major demographic change during the 1960s "was the turnaround of population from loss to gain in nearly 500 rural counties, mostly in the upland parts of the South." This trend, however, was offset by migration out of Northern Plains counties, which had so far aroused little concern because these migrants "are socially invisible and are deemed desirable workers and citizens." As a consequence, Beale stated that it was possible to get urban political support to help keep people from leaving the South but the "Plains and Corn Belt outmovement is not generally associated with poverty or ethnic minorities and does not generate much outside concern."

Beale concluded from his overview that, although there had historically been constant pressure driving people into metropolitan areas, the overall net loss of population from rural counties could be stopped "if their economic and community problems are given sufficient attention."[113] On the other hand, "naturalists" believed that this trend had occurred despite governmental intervention and that it should be allowed to work its way through without imposing any new federal programs on rural America. For some, these data justified taking no action to remedy a situation that seemed to be improving naturally.

Passing the Rural Development Act of 1972

When Earl Butz became Secretary of Agriculture in late 1971, the agricultural export boom was just beginning. Agricultural land values were increasing rapidly in the Corn Belt and rural economies were prospering more than they had in many years. Secretary Butz was a "naturalist" and did not see much point in rural development work. Consequently, he was not involved in the final negotiations leading to the Rural Development Act of 1972.

During the 1950s and 1960s, it had been difficult to generate congressional support for rural development in the absence of a strong interest group to promote it. Not until the Coalition for Rural America was formed in 1971 did rural development have an organized lobby with a broad constituency to work on its behalf. Also in 1971, the memory of urban riots was still fresh in the minds of legislators. Despite some favorable trends in rural America, enough of them felt it was time for legislation that would address separately the problems of rural outmigration and poverty, thus codifying the commitment they had first made in the Agriculture Act of 1970 to achieve a "sound balance between urban and rural America."[114]

In 1971, the Senate Agriculture Committee established a Subcommittee on Rural Development, chaired by Senator Hubert H. Humphrey (D-MN). A fellow Minnesotan and friend of Orville Freeman, Humphrey had a long interest in rural development. He hired former Assistant Secretary John Baker as a consultant to the subcommittee.

Humphrey held a series of hearings around the country which exposed supposed Nixon administration shortcomings, especially those concerning the impoundment of previously appropriated funds. The Coalition for Rural America was composed of farm, business, and educational leaders, and invited Humphrey and Secretary Hardin to speak at its first organizational meeting in September 1971. Soon thereafter the Senate version of what was to become the Rural Development Act was drafted, the details of which were written by John Baker.

The Senate Agriculture committee approved a version that expanded the scope and funding for existing FmHA farm, housing, and community programs so that towns of up to 50,000 rural inhabitants could qualify; established a new Rural Development Credit System as a revolving account to pay for these programs; authorized $500 million in additional money to be distributed among State and local governments through revenue sharing grants; and reorganized the USDA administration to give rural development more prominence. The full Senate deleted the idea of creating a borrower-owned, rural nonfarm credit system and sent the amended bill to the House, which had already passed its own less comprehensive bill that did not have either a separate rural development credit system or revenue sharing, and limited benefits to communities of 10,000 or less.

These differences were resolved in conference and a bill with six separate titles was approved minus the revenue-sharing provision. President Nixon signed the bill in August 1972, while expressing dissatisfaction that it did not contain provisions for revenue sharing or departmental reorganization.

Provisions of the Rural Development Act of 1972

- Title 1

Expanded existing FmHA programs, including an increase in the water and waste disposal loan and grant program to assist in building other "essential community facilities" (e.g. community centers, firehouses, health care centers); new grants enabling multijurisdictional development bodies to offset the cost of reviewing development plans; loans to promote rural business and industry, as well as loans to local 4-H and Future Farmers of America chapters to capitalize small enterprises. All of these programs were to be made available in communities of up to 10,000 people, while towns of up to 50,000 inhabitants could qualify for industrial loans.

- Title II

Extended the permitted uses for watershed protection loans by encouraging 10-year soil conservation agreements and offering matching funds to construct municipal and industrial water-storage facilities.

- Title III

Authorized cost-sharing money for community reservoirs.

- Title IV

Provided for a Rural Community Fire Protection program of financial and technical assistance to enhance communities' ability to control wildfires.

- Title V

Authorized money on a formula basis to State land-grant colleges for research and extension projects related to rural development and small farms.

- Title VI

Contained miscellaneous provisions, including an important one which formally made rural development a fundamental mission of the Department of Agriculture. The USDA was authorized to add an additional Assistant Secretary who would exclusively direct Federal rural development efforts and inform Congress of annual goals and accomplishments.[115]

Passage of the Rural Development Act of 1972 ushered in a new era of Federal rural development policy, one that explicitly designated rural development as a Federal policy goal with specific purposes and programs. The Act offered little in the way of new programs or money, but it did acknowledge the development of rural areas as a national goal, although that goal had as much to do with the belief that rural out-migration contributed to the growing distress in America's cities as with national concern about conditions in the countryside as a problem in itself. The Act also clarified the leadership of rural development policy by explicitly placing responsibility in the Department of Agriculture. Programs would continue to emanate from a range of bureaucratic sources, but USDA was to provide leadership and coordination.

Conclusion

During the Great Depression, New Dealers believed there were too many farmers producing too much and living too precariously on marginal farms. Working in tandem with long-term economic trends favoring urbanization, their programs had the effect, indirectly or inadvertently, of moving people out of rural areas.

Twenty years later policymakers, like the Country Life reformers of an earlier generation, believed they had to oppose these trends by slowing the rural exodus. A new approach was needed, one that took account of agriculture's rapidly diminishing role as an employer of labor. Instead of too many people on the land the prospect was now one of too few.

Learning from experiences of the 1930s and aware of new political and economic realities, USDA and other Federal agencies adopted a policy of promoting gradual change in rural areas during the 1950s, 60s, and early 70s. Democratic administrations were more "activist" than Republican ones, willing to spend more money and to engage in experimental programs such as those of the Office of Economic Opportunity, but, for the most part, all accepted the notion that the basic purpose of rural development was to encourage local self-help efforts but not direct them. These agencies developed a comprehensive package of assistance to improve rural housing, infrastructure, agriculture, and industry. Over the years, more and more emphasis was placed on nonfarm aspects of development as well as regional or multicounty planning. In 1972 USDA's nonagricultural profile was further enhanced when it was given the lead role in overseeing all Federal rural development policy.

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110. The Report of the President's Task Force on Rural Poverty, *A New Life for the Country* (GPO, 1970), p. 2

111. Norwood Kerr, "Rural Development and the USDA: 1969-1976," unpublished ms., pp. 1-12.

112. HSF, XV, Rural Development 1969, speech by C.B. Rachford, "Trends Affecting Rural Institutions," Outlook Conference, 2/18/69.

113. "Revitalization of Rural and other Economically Distressed Areas," Hearings Before the Committee on Government Operations, U.S. Senate, 92nd Cong., 1st Sess. on S.10, part 1, pp. 151-155.

114. Crane, "Rural Depopulation," pp. 163-167.

115. Norwood Kerr, "Rural Development and the USDA: 1969-1976," unpublished ms., pp. 19-22.