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NORTHERN MICHIGAN AND EASTERN KENTUCKY: A COMPARATIVE STUDY OF REGIONAL DEVELOPMENT

VOLUME I

BY

Ismail K. Noor

A DISSERTATION

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ABSTRACT

NORTHERN MICHIGAN AND EASTERN KENTUCKY: A comparative STUDY OF REGIONAL DEVELOPMENT

BY

Ismail K. Noor

Inspired by the debate over poverty and the welfare system, and the renewed concern among sociologists about increasing inequalities, this study was conducted to determine, from a comparative perspective, whether two of America's poorest rural regions during the 1930s and 1940s -- the Southern Appalachians and the Great Lakes Cut-over Region -- have been able to "catch up" with the mainstream of American's economy. Has the great gap between these depressed rural areas and the industrial heartland been narrowed? Did the massive infusion of developmental capital over the years, particularly into Appalachia, have any discernable effect on reducing poverty and in enhancing the life chances of people? Conventional wisdom suggests that things have undoubtedly gotten considerably better for the families that live in these regions.

Data were drawn from two main sources. The first is from various U.S. Census records for the decades of 1940 through 1990. The second is from the Internal Revenue

Services (IRS) file of Tax Return exemptions by county for the years 1980/81 through 1992/93.

I observed that the uneven distribution of wealth, income and opportunity that was such an embarrassment to America for so many years, has persisted, though not in as blatant a form as in the 1950s. Certainly the abject poverty that distinguished these rural regions is no longer as visible or as widespread; nevertheless, many regional disparities, particularly income disparity have not disappeared.

The public concern and resulting governmental interventions, which were manifested in many and varied social and economic programs to alleviate poverty in these regions, had their greatest impacts on enhancing the quality of social capital which was subsequently exported to other regions through the out-migration of young people. Thus, young people in such marginalized rural regions contributed enormously to the economic development of mainstream America. Without doubt, the people left behind experienced a welcomed degree of "status inflation," but proportionately not any than what was experienced elsewhere in the more affluent sectors of America.

Since the 1940s, Appalachian Kentucky and Michigan's Upper Peninsula experienced an overall economic expansion, a massive transformation in their prevailing economic

structure, and great social changes. There was a general increase in size of labor force accompanied by a shift in industry composition, and to a lesser degree in occupational structure. But, because of the unevenness of development, these regions did not catch up to the more industrialized, less remote sections of their states.

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Dedication

To my father whom I miss very much, and to my mother who has a special place in my heart. To my brothers Mohammed and Mahmoud (Fathi) whose support never diminished, and to my sister, Zakiah, Afifah, Fathiah and Jamilah (Khareieh) whose love kept me going.

To my wife, Hana, and my two daughters, Besan and Nada (Nini), whose loving care, patience and encouragement made it easier for me to finish this project. I am truly in debt for their support and understanding. To all of these I dedicate this dissertation.

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Table of Contents

List of Tables.....xiii

List of Figures.....xviii

PART ONE
RESEARCHING THE DIFFERENTIAL DEVELOPMENT OF REGIONS

Chapter I. Research Problem and Overview.....4
- Research Objectives.....9
- Study Sites.....10
- Sources of Data.....11
- Organization of the Dissertation.....12

Chapter II. Research Approach.....14
- Introduction.....14
- Opposing Perspectives-Post War Federal Policy.25
- Guiding Hypotheses.....31
- Procedures.....34
- Measurement.....35
- Analytical Strategy.....39

Chapter III. Rural Marginal Contexts in America.....40
- Poverty and Politics.....40
- Six Rural Poverty Area.....46
- Two Contrasting Regions.....50
  - Michigan's Upper Peninsula (UP).....50
  - Appalachian Kentucky.....58

Chapter IV. History of Federal Government Intervention Programs.....72
- The First Wave: The Progressive Era, 1890-1920.....72
- From the "New Deal" Era: the Great Depression Of the 1930s.....79
- The "Great Society" Wave; the 1960S.....84
- Antipoverty Programs.....95

Chapter V. Literature Review: Perspectives on Regional Problems.....103
- Poverty.....103
- Region and Regionalism.....117
- Regional Development.....127
- Marginality, Marginalization and Uneven Development.....138
- Migration and Social Capitals.....147

PART TWO
CONTRASTING DEVELOPMENT: TWO RURAL REGIONS OVER TIME

Chapter VI. Michigan Upstate and Downstate.....159
- Regional Differentials in Population Growth.161
- Income and Social Class Differentials.....169
- Poverty and Unemployment.....179
- Industry and Occupations.....187
- Migration Differentials.....194
- Regional Perspectives.....208

chapter VII. Appalachia and Westcentral Regions of Kentucky.....214
- Regional Differentials in Population Growth.218
- Income and Social Class Differentials.....229
- Poverty and Unemployment.....244
- Industry and Occupations.....253
- Migration Differentials.....262
- Regional Perspectives.....277

Chapter VIII. Michigan's Upper Peninsula and Appalachian Kentucky.....287
- Michigan and Kentucky in Brief.....289
- Regional Differentials in Population Growth.294
- Income and Social Class Differentials.....302
- Poverty and Unemployment.....313
- Industry and Occupations.....326
- Migration Differential.....334
- Regional Perspectives.....348

Chapter IX. Summary and Conclusions.....358
- Regional Trends Summarized.....363
- Persistency of Regional Inequalities.....369
- Rural Poverty; Chronic Problems.....370
- Strategies of Regional Development.....372

- The Integrations Hypothesis and Alternative.376
- Policy Implications and Recommendations.....379
- Future Research Suggestions.....382

Selected Bibliography.....384

LIST OF TABLES

Table 3-1: State of Michigan Geographical Regions.....53

Table 3-2: State of Kentucky: Appalachian and Westcentral Regions.....65

Table 6-1: Population of Michigan's Upper and Lower Peninsulas, and Regional Percentage of the State Population, 1870-80 Through 1980-90.162

Table 6-2: Percentage Change in Total Population, 1870/80 Through 1980/90, Michigan's Upper Peninsula/Lower Peninsula.....165

Table 6-3: Per Capita Income, Averages and Percentage of Regional Differentials, Michigan's Upper and Lower Peninsulas, Selected Years.....170

Table 6-4: Per Capita Income, Yearly Average for Percentage Change, Michigan's Upper and Lower Peninsulas, Selected Years.....172

Table 6-5: Social Class Structure of the Labor Force, Michigan's Upper Peninsula, 1940-1990 (percentage of total persons employed)....175

Table 6-6: Social Class Structure of the Labor Force, Michigan's Lower Peninsula, 1940-1990 (percentage of total persons employed)....177

Table 6-7: Percentage of Families Below Poverty Level, Michigan's Upper and Lower Peninsulas, 1969-1989.....180

Table 6-8: Upper Peninsula: Occupational Structure of Labor Force, 1940-1990 (percentage of total persons employed).....192

Table 6-9: Lower Peninsula: Occupational Structure of Labor Force, 1940-1990 (percentage of total persons employed).....193

Table 6-10: Michigan: Net-migration (County/Region to County/Region), 1980/81 Through 1992/93...196

Table 6-11: Michigan: Net-migration (County/Region to County/Region), 1980/81 Through 1992/93...199

Table 7-1: The Ten Poorest Counties in the Appalachian Region, for Selected Years.....216

Table 7-2: Population of Appalachian and Westcentral Regions of Kentucky, and Regional Percentage of the State Population, 1870 Thr. 1990...219

Table 7-3: Percentage Change in Population by Decade, Appalachian and Westcentral Regions of Kentucky, 1870/80 Through 1980/90.....222

Table 7-4: Per Capita Income, Averages and Percentage of Regional Differentials, Appalachian and Westcentral Regions of Kentucky, Selected Years.....230

Table 7-5: Per Capita Income in Appalachia as a Percentage of the National Average, for Selected Years.....231

Table 7-6: Per Capita Income, Yearly Average Change, Appalachian and Westcentral Region of Kentucky, for Selected Years.....233

Table 7-7: Social Class Structure of Labor Force, Appalachian Kentucky, 1940-1990 (percentage of total persons employed).....237

Table 7-8: Social Class Structure of Labor Force, Appalachian Kentucky, 1940-1990 (percentage of total persons employed).....239

Table 7-10: Appalachian Kentucky: Industry Composition of Labor Force, 1940-1990 (percentage of total persons employed).....255

Table 7-11: Westcentral Region of Kentucky: Industry Composition of Labor Force, 1940-1990 (percentage of total persons employed)....256

Table 7-14: Appalachian Kentucky: Net-migration (County/Region by County/Region), 1980/81 Through 1992/93.....264

Table 7-15: Appalachian Kentucky: Net-migration (County/Region by County/Region), 1980/81 Through 1992/93.....265

Table 7-16: Migration Profile: Total Returns Filed, 1992-93, Appalachian and Westcentral Kentucky..272

Table 7-17: Migration Profile: 1992-93, Appalachian and Westcentral Kentucky.....272

Table 7-18: Migration Profile: Aggregate Income (in $1000), 1992-93, Appalachian and Westcentral Kentucky.....274

Table 8-1: Per Capita Income Averages and Percentage of Income Disparity of Appalachian Kentucky Relative to Michigan's Upper Peninsula, for Selected Years.....303

Table 8-2: Percentage of Families Below Poverty Level, Comparing Michigan's Upper Peninsula and Appalachian Kentucky, 1969-1989.....316

LIST OF FIGURES

Figure 3-1: Michigan's Upper and Lower Peninsulas.....52

Figure 3-3: Appalachian and Westcentral Kentucky Regions.....64

Figure 6-1: Total Population, 1870- 1980, Michigan's Upper Peninsula.....163

Figure 7-1: Total Population, 1870-1990, Appalachian Kentucky.....220

Figure 7-2: Social Class Structure, 1940-1990, Appalachian Kentucky.....240

Figure 7-3: Social Class Structure, 1940-1990, Westcentral Region of Kentucky.....240

Figure 7-4: Percentage of Families Below Poverty Level, 1969-1989, Appalachian and Westcentral Regions of Kentucky.....246

Figure 8-1: Per Capita Income Average, Comparing Michigan's Upper Peninsula and Appalachian Kentucky, for Selected Years.....303

Figure 8-2: Percentage of Families Below Poverty Level, Comparing Michigan's Upper Peninsula and Appalachian Kentucky, 1969-1989.....317

Part One

Researching The Differential Development Of Regions

Inspired by the heated debate over poverty and the welfare system, or what is left of it, and the renewed concern among sociologists about increasing inequalities, this study aims to determine, from a comparative perspective, whether two of America's poorest rural regions during the 1930s and 1940s -- Appalachia and the Great Lakes Cut-over regions -- have been able to "catch up" with the mainstream of our national economy. Has the great gap between these depressed rural areas and the industrial heartland been narrowed? Did the massive infusion of developmental capital, particularly into Appalachia, have any discernable effects on reducing poverty? Conventional wisdom would suggest that it has and that things have gotten considerably better for the people that live in these regions.

It is my belief, however, that the uneven distribution of wealth, income and opportunity that was such an embarrassment to America for so many years has tended to

persist, though not in as blatant a form as in the 1950s. Certainly the abject poverty that distinguished these rural regions is no longer as visible or as widespread; still, I am not convinced that the regional disparities have disappeared. Indeed, in establishing a basis for my research here, I shall argue that the public concern and resulting governmental interventions, which were manifested in many and varied social and economic programs to alleviate poverty in these regions, had their greatest impacts on enhancing the quality of social capital which was subsequently exported to other regions through the out-migration of young people. Thus, the regions' young people contributed enormously to the economic development of mainstream America. The people left behind without doubt experienced a welcomed degree of "status inflation," but not any greater (i.e., not at any greater rate of development) than what was experienced elsewhere in the more affluent sectors of America. People are better off in these two regions, to be sure, but significant regional disparities, I submit, still persist.

My thesis, briefly sketched out above focuses on a concern that is much greater than the issue of uneven development within the continental United States. Indeed, conventional wisdom relative to the economic aid programs

that were introduced into Appalachia and the North Country regions of America is not unlike what one hears professed all too often relative to societal development efforts in Third World contexts. There is much to be learned generally about the phenomenon of uneven development and about the processes of regional marginalization from a systematic examination of the American case. Perhaps the rural poverty programs of the 1950s and 1960s were instrumental in repairing the social and economic infrastructure in the targeted regions; if so, then we need to know more about the dynamics of this phenomenon, its long-range consequences, and the kinds of regional inequalities that will continue to remain in place once the programs are distanced by history.

CHAPTER I

RESEARCH PROBLEM AND OVERVIEW

The specific problem that I am addressing is whether or not Appalachian Kentucky and Michigan's Upper Peninsula (UP), after half a century of directed change programs and regional development activities, have been able to "catch up," economically and socially, with the more prosperous areas of their respective states -- and with the industrial heartland of America. The two larger regions that are represented here -- Central Appalachia and the Great Lake Cut-Over region -- were among six rural regions that were designated as "Problem Areas" in the 1930s and the 1940s (Beck & Forster, 1935; Ford, 1967; Vance, 1967; Gaventa & Lewis, 1989), and were regarded by many foreign scholars as manifestations of the human miseries brought about by capitalist exploitation (Toynbee, 1948).

The Central Appalachia region of which Eastern Kentucky is a part, was historically singled out as different from mainstream America and widely perceived as an economically marginalized area with persisting poverty rates over the years (Beck & Forster, 1935; Billings & Tickamyer, 1993;

Vance, 1967). Michigan's Upper Peninsula (UP), in contrast, is part of the larger Great Lake Cut-Over Region of the northern Midwest. The UP too has long been characterized as economically marginal relative to downstate, with a persisting flow of out-migration over the years (Davidson & Schwarzweller, 1995; Rieger et al., 1973; Schwarzweller & Lean, 1993).

Ensuing, Eastern Kentucky and Michigan's Upper Peninsula (UP) have been targeted since the 1950s and 1960s with considerable development efforts including numerous social and economic programs; billions of dollars were channeled in through regional commissions and have been invested in the infrastructures of both rural regions (Billings & Tickamyer, 1993; Bloomquist, 1988). These efforts attempted to break the cycle of poverty affecting millions of Americans, and to prepare the poor for successful competition in an expanding industrial economy (Clark, 1968; Magolin, 1969). One aim was to alleviate abject poverty. Eventually, the goal was to help these regions "catch up" and to integrate them into the nation's economy (Gaventa & Lewis, 1989; Vance, 1967).

Growing out of the 1963 President's Appalachian Regional Commission (PARC), the Appalachian Regional Commission (ARC) was instituted in 1965 to combine approaches and to coordinate efforts to combat poverty and

promote regional development in the Appalachian Region. With aggregate expenditures exceeding $15 billion between 1962 and 1989, the ARC has been the largest rural economic development agency ever created (Gaventa & Lewis, 1989). A similar commission, though not as popular or powerful, was also created to combine approaches and coordinate efforts to combat poverty and promote regional development for the Great Lakes Cut-Over Region. Since their creation, these commissions have been overseeing the implementation of the numerous federal social and economic programs and policies enacted to combat poverty and regional underdevelopment. This resulted in these rural regions receiving extensive developmental funding (Anderson, 1993; Gaventa & Lewis, 1989; Lyson & Falk, 1993; Mayer, 1993).

The currently renewed national attention to poverty and welfare, and the concern about widening regional inequality and dependency, make the 1990s a particularly critical time to closely examine the current conditions of these two rural regions. This is to determine whether or not, after fifty years of directed change programs and tens of billions of dollars investment in the regions' infrastructures and other numerous efforts of regional development activities (Mayer, 1993; Gaventa & Lewis, 1989), rural America had been able to "catch up" and close the social and economic gap with the industrial heartland of America. Has rural America

integrated into the nation's economy. My research will attempt to determine this by closely examining the major economic trends of Eastern Kentucky and Michigan's Upper Peninsula (UP) over sixty years, 1940-1990.

Several fundamental research questions are of particular concern. Are these two regions relatively better off in the 1990s than in 1940s, 1950s and 1960s? What economic changes since the 1930s and 1940s have taken place in these regions? Have these changes helped the regions to "catch up"? Is the poverty level relatively lower in 1990 than in the 1960s? What are the facts about the regions' actual statuses in reference to population growth, poverty level, industry, occupation, labor force participation, and migration? Have these regions, after the long years of public concern and government intervention, became integrated into the national economy? It is especially important to consider the future implications of these questions -- in terms of policies and approaches to combat poverty.

The questions I am posing here about two of America's poorer regions can be applied, as well, to the aid receiving countries of the "Third World". Foreign aid programs were first introduced after World War I, allegedly to "help" the aid receiving countries to alleviate poverty and to maintain democracy, and thus to achieve political stability in these

countries. Such programs were first targeted the Caribbean countries, and then extended to other countries in Africa, Latin America, and Asia. Current situations in many of the aid receiving countries resembled that of some rural regions of America. But have such aid programs helped the aid receiving countries of the "Third World" alleviate poverty, maintain democracy, and gain stability? This merits investigation.

If rural regions in America and "Third World" countries continue to lag behind, economically and socially, should we continue to invest in the same types of social and economic programs? Should we continue to reinforce the same policies for the next 20 years? Can we expect that these rural regions will ever be able to "catch up" and close the gap? Should rural regions strive to build infrastructures that match the more urbanized regions? If the gap is closed, will rural regions still retain "rural" quality of life? While some have argued that the rural regions should have all the qualities and amenities that the urban regions have had and enjoyed for a long time, I would argue that a distinctive quality of life lies in these differences and these rural qualities should be taken into account.

Research Objectives

The specific objectives for this study are as follows:

1) To determine if two marginal rural regions have, after a half century of development activities, been able to "catch up" with the mainstream of the national economy.
2) To explore the dynamics and dimensions of uneven regional development and marginalization of rural regions, in reference to industry, occupation, labor force participation, and unemployment rates.
3) To explore if a region Appalachian (Eastern) Kentucky that had received exceptionally massive federal regional development funds did better than a region (Michigan's Upper Peninsula) that was more dependent upon its state (Michigan) for developmental aid.
4) To estimate the relative number and destinations of persons leaving, as well as the relative numbers and origins of persons entering both regions under study. This will indicate local job-opportunities and thus any change in the economic well-being of the regions, Out-migration, in other words, will be used as an indicator of the impact of uneven regional development.

Study Sites

Appalachian Kentucky and Michigan's Upper Peninsula (UP) were selected for a number of reasons. Both regions seem to fit nicely into my comparative research strategy and perspective. Both regions have stood out over a period of time as definite problem areas in the national economy; they remain as such even today (Davidson & Schwarzweller, 1995; Billings & Tickamyer, 1993). Both regions share similar circumstances, though somewhat different experiences. They represent less advantaged regions located within the context of much larger and more advantaged ones; other areas of their respective states were flourishing.

Throughout much of the 20th century, these poorer regions imported capital and exported people, with the federal government, in the case of Appalachian Kentucky, and the state governments, in the case of the UP, being the most consistent source of capital. As the national interest was focused on Appalachia, Eastern Kentucky was a ward of the federal government, while Michigan's Upper Peninsula was a beneficiary of Michigan's industrial development. Though both regions experienced significant out-migration over the years, each region is socially and economically distinctive.

The accessibility of the regions and the availability

of longitudinal case studies data represent another reason for the selection. We want to be able to build on the insights gained from the two case studies. One longitudinal case study focused on the Ontonagon county, in the UP, and one focused on Clay county, in Eastern Kentucky -- the first was initiated in 1957 and repeated four time, the second was initiated in 1942 and repeated three times. Both surveys were parts of the massive efforts to document and understand the social and economic changes accompanied the process of development.

Sources of Data

Data for this research study are drawn from two main sources: the U.S. Census of Population (1940 through 1990), and the U.S. Internal Revenue Services (IRS) files (1980/81 through 1992/1993). The census reports provide information on industry composition, occupational structure, and labor force participation and unemployment. Per capita income for the reporting years 1959 through 1989, the poverty level for the reporting years 1969 through 1989, and the percentage change in population for the reporting years 1870 through 1990, will be considered. IRS data provide an opportunity to explore patterns of in- and out-migration and to reflect

on social stability and economic development of particular counties, regions, and states. Such data also indicate the availability of job opportunities, which of course is a correlate of economic development.

Organization of the Dissertation

My dissertation is organized into two main parts. The first part lays out the background to the study and the approach to the research project, while part two reports on the findings. In this, first chapter, I overview my aims, expectations, and procedures. Chapter two, in greater detail, presents an historical analysis of rural poverty regions in America and, in particular, the two regions that will be contrasted in this study. Chapter three follows this up with a focused discussion of the history of federal intervention activities in the social and economic affairs of the public.

Chapter four probes the existing literature relevant to the problem at hand. It elaborates on the general issues of rural poverty; region and regionalism; marginalization and marginality and uneven development; and rural migration. Chapter five addresses, more directly, the research approach, guiding hypotheses, procedures, measurement

techniques, and analytical strategy.

In Part Two, I will present my findings in a manner that builds toward the main question, namely, the economic and social disparities (if any) between Michigan's upstate and downstate, and Appalachian and Westcentral Kentucky. Chapter six attempts to characterize the major social and economic differences, in terms of selected indicators, between the two rural problem areas and the mainstream areas of the states of which they are part. Chapter seven builds a comparative perspective by contrasting the two contexts; in effect, it attempts to learn more about the processes of marginalization by comparing the comparisons. Chapter eight takes a closer look at the dynamics of change by considering what happened over time in two representative communities.

In my final chapter I draw some conclusions, insofar as possible, about the effectiveness of directed change programs such as the massive and deliberate interventions that were initiated by the US federal government in the 1930s and, later again, through the war on poverty programs of the 1960s. I also attempt to articulate a set of recommendations that take account of what I have learned from my systematic research and from what I regard as the main points of debate that are drawing political attention today.

Chapter II

Research Approach

My aim in this research is to explore the nature of the economic gap between the marginal rural regions and the more affluent parts of their respective states. As such, per capita income is the main problematic variable and the basic indicator to assess the economic gap between regions. We assume that things change from one time period to the next, therefore, time is considered as an organizational variable. The starting point is the 1930s and 1940s -- the era of the Great Depression. Several other variables that elaborate on the meaning of per capita income will be considered and discussed in the section on measurement.

Introduction

Regional disparities in quality of life and access to economic and cultural resources have existed in the United States since colonial times (Summers, 1988). However, it was the 1930s depression that brought public concern over the plight of the people of the depressed areas of rural

America to the forefront. Conditions in rural regions had then reached a "crisis" -- economic stagnation, high relief rates and stranded rural counties -- and precipitated public concern and government intervention (Beck & Forster, 1935; Gaventa & Lewis, 1989).

Gene F. Summers (1988:17) indicates that "Invariably in these moments of concentrated attention on 'the rural problem' or 'the farm crisis,' it has become apparent that economic factors were at the heart of the matter." Urban industrial growth and the transformation of agriculture (Stanton, 1991) perpetuated a rural-urban mismatch on many fronts, as in labor supply and demand. Federal government adapted a more aggressive intervention policy and produced a rural industrialization policy that was implemented through a series of Congressional legislative actions during the 1960s and 1970s.

In the 1920s and 1930s, American social scientists started to write about the vast social and economic changes that were drawing independent agrarian communities and small towns into the orbit of outside commercial and industrial interests. They pointed to the "failure or inability of certain segments of rural society to adjust to the demands of an industrial economy and urbanized ways of life" as the cause of the rise of poverty. They approached rural poverty within the context of sweeping social and economic changes,

and regional development activities (O'Connor, 1992:216).

From the "New Deal," in the 1930s and 1940s, to the "Great Society," in the 1960s, federal government intervention was manifested in a policy that promoted regional growth through a restructuring of the agriculture economy, providing new job opportunities in other sectors, training rural people to participate in the industrial work force, and encouraging cultural integration with urbanized society (Perlman, 1976:11; Beyer, 1967:98). Such a policy aimed "to break the cycle of poverty by providing job training, workplace preparation, remedial education, and more important, other experiences focused on enhancing the individual's labor market attitudes and skills," (O'Connor, 1992). It would enable the poorer regions to keep pace with the development of the nation as a whole.

To overcome perceived regional disparities in quality of life and in income and wealth distribution, federal government has occasionally embarked on expensive rural development programs (i.e., electrification, telephone systems and sewage systems). To better deal with the effects of the Great Depression, the federal government introduced the nation to a well articulated welfare system (Duncan, 1992).

Manifestation of such a federal policy was apparent in the numerous and varied social and economic programs,

billions of dollars invested in the infrastructures of depressed rural regions, and in the creation of regional commissions (e.g., the Appalachian Regional Commission) to promote regional development schemes (Gaventa & Lewis, 1989). Anne Berblinger (1993), and John DeWitt (1993) pointed out that the federal government formed rural development councils "to promote rural development by focussing governmental, private, and non-profit resources to assist in building long-term livability," in particular regions. By 1980, such a program, as they indicated, had been accepted by more than thirty states.

Such a policy and its implementations generated and continue to generate a heated debate. Conventional wisdom would suggest that the great gap (social and economic) between the depressed rural areas and America's industrial heartland would by now have been narrowed significantly. Obviously, this perspective indicates that things have gotten considerably better for the depressed rural regions (i.e., Appalachian Kentucky and Michigan's Upper Peninsula) and the people who live in them. Thus, the federal policy should have been successful and to the benefit of the rural regions.

The objective of regional development, the primary component of the federal government post war policy, revolves around the economic well-being of both regions and

people who live there. Economic well-being is generally determined by several variables, i.e., per capita income, incidence of individual poverty and total economic output (Coppedge, 1977:3-4). Regional development requires resources and yields change, and has implications for the existing distribution of economies. Proponents of such a policy are quick to point out that the Federal economic development programs indeed helped rural regions create new jobs, raise income levels, diversified their economies, sustained local businesses and create new ones and helped them grow (Berblinger, 1993).

The migration of the young, educated, and skilled people out of rural regions, paved the way for some job mobility among the non-migrants (who generally are not so young, educated or as unskilled) who otherwise would have difficulty in finding employment. In that, the federal policy activities provided job opportunities, though at minimum wage, for rural people who did not move out and that lead most rural counties experiencing a rise in their total economic output, per capita income, and less individual poverty (Gaventa & Lewis, 1989). Otherwise, rural regions and their people would have been devastated and poverty levels there would have increased dramatically and the gap between depressed rural regions and the industrial heartland would have been significantly widened. For the "expense" of

the development programs and policy, proponents argue that rural people should enjoy the fruits of the society's advancing standard of living, even if the investments are not cost effective in a purely economic sense (Deavers & Hoppe, 1992:10).

Scholars concerned about the extent to which regional development has impacted rural regions focus on income characteristics of regions that have experienced various degrees of development. Income variables are essential factors in determining the quality of life in a community or a region (Rogers et al., 1978). Same variables have served as indicators of class structure, life chances and life style. Conventional wisdom often prescribes regional economic development, mainly industrial expansion, as means for retaining and developing the population and services. To do just that, local and state activities and federal efforts (e.g., the Economic Development Act of 1965, and the Rural Development Act of 1972) were designed to attract new industries and to increase the flow of industrial capital into rural regions.

Several studies suggest that industrial development increase the total income output of communities, counties, regions, states and countries where which industries are relocated. Others indicate a positive impact on the personal income (Kaldor, 1972). Still other studies suggest

that regional economic development leads to a reduction in income inequality and narrow the economic gap. An increase in manufacturing activities reduces the range in income by raising the income of relatively low income families more than that of the high-income ones. They explain; this is because those who were unemployed (usually operators of small farms or who had low-paying jobs) often are the ones to be hired by the new industries (Colclough, 1989; Schaffer, 1972). People live in regions affected by manufacturing growth, therefore, alleviate themselves out of poverty and that impacts the distribution of income and makes it more equitable.

While the increase in the amount of total, median, and per capita income occurred in communities which experienced increase in numbers of employed in manufacturing, there is not a corresponding change in the distribution of income in these communities (Rogers et al., 1978:261). Rogers' study graphically illustrates the necessity of using longitudinal survey data for effective analysis of rural communities changed characteristics resulting from regional development. Continued economic disparities across regions presents a dilemma for analysts of regional economic development.

Critiques of the post war federal policy of regional development point to the unevenness of the processes of development (McIntyre, 1992), and stress that

marginalization of a region is a product of the uneven development (Davidson & Schwarzweller, 1995). One can speak of the phenomenon of marginalization and its manifestations in various ways (Furuseth, 1982; Lyson & Falk, 1993). The post war federal regional development policy encouraged out-migration from rural regions, and eventually exacerbated rural poverty and aggravated the level of poverty in inner city too (Beyer, 1967; Cardoso, 1976; Perlman, 1976; Vance, 1967). Migration disrupts the social life of the sending and receiving communities, and the social life of migrants. Generally, migration creates negative externalities on the levels of social capital. This, in turn, leads rural areas to experience great loss of their capital: economic, human, and social, that is much needed for sustainability. The policy also encouraged outside capital to invest in rural regions. That led to a boom in some parts but left the rural areas of these regions relatively untouched by prosperity (Curran & Tomaskovic-Devey, 1991; Rosenfield, 1985). This resulted in drawing small towns, independent agrarian communities, and regions into the orbit of "outside" commercial and industrial interest leading to the marginalization of rural regions and to the increase of incidences of poverty (Cardoso, 1976; O'Connor, 1992).

Most social and economic programs that are being eliminated by new federal and state policies seem to accept

the "Culture of poverty thesis" as the major cause of rural poverty (O'Connor, 1992). The roots of the problems that lead to the dilemma of stranded communities, as Beck & Forster (1935:4) and Vance (1967:289) indicate, lays deeper than the bankrupt farmers, widespread unemployment and rapid heedless exploitation of the human and natural resources. They tentatively concluded that the causes of such conditions were found in certain fundamental maladjustments between human and material resources; the economic depression had simply put many families on relief who were hardly able to maintain their independence under normal conditions. Scholars spook of internal colonization, politics of regional development, economic exploitation of human and natural resources, and cultural causes for rural stagnation (Miller, 1963; Summers, 1988; O'Connor, 1992; Lyson & Falk, 1993).

Rural development is infrequently seen as a normatively defined policy goal rather than a theoretical construct. Policy-makers emphasize doing, not planning in a macro sense -- e.g., the emphasis is on telephones, housing, water systems, sewage systems, plant locations and improved agricultural production (U.S. Department of Agriculture, 1971; Nixon, 1972; Copp, 1972). Rural development policy-makers have not been fundamentally concerned with the economics of location, regional growth patterns or the with

sociocultural factors. Their approach tends to be symptom-oriented, applying band-aids and blow-out patches to the battered rural communities; there is a strong emphasis on self-help and local encounter therapy (U.S. Department of Agriculture, 1962). They are not particularly interested in the underlying causes or the dynamics of rural socioeconomic systems (Copp, 1972).

Primarily, scholars used uneven development and dependency theories to describe conditions in less developed countries (Amin, 1976; Cardoso & Faletto, 1979; Evans, 1985; Frank, 1969; Gereffi, 1989; Markusen, 1987). But Some scholars have applied modified versions of these theories to regional differences in industrial nations (Billings, 1982; Lovejoy & Krannich, 1982; Markusen, 1987; Wood, 1986; Wright & Rosenblatt, 1987). A modified theoretical version of such theories provided a framework for advance examination of the nature of economic development. In specific, some scholars found in such theories useful tools for analyzing economic development outcomes in North Carolina (Curran & Tomaskovic-Devey, 1991; Billings, 1982; Wood, 1986); in Michigan's Upper Peninsula (Schwarzweller & Lean, 1993); in Appalachia (Billings & Tickamyer, 1993); in the southern United States (Markusen, 1987) and rest of rural America (Lovejoy & Krannich, 1982).

Scholars have concluded that the modified theory of

uneven development is a useful description of the general process of regional economic development (Markusen, 1987). However, under existing market situations in the United States, the gains of development could even be distributed away from a particular group, sector, or region and exacerbate its level of poverty (Coppedge, 1977).

Rural sociologists had early on observed the huge problem of young people migrating to large cities and urban industrial centers. Migrants streamed out from their rural regions, leaving behind elderly parents, families and in many cases children. Also they leave behind stagnated communities with persisting poverty problem that would only deteriorate over the years. Consequently, the economic gap, despite local, state and federal efforts and activities where billions of dollars were channeled and invested in the rural regions infrastructures (Gaventa & Lewis, 1989), has stayed the same, if not widened.

Similar explanations may be drawn from the experiences of the Third World "aid-receiving" countries in their relations with the more advanced nations of the world -- mostly their past-colonial powers. During the second half of the 20th century, economic growth has been a focal issue throughout the world. As the advanced countries competed in growth rates, the less developed countries regarded modernization as their primary target (Horvath & Horvath,

1975:3). Even within one country -- Ireland -- in 1780-1840, as Gray Jan Louise (1991:13) indicated: "Regional dependency was articulated through the development of a division of labor between weaving and spinning counties (and between men's and women's work) and between counties specializing in coarse and fine yam and cloth." Pearson Report of 1969 represented the conventional wisdom on global economic development, at the time, it states in its opening: "The widening gap between developed and developing countries has become a central issue of our time" (Horvath & Horvath, 1975:3}.

Opposing Perspectives - Post War Federal Policy

The above discussion points to two opposing perspectives on the post war federal policy of regional development and on its effectiveness in alleviating rural regions out of poverty, and help them to catch up and close the gap (social and economic) with the more affluent regions of their respective states and with the industrial heartland of America. Scholars have been divided on the issue of whether the economic gap between marginal rural regions and the more prosperous parts of their respective states and the rest of industrial heartland, after fifty years of directed

change programs and regional development activities, has narrowed or widened. As proponents argue in favor of the post war policy and conclude that the gap has been narrowed, critics argue against the policy pointing to its ineffectiveness in reducing regional inequality; they conclude that the gap has rather been widened.

Still, a third perspective may argue that the economic gap, despite numerous social and economic directed change programs with billions of dollars invested in infrastructure and self efforts of regional activities, has neither been narrowed nor widened, but rather stayed the same. Murray Milner Jr. (1972) championed this perspective and introduced the concept of "status inflation." To explain, she drew parallels to the notion of "economic inflation"(Milner, 1972:5-11). What happened in Appalachian Kentucky and Michigan's Upper Peninsula (UP) may be a case in point of what Milner called "status inflation."

Economic inflation occurs when a supply of money increases without a parallel real increase in what that supply stands for in goods and services. As such, the actual value of the supply of money decreases. On the social front, inflation can occur in the same manner; it is then referred to as "status inflation," (Milner, 1972:5). As economic inflation occurs when there is a decrease in the value attributed to a given objective of resources (money),

social inflation "status inflation" occurs when there is a decrease in the social value attributed to a given objective amount of resources (i.e., the decrease in the amount of social status attributed to any given level of absolute income; type of occupation; in the relationship between consumer commodities and status symbols; and in the realm of education).

As such, status inflation is a process and an attribute of society, not of individuals by themselves. It cannot occur unless a large percentage of the population is involved in the process. A major consequence of status inflation is its stimulation of endless striving. Status inflation continually erodes away the status quo and the psychological satisfaction acquired by improving resources, and that leads to more striving by the individuals. When a large segment of the population striving, the results is additional status inflation and the cycle begins again.

The United States, more than any other capitalist society, stresses equality of opportunity as an ideal. For equality of opportunity to be emphasized, there must be a significant degree of inequality. Milner (1972) argues that "equality of opportunity necessarily produces status insecurity; status insecurity encourages status seeking; and the three of them combine to produce statues inflation" (Pp. 10). She attributed the idea to several social commentators

who presented similar analysis. In particular, Werner Sombart, the famous German economic historian, made the following observation: "Since all are seeking success, ... everyone is forced into a struggle to beat every other individual; and a steeplechase begins ... that differs from all other races in that the goal is not fixed but constantly moves even further away from the runners" (Lipset, 1967:129). This race is necessarily tiring, and if extended indefinitely it could lead to exhaustion and collapse (Milner, 1972:11).

In our case, as presented above, during the time rural America spent acquiring electricity, telephone services, and highways, people in the industrial heartland of America not only were enjoying these services, but were also acquiring new services that rural regions will not be able to acquire for a long time to come. The social value attributed to such services was reduced during that period. For example, the absolute increase in per capita income in marginal rural regions is balanced with an increase in absolute per capita income in the industrial heartland regions also. The same is true with respect to other resources and structural variables: occupations, industries, poverty level, labor force participation and unemployment (Milner, 1972).

Over the time, a status inflation has been maintained

and the pace in the economic gap between marginal rural regions and the industrial heartland of America was also maintained. Marginal rural regions, thus, continued to lag behind. By the time marginal rural regions were able to acquire such services (i.e., electricity, telephone, highways), the services themselves became so common that their absolute economic values have obviously been decreased significantly. Further, marginal rural regions could not acquire such services, without the intervention of the federal and state governments manifested in the post war regional development policy, as the case with Michigan's Upper Peninsula and Appalachian Kentucky.

Accordingly, the gap between the marginal rural regions and the thriving industrial areas, despite numerous social and economic programs (state & federal), billions of dollars invested in infrastructure, and regional development activities over the years, stayed the same. Thinks rather got better on both. sides, but not on the same pace. USDA research seems to suggest that in terms of the rural urban differences in America. The USDA research indicates that real earnings per job (an indicator of the strength of the economy and its ability to provide good jobs for educated youth) remain consistently and substantially lower in rural areas than in urban areas and declined by 6.5% from 1979 to 1989 (Capsules, 15, 4, 1995).

Some scholars point to a period of brief revitalization that marginal rural regions experienced in late 1970s. However, poverty and inequality, despite of that period, continued to be constant feature in people's lives in many rural regions around America. Young rural workers across America still struggle to make a living, to earn enough to lift their families out of poverty. Data compiled from the 1990 US Census show that there were over nine million people still living in poverty in the rural regions of America (Duncan & Sweet, 1992). The same data show that eight million people, over the age of 65, were living in the rural regions of America at the time. Further, many of them lived in or near the level of poverty (Bern-Kulg, 1995:2).

As suggested, the quality of life and the poverty rates in rural regions remained reasonably stable over the years, and out-migration from such areas continued. This reflects on the lack of job opportunities and consequently on the economic well-being in these regions. Underlying this, as the USDA research suggests, is a wide variation throughout rural America where the rural experience is very different in one part of the country to another. While some rural areas may not have enjoyed many of the benefits of progress over a long period of time, some others may have been largely left behind struggling with poverty, unemployment, inadequate infrastructure, and lack of viable economic

opportunities. Yet others may have seen improvements, still lack the resources and the skills necessary to compete in the future economic environment. If these areas remain unprepared, they will likely to be left behind (Capsules, vol. 15, no. 4, 1995:3).

Guiding Hypotheses

In carrying out this comparative research study, the following very general hypothesis will be addressed: As conventional wisdom and proponents of the federal post war regional development policy would suggest, we should expect to find the economic gap between the marginal rural regions, in our case Michigan's Upper Peninsula (UP) and Appalachian Kentucky, and the mainstream more affluent areas of their respective states will have narrowed significantly over the years. Let us refer to this as the "Integration Hypothesis" (which of course represents the political ideology of America's liberal "Great Society" programs of the 1960s). For operational purposes, I will pursue this hypothesis, though I am not at all convinced that the available data will support it.

However, as pointed throughout the discussion, there are a number of other plausible observations about what

happened. Some of these observations would suggest somewhat different explanations or interpretations. A number of other plausible hypotheses were also examined. These are:

a) As major criticisms and opponents to the federal post war policy of regional development indicate, the policy has not lived up to expectations in bringing relief and closing the economic gap between marginal rural regions and the mainstream areas of their respective states. Let us refer to this as the "Radical Political Economy Thesis," or the "Economic Pessimism Hypothesis." The change in the economic gap between the marginal rural regions and the more thriving areas of their respective states was only negligible -- the gap remained the same or increased -- in both regions Eastern Kentucky and Michigan's Upper Peninsula (UP).

The uneven nature of regional development contributed to further marginalizing rural regions. It has created a core-periphery type of relationship where marginal rural regions became more dependent on outside help for their survival. Under existing market policies in the United States the gains of regional development may be distributed away from marginal rural regions and the people "left behind." This may exacerbate the level of rural poverty over time.

b) other observation may indicate that the gap is found to be narrowed for Eastern Kentucky, but not for Michigan's Upper Peninsula (UP). As noted earlier, the national interest, in the 1960, was focused on Appalachia, while the (UP) was dependent on the State of Michigan. In that, Eastern Kentucky was a ward of the federal government; the Upper Peninsula (UP) was a beneficiary of Michigan's industrial development. Let us refer to this as the "Federalism Hypothesis" -- big government is better.

c) To observe that the economic gap narrowed for the Upper Peninsula (UP), but remains the same for Eastern Kentucky would suggest that block grants to state governments might be better. Small governments -- states' governments-- may be more effective in helping their own marginal rural regions to catch up and close the gap with the more thriving areas. Let us refer to this as the "State Rights Thesis." This might apply best to rich states, like Michigan.

d) Like in the above observation (#c), we may observe the economic gap to have narrowed for both regions -- Eastern Kentucky and Michigan's Upper Peninsula (UP). With one big difference, the narrowing of the gap was greater for the(UP). Clearly there is a moderate effect of the federal post war policy of regional development. Still, the small government efforts had more effect on narrowing the economic

gap. Let us refer to this as the "Moderation Hypothesis."

e) Again, like in observation (#b), the economic gap may have narrowed for both regions -- Eastern Kentucky and Michigan's Upper Peninsula (UP)-- but narrowed for Eastern Kentucky. This would be a clear indication that big government (federal) post war policy of regional development boosts the economy and caused the gap to be narrowed. Let us refer to this as the "Boost the Economy Hypothesis."

Procedures

I have established a base comparison for both regions by compiling data from 1940, and 1950, before the "Great Society" initiatives were launched. Trend lines then were established by compiling data for subsequent years: 1960, 1970, 1980, and 1990. Basically, these comparisons are threefold:

1. A state context base comparison was established between Michigan's Upper Peninsula (UP) and Michigan's Lower Peninsula-- upstate-downstate. Using data for 1940 to 1990, we establish trend lines on all economic measure indicators of development. The purpose of this comparison is to determine whether Michigan's Upper Peninsula adapted to the

industrial way of life, and was able to catch up and close the gap with Michigan's Lower Peninsula and the mainstream economy

2. Similarly, a state context base comparison was established for Appalachian Kentucky with that of the Westcentral region of Kentucky. Using data for 1940 to 1990, we establish trend lines on all economic measure indicators of development. The purpose of this comparison is to determine whether Appalachian Kentucky adapted to the industrial way of life, and was able to catch up and close the gap with the Westcentral Kentucky and the mainstream economy

3. A regional context comparison was also established between both of the rural regions under study: Michigan's Upper Peninsula and Appalachian Kentucky. The purpose of this comparison is to determine whether the Appalachian region was faster in adapting to the industrial way of life, catching up and closing the gap with the mainstream economy, than Michigan's Upper Peninsula (UP).

Measurements

Regional inequality in the United States can be documented by examining many social and economic attributes

(Castle, 1993). Since an important aspect of economic growth is its unequal spatial distribution, the focus here is on measuring economic development and the general welfare of the regional population. To do so, according to most authorities (Lipshitz, 1993), requires an assessment of economic variables: per capita income, occupation distribution of labor force, industry composition of labor force, labor force participation and unemployment, poverty, population growth and the flow of migration.

To explore the nature of the economic gap between marginal rural regions and the mainstream industrial heartland of America, as the main objective, we need to examine the dynamic of regional economic growth in these regions. Regional economic growth is indicated by regional per capita income; regional per capita income, therefore, is the problematic variable for this project. Living standard of the particular region also is related to per capita income. Variations in per capita income is related to some other variables, like the age structure of the population, the ratio of dependency and the sex ratio and labor force participation. Though time strain prevented me to examine the later relationships, I hope to be able to do that in the near future.

Scholars indicate that percentage of families in poverty is essentially a derivative of income problems or

inequality. Unemployment rate is likewise associated with income gap, but also, like poverty, a derivative of income problems. Recognizing the inadequacy of per capita income, it should be supplemented by indices of economic development -- as the objective of development revolves around economic well-being that will be determined by economic measures.

Time is regarded as the organizational variable for this study. A table was compiled for each of the variables to reflect on the trends of change characteristics of each variable, and assess the economic well-being of each region accordingly. The following variables were considered:

a) Per capita income: this is the problematic variable. Variations in regional per capita income indicate the extent of economic gap between regions. The level of poverty -- essentially a derivative of income problems or inequality -- can also be used as an indicator of economic well-being of a particular region. The lower the economic growth in a region is reflected in low per capita income and this leads a rise in incidence of poverty in that region.

b) Industry composition of the labor force: this indicator reflects on the dynamics of a changing industry over time. We detected from this variable which industry grew over time and which industry declined. We assessed the implications of such growth or decline on the economic well-being of each of the particular region. Also, we

compared regions in that regard. Shifting from manufacturing industries and also from manufacturing jobs, to service industries and jobs, for example, resulted in a decline in-the average gross weekly earnings, and that ultimately affects the profitability of services.

c) Occupational composition of the labor force: a shift from professional to service occupations most likely results in a decline of the average gross income of individuals and families. Consequently, per capita income decreases and incidences of poverty increase.

d) Labor force participation and unemployment rates: both are, in some ways derivatives and causes of a rise and fall in per capita income, and affect poverty level in regions. We considered the ratio of male and female employment and unemployment in a particular region.

e) Out-migration, a variable that is not a direct indicant of the economic gap, was used as an indicator of the lack of local job-opportunities. In that, out-migration reflects on the economic well-being of the region. Most scholars discuss the lack of job-opportunities in the point of origin in the context of the push factors, and the availability of job-opportunities in the point of destination in the context of the pull factors.

Analytical Strategy

Most of the analysis will be reported as trend lines. A number of tables were constructed, one for each variable, reflecting the changing characteristics of that particular variable over time -- 1930s and 1940s to 1990s. Some of these variables were presented in appropriate graphs (trend lines) to easily reflect on changes over time. These tables and graphs include per capita income 1959, 1969, 1974, 1985, and 1989; percentage of families under poverty 1969, 1979, and 1989; labor force participation and unemployment rates 1940, 1950, 1960, 1970, 1980, and 1990.

Also industry composition and occupational distribution of labor force 1940, 1950, 1960, 1970, 1980, and 1990; and population growth over 120 years, 1870 to 1990 are included. A set of in-migration, out-migration and net-migration tables were compiled from the individual income tax returns from the Internal Revenue Services (IRS) files 1980/1981 through 1992/1993. Additional tables showing the per capita income of the in-migrants and compared to the out-migrants for 1992/93. Average income of household and the aggregate income in $1000 were also calculated for the in-migrants and the out-migrants and compiled in tables. These table are included.

Chapter III

Rural Marginal Contexts in America

Poverty and Politics

Gene F. Summers (1988:17) asserted that "at various times in the U.S. history, conditions in rural areas have reached crisis proportions and precipitated public concerns and government intervention. Invariably, in these moments of concentrated attention on 'rural problems' or 'the farm crisis,' it has become apparent that economic factors were at the heart of the matter." The economic depression that beset the United States in the 1930s was one of these various times where conditions in rural areas reached "crisis" proportions and precipitated public concern and government intervention.

Soon after World War I (then called the "Great War"), America turned inward and concentrated on domestic affairs. Warren Harding, the 1920 Republican presidential candidate, called it a "return to normalcy." New social and economic forces started to modify the way people live. Among such forces were the introduction of the automobile; the hard-

surfaced road; and the radio and motion pictures industry. Women were given the right to vote and the war had speeded their entry into business, industry, and the professions. They further adopted some behavioral practices as drinking and smoking that were considered masculine (Kelley, 1978). Despite the seeming business prosperity during the 1920s, there were serous economic weak spots in America that were mainly centered in a sequence of depressions that started in the agricultural sector and extended to other industries such as the coal mining, railroads, and textiles. Also, by 1928, the construction boom was also over. Throughout the 1920s, US banks had failed on an average of 600 a year, as had numerous of other business firms. In the four years from 1929 to 1932 approximately 11,000 U.S. banks failed and about $2 billion in deposit disappeared (Galbraith, 1988; Kindleberger, 1983).

On October 1929, the U.S. stock market crashed, with huge losses. Although the crash was not the fundamental cause, it sparked, and certainly marked the beginning of the most traumatic economic period of the U.S. modern times. These events had initiated a long economic decline that was accelerated into a world catastrophe -- the Great Depression of the 1930s. While these occurrences left their marks on America for the rest of the century, they were manifested in a profoundly greater role for federal government in public

affairs. Numerous directed change programs, and a welfare system that has since been subject to controversy and heated political debate were articulated (Galbraith, 1988; Garraty, 1986; Mitchell, 1961; Wecter, 1971).

At its depth, in 1933, the Great Depression left 14 million Americans, one in every four workers, unemployed; industrial production was down to one-third of its 1929 level; and national income dropped by more than half (Bernstein, 1985). This industrial slump continued throughout the 1930s. Its effects shook the foundations of Western capitalism and the society based upon it (Leuchtenburg, 1963; O'Neill, 1971).

By 1930, the slump was apparent and continued through the decade. By then, the usual forces of economic expansion had vanished; technology and mechanization had eliminated more industrial jobs than they created; goods supply continued to exceed demand; and the world market system was basically unsound. The high tariffs of the Smoot-Hawley Act of 1930, further exacerbated the downturn. It was apparent that the United States was in the grip of an economic breakdown (Bernstein, 1985; Boardman, 1967; Davis, 1975; Galbraith, 1988; Garraty, 1986; Swados, 1966; Wecter, 1971).

The deepening depression coincided with President Herbert Clark Hoover's term in office, 1929-1932. When elected to Office, Hoover turned attention to America's most

noticeable economic problem -- the depression in agriculture -- that had been chronic for nearly a decade. During Hoover's first year in office, Congress passed the Agricultural Marketing Act of 1929 which promoted the idea of cooperative marketing among farmers. Whoever, Wall Street crashed on October 1929 and millions of people lost their jobs, savings and homes. Industrial stocks lost 80% of their values. Between 1929 and 1933, the GNP (normally grew at an average annual rate of 3.5%) declined, at an average annual rate of over 10%. Further, agricultural distress was rather intensified, and farm prices fell by 53% (Boardman, 1967; Markowitz & Rosner, 1987).

Consequently, significant numbers of Americans turned in their collective misfortune to the government for solutions to their economic problems. President Hoover opposed any government intervention to ease this mounting economic distress, and his one major action was the creation of the Reconstruction Finance Corporation in 1932 that instituted to lend money to ailing corporations. This was perceived as inadequate, and Hoover was blamed for the resulting collapse of the economy. Hoover's unpopular policies brought an end to his career in public office. He lost the 1932 election to his democratic rival Franklin Delano Roosevelt (Boardman, 1967; Kindleberger, 1983). Eventually, that brought to a close a decade where three

Republican presidents occupied the White House, Warren Harding, 1920-1923; Calvin Coolidge, 1923-1929; and President Herbert Hoover, 1929-1932 (Foner & Garraty, 1991; Hofstadter, 1973 & 1989; Kelley, 1978).

History of federal government intervention in public affairs started first with assuming a major function to deal with the newly constructed railroads. Congress superseded, in 1887, state regulations and created the Interstate Commerce Commission (ICC) with a modest authority to oversee the railroad industry. Congress superseded state regulations and created the Sherman Anti-Trust Act of 1890. Numerous state and federal regulations, for much of the period 1880-1930s, were vetoed by the Supreme Court as unconstitutional (Bardach & Kagan, 1982; Kahn, 1970 & 1971; Wilson, 1980). The Supreme Court abandoned its position to accommodate President Roosevelt's economic recovery program. By the end of the 1930s, the second wave expansion of the federal role that emerged from the economic chaos of the depression came to be accepted by most Americans, in part because much of the U.S. economic system had essentially collapsed.

To counter the Great Depression, President F. D. Roosevelt, during his first term in Office, launched the "New Deal" initiatives. Many new agencies were instituted along with a wide range of social and economic federal

programs (i.e., the Federal Emergency Relief Administration (FERA), the Tennessee Valley Authority, the Rural Electrification Administration; the Soil Conservation Service; and the Resettlement Administration -- Farmer's Home Administration (Staton, 1991). Indeed, much of what is accepted or debated today in public policy had their origins in the "New Deal" Initiatives of the 1930s.

The current debate over the size of the federal government and the welfare system anything but new. It started ever since our federal government assumed, for the first time, a regulatory role. From the start, the debate was embodied in two competing philosophies: one is the governing philosophy of the Democratic Party; and the other is the governing philosophy of the Republican Party. This explains why such a debate is always intensified during presidential election campaigns. In 1932, President Herbert Hoover, a Republican, and his Democratic contender, Franklin Delano Roosevelt had engaged in such a debate, and ever since, the same debate is repeated in every election, and the 1996 election is no exception. The results of these debates were legislated under the welfare reforms (Huthmacher & Warren, 1973; Smith, 1984; Sobel, 1975; Wilson, 1975).

Faced with the prospect of governing the nation in the worst economic crisis in its history, Roosevelt wanted to

examine the causes of and remedies for the crisis. His advisory group concluded that the United States had become an inter-dependent society and that the agricultural depression of the 1920s had brought down the rest of the nation's economic structure (Schlesinger, 1983; Wecter, 1971). Right after the depression America became aware of the existence of a number of huge pockets of rural poverty. The Federal Emergency Relief Administration (FERA) was instituted to oversee the relief distributions to hundreds of thousands of stranded families around America. In May 1933, Harry Lloyd Hopkins (the Deputy Chairman of the New York State's Temporary Emergency Relief Administration when Roosevelt was the governor), was appointed to head FERA (Adams, 1977; Charles, 1963; Hopkins, 1936; Sherwood, 1950).

Six Rural Poverty Areas

On September 20, 1935, the Federal Emergency Relief Administration (FERA): Division of Research, Statistics and Finance, released a report dealing with relief, resources, and rehabilitation in six rural high relief rate areas in the United States. In the "Letter of Transmittal," the report indicates that "The nature of the problems involved in these areas indicates the necessity for a fundamental

adjustment of people and natural resources if the factors responsible for the relief are to be mitigated," (Beck & Forster, 1935).

Researchers from the FERA Rural Research Unit, examined the physical conditions and the limitations of these specific six "Problem Areas." From the physical resources and crude modes of making a living, they described institutional adjustments and the attitudes of the people and their local leaders. Rehabilitation programs were then designed and altered to fit the needs of each particular area, before recommended for action (Beck & Forster, 1935). Beck and Forster (1935), according to Rupert B. Vance (1967:289), "appeared to be static in its implications and gave but little indication of the great changes that already were on the way."

By 1930, Thirty-six percent of the rural population and 43% of the farmers of the United States (about one 1/3 of the farm owners, ½ of the farm tenants, and more than 3/4 of the farm croppers) lived in these six "Problem Areas." Also more than 3/4 of all black farmers were concentrated in two specific area -- the two Cotton Areas in the south (Beck & Forster, 1935). Researchers surveyed sixty-five counties representative of the six "Problem Areas, or about one-half of the rural families who were receiving relief.

The 1935 FERA report had outlined the causes underlying the necessity for relief and the methods essential for a permanent rehabilitation. Though the causes and methods differ from one "Problem Area" to another, our focus here is on two portion regions: Michigan's Upper Peninsula and Appalachian Kentucky, representative of two of the "Problem Areas": the Great Lakes State Cut-Over and the Appalachia regions respectively.

In the UP, the loss of employment, in mining and lumbering, and the rapid development of small farming on marginal land were mainly to causes of the relief problem. In Appalachian Kentucky, the relief problem was essentially caused by the loss of supplementary employment and over population. For the first area, while a wide adoption of zoning regulations that were being set up by counties in Wisconsin and the reforestation of large areas were among the most promising solution, the stranded mining populations was said to have to be moved or new kinds of industrial employment developed in the area and developing of recreational resources would provide seasonal employment for a small proportion of such populations. Better methods of farming on better land with new sources of supplementary employment seemed necessary to alleviate the causal problems in Appalachian Kentucky. The over-population would be alleviated only through emigration, education and the

development of a high standard of living (Beck & Forster, 1935).

The lack of schooling among a large segment of heads of relief families; old age, about 1/4 of heads of households were 65 years or older and not all of them were considered to be qualified for old-age pensions; and families, widowed, divorced or separated with children, not all were regarded to be qualified for the mothers' pensions were the three major reasons assumed to cause the high relief rates in these areas. The two major recommendations for permanent rehabilitation were: maintaining adequate school facilities with federal aid (as partial insurance against federal relief in the future, seemed to be a good investment of funds); and for the old age and female headed family populations, the two forms of social insurance (Mothers' and Old-age pensions) would undoubtedly care for at least one fifth of the cases receiving relief in the 65 counties surveyed (Beck & Forster, 1935).

The effectiveness of a rehabilitation program that aimed to attain these ends, may be determined by the kind and extent of the human and material resources available and the ease with which they can be brought together for the improvement of the status of the region (Beck & Forster, 1935:86). A careful examination of the suggested rehabilitation programs and what they aimed to do, suggest

that they laid the ground for the massive regulatory programs and the basic principles of the newly articulated national "welfare system," which ever since became the focus of heated political debate.

"The only thing we have to fear is fear itself," Franklin D. Roosevelt declared on March 1933, promising the Americans a "New Deal." He at first, tried to stimulate the economy through the National Recovery Administration, charged with establishing minimum wages and codes of fair competition in every industry. His first "New Deal" Initiative was mainly concerned with relief operations, and the Federal Emergency Relief Administration (FERA) was instituted to oversee this. His second "New Deal," launched in his second term in office (1935-1938), laid the ground for the nation's welfare system (Bernistein, 1985; Boardman, 1967; Garraty, 1986; Mitchell, 1977; Schlesinger, 1959).

Two Contrasting Regions

Michigan's Upper Peninsula (UP)

Michigan's Upper Peninsula (UP), comprises a portion of the much wider Great Lake States Cut-Over Region of the Upper Midwest. When coined in the 1950s, the term "Upper Midwest" referred to Minnesota, Wisconsin, and Michigan,

where a mixture of agriculture and extractive industries persisted well into the twentieth century.

The Great Lakes States Cut-Over Region, historically underdeveloped and marginalized, was one of the six "Problem Areas" that were defined and delineated by the FERA in 1935 (Beck & Forster, 1935). As part of that region, the "UP," as Michiganians refer to it, is situated at the northern periphery of the industrialized Upper Midwest (Davidson and Schwarzweller, 1995). Schwarzweller and Lean (1993:168) indicate that Michigan's Upper Peninsula "has been and is, even today, socioeconomically distinct from the Lower Peninsula. To the "Yoopers," as people from the UP are often called, "downstate" means government, taxes, wetland restrictions, unnecessary constraints on development, and a flood of tourists during the summer months."

When Michigan became a state in 1837, it acquired the Upper Peninsula in return for Ohio's takeover of the Toledo/Maumee river strip. Michigan incorporated eighty-three counties, 15 of them comprised Michigan's Upper Peninsula, referred to also as upstate. By 1990, 9,295,297 inhabitants lived in Michigan. Of those, a total of 313,915 lived upstate (UP) and 8,981,384 lived in the 68 counties that comprise the Lower Peninsula or downstate (Figure 3-1).

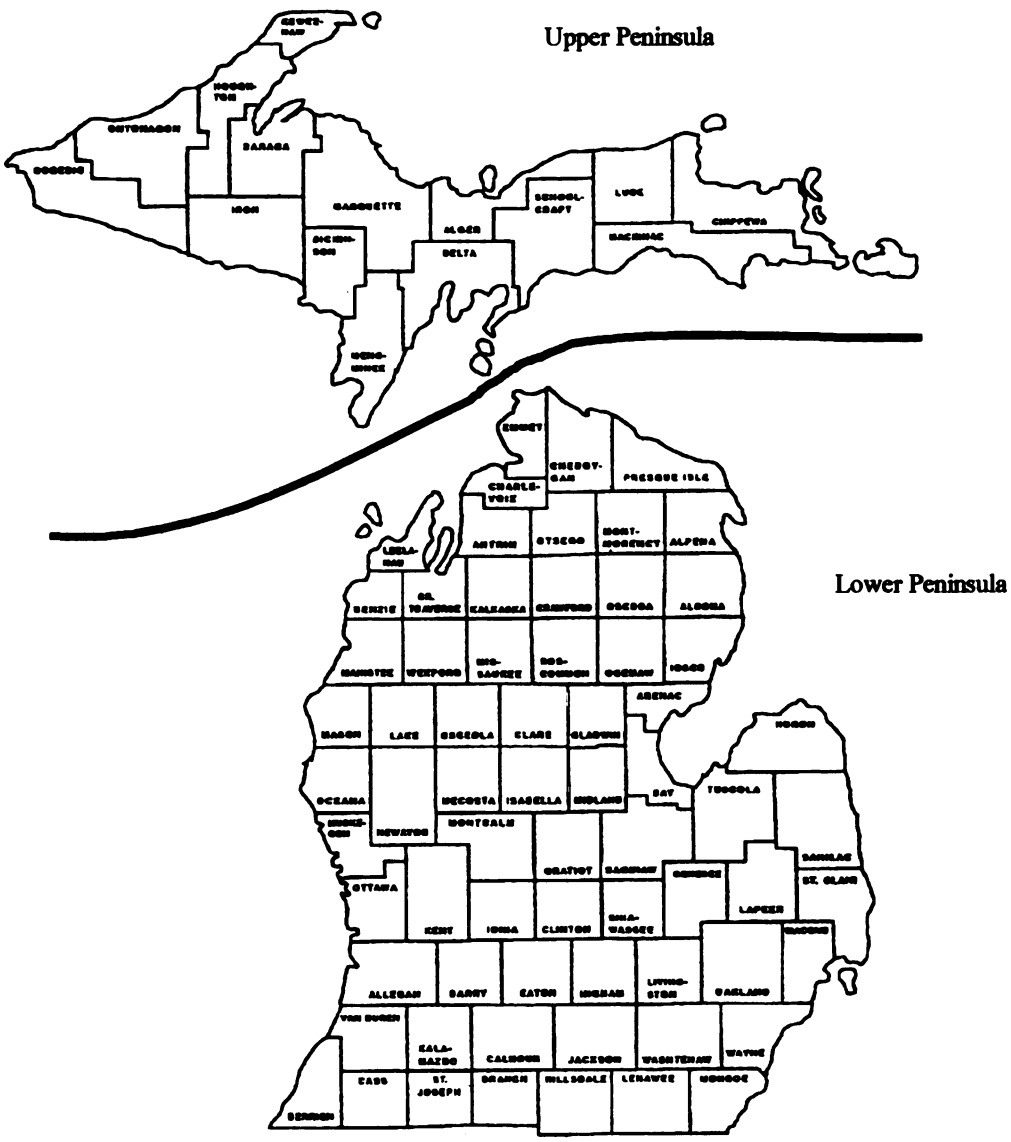

Figure 3-1: Michigan's Upper and Lower Peninsulas

The following table (Table 3-1) shows the names of the counties in each peninsula.

Table 3-1: State of Michigan Geographical Regions

Michigan's Lower Peninsula Region:				Michigan's Upper Peninsula Region:
1 Alcona	18 Eaton	35 Lapeer	52 Ogemaw	1 Schoolcraft
2 Allegan	19 Emmet	36 Leelanau	53 Osceola	2 Dickinson
3 Alpena	20 Genesee	37 Lenawee	54 Oscoda	3 Gogebic
4 Antrim	21 Gladwin	38 Livingston	55 Otsego	4 Houghton
5 Arenac	22 Grand Travers	39 Macomb	56 Ottawa	5 Delta
6 Barry	23 Gratiot	40 Manistee	57 Presque Isle	6 Alger
7 Bay	24 Hillsdale	41 Mason	58 Roscommon	7 Baraga
8 Benzie	25 Huron	42 Mecosta	59 Saginaw	8 Chippewa
9 Berrien	26 Ingham	43 Midland	60 Sanilac	9 Marquette
10 Branch	27 Ionia	44 Missaukee	61 Shiawassee	10 Menominee
11 Calhoun	28 Iosco	45 Monroe	62 St. Clair	11 Ontonagon
12 Cass	29 Isabella	46 Montcalm	63 St. Joseph	12 Mackinac
13 Charlevoix	30 Jackson	47 Montmorency	64 Tuscola	13 Iron
14 Cheboygan	31 Kalamazoo	48 Muskegon	65 Van Buren	14 Keweenaw
15 Clare	32 Kalkaska	49 Newaygo	66 Washtenaw	15 Luce
16 Clinton	33 Kent	50 Oakland	67 Wayne	
17 Crawford	34 Lake	51 Oceana	68 Wexford	

The far western part of the UP remained, until the middle of the 1800s, largely a wilderness, mostly visited by Chippewa Indians, French trappers and English explorers. The massive deposits of copper that were discovered in Keweenaw area, the rich iron ore in the Marquette Range in the central UP and the huge copper boulder discovered not far from the Ontonagon River, added to the excitement and attracted many adventurers and fortune-seekers to the region. The boulder still survives and somewhat mutilated in the Smithsonian Institution (Carter, 1980; Gates, 1951; Kilar, 1993; Louise, 1993; Martin, 1986). The renewed

conflict between upstate and downstate of Michigan is explained by Schwarzweller and Lean (1993:168), they wrote:

> "A few years ago the antagonisms, misunderstandings, and conflicts of interest between the Upper and the Lower Peninsulas again became so intense that a movement to join with the northern areas of Wisconsin and Minnesota (together constituting the old "cut-over region") to form a separate governmental entity - "the great state of Superior" - was reinstituted. Th state-hood movement, which first surfaced in the mid-1800s, still simmers (Carter, 1980). But in fact the upper and lower segments of Minnesota, Wisconsin, and Michigan have become so integrated, through shared history, economic exchanges, migration, and tourism, that it is quite unlikely that this effort to attain statehood will gain political momentum. Nevertheless, at least in Michigan, where the north country is a peninsula that stands geographically apart from the state's industrial heartland, this region, once regarded as a major problem area in America (Beck & Forster, 1935), continues to struggle for recognition and respect."

Michigan's Upper Peninsula is not only marginal, relative to the Lower Peninsula (and mainstream industrial heartland of America), but also far removed from the major population centers, industrial activities and political power of the state. Given its relative remoteness from the metropolitan centers to the South, the Upper Peninsula is often overlooked and in certain respects forgotten by those who reside downstate (Davidson & Schwarzweller, 1995:46).

Historically, the two peninsulas experienced very different paths of development. Downstate, Benefitting from its early transformation to a manufacturing based economy, quickly became an integral part of American industrial

heartland. Downstate became a major contributor and shareholder in America's era of industrial growth and prosperity (Davidson & Schwarzweller, 1995:46). The economy of the UP, on the other hand, has depended and continues to depend almost solely on extractive industries (characterized by cycles of boom and bust), mainly mining, timber, pulp, woodworking, and most recently tourism. Over the past 15 years or so, since the early 1980s, there has been a steady and probably permanent decline in such industries, in particular in the employment opportunities. In the contemporary global economy, natural resources are no longer the major source of rural competitive advantage (Anderson, 1993; Davidson & Schwarzweller, 1995; Freudenburg & Gramling, 1992)

Some concomitant trends and recent events further exacerbate upstate's rather bleak economic situation. Small businesses and commercial enterprises are experiencing increased erosion of community vitality and support. Also, state and federal economic development programs and family assistance have been sharply curtailed. The K.I. Sawyer Air Force Base, the region's largest employer for years, closed down. Tourism, enthusiastically advocated as a new growth industry, has failed to draw the hordes of moneyed visitors to the shores of Lake Superior which developers dreamed of (Schwarzweller & Lean, 1993). Further, the White Pine

mining and smelting operations were suspended by September 30, 1995 (*Ontonagon Herald*, July 19, 1995), and closed later.

Agriculture is far more limited in the UP and also has been suffering a decline. Also, subsistence farming passed from the scene a long time ago. The poor soil conditions found throughout much of the UP; the short growing season; the harsh winters; and the great distances to urban markets places the UP's agriculture at a distinct disadvantage with the Lower Peninsula and precludes the development of a significant crop-based agriculture (Beck & Forster, 1935; Schwarzweller & Lean, 1993). Unlike what has happened downstate, the decline in the number of farms in the UP has not been accompanied by a compensating increase in the scale of agricultural operations, nor by a greater diversification in commodities produced. This indicates that children of farmers were not following on their parents' foot steps, small farms were not being combined into large ones, and farming was being abandoned all together in the UP (Davidson & Schwarzweller, 1995).

Michigan's Upper Peninsula was depicted in 1935 as being of poor soil; short growing season (90-120 days); relatively small percentage of land in farms; decadent lumbering; woodworking; and copper mining industries. Yet,

the chronic unemployment in iron mines and other industries is generally the remit of technological improvements. Notwithstanding, the region's growth resulted from three waves of economic exploitation: a first wave occurred with the development of copper mining and then of iron mining; a second occurred during the mushroom growth and eventual rapid decline of the lumber industry. The industry had left behind unused railroads, depleted timber resources, and above all stranded towns and communities. A third wave occurred as a result of the decline of the above industries. An over-emphasis on agriculture brought about by the colonization schemes of states and large land-holders who induced families to settle on unfavorable soils and under poor climatic conditions, and light rainfall on poor soils, presented a serious handicap to successful crop production (Beck & Forster, 1935).

By 1854, iron ore mining became a principle industry of the region. Production started in 1847 and the UP became the leading producer of iron ore. But with the opening of the Mesabi Range in 1900, and the Cuyuna Range in 1905-1906, Minnesota displaced Michigan as the leading producer of iron ore. Logging and lumbering, the region's third principle industry, developed rapidly; lumber mills, woodworking and shipping centers prospered. Consequently, villages and towns were incorporated and flourished, only to decline

after the lumbering industry had exhausted the virgin timber and left a wake of cut-over land covered with debris, brush and unmarketable second growth timber.

The economic depression precipitated a series of immediate problems that forced families to seek relief. Many factors and conditions forced part-time farmers, lumber and mine workers, and the more frugal families who set aside funds for old age to seek relief. The depressed price level; increased taxes; delinquency, made the farm debt structure top heavy, brought on bank failures, contracted part-time employment and made farming unprofitable. Above all, paper, lumbering and woodworking industries were not interested in developing a stable population. Further, companies that operated such industries, were owned by outside agencies. Such industries had encouraged migratory labor and caused great unemployment. While local communities and industries shouldered the expense, unemployment was exacerbated by the technological changes.

Appalachian Kentucky

Appalachian (Eastern) Kentucky comprises part of Appalachia, a region in the eastern United States that takes its name from the Appalachian Mountains cutting through much

of it and includes often fairly isolated parts of twelve states and the whole of West Virginia. The Appalachian Regional Commission added 20 Mississippi counties to the region in 1969 (Johnes, 1986; Raitz & Ulack, 1985). Originally, "Appalachia" was a specialized term limited to geology, and came into common use only in the late 1960s. It connotes certain economic and social characteristics of the people and the geography (Jones, 1989). It also refers to economic deprivation and distinct cultural aspects (i.e., arts and crafts). John A. Williams (1993) indicates that the problem of defining Appalachia lies in finding a definition that can be applied to both the people and the geography, he wrote:

> "Appalachia, unlike the South, the West, New England, or other regions, cannot be defined in terms of boundaries drawn along existing state lines or studied by means of aggregate data or archived gathered on a state-by state basis. Social scientists usually take historic political boundaries as givens, not worrying much about variations near the state lines that form a region's periphery: Appalachia, on the other hand, has only one political boundary -- the jurisdictional bounds of the Appalachian Regional Commission (1964) -- and this was clearly the product of congressional logrolling, taking in 397 counties in thirteen states extending from southern New York to northern Mississippi. Consequently, the boundaries of the region shift from one study to another, depending upon the interests and perspectives of the scholars involved. In addition, difficulties exist in data collection and comparability among studies, since the boundaries of census divisions and other data collection units slice across Appalachia along state lines," (Pp. 1031).

When he was campaigning for the presidency, in West Virginia, in 1960, Senator J. F. Kennedy drew attention to the region. He promised to attack the critical problems of the region: chronic unemployment, population loss, and industrial shutdowns. But federal efforts to aid Appalachia culminated under President Lyndon Johnson when Congress passed of the Appalachian Regional Development Act, in March 1965. That act provided $1.1 billion in federal funds for an economic development plan directed by a joint federal-state agency the (ARC) that was instituted in 1964. In an attempt to stimulate commerce, 80% of the funds went to highways, industry and tourism. The remainder went to health centers, mining-area restorations and vocational training among other programs. Subsequently, the US congress funded the (ARC), but legislators in late 1980s, decided to phase out that funding gradually (Raitz & Ulack, 1985; Johnes, 1986).

"Appalachia," consists of the Appalachian Highlands, its ridges, valleys and plateaus. It lies to the southwest of the Mohawk-Hudson valley lowland, extending some 1,070 miles from the edge of the Catskill Mountains in the New York State to the coastal plain of north-central Mississippi. It encompasses an area of about 195,000 square miles. The area, as defined in the Appalachian Regional Development Act of 1964, included all of West Virginia and parts New York, Pennsylvania, Maryland, Virginia, Ohio,

Kentucky, Tennessee, North Carolina, S. Carolina, Georgia, Alabama, Mississippi (Gaventa & Lewis, 1989; Johnes, 1986; Raitz & Ulack, 1985).

A period of isolation, extended over the 50 years of 1830 to 1880, ended when commercial lumbering was introduce to the region followed later by coal mining. As the demand for lumber increased the virgin timber lands were stripped in complete disregard for the needs of the region's population. The higher wage rate that was introduced in these backwoods areas disrupted the old self-sufficient culture and replaced it with a new way of life for which the inhabitants were entirely unprepared. The resources on which the new economy was based disappeared with great rapidity and thousands of the region's inhabitants were suspended mid-way between two disparate systems. In fact, this intensified inhabitants insecurity, especially when the 1930s Great Depression hit. For them, adjustment in social and personal systems tend to lag behind adjustment in cultural system which resulted in a great deal of personal disorientation (Photiadis, 1965).

The cycle of exploitation continued and followed a fairly uniform pattern: high wages attracted workers from the hills who were employed in exploiting the natural resources. New worker communities thus were created. Such communities were left stranded when profitable timber was

depleted; mining operations became unprofitable; and mill operators moved out and the mines closed (i.e., in Jackson County, Kentucky, the timber industry was mostly centered in two companies which operated in 1914 to 1929). Had the first closed in 1924, the second absorbed most of its employees; but the closer of the second one in 1929, left 300 families stranded. Many of attempted farming but their inexperience; the poor soil and the adverse crop conditions then resulted in no improvement of their economic position (Beck & Forster, 1935:11).

The whole Appalachia region incorporated 397 counties in the thirteen states. By 1970, 18,217,100 persons lived in the region, increased to 19,194,400 in 1976; 19,327,300 in 1977, and to 20 million in 1985. Appalachia traditionally divide into three subregions: the Northern; Central; and Southern. The Northern, with the largest proportion of the population, has been the most urbanized, with the highest income levels, and the most developed. Still, much of that has been below the national average levels, and its trends frequently lag behind the nation's. In recent years, it fell well behind the region's rate of improvement, especially in Appalachian New York, Pennsylvania and Maryland (*Appalachia,* 1985).

Southern Appalachia has averages nearest that of the total region's, with a developing economy, with its metropolitan and urban counties rising toward national averages. In many instances this subregion has contributed the lion's share of regional gains. Within the three subregions, there exist relatively wide gaps between the principle metropolitan and urban counties, on one hand, and rural counties with smaller populations and markedly lower levels of living, on another. The great diversity of conditions in Appalachia is found in every geographic level (*Appalachian*, 1979; 1985).

Central Appalachia, however, has the smallest and least urbanized population among them all, with the lowest levels of income and educational attainment. It has the poorest housing and by most social and economic measurements has been far behind regional and national averages. It this Subregion that most closely represents the stereotype of underdevelopment and persistent poverty (Clayton, 1995; Couto, 1992; Billings & Tickamyer, 1993). Much of the Central Subregion is made up of Eastern Kentucky, referred to hereinafter as Appalachian Kentucky. Basically, Central Appalachia, and consequently Appalachian (Eastern) Kentucky is in effect the main area of regional poverty within the United States (Bradshaw, 1992; Caudill, 1962).

Appalachian Kentucky (Eastern Kentucky), encompasses two of Kentucky's fifteen "economic areas": the coal mining and the subsistence agriculture -- Economic Areas # 8 and # 9 respectively. As delineated for this study, Appalachian Kentucky composes of 31 counties, 14 in the coal mining area and 17 in the subsistence agriculture area. The remaining eighty-nine counties make up the Westcentral Region. Table (3-2) displays the names of Kentucky's counties that make up the Appalachian region and those that make up Westcentral region as displayed in the map above, figure (3-2).

Table 3-2: State of Kentucky: Appalachian and Westcentral Geographical Regions.

A) Westcentral Blue Crass Region -- A Total of 13 Economic Areas				B) Appalachian Kentucky Region	
				Subsistence Area Economic Area #8	Coal Area Economic Area #9
1 Adair	24 Cumberland	46 Jessamin	68 Ohio	1 Boyd	1 Bell
2 Allen	25 Daviess	47 Kenton	69 Oldham	2 Carter	2 Breathitt
3 Anderson	26 Edmonson	48 Larue	70 Owen	3 Clay	3 Floyd
4 Ballard	27 Fayette	49 Lawrence	71 Pendleton	4 Elliott	4 Harlan
5 Barren	28 Fleming	50 Lincoln	72 Pulaski	5 Estill	5 Johnson
6 Bath	29 Franklin	51 Livingston	73 Robertson	6 Greenup	6 Knott
7 Boone	30 Fulton	52 Logan	74 Rockcastle	7 Jackson	7 Knox
8 Bourbon	31 Gallatin	53 Lyon	75 Russell	8 Laruel	8 Leslie
9 Boyle	32 Garrad	54 Madison	76 Scott	9 Lee	9 Letcher
10 Bracken	33 Grant	55 Marion	77 Shelby	10 Lewis	10 Martin
11 Breckinridge	34 Graves	56 Marshall	78 Simpson	11 Magoffin	11 McCreary
12 Bullitt	35 Grayson	57 Mason	79 Spencer	12 Menifee	12 Perry
13 Butler	36 Green	58 McCracken	80 Taylor	13 Morgan	13 Pike
14 Caldwell	37 Hancock	59 McLean	81 Todd	14 Owsley	14 Whitley
15 Calloway	38 Hardin	60 Meade	82 Trigg	15 Powell	
16 Campbell	39 Harrison	61 Mercer	83 Trimble	16 Rowan	
17 Carlisle	40 Hart	62 Metcalfe	84 Uunion	17 Wolfe	
18 Carroll	41 Henderson	63 Monroe	85 Warren		
19 Casey	42 Henry	64 Montgomery	86 Washington		
20 Christian	43 Hickman	65 Muhlenberg	87 Wayne		
21 Clark	44 Hopkins	66 Nelson	88 Webster		
22 Clinton	45 Jefferson	67 Nicholes	89 Woodford		
23 Crittenden					

Since 1965, the ARC has been, with aggregate expenditures exceeding $15 billion, America's largest rural economic development agency. Still, Appalachia, and

Appalachian Kentucky (the Central Subregion) in particular, viewed as being outside the nation's social and economic mainstream. Maps of the U.S. socioeconomic conditions, in the 1960s, revealed "pockets of poverty" in which Appalachia, among other regions, stands out as the nation's poorest region (Gaventa & Lewis, 1989:59).

Agriculture in Appalachian Kentucky is far more limited relative to Westcentral Kentucky. Subsistence farming has passed from the scene long ago, and farming activities are very limited in Appalachian Kentucky. Westcentral Kentucky has a farming season that is longer than that of Appalachian Kentucky and farming land is larger and much suitable for farming. Unlike Westcentral Kentucky, the decline in the number of farms within Appalachian Kentucky has not been accompanied by a compensating increase in the scale of agricultural operations nor by a greater diversification in commodities produced. In many respects, these conditions, among others, have place Appalachian Kentucky's agriculture at a distinct comparative disadvantage with the Westcentral Region (Clayton, 1995; Bradshaw, 1992; Couto, 1992).

During the last two thirds of the 20th century, Appalachian Kentucky has imported capital and exported people (Williams, 1993; Raitz & Ulack, 1984). The most consistent source of outside capital during that period, was federal government. The region's elite have secured a

minority shareholding of private investment that came to the region during the period of industrialization, and worked with considerable success to ensure that federal intervention would not threaten the region's social status quo (Williams, 1993: 1040).

Frequently, this has entailed encouraging working-class migration, but by no means clear that this has always been an intended effect or the only cause of migration from the region. Appalachia has sustained a net migration loss as early as 1910, but this loss was disguised before the 1950 census by a relatively high birth rate and by the seemingly temporary nature of war-related migration during the World Wars I and II (Brown, 1988; Schwarzweller, Brown & Mangalam, 1971). Has it not been for industrialization, it is likely that the migration loss would have occurred earlier and cut deeper into the region's total population (Williams, 1993).

The dilemma still remains, while many federal programs have been justified by a desire to curb the flow of people from the region, the overall impact has been to stimulate migration. Lack of coordination among federal agencies that operate such programs was partially responsible for such an impact. Conversely, some of these agencies have given very little or no thought at all to the social consequences of their policies. The creation of some national parks, for example, resulted in the direct expulsion of thousands of

people from mountain homes. Forced moves, from productive bottom land rather than remote mountain coves, and further confiscation resulted from the creation of some dam-building programs that were accelerated in the name of emergency during World War II. Noticeably, war-stimulated prosperity (e.g., demand for coal production) protected the region's coalfields from the effects of these programs during the 1940s (Williams, 1993).

Notwithstanding, the cold war inspired the growth of military-industrial complexes away from the region. That actually stimulated migration from rural Appalachia and sequentially from Appalachian Kentucky. Between 1950 and 1970, an estimated 3.3 million people left the region and established Appalachian "ghettoes" in Chicago, Cincinnati, Detroit, Columbus and Cleveland (Beck & Forster, 1935; Billings & Tickamyer, 1993; Photiadis & Schwarzweller, 1971; Vance, 1967; Williams, 1993). Such a phenomenon was considered as a natural "resource flow" of social capital (Eller, 1982; Lewis et al., 1978; Raitz & Ulack, 1984).

The ARC, guided by a theory that advocates that improved infrastructure would stimulate industrial expansion, aimed to contain migration and keep the flow of human capital within the region. In turn, that enables the absorption of migration flow and the flow of productive workers and tax dollars by the region. Thus, the ARC

embarked on building a multi billion dollar network of super highways, called the "Appalachian Development Corridors," and converged on "growth centers" across the region (Williams, 1993).

Harry K. Schwarzweller (1971) cautioned that in the process of transition the role of extended family should not be overlooked. Schwarzweller indicates that the Appalachian family functions as a stabilizing and adaptive structure. Without it, standing ready to provide a haven of safety at time of stress, the mountaineer would find it exceedingly difficult to maintain the integrity of his social self. Thus, it is the family structure that bears the brunt of disturbing influences produced by the contemporary forces of change. He also warned that directed change programs in Appalachia must guard against an unwarranted and unwise erosion of this dominant institution -- the family.

Wether the directed change programs are highly successful merits examination. However, there is little doubt that rural Appalachia is joining the nation. The region and its people has been incorporated the larger society at extremely rapid rate. The Well-established migration streams lock Appalachia into the heartland of America. It was obvious, Appalachia will continue to need considerable help from the outside for many years to come. The goal of catching up, for Appalachia, as for other

underdeveloped regions of the world, extraordinary elusive one and thus regional development programs face an enormous challenge (Photidadis & Schwarzweller, 1971; Schwarzweller, 1971).

By the early 1960s, rates of out-migration from Appalachia seemed to have notably declined. In part, because so many persons had left earlier and the pool of eligible migrants had shrunk, and in part, the pressure to leave was less than that during the earlier period when mechanization of coal mining had affected widespread unemployment (Photidadis & Schwarzweller, 1971).

While Appalachian Kentucky has considerably changed with the nation, since World War II. Certain internal events have had a particular impact on the historic development of the region. A modern highway system of interstate routes and an extensive parkway toll-road system connecting all parts of Kentucky have been established. Beginning in 1968, the authorization for the 15 "Area Development Districts" showed serious efforts to plan for the future. Kentucky started to become aggressively involved with industrial development and stimulation of tourism by promoting the state park system. Kentucky joined in the formation of the Appalachian Regional Commission (ARC) in 1965 and obtained assistance from the Tennessee Valley Authority in the western part of the state. Most

important, higher education was upgraded through the creation of regional universities and community colleges, along with the Kentucky Educational Television Network (Channing, 1985; Clark, 1992). A coal severance tax was enacted and imposed at the time of extraction. Noticeably, coal industry technological changes have resulted in an increase in the use of machinery rather than human labor; a major shift from underground mining to surface mining; and an increase in pollution (Harvey, 1977). Also Kentucky's judicial system was overhauled in 1976. Increased concerns for educational quality and funding contributed to the establishment of a statewide lottery in 1989 and to the Education Reform Act of 1990. Significant changes have since occurred in school funding, organization, and in taxation (Channing, 1985; Coleman, 1971; Goldstein, 1984).

Chapter IV

History of Federal Government Intervention Programs

In this chapter, I will attempt to provide an overview of the history of the regulatory role of federal government. Scholars indicate that the most noticeable government intervention in public affairs, since 1887, have come in three major waves: the progressive era wave, from the 1890s to the 1920s; the "New Deal" wave that responded to the 1930s Great Depression; and the "Great Society" wave that came to America in 1960s, coinciding with the "Civil Right" Movement. In all, this chapter aims to shed light on the roots of the current debate over welfare, size and role of federal government (Wilson, 1980).

The First Wave: The Progressive Era, 1890 to 1920

U.S. government intervention in both domestic and foreign affairs had, since 1887, been embodied in the form of government regulation (Bardach & Kagan, 1982; Kahn, 1971; Reagan, 1987; Shepherd, 1985; Wilson, 1980). To mitigate

social and economic problems, state and local governments take part in implementing federal regulatory programs and act on their own authorities to regulate certain industries and occupations.

America's entry into World War I, on April 1917, was the climax of the period known as the "Progressive Era" that lasted from the 1890s to about 1920. During this period, reform-minded political leaders sought to extend their vision of a just and rational order to all areas of society, and some of these reformers even sought to extend it to all reaches of the globe. Therefore, federal government became increasingly activist in both domestic and foreign policies (Reagan, 1987; Shephard, 1985; Willson, 1980). As American industrial productivity grew, the need for foreign markets grew. Some reformers even held that America had a mission to carry "Anglo-Saxon" culture, and to spread law and order and civilization everywhere. Consequently, during this era, the federal government adapted an interventionist policy, for domestic and foreign affairs (Kelley, 1978; Hofstadter, 1989).

On the foreign front, adhering to the "Monroe Doctrine," the US foreign policy, became aggressively activist, and in the 1890s, started to intervene in the world affairs, started in Venezuela, Cuba, Puerto Rico, Guam, and the Philippines. While the US annexed the

Hawaiian Islands, it announced the "Open Door Policy," and pledged not only to support the Chinese independence, but also to equal access to its market by all nations. By 1901, the assassination of William McKinley's brought the interventionist Theodore Roosevelt to the presidency. Roosevelt asserted the right of America to intervene in the internal Affairs of the nations of the Western Hemisphere to prevent any "chronic wrongdoing" (Hofstadter, 1989).

Taft, the following President, continued to stress the economic aspects of Roosevelt's spirit. Eventually, the protection of America's financial interests abroad became a major goal of Taft's foreign policy that often called the "dollar diplomacy." In the hope that the American economic presence would ensure political stability, American firms were encouraged to increase their investments in countries bordering the Caribbean. Wilson, the incoming President, extended this policy and sought to maintain order and advance democracy and self-rule in these countries. He even sent troops to both Haiti and the Dominican Republic, to protect the American investments there. By the end of World War I, a foreign aid program, to "help" aid the Caribbean countries alleviate poverty and maintain "democracy" and achieve political stability, was enacted and extended, in the aftermath of World War II, to countries in Africa, Latin America and Asia. Turkey was the first country outside the

Caribbean to benefit from such a program in the early 1950s.

On the domestic front, the "Progressive Era" was also underway. To implement the new government regulation policies, city governments were transformed and national government strengthened, while regulatory agencies were created, especially under Theodore Roosevelt. By 1887, the federal government assumed the first major regulatory function -- it dealt with the dispute over the newly built railroads. Several major regulatory acts owed their impetus to the first wave. Examples of the first wave major regulatory acts were the Pure Food and Drug Act of 1906; the Hepburn Act of 1906 (to strengthen railroad regulation); the Federal Reserve Act of 1913; the Clayton Anti trust Act of 1914 and; the Federal Trade Commission Act of 1914 (Reagan, 1987; Wilson, 1980).

The America's entry into World War I was the climax of the Progressive Era, President Willson's failed to implement his "Fourteen Points" proposed peace treaty. When Willson tried imperiously to force the Senate to accept the entire treaty, he failed, and the United States never became a member of the League of Nations. That brought the "Progressive Era" to a close. The establishment of the League of Nations, nevertheless, was the only point implemented out of the Willson's fourteen point peace treaty (Hofstadter, 1989).

Conversely, the number in the US Congress, who preferred to return from the world affairs to America's "traditional isolation" was rapidly growing. Consequently, by 1920, a period of isolation had begun. The sentiments of turning inward and concentrate on the domestic affairs was mounting, and "turning inward" became the theme of the 1920 election campaign. Warren Harding, a presidential hopeful, called it a "return to normalcy" (Hofstadter, 1989). Noticeably, in the next 12 years, three republican presidents occupied the White House. During the 1920s, most Americans became preoccupied with private concerns (Foner & Garraty, 1991).

During the 1920 also, innovative forces, social and economic, thrusting into American life created a new way of living. Most noteworthy forces were the automobile and the hard-surfaced roads. While such forces produced mobility, they blurred the traditional rural-urban split. The radio and the motion pictures inaugurated a national culture that built on new urban values; and the passage of the 19th Amendment of 1920, that gave women the right to vote in national politics, were among the most noteworthy forces (Hofstadter, 1989; Kelley, 1978). While the 19th Amendment symbolized women persistence efforts to break with old familial patterns; the war accelerated women's entrance into business, industry, and the professions. It also accelerate

the women's adoption of traditionally considered masculine social practices -- drinking and smoking (Kelley, 1978).

Religious fundamentalism and conservatism flourished in the 1920s. Ideologies of isolation and racism dominated, and that paved the way for the passage of the Immigration Act, in 1924, that established a quota system and discriminated against all groups except northern and western Europeans. The door swung shut. As the mood and the orientation of the federal government shifted toward business, President Calvin Coolidge (1923-1929) declared that "the business of America is to do business" (Hofstadter, 1989). Herbert Hoover, 1929-1933, brought to the presidency a deep faith in the basic soundness of capitalism. Capitalism represent to him the fullest expression of individualism (Hofstadter, 1989).

Under the surface and in the making, despite the perceived business prosperity of the 1920s, there found some serious economic weak spots in America. A depression in America's agricultural sector represented the major weak spot of all. Coal mining, railroads, and the textile industries were also depressed. U.S. banks, throughout the 1920s, failed on an average of 600 a year, and so many other businesses.

By 1928, the construction boom was over and many found themselves with no jobs. These economic hardships topped by

the crash of the stock market in October of 1929. The crash initiated a long economic decline that soon accelerated into a world wide catastrophe -- the Great Depression of the 1930s. These economic hardships were also manifested in the 11,000 failed banks during a four year period, 1929 to 1932, President Herbert Hoover's term in office, and the vanishing of about $2 billion in deposits. Consequently, that brought the republican era in the White House to an end, especially that President Hoover opposed any intervention on the part of the federal government to ease the mounting economic distress of the time (Hofstadder, 1989; Preston, 1954).

Agricultural distress intensified and farm prices fell by 53%, despite the passage of the Agricultural Marketing Act of 1929. The passage of this act was rather seen by the public as inadequate. Consequently Hoover was blamed for the resulting collapse of the economy. That cost him a defeat in the 1932 election by his Democratic challenger Franklin D. Roosevelt (Boardman, 1967; Galbraith, 1958; Garraty, 1986; Kindleberger, 1983; Mitchell, 1961; Wecter, 1971). By then, increasing number of people turned, in their collective misfortune, because of the depression, to their government for solutions to economic problems that challenged the very basis of western capitalism and the society based upon it.

The "New Deals" Era: the Great Depression of the 1930s

The second wave emerged from the economic chaos of the 1930s Great Depression, referred to as the "New Deals" era. Like first wave, the second waves sought "economic" objectives. Just like the first wave, this wave of federal government intervention occurred at a time when a democrat occupied the house and the Democratic Party was in control of the U.S. Congress (Bardach & Kagan, 1982). Regulations, during this wave period, were created or expanded for industries that many held responsible for the depression (the banking and the stock exchanges in particular); industries that seemed to be victims of the depression (agriculture, coal mining, airlines, and trucking); and for radio, telephone, food, and drugs industries. By then, labor unions, through the National Labor Relations Act of 1935, won a federally guaranteed right to collective bargaining (Bardach & Kagan, 1982).

Economically, at the depth of the depression in 1933, 14 million Americans (one in every four workers) were out of jobs (Bernstein, 1985). Industrial production was down to one third of the 1929 level, and the national income dropped by more than one half. The great industrial slump was apparent and continued throughout the 1930s. Consequently,

the federal government intervention role was accepted, in part because much of the American economic system was essentially collapsed.

President Roosevelt's pledge of "New Deals" dominated the period of the second wave of federal government regulatory intervention policies. The "New deals" exploded in a whirlwind of legislation, where a new era in the American history had begun, where a social democratic order similar to that of the Western European countries had just started. During that era, the federal government and the presidency experienced a vast expansion in their authorities, over the economy in particular. Roosevelt nourished no brooding animosity against the system, but sought to save capitalism, not supplant it (Boardman, 1967; Bernstein, 1985).

Aimed at recovery as his first task, Roosevelt established the National Recovery Administration. In his first "New Deal," 1933-1935, Roosevelt attempted to muster a spirit of emergency and rally all interests behind a common effort in which something was provided for everyone. Thus, a Federal Emergency Relief Administration was enacted to oversee the relief operations (Beck & Forster, 1935; Vance, 1967). Also because excessive competition and production were blamed for the collapse of the economy, business properiotors and farmers were allowed to cooperate and

establish prices that provide them with a profitable return and induce an upward turn. An Agricultural Adjustment Administration was enacted to facilitate such an activity (Hofstadter, 1989).

Roosevelt second "New Deal," 1935-1938, was more anti-business and pro-consumer. Under the "Works Progress Administration," Roosevelt turned to vastly increased relief spending to pump up consumer buying power. Thus, the impact of this "New Deal" was perhaps stronger and most lasting in its basic reform measures: farm prices were subsidized; farm planting were centrally planned; the money supply became federal responsibility; stock exchanges were put under the regulation of the Securities and Exchange Commission; bank deposits became insured by the Federal Deposit Insurance Corporation; and banking practices were closely supervised under the Banking Act of 1933 (Conkin, 1975).

Also, labor relations became a matter of public concern and control, and regional development became a federal concern. For example, under the direction of the Tennessee Valley Authority, government facilities supplied electrical power to entire regions, providing standard for private utilities. Consequently, private utility monopolies were broken apart and placed under public regulation; antitrust efforts were re-energized; and economic recessions, then and afterward, were monitored by the federal government, that

was ready to increase public spending to provide employment and ward off the onset of another depression (Conkin, 1975; Lash, 1988; Cohen, 1984).

Eventually, the "New Deal" legislation defined a minimum standard of living for the majority of the people. The Fair Labor Standards Act installed a minimum wage and a maximum hours limitation; and the prohibition of child labor. The Social Security Act made provisions for disability and old age pensions, unemployment insurance, monthly payments to mothers living alone with dependent children, and direct assistance to the blind and crippled. Also, the "New Deal" helped make it possible for organized unions to gain higher wages, and, in 1938 the Congress of Industrial Organizations (CIO) was formed. Members were organized by industry rather than by craft. Most important a sense of confidence was provided by the "New Deal." In a time of disaster the federal government would take a positive action (Rothbard, 1983; Kindleberger, 1983; Bernstein, 1985; Garraty, 1986).

Obviously, many of the recommendations for rehabilitation made by Beck and Forster in 1935, found their way into the "New Deal" legislation. Despite this massive regulatory efforts, unemployment came down only slightly. By the end of Roosevelt first term in office, the employment decrease from 14 million in 1933 to 10 million by 1935 (or

from about 25% to about 17.8% respectively). Despite the second "New Deal," 1935-1938, gave more emphasis to public works and other government expenditures as means of stimulating the economy, full economic recovery was not achieved, because this approach was not pursued vigorously enough. By the end of the 1930, unemployment was hardly reduced. It was estimated at 17.2% (Hofstadter, 1956). However, the "New Deals" changed the emphasis and orientation of federal government, with a long-lasting economic, political, and cultural impacts. By the end of the 1930s, the expanded role of the federal government came to be accepted by most Americans (Hofstadter, 1989).

America's entry into World War II, brought this era to a close and the depression to an end. Despite the massive efforts of the Roosevelt's administrations, the American economy did not regain the 1929 economic growth level. It was World War II, rather than the "New Deal," that triggered massive industrial expansions that brought about full employment and pushed farm income to new heights. The war inspired more of young Americans to enlist in the military, and higher demand for raw materials for the military use, in particular copper and ore. The whole economy shifted to war economy (Cohen, 1984; Lash, 1988; Leuchtenburg, 1963).

The "Great Society" Wave: the 1960s

The most consequential expansion of all programs came in the early 1960s, during the "Great Society" wave. During that wave, the Kennedy/Johnson Administrations declared a "War On Poverty." Unlike the first two waves, the third wave came with measures often sought "social" objectives (e.g, health, education or racial equality) in stead. This third wave of government intervention came about and initiated under a democratic president and Congress (Bardach & Kagan, 1982).

Upon America's entry in World War II, in 1941, and over the next decade or so, 1941-1953, the economy had experienced a sharp growth. The postwar demotic policy was manifested in a regional plan for economic development that aimed at facilitating the movement of decanted farm labor to urban industrial centers. By its way, this policy triggered an exodus of the rural young educated people and resulted in the rural areas becoming more dependent on outside resources for development (Summers, 1988).

During the 1940s and 1950s, federal regulatory programs expanded even further. Despite that, President Truman, in 1945, failed to pursued the Congress to launch another program of domestic reform, the nation was indifferent. But

tens of tens of millions of people found themselves moving upward into a middle class way of life, and with hundred of thousands of solders returned from Europe, Americans became fascinated with the a "baby boom" that caused a huge increase in the birth rate. Consequently, 29 million people were added to the population in ten years, 1950-1960. That only exacerbated a need to house the new families and teach their children. In addition, this period saw a rapidly rising inflation that led to the labor unions calling for so many strikes that led to the passage of the Labor-Management Relations Act in 1948 that limited the unions power.

On the foreign front, and since World War II, foreign aid has become an important element of the U.S. foreign policy. That period witnessed the birth of the United Nations, North Atlantic Treaty Organization (NATO), the start of the Cold War, and later, the break out of the Korean War in 1950-53. During this period, the foreign aid program was posted when President Truman, in 1947, asked Congress for $400 million in aid to shore up Turkey and Greece as part of a policy to contain communism (Baldwin, 1966; Eberstadt, 1988). This policy became known as the Truman Doctrine: "It must be the policy of the United States to support free peoples who are resisting attempts subjugation by armed minorities or outside pressure." The European Recovery Program turned into the Marshall Plan and

disbursed more than $13 billion in economic aid, mostly in the form of grants, in just four years, 1948-52. The Marshall Plan aimed to stimulate the economic recovery of Europe as a trading partner for the US and eliminate economic conditions that could be exploited by the Communists (Wexler, 1983; Wood, 1986; Eberstadt, 1988).

On January 20, 1949, President Truman, in his inauguration address, proposed a four point program, the fourth point was about his administration foreign aid program, thus, became to be known the "Point Four" program. The U.S. Congress passed the Point Four program in June of 1950. Essentially, the program provided technical assistance that designed to improve living standards by helping people in underdeveloped countries acquire industrial and agricultural equipment and skills. A forerunner of many technical aid programs, Point Four was intended as a bulwark against communism. Its funds were administered by several U.S. agencies and by the United Nations (Bernstein, 1970; Bingham, 1954; Candliffe, 1950; Daniels, 1951).

At the home front, the period was marked by the rise of the "Mccarthism": a national crisis that extended over four years, 1950-1954. In 1952, Dwight D. Eisenhower, a socially and economically conservative, elected president on the Republican ticket and served twice 1953 to 1961, declared

that he was not interested in repealing the "New Deals." But his presidency saw the enactment of new reforms, and the Supreme Court seized so bold an active role in national life that many called revolutionary (Bernstein, 1985; Boardman, 1967; Davis, 1975; Galbraith, 1988; Garraty, 1986; Markowitz & Rosner, 1987; Mitchell, 1961; Rothbard, 1983; Schlesinger, 1959; Swados, 1966; Wecter, 1971).

Instituting the "New Deals," the second one in particular, paved the way for America to fully become a "welfare state." Has been in use since World War II, this term refers to the acceptance by democratic governments of the responsibility for the economic and social well-being of all citizens. The U.S. adapted a "welfare system" primarily to alleviate the hardships caused by unemployment, disability and old age. It secures for all, regardless of income, adequate medical care and other essential services known collectively as the "Social Security." In the United States, the term connotes a complex of national programs that began to evolve with the passage of the Social Security Act of 1935 and administered by the Social Security Administration. The main programs of Old Age, Retirement, and Medicare provided direct payments to maintain the income of retired or disabled workers, their dependents, and their survivors and to defray some of the medical expenses of retirees and their spouses at age 65 and older (Aaron, 1980;

Ball, 1978; Boskin, 1977; Brown, 1972; 1977; Campbell, 1977; Drucker, 1976; Kaplan, 1976; Munnell, 1977; Robertson, 1981; Skidmore, 1981; Turnbull, 1973).

Opponents to the welfare system claimed that such services could be supplied by the private sector and no need for government involvement. They added that Social Security, Medicare and Medicaid (came later) will soon be bankrupted. Meanwhile, supporters, while did not deny the danger facing these programs, claimed in contrast, that modern industrial societies have become increasingly interdependent, while persons on a family farm could rely on their own efforts to earn a living, industrial workers are dependent on far-removed economic forces that influence demand for what they produce and over which they have no control. In such societies, industrialization and the social fabric have changed so abruptly that traditional social relationships, extended families, religious organizations, and neighbors, accepting responsibility for helping each other in times of trouble, have been disrupted. Abilities of the individual, family and local community to provide sufficiently for their own needs have thus been diminished. Under such conditions, government intervention deemed necessary (Aaron, 1980; Boulding, 1985).

In 1960, Senator John F. Kennedy, propounded the "New Frontier" and spoke of getting the country "moving again."

He won the presidency over the Republican Vice-President Richard M. Nixon (Hofstadter, 1989). Campaigning in West Virginia, Kennedy, fueled by Michael Harrington book: *The Other America* (1962), pledged if elected he will launch the Appalachian Regional Commission to improve the lives and opportunities of the Appalachian Region and the people who lived there (Lyson & Falk, 1993). His "New Frontier" and his active support of the civil rights cause, triggered new legislation, most of which passed under his successor, L. B. Johnson. Noticeably, within three years, Kennedy's Peace Corps sent about 10,000 mostly young Americans abroad to work in 46 countries (Bernstein, 1985).

During the 1960s and much of the 1970s, the attention of America was focused on the social and cultural rebellions at home, the Civil Rights Movement; on a long and indecisive war in Asia, the Vietnam War; and on the many scandals that reached into the White House. That wore away the confidence of many in the values and system of their own government. The assassination of F. J. Kennedy brought Lyndon B. Johnson to the White House in November 22, 1963. He quickly proved a mastery reassuring leader in the realm of domestic affairs. He spoke of a "Great Society" and proposed a comprehensive social welfare programs. Upon his victory, in 1964, the Congress passed a tax reduction law that promised

to promote economic growth. The Economic Opportunity Act, launched the famous "War on Poverty" Program. The strong Civil Rights Act, passed in 1964, for years to come proved to be a vital source of legal authority against racial and sexual discrimination. Since then, much heated debate was directed at the basic component of this act, the Affirmative Action. In 1965, Johnson defined the Great Society as one in which federally sponsored programs would improve the quality of life for all Americans.

The idea of the Great Society was associated with the War on Poverty that was launched in 1964. Measures of the Great Society, passed by the Congress in 1965, included Medicare to provide health services to elderly; federal aid to education and art, supplementing the War on Poverty and the creation of the Department of Housing and Urban Development. The Voting Rights Act, another principle civil rights law, was passed by the Congress in 1965, and the Social Security Amendments of 1965 added Medicaid to Medicare -- the health insurance plans for low-income citizens and for the elderly, respectively (Esping, 1990; Gilbert, 1985; Titmuss, 1981).

Until about the mid-1950s, the U.S. public policy followed an intervention strategy aimed at facilitating the movement of decanted farm labor to urban industrial centers. This was more profound in the regional development policy of

the post World War II era. Such a policy exacerbated rural poverty in two ways: in one, it encouraged out-migration from rural regions; and in the other, it depleted rural regions from their social, human, and financial capitals needed for sustainability and development. Meanwhile, rural out-migration aggravated inner city poverty too leading to higher levels of poverty as well (Beyer, 1967; Cardoso, 1976; Perlman, 1976). Economic development of urbanization and industrialization drew small towns, independent agrarian communities and regions into the orbit of the "outside" commercial and industrial interests. Thus, poverty arose from the failure or inability of certain society's segments or regions to adjust to demands of an industrial economy and urbanization (Cardoso, 1976; O'Connor, 1992).

Scholars point to the unevenness of economic development, and indicate that unevenness has earmarked the economic development experience in America. They further asserted that regional marginalization is rather a consequence of such an unevenness. However, the study of marginalization provides important insights into the development process (Davidson & Schwarzweller, 1995). The negative effects of such a policy were apparent, rural areas depleted of much needed capitals and rural poverty exacerbated. On the other hand, cities, by 1960, could no longer absorb surplus labor from rural areas and inner city

poverty also aggravated.

The Kennedy-Johnson Administrations, adopted an alternative strategy in an attempt to encourage the movement of capital back to rural areas. This was to create new jobs, reduce rural poverty, improve the fiscal base of rural government and relieve some of the pressures on large cities. The new policy of "rural industrialization" was implemented through a series of congressional legislative actions during the 1960s and much of the 1970s (Summers, 1988:17). The 1972 Regional Act sets America into four regions, where states in each region come together and establish a plan for economic regional development. A center for was established for each region, to conduct research on the economic development in that particular region.

America, since the "New Deals," has developed an intricate series of programs to help economically disadvantaged. Some programs address only one particular category of the poor, while others overlap in their coverage. This policy was intensified during the Kennedy-Johnson era of the 1960s. Yet, deregulations and reforms of the policy and its component programs were, all along, off and on, hanging on who occupies the White House and who controls the Congress (Coughlin, 1989; DiNitto, 1991; Gilbert, 1986; Handler, & Sosin, 1983; Levitan, 1987;

Murray, 1984).

For the second time in about 50 years, a republican, R. M. Nixon, came to the residency in 1969, on a withdrawal from commitments around the globe theme. With the war in Vietnam, Americans became aware of their nation's strength limits and questioned the moral legitimacy of the purposes of the war. They also learned, from the Watergate scandal, of the danger of corruption of the republic's democratic values. The end of the Vietnam War drew parallels to post World War II situation: hundreds of thousands of solders returned from Vietnam, though this time "defeated," cause a tremendous social, political and economic problems at home. Consequently, American cities were in grave difficulties: its nonwhite peoples lagged far behind the whites in income and opportunity; unemployment was high for whites (more than 6%), and even higher for minorities; and the inflation threatened to erode the buying power of all people (O'Neill, 1971; McPherson, 1989; Hofstadter, 1989).

Jimmy Carter easily won the presidency in 1977. While most of these problems continued to plague the country, foreign events consumed the energy of the Carter's Administration: the Egyptian-Israeli peace treaty; Panama Canal treaty; petroleum shortage problem; the Iranian Hostage Crisis; and the international crisis precipitated by the Soviet invasion of Afghanistan in 1979. Because

problems remained unsolved, Carter's was easily defeat by the conservative Republican Ronald Reagan who was voted overwhelmingly to the Presidency in 1980 (Boskin, 1987; Johnson, 1991).

Reagan, in his first term in office, cut welfare spending, increased outlays for defense, reduced taxes and deregulate private enterprises. Followed a "trickle down" economic policy, he anticipated that lower taxes and freer market would stimulate investment and expand economy. That in turn would increase employment, reduce inflation, and provide enough government revenues to eliminate future budget deficits. Conversely, the economic stagnation continued, though inflation was dropped from above 12% in 1980 to less than 7% in 1982; and the unemployment rose from 7% to 11%, the highest since the 1940s. Most noticeable was the annual federal deficit which soared to $117 billion, almost twice as high as ever been. Consequently, America was hit with the worst recession since the 1930s Great Depression. In the first half of the 1980s, 8.4 million more people joined the ranks of the poor, a 40% increase; and about 33 million, one of every seven people, were reported to have lived below poverty line (Boskin, 1987; Friedman, 1988; Hyland, 1987; Johnson, 1991).

However, the economy departing in 1983 and rebounded sharply. By 1986, 11 million new jobs had been created. But Reagan's recovery did little for rural America or for the declining industrial regions of the Midwest. Further, Reagan offered fewer domestic initiatives during his second term. While the imbalance of imports over exports rose to $161 billion in 1987, the defense huge spending was what kept the economy booming (Friedman, 1988).

Antipoverty Programs

America's welfare programs grew significantly in the decades following World War II. Their cost increase during the 1960s and 1970s brought into question the extent and quality of public assistance. Early in the 1980s, the Reagan administration reduced welfare expenditures and suggested to turn the responsibility for welfare funding over to the states. However, the reduction in the expenditures of welfare led to the widening of already existing disparities in social services spending between states, cities and regions (Coughlin, 1989; Danziger & Weinberg, 1986; 1994).

While the main welfare public assistance income benefit program is Aid to Families with Dependent Children or AFDC,

three other programs are often included: AE or the Emergency Assistance; General Assistance (GA); and (SSI) Supplemental Security Income. While the first two are paid for by a combination of federal, state, and local funds, the third is funded by the states and localities alone. All three programs are administered by federal, state and local governments together. But each establishes its own needs standards and benefit levels, that might vary widely. Thus, great disparities exist in assistance levels from state to state. For example, while SSI program is federally funded and administered, 27 states provide additional SSI payments over and above the federal level. Applicants for all programs are subject to a means test that determines eligibility according to income and assets. What may be included in assets, however, differs from states to another and across programs (Dolgoff & Feldstein, 1984; Gilbert, 1986; Handler & Sosin. 1983).

Intended to cover the minimum costs of providing care for dependent children, AFDC is the largest and most costly of them all. In 1987, AFDC alone costs $16.5 billion. The AFDC aids children in need who have lost the support of a parent because of death, prolonged absence, or incapacity and for the parents or guardians with whom the children live. It was first inacted in Illinois in 1911, and spread to 19 other states by 1913, and included in the Social

Security Act in 1935. Federal government provides matching grants to states who administer their own AFDCs. While the federal minimum benefit level has been established, states extensively vary on benefits. The child qualifies if less than 18, or less than 19 and in high school; lack parental support; and be financially needy. Twenty-seven states provide benefits under stringent criteria when either parents is unemployed.

Supplemental Security Income, a federal-state program funded by grants from the federal government, was enacted as part of the Social Security Act of 1935, grantees assistance to old-age and to the blind. The Aid to the Permanently and Totally Disabled persons enacted in 1951. Supplemental Security Income replaced the state administered programs in 1974, to provide a uniform federally administered minimum cash income to aged, blind, and disabled people. In January 1989, 4.5 million persons received SSI payments. General Assistance program is available to people who are ineligible for federal categorical programs. Eligibility is based on a state defined need and verified by a means test. In 32 state, benefits range from cash payments to groceries and shelter and are administered by state or local authorities. In 1988, 1.1 million received assistant (Johnson & Goldberg, 1982).

In some states, emergency assistance is provided for specified emergencies to adults eligible for Supplementary Security Income and to destitute families with children under age 21. Eligible adults must experience sudden emergencies that deprive them of the means to stay alive and healthy. Benefits may be in cash, in kind or in a voucher form. In 1988, emergency assistance programs operated in 27 states, serving about 50,000 families with an average of $196 per family.

Public assistance system includes housing allowances; Medicaid; food stamps; school meals; welfare-to-work program that provides job placement; training or public service employment; earned income tax credit for low income workers with a child in the household and the Low Income Energy Assistance program. Further, social services include day care centers; foster and protective care; family planning; services to the mentally retarded in addition to the drug and alcohol abusers and other types of in-kind assistance (Danziger & Weinberg, 1986; DiNitto, 1991).

In 1960 about 800,000 families received AFDC assistance, increased to 3.7 million families, including 7.3 million children -- one in every nine children was under the age of 18. In 1987, $16.5 billion were spent on public assistance and $14.8 billion on Supplementary Security Income, which constituted 3.1% of the total federal budget

and only .007% of the total 1987 gross national product (GNP). In 1987, AFDC families received an average monthly payment of $355 for an average annual payment of $4,260 per family. In 1987, the median income for all U.S. households was $25,986, and $36,805 for 4-person households, when the federal government had defined the poverty threshold as a cash income of $11,611 for a 4-person family. Some 32.4 million Americans, or 13.5% of the population, were then under the poverty level. Each state has a basic-needs standard for families without income. In 1987, Vermont had the highest need standard of $997 and paid $676; Kentucky, had the lowest need standard of $246 and paid $246; and Mississippi, had a need standard of $443 and paid only $144 (Handler & Sosin, 1983; Johnson & Goldberg, 1982; Levitan, 1990).

Some critics charge that welfare costs are excessive, fraud is widespread, and welfare undermines the work ethic. Other critics argue that benefit levels are inadequate, the system has too many inequities, it is inefficient, and costs are increased through overzealous surveillance and the use of means tests. Whether it is viewed as an unnecessary drain or an inefficient necessity, public assistance cannot be separated from larger events in the society. The number of people on AFDC rolls, since World War II, has increased because of population growth, family breakdown, periods of

high unemployment, the shrinkage in the number of jobs for unskilled labor, and an increase in the number of female-headed one-parent families.

While costs may be influenced by the nature of the public assistance regulations themselves, the side effect of these programs need to be examined. The AFDC encourage family separations and discourage single mothers from marrying or remarrying. When an employed recipient earns or saves more than is allowed by regulations, some or all benefits are taken away. Thus some working AFDC mothers may have lost subsidized day care for their children or may have to leave their jobs.

Over the years, many attempts have been made to reform the welfare system. Attempts of reforms include the 1969 Nixon's proposal of Family Assistance Plan (FAP), and the 1977 Carter's proposal of the Better Job and Income program (PBJI), though neither was enacted. Starting in 1981, the Reagan Administration tightened eligibility requirements and reduced benefits for existing welfare programs. The Reagan administration emphasized a "new federalism," by which they hoped federal responsibility for most social programs would devolve to the states. The states did not agree because they were uncertain of the potential costs.

The debate has continued, for several decades, regarding welfare in relation to the proper role of

government, responsibilities of individuals and society, inequality, dependency, theories of causation of poverty, and the best organization of welfare. Concurrent with such a debate is many Democrats in the Congress, civil-rights organizations, advocates for the poor and churches urged the continuance of federally backed programs to help deprived persons. In the recent years, however, a consensus developed in the Congress favoring reforms to encourage welfare recipients to find jobs and to free themselves from long-term dependence on welfare programs.

In September 1988, Congress passed a major welfare reform bill that provided the single parents on welfare with children over three, have to participate in (JOBS) -- Job Opportunities and Basic Skills program offering education, training and work. One adult in each 2-parent welfare household would have to participate in a job search. If no work is found, the parent will be required to work 16 hours per week in a state organized job or work toward a high school diploma. States are to concentrate resources on young parents without high school education, long term recipients and on families with older children. JOBS participants would receive transportation, Medicaid and child-care help for at least a year. All states are now required to pay cash benefits to 2-parent welfare families. In 1988 only 27 states, the District of Columbia and Guam

did this. States are also expected to intensify child support enforcement from noncustodial parents (including wage withholding under court awarded rulings) through improved use of computerized systems.

The effects and results of this law -- that will cost $3.34 billion for the first five years -- will be seen only gradually. Congress, gave the states until Oct. 1, 1990, to put the basic welfare to work provision into place, so that the states can pass their own laws in order to be eligible for federal grants for welfare. Public assistance remains a politically charged issue. The most basic question it involves, however, relate to the views that society holds of poor and vulnerable people -- including how they shall be supported -- and the complex social and economic problems public assistance recipients reflect, as well as the degree to which society will tolerate poverty amid plenty (Katz, 1986; Danzinger & Weinberg, 1986; Fitchen, 1995).

Chapter V

Literature Review: Perspectives on Regional Problems

This chapter is devoted to review some of the related literature to explore the various dimensions of the issues involved, and to formulate a theoretical approach to the problem. As such, poverty, region and regionalism, regional development, marginality and marginalization, and migration will be the main foci of concern.

Poverty

Much economic literature is devoted to the definition and measurement of poverty (Atkinson & Tooke, 1989; Callan et al., 1993). The methods widely used in developed countries to measure poverty bank mainly on poverty income lines. These methods have been criticized on the basis that income is not a reliable measure of poverty. As deprivation is the dominant consequence of poverty (Tomaskovic-Devey, 1988), critics advocate the use of both income and deprivation as the criteria in identifying those who are excluded from their society due to the lake of resources

(Callan et al., 1993). In so doing, a substantial difference can be made to the extend and to the composition of measured poverty. It emphasizes the importance and the distinction between a standard of living conception of poverty and a conception based on minimum rights to resources (Atkinson, 1970; 1989).

In that, "relative poverty" definition is based on the society's norms and values. The concept relies on an assumption about the relationship between income and needs, where needs are assumed to be the same for all people living in the same society. As such, the concept takes into account the distribution of income of the entire population in a given country at a given time. Relative poverty may be defined as a shortage of income causing a marked reduction in well-being compared with the rest of society (Brangeon & Je'gouzo, 1995; Callan et al., 1989; Jencks, 1992).

In economically advanced societies, defining poverty relative to the society's living standards, is widely, but not universally accepted (Callan et al., 1993). For that, poverty may be defined as the lack of goods and services necessary to maintain a minimal adequate standard of living. The definition of the term adequate varies with the general standard of living in a given society and with the public attitudes toward deprivation that may be experienced in varying degrees of intensity. But because poverty is a

relative concept, no universally accepted definition of basic needs exists. While poverty in the poorer countries of the Third World means living at the brink of subsistence, few impoverished families in the United States confront starvation, although many suffer from undernourishment (Danzinger & Weinberg, 1986; Fitchen, 1995; Katz, 1990).

As general consensus revealed in the literature, poverty -- though has assumed a multiplicity of meanings, at different times and different places -- attains pragmatic and relevant dimensions only within a relative framework. Generally, poverty is defined as an inadequate relative income level. The U.S. Department of Labor defines poverty in terms of the adequate of current family income in meeting a constant absolute standard of food consumption. Poverty income line is based on the family size adjusted for farm and non-farm residency (Coppedge, 1977).

Poverty is related to development, and rural development in specific. Development has implications for relative incomes and past development has been instrumental in establishing the current situation. It has also been indicated that the objective of development has revolved around economic well-being that generally is determined by total economic output of the given region, per capita income and by incidence of individual poverty in that region. While development always requires resources it yields change

that has implications for the existing distribution of economies. But the gains of development could under the existing market situations be distributed away from particular group, sector or region and exacerbate the level of poverty among that group, sector or region (Coppedge, 1977:3-4).

Poverty, despite various definitions, has sever socio-economic consequences and implications, in both industrial and in the "Third World" countries. Among them, it prevents normal participation of those who are said to be in poverty (individuals, families or groups), in social, political or economic activities of the societies that they belong to (Tomaskovic-Devey, 1988:4; Townsend, 1970:31). Inequality has always been a problem in all societies, and no society distributes its income, power and wealth evenly. In the U.S., for example, regional disparities in quality of life and access to economic and cultural resources have existed since colonial times (Summers, 1988). These disparities were officially and publicly discussed and precipitated attention well before the Great Depression of the 1930s. The inability of the institutions of the "open country" to keep pace with the development of the whole country was acknowledged by President Theodore Roosevelt in 1908 (U.S. Country Life Commission, 1975:1873).

Duncan & Sweet (1992) indicate that poverty and

inequality have, for long, been constant features in the lives of many rural people in the United States. Roosevelt's 1908 concern (while the narrow reference to farmers was no longer valid), represented the essence of the then national concern for marginalized rural regions as well as in the 193os, 1940s and in the 1960s. Although, poverty in marginalized rural regions existed well before the 1930s, it was not until the Great Depression, when huge packets of poverty were noticed and several rural regions around the US precipitate public concerns and government intervention (Vance, 1967). The same regions contended to precipitate public concerns and government intervention in the 1960s, 1970s and 1980s. In the United States, income and wealth and the distribution of families have tended to become more unequal in the 1970s and 1980s (Pollard, 1990), and most likely do so in the 1990s.

The aspects of poverty change with the advent of a more affluent society (Brangeon & Je'gouzo, 1995). Every time aspects of poverty change public attention is drawn to the new and specific aspects. For example, throughout the 1980s homelessness, growth of poverty rates among children, the "feminization" of poverty and the emergence of the "urban under-class" became focal points for scholarly research and charitable initiatives (O'Connor, 1992). The concentration of poverty in the inner cities (Sawhill, 1988; Wilson, 1989)

and the alarming growth in the number of homeless people (Ross & Morrissey, 1989) have been documented. The growing number of working poor received greater scholarly attention. This is a reflection of the increasing inequality (Bluestone & Harrison, 1982; Children's Defense Fund, 1991; Levitan & Shapiro, 1987; O'Hare, 1989). Most scholars connect the spreading of poverty with the changing structure of national and global economy (Levy, 1980; Thurow, 1987; Wilson, 1987).

While rural poverty, despite that it grew worse during the 1980s, have over the years escaped public attention, rural poor have been less visible in the media and their behavior have been less threatening to the public (Johnson, 1981). The World Bank has estimated that more than three-fourth of the world's poor live in rural areas (World Development Report, 1980). The U.S. Census Bureau records for 1990, for example, indicate that over nine million people were living in poverty in rural areas in 1990 (Duncan & Sweet, 1992).

Rural poverty can be described in terms of people working at low-wage jobs with few or no benefits; two parent families; elderly; people without homes; of women headed-households and children living under poverty level. All of these are typical characteristics of rural regions (O'Hare, 1989). In addition, young rural workers across America struggle to make a living, to earn enough to left themselves

and families out of poverty. In the United States, opportunity structures tend to put rural youth at a disadvantage over their urban counterparts (Bloomquist, 1993). Searching for better opportunities elsewhere is deeply rooted tradition in rural communities. For rural youth, migration becomes very much a part of the normal course of events and the career decision-making process during the transition from school to work (Lean, 1992). Since 1930s, social scientist and federal government policy-makers have promoted numerous social and economic programs and spent billions of dollars to combat poverty every where in the united states and in marginalized rural regions in particular (Gaventa & Lewis, 1989). From the Roosevelt's "New Deals" of 1930s and 1940s, to Kennedy's "New Frontier" and Jonson's "Great Society" of 1960s federal government overall objective was to combat poverty and enable the poorer regions to keep pace with the development of the nation as a whole (Bloomquist, 1990; Duncan & Sweet, 1992). During the 1970s and 1980s period, public attention was concentrated on the inner city and urban under-class as the main aspects of poverty (Brangeon & Je'gouzo, 1995; Plotnic & Skidmore, 1975; O'Connor, 1992; Ross, 1989).

To combat poverty, therefore, the federal government has occasionally embarked on expensive development programs to overcome perceived regional disparities in quality of

life and income and wealth distribution. Electrification of rural America and rural telephone system are just two of the federal government development programs. The principle justification for such expensive development programs was that rural people should enjoy the fruits of the society's advancing standard of living even if the investment were not cost-effective in a purely economic sense (Deaver & Hoppe, 1992:10).

Accordingly, social scientists approached rural poverty in the context of sweeping social and economic changes and regional development activities. However, industrialization and urbanization and the creation of a welfare state among other social and economic programs were seen as the cause of rural poverty and the potential solution. As side-effects of such policies; much of the agriculture labor force was displaced and the end of traditional and valued ways of life in rural communities was spelled. Out-migration streamed out from rural regions to industrial metropolitan centers was the major outcomes of such policies (Plotnic & Skidmore, 1975; O'Connor, 1992).

The regional growth policy adapted by policy-makers in the decades after World War II was manifested in restructuring agriculture economy, providing new job opportunities in other sectors of the economy, training rural people to participate in the industrial work force and

encouraging cultural integration with urbanized society. Eventually, these processes have created streams of migrants leaving rural regions and going to industrial metropolitan centers. Because migration is selective, the more dynamic members of the rural regions are the ones most likely to go (Perlman, 1976:11; Beyer, 1967:98).

Rural out-migrants -- who are most often young, over the national averages for education and skill (Perlman, 1976)-- may left themselves out of poverty and became urban by the actual relocation to urban industrial centers. However, many of them relocate from rural poverty figure to urban poverty figure and generally dissipated in slum life (Beyer, 1967). Further, existing conditions of rural poverty may prevent non-migrants from benefitting from out-migration and rural poverty persists among people who were "left behind."

President Johnson's National Advisory Commission Report on Poverty referred to non-migrants as "The People Left Behind" (U.S. National Advisory Commission on Rural Poverty, 1967). "The People Left Behind" were mostly elderly, women and children (Plotnic & Skidmore, 1975; O'Connor, 1992). During the 1920s and 1930s, American social scientists began to write about the vast social and economic changes that were drawing independent agrarian communities and small towns into the orbit of "outside" commercial and industrial

interests (Plotnic & Skidmore, 1975; O'Connor, 1992:216). From the perspective that they were reflecting, poverty was said to arose from the failure or the inability of certain segment of rural society to adjust to the demands of industrial economy and urbanized ways of life. In their attempts to identify factors which prevented the necessary adjustment, social scientists offered three major explanations to the phenomenon of rural poverty (Plotnic & Skidmore, 1975; O'Connor, 1992; Tomaskovic-Devey, 1988).

The first explanation was derived from the work of social anthropologists who studied rural communities in both the United States and abroad. Based on their perspective, the persisting of poverty in rural regions was perceived as a cultural rather than an economic problem. In that they described poverty as a product of the cultural barriers to modernization (Withers, 1945; Lewis, 1971). People living in poverty have been characterized as participating in a "Culture of Poverty" (Glazer & Moynehan, 1970; Lewis, 1969, 1971; Deavers & Hoppe, 1992). They were seen as lacking the values and aspirations essential for success in their new society (urbanized middle-class society) and "thus were unable to benefit from modernization" (Plotnic & Skidmore, 1975; O'Connor, 1992:216). It also argued that poverty persist among "the people left behind" because they have distinctive maladaptive values and behaviors that are

largely self perpetuating (Tomaskovic-Devey, 1977).

The second perspective was offered by the development economists who made their observations in "underdeveloped" countries of the "Third World" after World War II. For them, poverty is depicted as part of a "vicious circle" of political, economic and cultural barriers to modernization (Harrington, 1962; Singer, 1949). People live in poverty because of some personal characteristics that make them less competitive in the labor market (Tomaskovic-Devey, 1977). This perspective is quite consistent with the culture of poverty perspective where low education credentials primary allegiance to the family rather than to the workplace. Inadequate intelligence or motivation are considered among the causes of poverty.

The anthropologists' approach to poverty seems to be implied in the status attainment tradition in sociology (Blau & Duncan, 1967; Hauser, 1974). This, however, has not been investigated (Hodge, 1973). Poverty, in this tradition, is merely a case of low income achievement (Hauser, 1974; Tomaskovic-Devey, 1977:7). Personal characteristics or the determinants of labor market competitiveness: education, work experience and personal motivation are beheld as the causes of poverty. Thus, to combat poverty in the underdeveloped countries of the Third World, proponents of this perspective call for a

comprehensive planning to stimulate industrial growth, mass education, political democratization and the cultivation of an indigenous class of entrepreneurs to set the development process in motion (Plotnic & Skidmore, 1975; O'Connor, 1992).

The third and major competing perspective on poverty focused on external factors: problems with society or problems with the economy as causes of poverty. The poor are described as having limited economic opportunities, either because of the present labor market segmentation based on sex and race or because of the amount of the overall opportunities in the locality in which they reside (Edwards, 1987; Gordon et al., 1994). This perspective, originated with the Southern sociologists at the University of North Carolina during the 1920s, described poverty as a product of South's "colonial" political economy. Proponents of this perspective argue in favor of agricultural reorganization, political reform and planned regional industrialization (Raper & Reid, 1941; Raper, 1968; Vance, 1971). It argues that poor regions do not have fair access to the nation's resources including education, health care, adequate housing and good jobs; and discrimination and labor market segmentation or both may be contributing factors (Odum, 1936; Reed & Singal, 1982; Vance, 1932).

In the 1960s, in the United States, the culture of

poverty thesis seems to have been accepted as the major cause of rural poverty. It was further used to justify a wide range of policy strategies. Numerous social and economic programs were launched to break the cycle of poverty by providing job training, workplace preparation and remedial education and more important by providing other experiences focused on enhancing the individual's labor-market attitudes and skills (Plotnic & Skidmore, 1975; O'Connor, 1992). Therefore, and because the actual labor market is located in industrial metropolitan centers not in the marginal rural regions, a stream of young and usually better educated and skilled rural youth streamed out to these industrial metropolitan centers. Yet poverty persisted in America. While Oscar Lewis (1969) argued to employ individual counseling and social work services to alleviate poverty in the United States, he was convinced that "nothing short of socialist revolution could alleviate mass poverty in developing countries" (O'Connor, 1992:223).

In summary, literature review indicate that the causes of poverty are rather multifaceted and complex. Yet, no single theoretical explanation or perspective is entirely satisfied or can fully explain poverty (Brangeon & Je'gouzo, 1995; Rural Sociological Society, 1993; Sawhill, 1988). Further, the poverty literature has failed to adequately treat rural poverty. That limits the worthy of poverty

literature in understanding the fundamentally different character and changing nature of rural poverty and thus its value for those designing public programs to serve the rural poor (Deavers & Hoppe, 1992:8-9). Scholars have concluded that in order for a poverty policy to "succeed," it must make concerted efforts to remove barriers to educational opportunities, assure equal access to employment and reduce all institutional barriers to individual achievement including discrimination and labor market segmentation.

Despite the different explanations and all the conceptual and technical problems of measurement of poverty, the US federal government has devised a widely cited poverty index. It reflects the different consumption requirements of families depending on their size and composition, sex and age of the family head and on whether they live in rural or urban areas. But such a poverty index has several flaws: it does not allow for regional variations in the cost of living or for higher costs in the central-city areas; costs of food for the budget were designed for "temporary or emergency use" and, therefore, inadequate for a permanent diet because they provide only the barest subsistence; and the failure of the government poverty statistics to take into weigh non-monetary benefits and assets in divining the number of poor.

Notwithstanding, the government poverty index is a widely used indicator (in conjunction with other indicators)

for determining the well-being of families, communities, regions or whole nations (Danzinger & Weinberg, 1986; Katz, 1986; Levitan, 1990). It has been indicated: the "One fundamental reason for having a poverty measure is to allow comparisons of economic well-being-across families, across population groups, across regions and perhaps most of all across time (Ruggles, 1990:1). Such comparisons assess in evaluating the effects of economic growth and public policies and the need for public intervention of one type or another.

But poverty measures are only one possible indicator of economic well-being. Other indicators may include per capita income, median income, and various other adjusted income and consumption measures. Together can be used to compare economic well-being across groups, regions and time. The choice of a specific poverty measure rather than one of these broader measures has the effect of focusing attention not just on general economic well-being but on the well-being of the least-well-off members of society.

Region and Regionalism:

The concepts of "Region" and "regionalism," have rich heritage in anthropology, sociology, geography, political

science and economics. For the purposes of collecting, arranging, analyzing and interpreting various kinds of data, such disciplines made frequent use of regional divisions. Yet, the problem focus of the discipline and disciplinary needs heavily determine the way to conceptualize such entity.

In their quest to delimiting the causes of poverty, Rupert B. Vance (1932) and Haward Odum (1936), made "region" part of the sociological vocabulary. Both argued that region could be used as a conceptual and analytical tool for understanding the social and economic organization of large geographic areas. Region has assumed different meanings, depending on the academic discipline. It helped to focus attention on commonality across political borders (Lyson & Falk, 1993). Sociologists obfuscated the borders of towns, cities, and counties with region to determine how these smaller areas merge into larger ones.

Although the concept had a widespread use long before there was a generally accepted label for it, the nature of a region varies with the needs, purposes and the standards of those using the concept (Merrill, 1951:vii-3). However, the significant of a region can only be gained from its relation to a total structure, and a region can not be defined except in relation with such a total structure of which it is a component part. In that, "regionalism" is a concept that

cuts across many lines. It was in 1935 when the regional point of view was given official statement by the National Resources Planning Board in Regional Factors in National Planning and Development. Numerous regional planning reports, all pointed to the close association of regional research and the planning movement, reinforced the regional point of view. while few of these projects have developed a complete and coherent regional theory, all have served to show the contemporary interest in regionalism as a tool for research (Vance, 1951).

While it is the characteristics common to regions that allow for and facilitate regional planning (Lyson & Falk, 1993), for a region to exist certain common traits had to be found. Contiguity, demographic characteristics, economic bases and natural resources are examples of such traits (Odum, 1936; Vance, 1932). Although regional analysis were somewhat popular in sociology for several decades, regional approach had virtually disappeared by the late 1960s (Reed & Singal, 1982). Recently, however, the regional approach analysis bounced back and seems to regain popularity, especially among geographers and among certain political economists (Lyson & Falk, 1993). Consequentially, since the 1930s, several attempts have been made by geographers, economists and sociologists to divide the entire area of the

United States into subunits that delimits the principle clusters of population, economic production or other socio-economic entities. Such subunits would have a great deal in common where a characteristic pattern of gaining a livelihood, a unique set of living conditions, and a special set of social and economic problems prevail (Bogue, 1950).

Eventually, in 1950, the U.S. Census Bureau sponsored a program that divided America into units called "Economic Areas." The term economic is used in its ecological sense to refer to a pattern of adaptation which had been effected in making a living. Each economic area is made of a number of similar counties and similar economic areas were grouped into "subregion," while similar "subregions" were grouped into "region." Further, similar "regions" were grouped into "provinces" (Bogue, 1950; 1954). In so doing, it becomes possible to study trends and historical developments from the past by combining the county data from earlier reports, and since this system was devised, state economic areas and subregions became the official units for reporting census and other government statistics. But economic regions and economic provinces did not assume similar status. Instead, they become the unofficial boundaries which had been proven highly useful in summarizing data tabulated for state economic areas. Because economic provinces are much less homogeneous than economic regions, and because there are

only few of them (only five) are not recommended for general use (Bogue, 1954).

In their endeavor to establish economic areas, the U.S. Census Bureau and the Scripps Foundation had in 1950 used social and economic characteristics as principal criteria. Consequently, two fundamentally different types of areas had been recognized: the "Metropolitan Economic Areas;" and the "Non-metropolitan Economic Areas," where each type was made up of whole counties. Each metropolitan economic area consisted of a central city of 50,000 or more inhabitants and the county where that city is located plus any adjacent counties which that known to be closely integrated with that central city, provided that the central city and the counties integrated with it have a combined population of 100,000 or more.

The population of each non-metropolitan economic area was desired to be characterized by a distinctive pattern of social and economic traits related to the mode of gaining a livelihood. In so doing, the intention was to insure the maximum homogeneity of each economic area (a group of similar counties) within a state, at the same time to insure a maximum difference between each of the surrounding areas as possible. That was an endeavor to minimize the variation within the group and to maximize the differences between the means of the groups. A number of indexes (42-61), depending

on the state, were considered in determining the economic area that each county belongs to, and that was to assure that a wide variety of social and economic aspects were represented and used in the process, and to acknowledge the fact that the factors which are of greatest importance in making a socio-economic delimitation vary from one region to another. While each state delimited its own economic areas, this was made possible by efforts of interagency cooperation and exchange of information. Such cooperation and exchange started in 1930 by the National Resources Planning Board, Carter Goodrich and his associates, and a grate deal of independent studies and observations and research (Bogue, 1954).

Such a system made it possible to study each individual state or group of states in terms of there major economic areas and tabulate state data with economic areas as a principal subdirectory. This division had created 441 economic areas that were much more homogeneous than a particular state was. Further, this number of economic areas was sufficiently large to permit the use of more advanced statistical tools and it was sufficiently few to avoid an unusually large burden of computing. The later was about equal magnitude of importance in a problem of description research or administration. Economic areas, while had been delimited for each state individually, they

can be integrated across state lines and thereby facilitating both local and regional research (Bogue, 1950; 1954).

Economic areas, in the contexts of research and planning, have been used in various combinations for reporting statistical data. The following are the most common six types of reporting statistical data: 1) description: permits a simple but a comprehensive statistical description of environment; 2) measurement of interrelationships: permits the formal testing of hypotheses and of the relationship between variables; 3) study of variations: permits statistical explanations; 4) simultaneous cross-classification: offers the possibility of increasing the usefulness of multiple of variables cross-tabulation of the Census; 5) sampling: offers the possibility of increasing the amount of information reported from sample enumerations; and 6) administrative planning: permits the assembling of a large body of research findings and information about specific local areas which are involved in planning or administrative decisions (Boue, 1950; 1954).

Despite that a regional approach has regained popularity, the concept "region" is seems to be better understood that defined. Scholars and disciplines differ on how to define this very important concept. Regions seems to

regain popularity among some geographers and certain political economists in particular (Lyson & Falk, 1993). Among the later is Ann Markusen. She defined region in the following way: "[An] historically evolved, contiguous territorial society that possess a physical environment, a socio-economic, political, and cultural milieu, and a spatial structure distinct from other regions and major territorial units" (1987:17). Markusen's definition of "region," attracted the attention of Thomas A Lyson and William W. Falk (1993), because it is holistic than others and because of its political economic theoretical grounding. They also indicated that this definition is sensitive to issues of history, culture, and politics, all of which point to the inclusive orientation of the concept "region" (Lyson & Falk, 1993:261).

The above conception of region, once again, seems to fit nicely with this comparative research study, as the two regions under study (Michigan's Upper Peninsula (UP) and Appalachian (Eastern) Kentucky) share similar circumstances -- as smaller, less advantaged places located within the context of a much larger and more advantaged places (e.g., their own states). To elaborate a little more, for this study, we have examined Michigan's Upper Peninsula in the context of Michigan's Lower Peninsula, or upstate verses downstate, and Eastern region of Kentucky in the context of

the Westcentral region of Kentucky, or Appalachian versus Westcentral. Each of these is a distinctively different region, socially and economically.

Thomas A. Lyson and William W. Falk (1993:261) indicate: "It takes little imagination to use Markusen's concept with dependency and world-systems theory. When we do this, the places included in our book become akin to colonies; they serve at the pleasure of places located elsewhere and are dependent on them. Thus, we have core-and-periphery relations between regions, within some regions (for us, rural areas of the United States) inevitably lagging behind and, importantly, dependent upon others (large urban areas of the United States)." The same argument can be applied to Michigan's Upper Peninsula (UP) and to Appalachian Kentucky. In part because each case has commissioned a chapter or part of a chapter in Lyson and Falk (eds.), (1993), *Forgotten Places: Uneven Development in Rural America*. Given the conditions of both regions, as described by researchers over and again (Beck & Forster, 1935; Campbell, 1921; Ford, 1967; Lean, 1992; Rieger, Beegle & Fulton, 1973; Schwarzweller, Brown & Mangalam, 1971; Schwarzweller & Lean, 1993), we can easily detect the relationships between region's lack of development, on the one hand, and the lack of income-producing opportunities and

the presence of poverty endemic, on the other.

The situation of the poorer countries of the "Third World," seem to be analogous to that of the Michigan's Upper Peninsula (UP) and Appalachian Kentucky. They too are less advantaged, in comparison, and serve at the pleasure of the industrial countries, and thus became so much dependent on them. They experienced colonization first hand. Many, if not all of them eventually became recipients of foreign aid programs from their previous colonial power(s). Many of then are also recipients of foreign aid from the United States. For the United States, the foreign aid programs were legislated early in this century to ensure "political stability," spread democracy and insure American interest, first in Caribbean countries, and then spread, in the early 1950s, to other countries, in Europe and Asia (Greece and Turkey), Africa, Latin America, and now in the Eastern Europe. A debate over the effectiveness of foreign aid programs has been in progress in the United States. The debate over the effectiveness of welfare state and system, that has been heated for a long time in the US Congress and among the public, is similar in many aspect than not, with the debate over the effectiveness of foreign aid programs.

Regional Development

The study of marginalization provides important insights into development processes (Davidson & Schwarzweller, 1995). Scholars have indicated that the development of a society as a whole is highly uneven (Davidson & Schwarzweller, 1995; McIntyre, 1992). Gary Jane Louise (1991) argued that the "proto-industrialization" in Ireland was a process of uneven development which was accompanied by an increasing dependent relations between regions and classes.

Uneven development implies that not all communities, groups or regions share equally in the economic benefits of development (Colclough, 1990). It seems to have the most powerful implications for the analysis of social change (McIntyre, 1992). As a process, uneven development has many social and economic consequences and the benefits to some may be at the expense to others. Areal income inequality, loss of social capital, out-migration are but three of the consequences of such a process. Scholars indicate that when a regional development process is not uniform across groups of population, communities, industries or regions -- being uneven -- inequality increases (Bluestone, 1982; Colclough, 1990; Harrison, 1984).

Regional development, nevertheless, has two components: social, and economic. Both components are inextricably linked (Billups et al., 1994). Regional development is measured in terms of economic and structural variables -- per capita income, poverty level, industry and occupational composition, labor force participation and unemployment, migration, and population growth as well. In this research study, these same variables will be utilized.

Social development is tied without economic development, the first cannot occur without the later and the later is meaningless unless it is accompanied by improvement of social welfare for the whole population. Social development refers to processes of planned social change that are designed to promote and advance the welfare of a particular population in conjunction with a comprehensive process of economic development (Midgley, 1994). Indicators or measures of social development include population growth (fertility, mortality and migration); education change over time, including education expenditures; changes in social structures -- family structure: age at marriage, marriage trends and sex ratio, and changes in community institutions and organizations.

The linkage between social and economic development is more evident in "Third World" countries than in the industrial ones. Social development emerged and established

a direct link between social welfare and economic development, in the "Third World," at a time when most of the countries there were colonized and continued to be so much of this century. Historically, colonial powers had not been concerned with the economic or social development of their colonies. Their role had rather been one of exploiting all resources, human and natural, of colonized societies and of maintaining law and order within a wider strategic framework of securing global advantage and insure the continuation of exploitation.

Policies that designed to foster economic development in colonial territories were devised in response to the conditions created by the Great Depression that besets the industrial world in 1930s (Midgley, 1994). The promotion of economic development in the colonies accompanied by a greater recognition of the role of education and social services in development (Hodge, 1973). After they granted or gained independence, most of the countries of the "Third World," continued this trend of linking social and economic components of development. The means to do so, include having a centralized planning ministries that devises 5-year national development plans (Midgley, 1994). Such means never materialized in the industrial countries and in the United States in particular.

Due to historical circumstances, "Third World" countries have so far not been able to recover from the effects of colonization. The Marginalization of the these countries, continues to manifest itself in a phenomena of dependency on foreign aids and brain drain. Eventually, these countries have not been able to catch up and close the economic gap with the industrial countries. According to the Pearson Report of 1969, conventional wisdom alarmed of the widening gap between the developed and developing countries and that become a central issue of the time. Nevertheless, the "Third World" continue to be subject to exploitation of their human and natural resources.

Patterns of uneven regional development not only have been noted in "Third World" countries, but its harsh consequences have been widely felt. One explanation of this phenomenon is based on theories focusing on internal colonialism where economic colonialism describes situations in which capital reaches only certain layers of bureaucracy or socioeconomic sectors. In turn, exploited human and natural resources in the region without generating or redistributing development (Goldin & deTejada, 1993). The net beneficiary of the persisting marginalization of the "Third World," and of the global development is the industrial countries. The net beneficiary of persisting poverty and uneven development of rural regions the metro-

industrial centers.

Industrial countries are the net beneficiary of the "Third World" marginalization and global economic development. In a recent study released in Egypt, the "Egyptian Academy of Scientific Research," indicates that 450,000 Egyptians have left Egypt within the "Brain Drain" phenomenon. Of those, (200,000) now live in the United States, (60,000) in Canada, (150,000) in Australia and (155,000) live in Europe. The cost to the Egyptian economy is estimated to exceed the (50) billion Egyptian Jonah -- 1 E.J= $1 (*Alsharq Al-Awsat*, June 23, 1995). These migrants disrupted the social, economic, and political fabric of the Egyptian society. They drain the society from its socials (human, social and financial) and contribute significantly to the marginalization of Egypt and thus poverty among the Egyptian people.

In contrast, social services in industrial countries had been compartmentalized from the economy. They generally had maintenance and protective rather than development function. In the United States, for one, the response to conditions created by the 1930s Great Depression manifested itself in an articulated welfare system that accompanied with numerous social and economic directed change programs designed to help people coup with the harsh realities of the

depression. Several federal acts passed to promote regional development, stimulate economic growth and alleviate poverty. But social development appeared to have little relevance to industrial countries where economic development was not regarded as a discrete responsibility of the government and the promotion of welfare through the human services was not explicitly linked to economic development (Midgley, 1994). On the other hand, economic development may be defined as a process of planned economic change that is designed to increase the number of new jobs in a particular region, increase total and per capita income, designed to generate new sources of wealth through entrepreneurship or simply empowering groups of people to taking control of the sources of their economic well-being (Pulver, 1988). Economic development measures include per capita income and poverty rates, occupation composition of the labor force, industry composition of the labor force, labor force participation and unemployment rates and migration.

According to the classical regional economic base theory, regional economy is divided into high wage basic-export industries and low wage nonbasic local industries. While accumulation of the first type reflects on the economic well-being of a region, the ability of a region to producing and exporting goods determine the relative well-

being of that particular region. Economic development policy have been dominated by investments in infrastructure aimed at stimulating growth of goods producing industries. By the 1980s, services producing industries replace that of manufacturing industries and become the focus of regional economists. But whether the service producing industries can serve as the basic-export sector for small cities and rural regions is not at present clear. What is clear is that if people hope to remain in such small cities and rural regions and still share equitably in the economic future of the nation, it will be necessary for them to find job opportunities in the service producing sectors.

Within the rural development strategy, rural infrastructure (with new water and sewer systems installed in many rural towns and communities) and rural communication systems have received extensive funding from past federal assistance programs. Through programs of the Cooperative Extension Services there has also been a heavy focus on developing local leadership. While these targeted programs have helped solve individual community problems they have not been adequate catalyst to turn most rural communities to a bath of growth and development (Mayer, 1993:90). Yet, it is also charged that rural programs have been inadequate because they work outside the economic fabric and disenfranchised from mainstream institutions that influence

economy. Rural development programs are topical in nature and are organized within economically artificial boundaries (Anderson, 1993). Nonetheless, over the years, most rural regions continue to have lower wages, almost as much poverty as inner cities, and above all, loosing population.

The degree of industrialization of a region is indicated by the ratio between industrial and agricultural population. Five main trends appear for regional differentials or inequalities. Rural regions appear to be characterized by low per capita income; less developed infrastructure; higher birth rate; lack of capital; and lack of skilled workers. Whether these differences (gaps) will continue or can be changed and some kind of equalization reached, is a question merits investigation. In order for the regional development to imply economic and social development for whole nations, it requires the solidarity of all regions. The later is the base for the realization of all social and economic goals of interregional planning (Berkovic, 1974).

Scholars indicate that continued economic disparity across regions within advanced industrial countries presents a dilemma for the analysis of economic development (Curran & Tomaskovic-Devey, 1991). By studying regional economic development shows that regional income inequality underlies many areas of inequality. The much discussed topics of

growth centers, regional dualism, pockets of poverty and the North-South problem deal in part with regional inequality (Amos, 1988). Studying regional economic development in what was Yugoslavia, Berkovic (1974) failed to find evidence to support the assumption that regional economic development balances regional economic differences and eliminates regional disparities.

Contrary to the naive expectation that regional inequality balances after completing the "inverted-U" pattern, the relationship between regional inequality and economic development found to follow a pattern of increase-decrease-increase (Williamson, 1965; Tabuchi, 1987). The "inverted-U" hypothesis depicts that income inequality at sectorial and regional level is likely to widen, at the initial stage of development, before it decreases in the later stage of development. Interregional income differentials, national economic growth rate and net-migration all exhibit inverse U-shaped curve. They increase in the initial phase and then decrease in the later phase (Tabuchi, 1987). Empirical evidence have been presented to show that in recent years in the United States, regional inequality has been increasing and sufficiently widespread, appearing in 37 of the 50 states, to indicate that the cause may be attributed to a fundamental and systematic change in the fabric of economic activity, such as increasing in sub-

urbanization or in the movement into a service based economy (Amos, 1988:565).

Michigan's Upper Peninsula (UP) and Appalachian Kentucky provide particularly important examples of the dilemma of the advanced industrial countries. Economic disparities are evident in both regions relative to their respected states and the wider industrial heartland of America (Curran & Tomaskovic-Devey, 1991). Policy-makers, after World War II, adopted a regional economic development strategy that encourages outside capital and out-migration. Many states and regions sought outside capitals to stimulate economic growth, provide new job opportunities and thus alleviate poverty. Such a strategy appeared not to be the answer for sustained economic growth, especially in rural regions of the United States. Recent thoughts on economic development seem to shift away from strategies that encourage outside investment in local economies. New wisdom among economists suggests that "growth from within" as the answer for sustained economic growth and improvement in the standards of living. Scholars charge regional economic development plans that encourage outside capital and out-migration to result in increased dependency of the region that intend to develop and widen their marginalization (Rosenfield, 1985).

Two major goals were expected to achieve from the

regional economic development (industrialization and urbanization) that was set up for what was Yugoslavia. Such a plan aimed at the development of all regions and at languishing various regional disparities. While the first goal was realized, there was doubt that the second goal will ever be realized. After 25 years of development, 1947-1972, all regions showed that industry has become a dominant factor, and while its contribution to gross national product rose significantly (from 18% to 38.1%), the contribution of agriculture dropped significantly (from 42,6% to 18%). The plans, thus, did not equalize regional differences but found to deepen the abyss between regions (Berkovic, 1974).

In summary, economic growth by encouraging manufacturing, creates benefits and problems. While new jobs are created, few are filled by the local economically disadvantaged. Per capita may increase, but gains are unequally distributed. While population frequently grows (due primarily to in-migration), demands for public services increased. Finally, industrial development of rural regions positively affect owners of local economy but has a small or even negative effect on local populations (Berkovic, 1974).

Marginality, Marginalization and Uneven Development

Davidson and Schwarzweller (1995:53-57) asserted that the marginalization of a region, is a direct product of the process of uneven development. They noted that marginality is generally referenced in core-periphery terms and often refers to certain outcomes of developmental processes -- the relative deprivation in economic life chances and political power and cultural inclusion of affected groups in specific (Schwarzweller & Lean, 1993; Furuseth, 1982). It has been widely indicated that the marginalization of a region is an uneven process in itself (Davidson & Schwarzweller, 1995; Hudson & Lewis, 1985). Often there are some areas within the marginalized region(s), that do quite well because of locational or other advantages (Bradley & Lowe, 1984; Davidson & Schwarzweller, 1995; Furuseth, 1982).

For purposes of this research study, the situation of UP and of Appalachian Kentucky, will be viewed as representing attributes of what has been called "marginality." Upstate and Appalachian Kentucky provide two of the striking examples of socioeconomic space being brusquely redefined. The economies of the two regions have historically been dependent almost solely on extractive industries. Further, the two regions are among the six

rural regions that were identified as "Problem Areas" in the 1930s (Beck & Forster, 1935). They emerged as such only after economic growth and urban development resulted in mass immigrants leaving marginal rural regions to industrial centers (Cardoso, 1976). Both have historically emerged marginalized relative to their respected states, to the Michigan's Lower Peninsula and to the Westcentral Kentucky, and to the rest of the America's industrial heartland (Billings & Tickamyer, 1993).

The decline of extractive industries, including agriculture that once offered an effective rout to economic development for these regions, have not only been pronounced, but have far more effect on the regions' economic growth. Economic development of both regions have been highly uneven. When examined in the context of development that occurred in their respected states and the rest of industrial heartland of America, these two regions seem to have been left behind (Bloomquist, 1988; Whiting, 1974).

The unevenness of development experiences is characteristic of United States, the world and particular regions (McIntyre, 1992). Thomas A. Lyson and W. W. Falk (1993:258) indicate: "uneven development" is really a characterization of some geographical features: whether within a neighborhood, a town, a city, a county, a state, a

region, a nation, or the world, not all regions are economic equals." Rural poverty, is a result of urban industrial development -- a form of economic development. Despite its dynamism, rural poverty maintains and intensifies the social disparity patterns that characterizes underdeveloped societies. It has pointed to the relationship between the lack of development in a region and the presence there of poverty (Cardosa, 1976; Lyson & Falk, 1993).

The concept of marginality has been used in many debates: the nature of social system; the process of modernization or the implications of capitalism and imperialism. Ideologies and stereotypes associated with it affect the lives of tens of millions of poor people around the world who live in relative poverty (Perlman, 1976). Regional marginality and the relative poverty that it characterizes, has always been associated with a lack of "stable employment, opportunities for mobility, diversity of social structure and investment in community (Tickamyer & Duncan, 1990:81). Often within a marginalized region, because of locational or because of other advantages, there can be some areas that do quite well compared to the other areas (Furuseth, 1991, 1992; Bradley & Lowe, 1984).

The process of marginalization is equivalent of becoming underdeveloped or remaining less developed (Davidson & Schwarzweller, 1995). It is viewed in light of

similar situations in other parts of the world, generally means an increase (asymmetrical) dependence upon the wider and more dominant political economy (Black, 1992) and, concomitantly, an increasing alienation from the mainstream of contemporary society (Miller, 1990; Germani, 1980). Certain outcomes of uneven developmental processes, in particular, the relative deprivation in economic life chances, political power, and cultural inclusion of affected groups are often referred to as marginality. The Marginalization of agricultural areas is fundamentally linked with the processes of exchange and economic accumulation, the disequilibrium of infrastructure, and with urban cultural attractiveness (Struffi, 1978). Through the process of marginalization, deprived segments of society, groups, regions and even entire countries become poorer, more powerless and more socioculturally remote from the center. Marginalization manifests itself in the lack of income-producing opportunities, and in the wide spread of poverty endemic (Davidson & Schwarzweller, 1995).

Marginality will be employed in this comparative study to specify two interrelated sets of concerns: situations where people are accorded only minimal incomes and economic opportunities; and geographic regions where such conditions are endemic. The effects of marginalization are described as: "more importantly, the distinctiveness of marginality is

formulated in relation to the wider political and socio-economic context where regional independence is undermined through the processes of national integration and the changing relationships between states and local society" (Kofman, 1985). Several studies provide ample evidence of income and welfare disparities between the inhabitants of the marginal and those of the core regions (Black, 1992; Billing & Tickamyer, 1993; Davidson & Schwarzweller, 1995; Furuseth, 1982; Kofman, 1985; Reece, 1979).

Conventional wisdom blame external events and paternal shifts in the interrelationships between global, national, and regional economies, over the years, to have affected structural conditions that constrain the life chances of the people inhabiting marginalized regions. Both, Michigan's Upper Peninsula (UP)and Appalachian Kentucky, have long experience with migration where young, more educated and skilled than not, rural people leave their marginalized regions in search for jobs and better living standards elsewhere. That elsewhere is most likely to be industrial metropolitan centers within the same or most likely other neighboring states. For many families and individuals, migration, has been viewed as a pathway out of poverty, and toward closing the gap and integrate with the mainstream national economy (Hudson & Lewis, 1985; Lean, 1992; Lyson & Falk, 1993; Schwarzweller & Lean, 1993). The direction and

volume of migration reflects the economic inequalities among regions and the unequal distribution of wealth and power in a population.

Marginality is a term often used to denote certain social and cultural outcomes associated with the processes of development and change (Davidson & Schwarzweller, 1995). In his article "Human migration and the marginal man," Robert Park (1928) spoke of marginal man as a "Cultural hybrid," he wrote:

> "a man living and sharing intimately in the cultural life and traditions of two distinct peoples yet never quite willing to break, even if he were permitted to do so, with his past and his traditions, and not quite accepted because of racial prejudice, in the new society in which he now sought to find a place. He is a man on the margin of two cultures and two societies which never completely interpenetrated and fused."

As such, marginality implies a situation where people were involved, socially and psychologically, in at least two or more culturally distinct societies or groups and where serious value conflicts were being experienced. However, in recent years marginality is more often applied to structural and regional inequalities and to subordinate position in an asymmetrical power or resource-sharing relationship. It has become a useful descriptor for specified concerns relevant to a number of social sciences. Socioeconomic forces behind land degradation; state displacement of peasants and nomads in Africa; relationships between the informal economy and

state policy; gender inequality and segmentation of the labor force; patterns of regional incorporation into the world-system; and agrarian stratification in industrialized countries are examples.

In the literature, the "culture of poverty" is a phrase linked to the work of Oscar Lewis, 1958, 1961, 1966, that has become another source of marginality theory. Culture of poverty thesis has been used widely in the United States and in Latin America, where modernization and culture of poverty concepts, though dealt with marginality only by reference, have become the theoretical justification for many social welfare programs (Perlman, 1976). Marginality is the antithesis of integration, and therefore, a major aspect of marginality is the regions lack of integration -- social, economic, political and cultural -- into the wider context which the region is part of, and that leads to the isolation of that particular region.

Contemporary literature on "marginality," focuses especially on the relative lack of income-producing opportunities and on situations where poverty is endemic, , such as inner city ghettos and the rural hinterland (Davidson & Schwarzweller, 1995). In recent years, a strong criticism has developed among Latin American scholars who recognize the conditions of marginality. They explained such conditions as expressions of the social structure and

the historical process of development and industrialization. Further, they see that marginality is not caused by poor housing conditions or by characteristics of individuals or groups, but rather than by a form of society rooted in the historical process of industrialization and economic growth in the developing nations, and in Latin American nations in particular. "Marginalization," for these scholars, is the consequence of a new model of development (or underdevelopment) that has basic characteristic of exclusion of vast sectors of the population from its main productive apparatus (Perlman, 1976:251).

Marginalized regions, in the United States and elsewhere, are likely to be affected by important political decisions at the national level and not at all likely to have much if any influence on such decisions (Lyson & Falk, 1993:264). As such, marginality connotes an image of vulnerability, not abject futility (Black, 1992:30). However, the study of marginalization provides important insights into development processes (Davidson & Schwarzweller, 1995). Rather than attributing the marginalization of a region, or of a people, to intrinsic individual differences, researchers who study the marginalization processes have become more concerned with how individuals and regions become incorporated into the wider political economy. Scholars have become more

interested in what this means to those individuals and their communities (Black, 1992; Davidson & Schwarzweller, 1995). Michigan's Upper Peninsula (UP) and Appalachian Kentucky marginal regions, like other such regions, are far removed from the major centers of populations, industrial activity and political power. Michigan's Upper and Lower Peninsulas are physically connected by a five miles bridge. Thus, the Upper Peninsula is relatively remote from the metropolitan centers of the Lower Peninsula and often overlooked and in certain respects forgotten by those who reside downstate (Schwarzweller & Lean, 1993). Lower Peninsula due to its early transformation to a manufacturing-based economy, has quickly became an integral part of the industrial heartland of America. Michigan's Upper Peninsula, in contrast, has been exclusively dependent on extractive industries (mostly mining, timber, and pulp) that are no longer the major source of rural competitive advantage (Anderson, 1993; Freudenburg, 1992). Generally, extractive industries are characterized by cycles of boom and bust and have for the past two decade been steadily declining (Davidson & Schwarzweller, 1995; Lean, 1992; Schwarzweller & Lean, 1993).

Appalachian Kentucky is also far removed from the major centers of population, industrial activities and political power of the rest of Kentucky. Most counties in this region

have per capita incomes well below the state and national levels. For reasons that have social, economic, and political roots, Appalachian Kentucky has manifested different paths of growth and development. Just like in the UP, these paths are based solely on extractive industries that have been declining for the past several decades.

Migration and Social capital

Post World War II regional development policy is charged to have encouraged rural out-migration and exacerbated rural poverty as a result. Further, such results aggravated inner city poverty too (Beyer, 1967; Cardoso, 1976; Perlman, 1976; Vance, 1967). Past-war economic development (urbanization, and industrialization) draw regions, independent agrarian communities and small towns into the orbit of "outside" commercial and industrial interest. Consequently, poverty arose from the failure or the inability of certain segment of society or certain region to adjust to the demands of an industrial economy and urbanization (Cardoso, 1976; O'Connor, 1992). While scholars point to the unevenness of regional economic development, one of the consequences of this unevenness is regional marginalization (Davidson & Schwarzweller, 1995).

Migration is a social process linking two systems of social organizations together. This notion requires that knowledge about both systems, whether empirically delineated or historically reconstructed, is essential for an adequate understanding of the indirect social dimension and consequences bound up in the phenomenon. Further, migration disrupts the social life of the sending and the receiving communities, and the social life of the migrant as well. As such, migration generally creates negative externality on the level of social capital (Schiff, 1992).

Through out-migration, rural regions lapsed great loss of economic, human and social capital desperately needed to sustain their communities. The "Brain Drain" phenomenon of the "Third World" countries draws parallels to rural out-migration. Both processes result in millions of mostly young, educated and better skilled people leave their regions to industrial centers, regions and countries in attempts to advance their lots and opportunities for a higher living standard. In addition, hundreds of billions of dollars have been draining out of the rural regions and of the "Third World" countries (*Alsharq Al-Awsat*, 1995).

The rates of in- and out-migration, over the years, can be used as an indicator to measure the stability of social capital. What is social capital? We have, throughout this

discussion, been referring to three types of capital, human, social, financial. To an economics, a sum of money is capital because of the existence of capitalist social relations and production by wage labor in particular (Marx, 1976; Weeks, 1981). Some consider the aggregate wealth of society employed as capital (Bearden, 1986).

Notwithstanding, Pierre Bourdieu (1983) perceives capital to involve a distinctive type of power. Bourdieu and Reinhard (1983) differentiated between three forms of capital. They were economic, cultural, and social. Among the different forms of capital, social capital is the most tentative and the least secure (Pollak, 1982, 1984). Social capital designate such things as obligations and trust, and it is vague and unmeasurable. Social capital consists of claims to reciprocation and solidarity from particular others (Smart, 1993). James S. Coleman (1987, 1988, 1990; 1993) is the most forthcoming in defining the concept of social capital. He introduced, illustrated and described the forms of social capital (obligations and expectations, information channels, and social norms). Coleman (1988) used a general theoretical strategy that takes rational actions as a starting point. He rejects the extremes of individualistic premises that often accompany it and examined the social structural conditions under which it arises.

The conception of social capital as a resource for action is one way of introducing social structure into the rational action paradigm. Coleman (1993) uses the term "social capital" in reference to the informal social relations, primordial institutions (i.e., families, and religious groups) and other informal institutions that exist in the environments of the children in a school, since they can serve to augment the education of the children. Coleman (1990) also used social capital to refer to social relations and norms that arise spontaneously within a constructed organization when these augment the goals of the organization. He claims that social capital has a role in the socialization process (Coleman, 1988; 1990). Family background consists of financial capital: financial resources used for the household and the child; human capital: parent cognitive skills and educational attainment; and social capital: defined as relations among actors that inheres in family relations and in community organization and that is useful for the cognitive or social development of a child or young person (Coleman, 1990:300).

Social capital inheres in the structure of relations between and among actors can occur at any level in the social aggregation. It clearly includes the time and effort that parents spend on their children. Stronger bounds between parents and children are a form of social capital

that demands both the physical presence of parents and their attention and involvement. Whereas human capital refers to characteristics of individuals, social capital refers to the characteristics of such relationships. It denotes both the quantity and quality of interaction and the bonds that develop among family members.

Other scholars argue that human capital and background characteristics may associate with norms or social capital that facilitate children socialization (Parcel & Menaghan, 1993). Just as physical capital exists in the forms of tools, buildings, machines, etc., there also exists human capital and social capital. Human capital refers to the skills and abilities that a person possesses. As a person becomes more productive and more skilled, human capital by that increased. However, there is another quality and less tangible than human capital, which Coleman and Hoffer term "social capital" (Clark & Ramsay, 1990). Social capital is comprised of the network of relationships surrounding a person that involves one's family and the boarder community of adults of which the family may be a part" (Coleman, 1988:220-240). Changes in the family, the primary agency of socialization, is among the major factors that lead to the decline in social capital. The extend and supportive kin network provided by the extended family was lost with the advent of nuclear family, where social capital was absent

from their children and also absent from the wider community.

Preserve, enhance and rebuild social capital, which has been diminished, over the years, by out-migration, especially in rural regions require a reexamination of some practices, programs and polices. Some scholars have pointed to the practice of both fathers and mothers leaving the homes to join the workplace; industry, by following a policy of moving their executives from one place to another every some year, such moves often harm the community; government, by establishing programs and following policies that encourage out-migration, from rural regions in particular (Clark & Ramsay, 1990). Out-migrants take with them the social capital that was created by the invested capital which was brought in from outside the regions. Invested capital was manifested in form of social and economic programs and billions of invested dollars in infrastructures. Scarce resources, much needed for the rural regions to catch up and close the gaps with the industrial heartland of America.

Compared to other societies, the society in the United Sates has higher level of wealth and has a weaker social support structure -- including higher crime rates, weaker interpersonal relations and more isolation. In comparison, in other countries, individuals or families are generally

able to rely on much larger and stronger social or emotional support from extended families, and lifelong friend (Schiff, 1992). Coleman (1987) examined norms as an aspect of social capital and analyzed the impact of family structure on the acquisition of human capital Coleman (1988). Social capital as close ties to family and community generates benefits because it raises both utility and output (Schiff, 1992).

Compared to other countries, the impression of weak social support structure and isolation in the United States, is partially attributed to the market failure. Inefficiency arises because the social support structure is a common property resource, where benefits to members of structures depend positively on the number of members interacting in that structure and the intensity of interaction. There is an inverse relationship between labor mobility (migration) and the level of social capital and closeness of relations. The negative externality that migration generates leads to an excessive degree of labor mobility. That leads to an excessive low level of social capital and thus to too much isolation. If social capital needs to be produced and the cost of production is inversely related to past levels of social capital, then an exogenous increase in labor mobility will lead to a rise in social capital production cost over time to a further increase in labor mobility, and to a further fall in social capital (Schiff, 1992).

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NORTHERN MICHIGAN AND EASTERN KENTUCKY: A COMPARATIVE STUDY OF REGIONAL DEVELOPMENT

VOLUME II

BY

Ismail K. Noor

A DISSERTATION

Submitted to
Michigan State University
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for the degree of

DOCTOR OF PHILOSOPHY

Department of Sociology

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Part Two

Contrasting Development: Two Rural Regions Over Time

Part two of this dissertation, the following four chapters, reports on the findings. The presentation and the analysis of data organized to explore the nature of the economic gap (if any) between the marginalized rural regions (Michigan's Upper Peninsula and Appalachian Kentucky) and the more affluent parts of their respective states.

The findings address the study's very general hypothesis: "As conventional wisdom and proponents of the federal post war regional development policy would suggest, we should expect to find that the economic gap between the marginal rural regions -- Michigan's Upper Peninsula (UP) and Appalachian Kentucky -- and the mainstream areas of their respective states will have narrowed significantly over the years." This hypothesis, referred to as the "Integration Hypothesis," represents the political ideology of America's liberal "Great Society" and the "War on Poverty" programs of the 1960s.

The liberal political ideology, a very optimistic perspective on the role of the state in alleviating rural poverty, was manifested in federal policy deriving from the Kennedy-Johnson Administrations' basic strategies that attempted to encourage the movement of capital back to rural areas in order to create jobs, reduce poverty, improve the fiscal base of rural governments and simultaneously relieve some pressures on large cities. Prior to the 1960s, young rural people, generally better educated than their parents, had been encouraged to migrate to urban industrial centers. This huge rural exodus was stimulated, in part, by the war mobilization and by the "New Deals" programs. After the war years, the newer political and ideological strategy focused more on the development of rural marginal areas so as to provide better opportunities for people living there. In effect, the "New Frontier" initiative was designed to stem the tide of migration into the metropolitan areas.

For operational purposes, I am pursuing the "Integration Hypothesis" though I am not at all convinced that the available data will support this hypothesis. Five alternative hypotheses are also being considered: "Radical Political Economy Thesis" or "Economic Pessimism Hypothesis"; "Federalism Hypothesis"; "State's Rights Thesis"; "Moderation Hypothesis"; and "Boost the Economy

Thesis." Per capita income is the main problematic variable and the basic indicator to assess the economic gap between regions. Assuming that things change from one time period to the next, therefore, I will consider time to be the organizational variable.

The main objective of the regional economic development policies was to overcome perceived regional disparities in quality of life and in income and wealth distribution. Such policies evolved around the well-being of rural regions and their people (Coppedge, 1977:3). Rural industrialization and the encouragement of service producing industries to relocate and expand in rural areas, were two major efforts by which the federal government intended to provide alternatives to the traditional role of agriculture as the foundation of rural economy. The first effort was seen as a means for creating jobs for rural workers and for diversely inspiring economic well-being of rural regions. The second effort, in contrast, was perceived in the light of changing industry composition in the U.S. and the increasing role of the service producing sector in regional economic development, as a base instrument for development (Pulver, 1988; Summers, 1988).

Probing the assumption of the "Integration Hypothesis," which assumes that the economic gap between marginal rural

regions and their more affluent counterpart regions in their respective states has been significantly narrowed, requires an examination of the dynamic of regional economic growth. This growth, most scholars agree, can be indicated by social and economic attributes (Castle, 1994). The objectives of my analysis of available data, therefore, is to explore the contrasting developments between the marginal rural regions and their historically more affluent neighboring regions in Michigan and in Kentucky.

The economic well-being of regions and of their peoples are indicated by two main variables: regional per capita income and regional poverty level. Despite that the later is a derivative of the former. We began the data analysis by examining regional differentials in per capita income and poverty levels to explore the nature and magnitude of the economic gap. Variations in per capita income and poverty levels are related to a host of other variables including industry composition of labor force; occupational structure of labor force; labor force participation; and level of unemployment. Regional differentials are examined and the findings reported in the following chapters.

All the above major economic trends in rural America are examined in a way that builds toward the main question upon which this research study is based, namely, whether the

economic and social disparities between formerly marginalized rural regions and the more affluent parts of their respective states continue to persist, over the years, and if so, in what magnitude.

The economic well-being of regions and of people are also indicated by changes in population growth and migration patterns. The pull of better wages and the more diverse job opportunities in the more affluent regions or states, and the bust cycles of the economy of the marginalized rural regions, induced many young educated people to move out of the rural areas to metropolitan industrial and urban centers and large cities. Therefore, we examine the volume and the direction of migration flows to further explore the nature and magnitude of the economic gap.

Each of the following chapters includes five basic sections. The first contrasts population changes to establish a starting point for the analysis, while the second examines income and social class differentials between regions. The third deals with poverty and unemployment levels, while the fourth notes changes in industry composition and in the occupational structure, including labor force participation. The fifth and final section focuses on changing patterns of migration.

Chapter VI

Michigan Upstate and Downstate

Historically, Michigan's two peninsulas -- upstate and downstate -- have experienced very different paths of development. For one, Michigan's Lower Peninsula has been a vital part of America's industrial heartland and its cities, early in the state's development, began to grow and prosper through the unique interplay of investment capital, shrewd business deals, stable labor force, reliable power sources, excellent location relative to raw materials and markets, beside other factors that have been noted by economic historians (Schwarzweller & Lean, 1993). Michigan's Lower Peninsula, benefitted from its early transformation to a manufacturing based economy, quickly became a major contributor to and shareholder in America's era of industrial growth and prosperity (Davidson & Schwarzweller, 1995).

In contrast, upstate -- a peninsula that stands geographically apart from the industrial heartland of the state -- was blessed with an abundance of raw materials (Anderson, 1993), and its economy has all along depended

almost exclusively on extractive industries -- primarily mining, timber, pulb and woodworking (Davidson & Schwarzweller, 1995), and more recently, tourism. Michigan's Upper Peninsula comprises a part of the historically under developed northern Midwest area of the United States -- the Great Lakes Cut-Over Region -- which in 1930s and 40s was regarded as one of America's major "problem areas" (Beck & Forster, 1935). Upstate is, distinct socioeconomically from the lower segment of the state (Schwarzweller & Lean, 1993). Most scholars view the Upper Peninsula as marginal in relation Lower Peninsula, far removed from the major centers of population and political power, and most importantly from centers of industrial activities (Davidson & Schwarzweller, 1995). While the socioeconomic development of lower of Michigan spurted ahead over the years, development of the upper segment of the state, which could not and did not share equally in the transformation to manufacturing based economy, lagged (Schwarzweller & Lean, 1993).

Contemporary economic developments, not only within each of the segments, but also within the state -- the significant economic restructuring that Michigan experienced during the late 1970s and early 1980s (Manson & Groop, 1992) -- and on the federal level -- the "New Deals" initiatives

and the "War on Poverty" and the "Great Society" programs -- are undoubtedly reflected in the patterns of work and livelihood of the peoples of two peninsulas of Michigan. This chapter explores the nature and the extent of changes that have occurred. We are especially concerned about the presence of an economic gap between the historically depressed marginalized rural region of Upper Peninsula and the more advantaged Lower Peninsula and of the discernable effects, if any, of the massive infusion of development capital on reducing poverty.

Regional Differentials in Population Growth

Michigan's Upper Peninsula has 15 of the state's 83 counties (Table 3-1). The two segments of Michigan differ significantly in total population and in percentage change of population. US census records, for thirteen consecutive decades, 1870 through 1990, show that Michigan's population has doubled several times, over that 130 year period. It grew from a little over one million, in 1870, to almost eight times that many (about 9.3 m.), in 1990 (Table 6-1).

The proportion of Michigan's total population in each of the two peninsulas has held almost steady. Since the 1870s, the Lower Peninsula maintained about 91% to 97% of

the state's total population, except during the decades of the 1900s and 1910s, when that proportion fell under the 91% level. The upstate proportion of population remained at almost 3% to 9% of the state's total population, except during the decades of the 1900s and 1910s, when it reached a record high of about 12% (Table 6-1). That was caused by the heavy in-migration stimulated by the, at the time, rising demand for copper and the opening of area mines. On the other hand, the proportion of Michigan's population in the UP reached record lows of 3.4%, 3.5%, and 3.4%, in 1970, 1980, and 1990 respectively. Upper peninsula displayed a sharp increase in the absolute number of inhabitants until

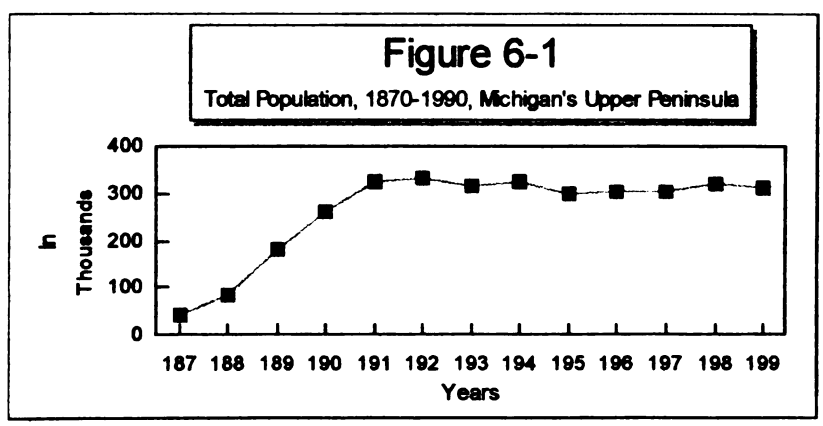
Table 6-1: Population of Michigan's Upper and Lower Peninsulas, and Regional Percentage of the State Population, 1870 Through 1990

Year	Upper Peninsula		Lower Peninsula		Michigan
	Number	% of Michigan Total	Number	% of Michigan Total	Total
1870	43,700	3.7	1,140,359	96.3	1,184,059
1880	85,030	5.2	1,553,907	94.9	1,636,937
1890	180,658	8.6	1,913,231	91.4	2,093,889
1900	261,362	10.8	2,159,620	89.2	2,420,982
1910	325,628	11.6	2,484,545	88.4	2,810,173
1920	332,556	9.1	3,335,856	90.9	3,668,412
1930	318,676	6.6	4,523,649	93.4	4,842,325
1940	323,544	6.2	4,932,562	93.8	5,256,106
1950	302,258	4.7	6,069,508	95.3	6,371,766
1960	305,952	3.9	7,517,242	96.1	7,823,194
1970	304,347	3.4	8,577,479	96.6	8,881,826
1980	319,757	3.5	8,942,321	96.5	9,262,078
1990	313,915	3.4	8,981,384	96.6	9,295,297

Source: US Census Records, 1870 Through 1990.

about 1910, before it was almost stabilized thereafter (Figure 6-1).

US Census records show that Michigan's Upper Peninsula had more people, in absolute numbers, during the 1920s than in any other decades, since the 1870s. The population of the Upper Peninsula has, since the 1910s, remained slightly over the 300,000 mark (Table 6-1). In bad times, when the extractive industries went bust, the upstate experiences a large flow of out-migrations, and during economic boom cycles, the UP experiences flows of in-migration. In years of high demand for copper (the 1900s, the 1910s, and the 1920s), and more recently until the revival of the copper mining industry, in the 1950s (Lean, 1992), in-migration was stimulated.



Alike, during the decade of 1970-1980, after the "Great Society" and the "War on Poverty" programs of the 1960s

kicked off, the UP experienced a high level of population growth. For the first time, since the decade of 1900-1910, the UP population grew faster than the downstate (Table 6-2).

Table 6-2: Percentage Change in Population by Decade, Michigan's Upper and Lower Peninsulas, 1870-80 Through 1980-90

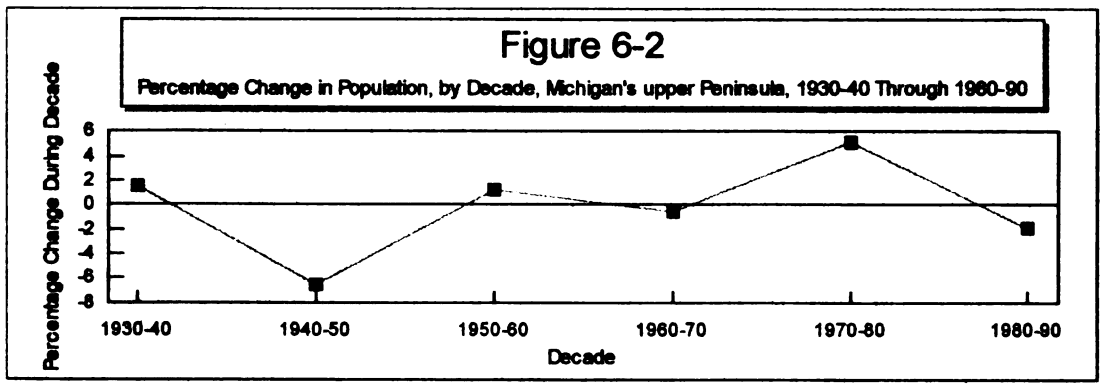
Region or State	1870 1880	1880 1890	1890 1900	1900 1910	1910 1920	1920 1930	1930 1940	1940 1950	1950 1960	1960 1970	1970 1980	1980 1990
Upper Peninsula	94.6	112.5	44.7	24.6	2.1	-4.2	1.5	-6.6	1.2	-0.5	5.1	-1.8
Lower Peninsula	36.3	23.1	12.9	15.0	34.3	35.6	9.0	23.0	23.9	14.1	4.3	0.4
Michigan Total	38.2	27.9	15.6	16.1	30.5	32.0	8.5	21.2	22.8	13.5	4.3	0.4

Source: US Census Records, 1870 Through 1990

Figure 6-2 shows the general trend in the percentage change in the UP population, over time -- 13 consecutive decades, 1930-40 through 1980-90. This figure reflects on the ups and downs of the population change and changes in the economy. When there was a bust, there would be a decrease in the percentage change of the population. When the economy is boomed, it motivates migrant workers to come to the UP leading to increase in the population.

The above comparative statistics on population growth seems to reflect upstate/downstate labor market disparities, that have long characterized the Great Lakes Cut-Over Region of the Midwest relative to mainstream America (Schwarzweller & Lean, 1993). Until about World War I, the population of the Upper Peninsula was growing much faster than downstate

(Figure 6-2). The higher demand for copper, and products of other extractive industries that the UP was known for, stimulated by the war, the UP drew large influx of people during the decades of 1870-1880 through 1900-1910, and to a lesser degree, during the decade of 1910-1920, when the population of the upstate grew by about 2% only. This was a significant drop from the 25% population growth that the upstate experienced during the previous decade of 1900-1910 (Table 6-2).



Data analysis display a reversal in the trends of population growth for the both Michigan's Peninsulas. While population growth started to slow down in the UP, by 1910-20, the downstate population growth pinked up dramatically. It continued to exceed population growth in the UP for the remaining decades, except during the 1970-80, when the up population grew slightly faster. During the past eight

decades, since the 1910-20, the Upper Peninsula experienced a unique trend of population growth. That trend followed a model of a slight positive growth for one decade, followed with a negative growth the following decade and a positive growth the decade after (Table 6-2).

Michigan's Lower Peninsula, in contrast, continued to experience positive population growth during the entire eight decades. Population growth slowed down, in the LP, only during the last two decades -- 1970-80 and 1980-90. Noticeably, during 1980-90, population growth in the LP reached a record low of about one half of one percent (0.4%). Table 6-2 displays the trend of percentage change in population in the the 13 decades.

Prior to World War I, the population growth in the Upper Peninsula huge increase from less than 50,000, in 1870, to about 7.5 times that many in 1910. This reflected on the relative prosperity that the UP then experienced. It happened because of a rush for copper and other products of other extractive industries. The population of the Lower Peninsula, over the same period of time, was doubled once. The next doubled occurred in twenty years -- 1910 to 1930. The expansion in the manufacturing industries, in the 1920s, conveyed to the Lower Peninsula an influx of people looking for better jobs, and at times of crisis, such influx only

slows down.

Conversely, as the manufacturing industries expanded in the Lower Peninsula, the UP experience significant drop in its population growth. Population growth in the Lower Peninsula seems to coincide with the expansion of its industrial base economy, especially when America is engaged in a war -- for example, World War I, World War II, the Korean War, and the Vietnam War -- and also when new social or economic forces become reality -- e.g., the automobile industry, and the participation of women in the labor force, in the 1920s; the 1930s Great Depression; the "New Deal" Initiative of the 1930s; and the Civil Rights Movement of the 1960s, and the "great Society" and the "War on Poverty" programs of the 1960s as well. The population in the Upper Peninsula, we observed, grow faster when there is a rush for products of extractive industries -- copper, ore, woodwork, bulb...etc. This reflects to marginality of upper peninsula, and its dependence on the economy of the Lower Peninsula.

During the decade of the Great Depression, 1930-40, production was put on hold and millions of people became jobless, where many of them, in an attempt to subsidize for their lost incomes, left cities and industrial centers and went back to their towns in rural America, to work on their

farms or to become counted to receive federal relief appropriations. This resulted in a slight increase in the population of the Upper Peninsula.

Similarly, during the 1950-60, so many solders returned from Europe and Korea, coincided with a renewed rush for copper; and during the 1970-80, once again, so many solders returned from the war in Vietnam, steer a slight increase in the population of the Upper Peninsula. The renewed demand for copper (for the telephone lines and the electrification of America during the 1950s), resulted in slight increase in the population of the UP. Social and economic programs of the "Great Society" and the "War on Poverty," that kicked off in the early 1970s, resulted in the most significant population growth ever observed for Upper Peninsula (about 5%), since the decade of 1900-1910 (Figure 6-2).

Income and Social Class Differentials

The economic well-being of regions is indicated in patterns of livelihood of the people who live in them. One central goal of federal regional economic development policies of the 1960s was to affect the state of income redistribution, between the marginalized rural regions and the more affluent regions of the industrial mainstream of

America, by narrowing the economic gap which was widened in the aftermath of the 1930s Great Depression (Kimenyi, 1995). Comparing regional income inequality, over time, enables policy makers, researchers and concerned individuals to assess the impact of relevant public policies on improving the economic well-being of the poor marginal rural regions, in relation to the rich industrial regions. It also assess in evaluating the effectiveness of regional development policies and directed change programs in closing economic gap between these regions.

Income differentials represent the bottom line in comparing the economies of the two segments of Michigan and in assessing the economic life chances of families in both regions (Schwarzweller & Lean (1993). Consideration of income differentials makes especially clear that Michigan's Upper Peninsula is economically marginal relative to the Lower Peninsula (Davidson & Schwarzweller, 1995). One must take into account, of course, that there are significant

Table 6-3: Per Capita Income, Averages and Percentage Regional Differentials, Michigan's Upper and Lower Peninsulas, Selected Years

Region	Income Per Capita ($)					
	1959	1969	1974	1979	1984	1989
Upper Peninsula	$1,392	$2,360	$3,509	$5,654	$7,661	$10,273
(% of Lower Peninsula)	70.9	69.6	73.1	72.9	69.5	71.9
Lower Peninsula	$1,962	$3,392	$4,797	$7,761	$11,017	$14,290

Sources: County and City Data Book, 1962-1980, and US Census Reports, 1990

variations in the industrial compositions and occupational structure of those two different labor markets.

A short-lived stability in the pattern of per capita income is evident. Available census records on per capita income, for selected years (1959, 1969, 1974, 1979, 1985, and 1989), exhibit an institutionalized income disparity of about 70%. For example, the 1990 census records for the 1989 per capita income signify income differentials of 71.9% for upstate compared to downstate (Table 6-3), not unlike differences observed generally in the United States between metropolitan and nonmetropolitan areas (Fuguitt, Brown, & Beale, 1989; Schwarzweller & Lean, 1993). These data also show that the gap in per capita income, between the Upper and the Lower Peninsulas, was relatively wider in 1969 and 1985 than the rest of the years. Compared to the other years, 1969 and 1985 reflect on a relative economic hardship for Michigan, and for the Upper Peninsula in particular -- a sears of economic turbulence and labor disputes took place in the upstate prior to 1969 (Lean, 1992); and a recession hit Michigan through the first half of the 1980s (Manson & Groop, 1992).

The same data indicate that residents of Michigan's Lower Peninsula clearly enjoy a comparative advantage in income, over residents of the UP. Residents of the LP,

while enjoyed $3356 or over 40% more per person per year, in 1985 for the 1984 income, they enjoyed about $4017 (about 40%) more per person per year, in 1990 for the 1989 income. The trend of the percentage change in per capita income over time, for both Peninsulas, are approximately identical (Table 6-4).

Table 6-4: Per Capita Income, Yearly Average for Percentage Change, Michigan's Upper and Lower Peninsulas, Selected Years

Region	Income Per Capita ($)					
	1959	1959-69	1969-74	1969-79	1979-1984	1979-89
Upper Peninsula	$1,392	$2,360	$3,509	$5,654	$7,661	$10,273
Yearly Average for Percentage Change		6.95%	9.74%	13.96%	7.10%	8.17%
Lower Peninsula	$1,962	$3,392	$4,797	$7,761	$11,017	$14,290
Yearly Average for Percentage Change		7.29%	8.28%	12.88%	8.39%	8.41%

Sources: County and City Data Book, 1962-1980, and US Census Reports, 1990

One must consider, of course, the cost and standard of living differentials between the two regions. It costs less to live in the Upper Peninsula than in most areas downstate -- rents and housing costs are less, and the style of life is oriented toward less costly types of activities. The cost of living and lifestyle norms, however, are not the same in every corner of Upper Peninsula, e.g., Ontonagon or Marquette as in the Lower Peninsula, e.g., Ann Arbor or East Lansing (Davidson & Schwarzweller, 1995; Schwarzweller & Lean, 1993). Despite that and some major variations in the industrial composition and occupational structure of the

labor force of the upstate and the downstate, the income disparities between Michigan's two segments are substantial and meaningful (Lean, 1992; Schwarzweller & Lean, 1993).

Income differentials shape social class structure -- we speak of social class as large groupings of individuals with similar socioeconomic status that share common life chances, experiences and a culture by virtue of similar situations and power in the marketplace. We also speak of social class as it refers to the kinds of stratified groups peculiar to modern economically developed societies, like the United States, where social class helps unravel the basis of social structure and of the origins and trends of social and economic inequality, and reflects judgments about the relationships within and between groupings of people (Walton, 1990:138-143).

America, while generally perceived as middle class society, may have difficulty remaining so (Kuttner, 1983:60). For perhaps a century, now, conventional wisdom has held that class divisions in the United States are narrowing. A new style of class analysis, is convinced, however, that the class division in the United States, is rather widening (Walton, 1990:137). In this century, both the type of jobs and the kinds of people who work at them have dramatically changed. The two most significant trends

apparent in the job market are that farm workers, owners and managers -- once the largest job category -- have steadily declined to about 3.1% of the labor force in the United States, and a shift of workers away from manufacturing and other blue-collar occupations and into white-collar and services occupations (US Bureau of the Census, *Statistical Abstract*, 1988:380-89).

Social class and income differentials are obviously linked. The effects of social class have been widely documented (Sewell & Houser, 1975; Schwarzweller, 1971). Social class position provides a frame of reference from which career goals emerge and income determined. The three main classes identified for this research study were; an upper elite of owners, managers, and top public officials; a middle class of non-manual white-collar workers and owners of small businesses; and a working class of manual service workers and nonfarm laborers. One limitation of this social class division was resulted from the inability to include a combined category of "farm, forestry." Differentiate between the various levels was impossible (Edward, 1943).

Despite that they are not clearly defined with well-marked boundaries, social classes preasume certain consciousness of belonging. While the disparities between social classes are important, the key question about social

class has always been the stability of its structure and the extent of its influence on peoples' lives. Social class analysis, over time, therefore, aims to determine whether distinct classes are converging in a middle mass, as envisioned for the United States, or polarizing between a pinnacle of privilege and an impoverished mass (Walton, 1990:137), reflecting on the economic well-being of regions and the people who live in them, and the economic gap

Table 6-5: Social Class Structure of the Labor Force, Michigan's Upper Peninsula, 1940-1990 (percentage of total persons employed)

Social Class	1940	1950	1960	1970	1980	1990
Total Persons Employed	83185	93824	88703	90037	109818	120951
Upper Elite	16.5	16.7	19.6	21.5	22.5	24.2
Middle Class	46.1	51.8	53.6	53.7	51.0	48.4
Working Class	22.9	19.2	18.7	22.6	23.4	24.8
Farm, Forestry (all levels)	13.6	11.2	4.5	2.2	3.1	2.7
Not Reported	0.9	1.1	3.6	-*	-*	-*
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: US. Census Reports, 1940-1990
* Data not reported

between poor and rich regions.

Over the years, Michigan's Upper Peninsula features a rather stabled middle class, while its upper elite class and the working class displayed polarization, in stead. First, the percentage of employed persons in the middle class was increased, relatively significantly, compared to upper elite and working classes, before it decreased again in 1980 and

1990. The percentage of employed persons in the working class was actually declined, from 22.9% in 1940 to 18.7% in 1960, before it was increased in the years after, to reach a record high of 24.8% in 1990. Meanwhile, the percentage of employed persons in the upper elite class was significantly increased, from 16.5% in 1940 to 24.2% in 1990 (Table 6-5).

Onset in 1950, polarization in the social class structure of the Upper Peninsula was more evident. While the percentage of employed persons in the upper elite class increased by 7.5 points over a 40 year period, 1950 to 1990, the percentage of persons employed in the working class increased by 5.6 points, from 19.2% to 24.8%. Meanwhile, data display a decrease of 3.4 points in the percentage of persons employed in the middle class. Data for 1960 and 1970, show a smaller number of employed persons, in the Upper Peninsula, than in 1950 (Table 6-5).

In comparison, the Lower Peninsula features a more obvious case of polarization in its social class structure, over the same period of time, 1950-1990. While percentages of persons employed in upper elite and in middle classes were increased, by 1.6 points and 6.1 points respectively, the percentage for the working class decreased by 3 points (Table 6-6). Since 1950, the percentage of employed persons for the upper class was significantly increased, by 12

points, and for the working class increased by 3.3 points; while for the middle class, it was rather decreased by 9.3 points, over a 40 year period of 1950-90, a case in point for polarization. However, unlike the upstate, the number

Table 6-6: Social Class Structure of the Labor Force, Michigan's Lower Peninsula, 1940-1990 (percentage of total persons employed)

Social Class	1940	1950	1960	1970	1980	1990
Total Persons Employed	1742000	2298000	2638000	3162000	3640000	4045245
Upper Elite	14.8	16.4	18.8	21.2	24.4	28.4
Middle Class	55.8	61.9	59.1	60.6	56.4	52.6
Working Class	17.1	14.1	14.7	16.7	17.6	17.4
Farm, Forestry (all levels)	11.4	6.3	3.1	1.5	1.6	1.5
Not Reported	0.9	1.3	4.3	-*	-*	-*
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: US. Census Reports, 1940-1990
* Data not reported

of employed persons kept on rising, since 1940, a reflection of the economic strength of the region (Table 6-6).

Data in Table 6-5 indicate that the absolute number of persons employed in the Upper Peninsula increased, over a 50 year period, 1940 to 1990, by 45.4% or about 37,766 more persons employed. However, data in Table 6-6 indicate that the absolute number of persons employed in Michigan's Lower Peninsula increased by about 132% or by about 2,303,245 more persons employed. In the downstate, the size of upper elite class grew much faster than that of any other class, and also much faster than that of the upstate. Meanwhile, both,

the middle class and the working class, in the UP, grew faster than in the LP. However, the growth in the later was much faster indicating a stronger class polarization in the Lower Peninsula (Figures 6-5 & 6-6).

It is obvious that over the past 50 years, Michigan's Upper and Lower Peninsulas displayed similar patterns of social class structures. Conventional wisdom envisioned the United States to have converged into a middle social class society. However, the above data manifest different reality where social classes have rather diverged gradually and the class polarization is evident. Further, this was faster and in greater magnitude in the downstate. In both peninsulas, the upper elite class displayed gradual increase, since the 1940, and was faster in the downstate. As the upper elite and the working class increased in the two peninsulas, the middle social class in the downstate declined by 3.2 points, from 55.8% in 1940, to 52.6% in 1990, while it increased in the UP by almost 2 points, from 22.0% to 24.8%, in 1940 and 1990 respectively.

Michigan's Lower Peninsula showed a more sophisticated labor force, compared to Upper Peninsula. The upper elite class in the upstate was indeed growing faster than in the downstate, from 1940 until 1970. Prior to that, this trend

was reversed to grow faster in the downstate. In Michigan's Lower Peninsula, the data display a brief increase in the percentage of the middle class in 1950, before it gradually declined thereafter, except in 1970, with a 1990 level lower than that of the 1940, and thus an over all decline of -3.2 points in 50 years.

Conversely, in the upstate, the middle class continued to gradually increased for the following three decades until 1970, before started to decline thereafter, but never bellow the level of the 1940, and thus it grew by 2.3 points in 50 years. Both peninsulas showed a decline in the percentage of the working class lasted until 1960, increased in the Upper Peninsula, while the increase in the downstate was lasted only until 1980, before it declined again in 1990, but not lower than the 1940 level. The increase in the percentage of the working class was faster in the Upper Peninsula.

Poverty and Unemployment Differentials

Poverty levels and unemployment rates, derivatives of per capita income, are widely used as measures of the economic well-being regions people who live there. Most scholars have no doubt that some of the more depressing

economic problems and also important causes of poverty are the unemployment and the nonparticipation in the labor force (Kimenyi, 1995:99-117). Available data on poverty, compiled from the US census records for 1969, 1979 and 1989, signify that slightly higher proportions of families lived under the poverty levels in the Upper Peninsula relative to the Lower Peninsula.

For the upstate, the data indicate that the percentage of families living under poverty level, while it significantly declined in 1979, went up again in 1989, closer to but did not reach the 1969 level of 11.7%. This big drop of about 3.1 points over a ten year period of 1969 to 1979, many would attributed to the implementation of the many of the "Great Society," and of the "War on Poverty" programs of the 1960s. In the final analysis, and despite the poverty rate regaining strength in 1989, the 0.7% drop in the poverty level, over the twenty years, manifests an improvement in the economic well-being of Michigan's Upper Peninsula Region. The data imply that the gap, between the two peninsulas, has slightly narrowed over a twenty year of 1969 to 1989 (Table 6-7).

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Michigan's Lower Peninsula, in contrast, displayed not only a different, but somewhat an converse poverty rates pattern over the same period of time. Poverty level in the Lower Peninsula has been rather on the rise, since 1969. It increased by more than 3 points, from 7.1% in 1969 to 10.2% in 1989 (Table 6-7). The gap between Michigan's Upper and Lower Peninsulas, in poverty level, was eventually rather narrowed. While this gap was about 4.6 points, in 1969, it was narrowed to less than one point (0.8) in 1989. However, much of the decline was resulted from the increase in the poverty level in the Lower Peninsula rather than the decline in the poverty level in the UP (Figure 6-7).

But the regional differences are minor, especially if one takes into account the differences in material standards of living and lifestyle norms, and if one recognizes that there are many, many poor, "forgotten" families struggling for survival in deteriorating urban neighborhoods in some of the Michigan's largest cities. Certainly, no families in contemporary America should be left to flounder along in

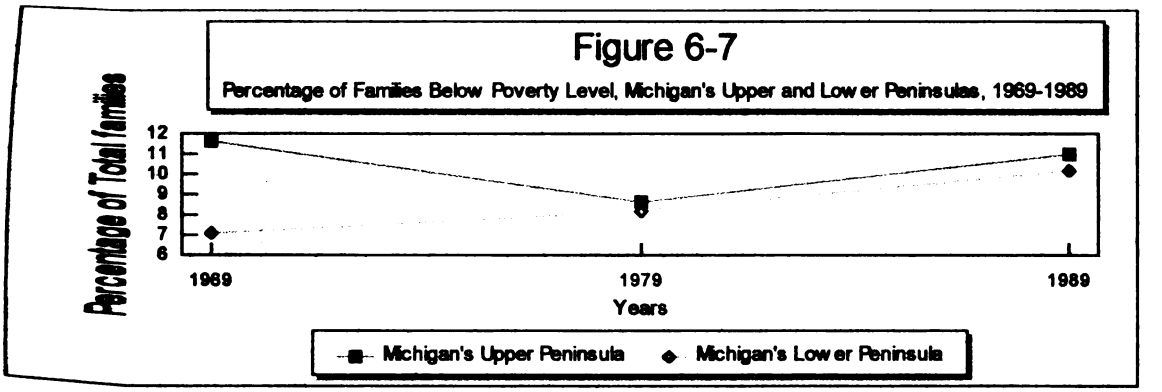
Table 6-7: Percentage of Families Below Poverty Level, Michigan's Upper and Lower Peninsulas, 1969-1989

Region/State	1969	1979	1989
Michigan's Upper Peninsula	11.7	8.6	11.0
Michigan's Lower Peninsula	7.1	8.2	10.2
Michigan Total	7.3	8.2	10.2

Source: US. Bureau of the Census, 1970, 1980, 1990 Census of Population and Housing.

poverty, whether in urban metropolitan centers or in more remote situations in the UP (Schwarzweller & Lean, 1993).

In general, the gap in the poverty levels, between the two segments of Michigan, has slightly narrowed, since 1969, but not significantly. But this is, indeed, negligible and may not be attributed improvement in the economic well-being of the Upper Peninsula. Rather, it could be attributed to the worsening economic well-being of the Lower Peninsula and the state (Lean, 1992; Schwarzweller & Lean, 1993). This increase in poverty level, between 1979 and 1989, reflects the economic realities and the limitations of the services



producing industries that were relatively successful in relocating and expanding within Michigan's Upper Peninsula Region (Pulver, 1988; Summers, 1988).

The labor force participation level is another indicator of the economic well-being of people and regions. Lower Peninsula displayed a general trend of gradual

increase in the proportion of adult population (14 years and older, for 1940-1960, and 16 years and older, for 1970-1990) participated in the labor force over the years. Upstate in contrast, displayed a trend of labor force participation that decreased for three decades in a row, 1950-1970, and then increased in 1980 and in 1990 (Table 6-8).

The above analysis reflects on the faster growth of the labor force and on the economic strength of the downstate. In the 50 years, 1940 to 1990, the labor force participation rate grew by 5.7 points Michigan's Upper Peninsula and by 11.6 points in Michigan's Lower Peninsula. Both segments of Michigan showed an over all decrease in male participation in labor force, and this was twice as large in the upstate compared to downstate (-14.5 and -7 points respectively). Conversely, both peninsulas showed significant increase in female participation in the labor force that increased by 30.8 and 32.3 points respectively (Table 6-8).

Obviously, Michigan's Upper Peninsula lagged behind mainstream America and particularly the lower segment of the state, in providing employment for women and in drawing them into the labor market. It took about fifty years for the proportion of females participating in the labor force of both peninsula to converge. The data show that upstate lagged behind the downstate in the male, female and the over all participation in the labor force. This generalization

is furtherly enforced by the observation of that the female unemployment rates, in 1990, were almost equal in Michigan's Upper and Lower Peninsulas -- 7.6% and 7.7% respectively (Table 6-8).

Over the past fifty years, larger proportions of males and females became employed, and thus, the unemployment rates were significantly reduced for male and female and in both regions of Michigan. This reduction was much faster in the Upper Peninsula until 1960, before it was almost leveled in the years thereafter. However, downstate maintained a lower rate of unemployment throughout the years, since 1940. The two peninsulas displayed a male unemployment pattern that is almost identical to the one just described.

The female unemployment rate declined significantly in the Upper Peninsula, over the years. The UP had actually achieved a lower female unemployment rate in 1940 and again in 1990. Again, the increase in the females participation in the labor force and the decline in their unemployment rates reflect on the realities and limitations of the services producing industries. However, the ability of these industries to replace the manufacture industries in improving economic well-being of regions is doubtful (Pulver, 1988; Summers, 1988).

While the proportion of female participating in the labor force had increased significantly, since 1940, the

proportion of male participation in the labor force had actually declined. By 1940, the UP displayed a trend of a slightly larger proportion of people participating in labor force and maintained a lower unemployment rate. The data indicate a drop of 23 points in unemployment rate, for the UP, and of 4.8 points for the LP (Table 6-8). This is an indication that the economic gap between Michigan's Upper and the Lower Peninsulas was narrowed.

The lower unemployment rate and increased proportion of females in the labor force, resulted from an expansion of the services producing industries. But, after the closing of two major employers in the Upper Peninsula (the K.I. Sawyer Air Force Base; and the White Pine Mine), one expects the unemployment rate to rise again in the UP (Schwarzweller & Lean, 1993; *The Ontonagon Herald*, 1995).

Poverty and inequality, as many scholars indicate, despite a brief period of revitalization in the late 1970s, have been a constant feature in rural regions. Young rural workers across America have been struggling to make a living and earn enough to lift their families out of poverty. But despite all efforts to eradicate poverty and the significant decline in poverty rate over the years, from 22.4% in 1959 to 13.5% in 1990, the absolute number of people who actually lived in poverty has remained almost the same. It has been

indicated, based on data compiled from US census records, 1959-1990, that almost 39.5 million people were living under the poverty level in 1959 (over fifth of the US population), and 33.5 million in 1990 (Kimenyi, 1995:99).

Over the years, poverty level was decreased to a record low of 11.1% in 1973, when only about 23 million people were then living under the poverty level. That decrease may be partially attributed to many programs of the "Great Society" and the "War on Poverty" of the 1960 and to the regional development polices (Gaventa & Lewis, 1989). The poverty level rose again thereafter, but never reached the 1959 level of 22.4% (Kimenyi, 1995). But by 1990, there were about 33.5 million people in poverty in the United States, only 6 million shy of the 1959 figure and 3 million shy of the 1963 figure (Kimenyi, 1959). About one fifth of the US total population, 19.5% or about 36.5 million people, lived in poverty in 1963, and 13.5% or about 33.5 million people lived under the poverty level in 1990.

By 1990, the United States has over nine million people still living in poverty in rural areas (Duncan & Sweet, 1992). Also, there were about eight million people over the age of 65 live in rural areas, many of them live in or near the poverty level (Bern-Kulg, 1992). Eventually, in the United States, there were more people living in poverty, in 1990, that there were in 1965 (33.5 and 33.2 million people

respectively). Population increase and the recession of the early 1980s are cited as causes (Kimenyi, 1995:99-117).

Industry and Occupations

The greater historical emphasis on manufacturing in Michigan's Lower Peninsula persisted, despite policies of rural economic development. Data compiled from the US census records, over the past fifty years, indicate that the proportion of persons employed in manufacturing, while it declined over the years in both peninsulas, remained higher in the downstate, twice as high, except in 1990. The decrease in proportion of persons employed in manufacturing was greater downstate than upstate. Over 50 years, 1940 to 1990, the proportion of persons employed in manufacturing in

Table 6-9: Upper Peninsula: Industry Composition of Labor Force, 1940-1990 (percentage of total persons employed)

Industry	1940	1950	1960	1970	1980	1990
Total Persons Employed	83185	93824	88703	90037	109818	120951
Agriculture **	19.6	12.3	5.4	2.9	2.5	2.3
Mining	11.9	10.8	11.6	8.2	5.6	2.9
Construction	4.2	5.0	7.1	5.9	6.0	6.6
Manufacturing	16.3	22.6	18.6	16.2	15.6	15.0
Service Industries ***	46.6	48.1	55.0	66.8	70.3	73.3
Not Reported	1.4	1.2	2.3	-*	-*	-*
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: US. Census Reports, 1940-1990.

* Data not reported.
** Includes forestry and fishery.
*** Includes transportation, communications, utilities, wholesale and retail, finance, insurance, real estate, business and repair services, personal services, entertainment and recreation, public administration, education, professional, health, and welfare.

the UP declined by only 1.3 points, from 16.3% to 15%, while in the LP it declined by 14.3 points, from 39.2% to 24.9% (Tables 6-9 & 6-10).

The two segments of Michigan have, over the years, displayed similar patterns in the proportions of persons employed in manufacturing: first increasing in 1950, then decreasing ever since. The brief increase in the proportion of persons employed in manufacturing in 1950, was of grater magnitude in the upstate compared to the downstate -- by 6.3 points and 2.5 points respectively. During the 1950s, the mining industry, mainly copper, was briefly revitalized (Lean, 1992; Schwarzweller & Lean, 1993).

Table 6-10: Lower Peninsula: Industry Composition of Labor Force, 1940-1990 (percentage of total persons employed)

Industry	1940	1950	1960	1970	1980	1990
Total Persons Employed	1742000	2298000	2638000	3162000	3640000	4045245
Agriculture **	11.8	6.6	3.3	1.8	1.6	1.7
Mining	0.3	0.2	0.2	0.2	0.2	0.2
Construction	4.0	4.9	4.5	4.8	4.1	4.9
Manufacturing	39.2	41.7	38.7	36.4	30.8	24.9
Service Industries ***	43.4	45.3	50.0	56.8	63.3	68.3
Not Reported	1.3	1.3	3.3	-*	-*	-*
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: US. Census Reports, 1940-1990.

* Data not reported.
** Includes forestry and fishery.
*** Includes transportation, communications, utilities, wholesale and retail, finance, insurance, real estate, business and repair services, personal services, entertainment and recreation, public administration, education, professional, health, and welfare.

BY 1990, Michigan's upstate had lost about 3,340 manufacturing jobs, a drop of about 7.9% in the proportion of persons employed in manufacturing in 1950. In contrast, the proportion of persons employed in manufacturing was 16.8 points less in 1990 than in 1950. But, the absolute umber of persons employed in manufacturing increased where about 49,000 new manufacturing jobs were created in the downstate, since 1950 (Tables 6-9 & 6-10).

Similar patterns was documented for the United States. The proportion of persons employed in both, manufacturing and construction in 1990, was 3 points less than what it was in 1980 (US census records, 1980-1990). This, translates into an actual loss of about one million manufacturing jobs in ten years. Conversely, these same data indicate that the proportion of persons employment in the services producing industries in the United States in 1990 was up by 30 points over what it was in 1980. This translates in an increase of about 20 million new jobs in services producing industries in ten years (Kimenyi, 1995). As the proportion of persons employed in manufacturing industries was steadily declined over the years, the proportion of employed persons in the services producing industries steadily increased over the years.

Similar trends for the proportions of persons employed in the services producing industries and in manufacturing

were displayed for Michigan (US census records, 1940-1990). The data signify a minimal decrease of about 1.3 points in the proportion of persons employed in manufacturing, and signify a substantial increase of 26.7 points in the proportion of persons employed in the services producing industries in the upstate, between 1940 and 1990. This increase of 26.7%, translates into 28,653 new jobs in the services producing industries.

For Michigan's Lower Peninsula, the same data revealed that the proportion of persons employed in the services producing industries has increased from 43.4% in 1940, to 68.3% in 1990. This increase of 24.9 points translates into 920,938 new jobs in the services producing industries. It is noteworthy to note that the increase in the proportion of persons employed in services producing industries was faster and in a larger magnitude in the UP (Tables 6-9 & 6-10).

Conversely, Upper Peninsula has always exhibited a somewhat greater proportions of persons employed in agriculture and forestry, mining and in the services producing industries as well, compared with downstate (Schwarzweller & Lean, 1993). Except for the services producing industries, proportions of persons employed in agriculture and forestry and in mining industries were decreased profoundly, and faster in upstate. In the upstate, the proportion of persons employed in agriculture

and forestry was actually dropped, from 19.6% in 1940 to only 2.3% in 1990, a drop of about 17.3 points that translates in the actual loss of about 13,522 agricultural and forestry jobs. Meanwhile, the proportion of persons employed in mining in the UP was dropped from 11.9% in 1940 to 2.9% in 1990, a drop of about 9 points or an actual loss of about 6,391 mining jobs in 50 years.

For the Lower Peninsula, the proportion of persons employed in agriculture and forestry dropped from 11.8% in 1940, to 1.7% in 1990. This drop of 10.1 points translates in the actual loss of 136,787 agricultural jobs. The proportion of persons employed in mining in the Lower Peninsula dropped by one third (0.1 point), from 0.3% in 1940, to 0.2% in 1990. Despite of this decrease, the absolute number of persons employed in mining in the Lower Peninsula increased by about 2,865 jobs in the mining industry.

Agriculture and mining continued to be more common in the Upper Peninsula, through, both were dramatically reduced over the years -- by 17.3 and 9 points respectively, and the reduction was much faster in the UP. But agriculture is far more limited in the upstate (Davidson & Schwarzweller, 1995; Schwarzweller & Lean, 1993;). The faster increase in the proportion of persons employed in services producing industries in the UP, explains both, the drop in the female

unemployment rate and the rise in their rate of the labor force participation over the years.

The proportion of persons employed in construction also grew faster in the UP, where it increased almost by 2.5 times, compared to downstate. Over the years, the Lower Peninsula maintained a larger proportion of persons employed in manufacturing. Despite both regions suffer a decline in manufacturing, the reduction was much faster in the Lower Peninsula. Finally, while both peninsulas exhibited a large increase in the proportion of persons employed in service

Table 6-11. Upper Peninsula: Occupational Structure of Labor Force, 1940-1990 (percentage of total persons employed)

Occupation	1940	1950	1960	1970	1980	1990
Total Persons Employed	83,185	93,824	88,703	90,037	109,818	120,951
Professional, Managers, Technicians	16.5	16.7	19.6	21.5	22.5	24.2
Sales, Clerical	12.6	14.5	16.3	20.2	22.8	23.8
Crafts, Operatives	33.5	37.3	37.3	33.5	28.2	24.6
Service Workers	11.0	9.3	12.8	17.2	18.5	19.9
Laborers, Nonfarm	11.9	9.9	5.9	5.4	4.9	4.9
Farm, Forestry (all levels)	13.6	11.2	4.5	2.2	3.1	2.7
Not Reported	0.9	1.1	3.6	-*	-*	-*
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: US. Census Reports, 1940-1990
* Data not reported

producing industries, this increase was a little faster in the UP.

But patterned variations in the occupational structure and in the occupational status levels upstate and downstate, although distinguishable, are by no means startling

(Schwarzweller & Lean, 1993). Differences in occupational structure of the labor force in Michigan's Upper and Lower Peninsulas appear to be relatively slight. The proportion of persons employed as professional, managerial and technician, as well as sales and clerical jobs, since 1940, has been on rise. Such occupations grew faster, and almost twice as much, in the downstate compared to upstate, 13.6% and 7.7% respectively (Schwarzweller & Lean, 1993). The proportion of persons employed in craft and operative jobs has been declining. The proportion of persons employed as

Table 6-12: Lower Peninsula: Occupational Structure of Labor Force, 1940-1990 (percentage of total persons employed)

Occupation	1940	1950	1960	1970	1980	1990
Total Persons Employed	1,742,000	2,298,000	2,638,000	3,162,000	3,640,000	4,045,245
Professional, Managers, Technicians	14.8	16.4	18.8	21.2	24.4	28.4
Sales, Clerical	17.1	19.5	21.5	23.8	26.3	27.3
Crafts, Operatives	38.7	42.4	37.6	36.8	30.1	25.4
Service Workers	10.6	9.3	10.8	12.7	13.8	13.5
Laborers, Nonfarm	6.5	4.8	3.9	4.0	3.8	3.9
Farm, Forestry (all levels)	11.4	6.3	3.1	1.5	1.6	1.5
Not Reported	0.9	1.3	4.3	-*	-*	-*
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: US. Census Reports, 1940-1990
* Data not reported

service workers has always been greater and grew faster in the UP (Tables 6-11 & 6-12).

In general, downstate displayed a more sophisticated labor force structure in 1990, where more than 81% of its

employed adults are employed in the three major occupations of upper elite and middle social classes, while the working poor class is less than 17.5% of the employed persons. In comparison, less than 73% of persons employed in upstate are in upper elite and middle social classes, and about one quarter, 24.8% to be exact, of its employed persons are in working poor class.

Farming and forestry work and laborer jobs, though significantly declined since 1940, have relatively been far more common in the Upper Peninsula (Schwarzweller & Lean, 1993). The industry composition of the labor force in the Upper Peninsula, has been slower to change and to diversify, than has the structure of its occupations. Today, most jobs, even those associated with mining and forestry in the Upper peninsula, require specialized skills, training, and education (Schwarzweller & Lean, 1993).

Migration Differentials

Migration and population growth, most scholars would agree, are sensitive measures of economic well-being of regions, and people who live in them. The pull of better wages and the more diverse job opportunities in the more prosperous region(s) or state(s), and the bust cycles of the

economy of the marginalized rural regions, has induced many young educated people to move out of their rural areas and go to metropolitan & industrial centers and large cities. This was encouraged by governmental policies prior to 1950, when the US public policy used to follow an intervention strategy aimed at facilitating the movement of decanted farm labor to metropolitan industrial centers and large cities (Summers, 1988:17).

Two major aftermaths of this policy are evident in both, the sending and the receiving regions. On the one hand, the sending regions -- mostly marginalized rural regions -- are continuously depleted and robbed of their capitals -- human, social and financial -- that are much needed for not only their growth and development, but most fundamentally for their sustanaibility. The receiving regions, on the other hand, have become more congested with people demanding a whole range of services, e.g., schooling, transportation, health, and housing. As marginalized rural regions continue to lose most of their young educated people to metropolitan industrial centers and large cities, communities become abandoned with populations comprised mostly of elderly people, children, and unskilled and not so educated labor force. Such circumstances have fare reaching effects that go beyond the sending and receiving regions to the economic well-being of the whole nation. This is beyond

the scope of this study.

While more than 1,594,000 persons have entered the State of Michigan during the thirteen year period (1980-81 through 1992-93), well over 2,168,000 persons have left the state, resulting in a net migration loss of more than half a million people over the thirteen years period. To be exact, during the thirteen year period, 574,755 people have left Michigan, or about 44,212 people annually (Tables 6-13). But despite the relative improvement in the economic activities in Michigan, during the late 1980s and early 1990 (1985-86 to 1992-93), the number of out-migrants continued to exceed the number of in-migrants by more than 20,000 people annually.

Table 6-13: Michigan: Net-Migrations (County/Region to County/Region), 1980/81 Through 1992/93

Years	Total Net-Migrations	From/To Michigan's Two Peninsulas: Upper Peninsula	Lower Peninsula	Unspecified	From/To All Other States & Foreign
1980-1981	(97,110)	(47)	10,731	(11,346)	(96,447)
1981-1982	(120,618)	3	9,769	(10,421)	(119,969)
1982-1983	(94,384)	152	7,285	(7,959)	(93,862)
1983-1984	(60,865)	142	4,845	(5,068)	(60,784)
1984-1985	(43,398)	63	4,351	(4,264)	(43,547)
1985-1986	(11,875)	380	87	(26)	(12,316)
1986-1987	(13,161)	(4)	2,382	(1,929)	(13,611)
1987-1988	(24,928)	(3)	2,936	(2,433)	(25,428)
1988-1989	(22,904)	(387)	2,461	(1,819)	(23,159)
1989-1990	(17,228)	(140)	2,007	(1,998)	(17,097)
1990-1991	(21,206)	(230)	230	(370)	(20,836)
1991-1992	(23,417)	(433)	433	(2,085)	(21,332)
1992-1993	(26,627)	(574)	574	(258)	(26,369)
Total (13 Years)	(577,719)	(1,080)	48,089	(49,973)	(574,755)

Sources: IRS Area to Area Migration Flow Data Files, 1980 to 1981 through 1992 to 1993
(000) = a negative number

The difficult economic times of the early 1980s, resulted from the economic reaccession, is evident in the substantial differences in the number of out-migrants and the number of in-migrants, 1980-81 to 1984-85. During that five year period, Michigan net-migration loss reached more than 82,000 annually, four times the average annual loss in the late 1980s and early 1990s.

Manson and Groop (1992:445) indicate that Michigan net-migration loss of about 120,000 people, in 1981-82, the hub of the early 1980s reaccession, was more than three times the average annual loss in the late 1970s -- a period that they characterized as a period of moderate prosperity in Michigan. It should be noted, however, that more than 104,000 people moved into Michigan even during that difficult year, and during the 1980-81 to the 1984-85, more than 113,000 people moved into the state annually.

As the state started its economic recovery, in the late 1982, the number of out-migrants started to decline, and the in-migration started to increase substantially. The trend seems to be of fluctuation, rather than a straight line increase or decrease. But for sure, the in-migrations continued to be out numbered by out-migrations, through out the thirteen year period covered in this study. It should be noted, however, that the number of in-migrants in any given year, since 1983-84, is substantially larger than that

of any of the first three years, 1980-81, 1881-82, and 1982-83. Therefore, the net-migration loss was a little more than 26,000 annually (Tables 6-13).

In other words, the pace of out-migrations was much faster during the early 1980s. About three quarters of the total out-migrants (414,776 or about 72%) have left during the first five years (1980-81 and 1984-85) or about 83,000 people annually. However, only about 28% of the total out-migrants, or 159,979 people left over the remaining eight years, 1986-87 to 1992-93, or a little less than 20,000 people annually. This, represent a clear indication of the positive relationship between economic well-being of regions and migration behavior (Murdock et al., 1993). In addition, institutional structures and social ties, as government welfare programs, corporation relocation, family networks and community attachment impact migration behavior.

It should also be noted, that during the ten year period of 1980-1990, Michigan's population has increased by 33,219 people, from 9,262,078 in 1980, to 9.295,297 in 1990. The state's population, in the following five years of 1990-95, has increased by an estimated 253,700 people, 7 times the increase reported for the ten year period of 1980 to 1990. Michigan's population growth of 0.61%, is still slower than the 0.92% nation's rate (*Michigan Population*

Update, 1996).

Every state has, as Manson and Groop (1992) indicate, sent migrants to Michigan and received migrants from Michigan. They have specified on six states that sent and received nearly half of the migrants, during the twelve year period of 1976 to 1988. While Ohio was the principle state of origin, Florida was the primary destination. The four other sending and receiving states were Indiana; Illinois;

Table 6-14: Upper Peninsula: Net-Migrations (County/Region to County/Region), 1980/81 Through 1992/93

Years	Total Net-Migrations	From/To Outside Upper Peninsula	From/To Michigan's Two Peninsulas			From/To Wisconsin	From/To All Other States & Foreign
			Upper Peninsula	Lower Peninsula	Unspecified		
1980-1981	(952)	(1,440)	24	688	465	(115)	(2,013)
1981-1982	(2,818)	(3,015)	(24)	436	221	(253)	(3,198)
1982-1983	(3,501)	(3,441)	47	183	(106)	(136)	(3,489)
1983-1984	(2,596)	(2,532)	0	(115)	(65)	83	(2,500)
1984-1985	(2,263)	(2,296)	(1)	(191)	34	(181)	(1,924)
1985-1986	(2,965)	(2,600)	53	(312)	(418)	(230)	(2,058)
1986-1987	(1,522)	(1,407)	11	(118)	(126)	(241)	(1,049)
1987-1988	(1,062)	(1,100)	(28)	124	66	(166)	(1,058)
1988-1989	207	(347)	(18)	383	572	(323)	(407)
1989-1990	794	602	(4)	485	196	(460)	577
1990-1991	504	61	0	230	443	(631)	462
1991-1992	727	1,191	0	433	(464)	(406)	1,164
1992-1993	575	351	0	574	224	(426)	203
Total (13 Years)	(14,869)	(15,970)	59	2,800	1,043	(3,483)	(15,288)

Sources: IRS Area to Area Migration Flow Data Files, 1980 to 1981 through 1992 to 1993
(000) = a negative number

Texas; and California. It was concluded that the economic downturn of a particular state is reflected in the subdued migration, to that state(Groop & Mason, 1992).

Conversely, it seems reasonable to consider the economic downturn (bust) in any of Michigan's two Peninsulas as a push factor, and the economic boom as a pull factor for

potential migrants. Over the thirteen year period of 1980-81 to 1992-93 covered by this study, more than 114,000 people entered into the Upper Peninsula, and about 130,00 people left the region. To be exact, the thirteen year net-migrations loss was 15,970 people, or about 1,228 people annually (Table 6-14).

By 1980-81 and for the next nine years, until 1988-89, out-migrations, from Michigan's Upper Peninsula, exceeded in-migration. Conversely, this pattern of migrations reversed itself when in-migrations exceeded out-migrations, by 1989-90, for the first time since 1980-90, and continued in the years after until the present time. Over the first nine years, the net-migrations loss was about 18,175 people, or 2,019 people annually. This was replaced with the net-migrations gain of about 2,205 people, over four years, or about 551 people annually (Table 6-14). This may be partially attributed to the opening of new casinos and new prison, in the UP, beside the expansion and the relocation of the service producing industries. The effect of the closing of the I.K. Sowers Air Force Base and the White Pine Mine, over the past few years, are not assessed yet and not reflected in these data.

The data reveals that on average, about 87% of all of in-migrations to the UP, came from other states, only about 13% came from Michigan's Lower Peninsula. It should be

noted that an average of 7% of in-migrants, came from the adjacent state of Wisconsin. The number of in-migrants coming from the LP ranged from 833 people in 1986-1987 to 1,772 in 1980-1981, or a 9.6% to 17.8% respectively (Table 6-15). Meanwhile, only about 9% of the out-migrants leave the UP and move to the Lower Peninsula annually. In all, a total of about 2,800 people move annually from upstate to downstate, and this constitute about 17.5% of the UP annual out-migrations (Table 6-16).

In comparison, while 1,497,177 people entered Michigan's Lower Peninsula, in thirteen years, 2,054,300 people left the region, for a net loss of 557,123 people, or 42,855 people annually. Population change and migration reflects on the economic well-being of regions: a positive population growth with a gain in the net-migration indicates a positive change in economic well-being of a region. To best assess the well-being of a the Upper Peninsula, one may need to consider the total movement of people to and from the UP, to both the Lower Peninsula as well as to other states and foreign places (Table 6-17).

The data reveal that most of Michigan eighty-three counties send and receive migrants from each other. Most movements occur between neighboring counties within the state and across the boarders of adjacent states. Over the thirteen year period, about half of the movements to the UP

were originated somewhere in Michigan, while about one fifth of the total movement to the counties of the Upper Peninsula were just persons moved around from one county to another within the Up itself. The same is true about Michigan's Lower Peninsula (Tables 6-18 & 6-19).

As one expected, some counties, states, and countries are considered much more important origins and/or destinations than others, and at certain time than other times. For the Up, while in-migration from downstate accounted for about 13% and from Wisconsin accounted for about 7%, the out-migration to downstate accounted for about 12% and to Wisconsin accounted for about 12%, annually. While Upper Peninsula annually receives more people from downstate than it receives from Wisconsin, almost the same percentage of out-migrants leave the UP annually to downstate and to the state of Wisconsin. A profile of Michigan's Upper Peninsula migrations, over thirteen years, displays the change in the pattern of migrations (Figures 6-18 & 6-19).

The 1992/93 IRS data files contain more data than the previous years. In addition to the number of tax returns filed and the number of exemptions, these data files contain information on aggregate income of households, aggregate income of individuals, and on per capita income. Because of that, these files were subjected to additional aggregations

and analysis.

While a total of 4,405 households (tax returns filed) interred into the Upper Peninsula in 1992-93, a total of 4,378 households left, for a net loss of 27 households. Of the households interred the UP, a total of 671 households, or about 15% of the total, came from the Lower Peninsula, and 291 (about 7%) came from Wisconsin, and the rest of 3,443 households (or about 78%) came from other states or from foreign locations. Of those left the UP, 444 or about 10% moved to the Lower Peninsula, 554 or 13% moved to Wisconsin and the rest of 3,380 or 77% moved somewhere else. This means that total of 8,978 in-migrants, compared to 8,627 out-migrants, for a net-migrations loss of 351 people migrated in and out of the Upper Peninsula. Of the in-migrants a total of 1,251 people or about 14% came from the Lower Peninsula, 587 people or 7% came from Wisconsin, and the rest or 79% came from other states or foreign locations (Tables 6-20 & 6-21).

The aggregate income of the in-migrations totaled about $98,134, 000, compared to a total of $93,540,000, for a net gain for Michigan's Upper Peninsula of about $4,594,000. The data reveal that the average aggregate income of an in-migrant's household is about $22,278, while out-migrant's household is $21,366. On average, each in-migrant household

enjoyed an addition $912 a year over out-migrant household. Also, each individual in-migrant to the Upper Peninsula enjoyed about $88 per person per year over the individual out-migrant (Table 6-22 & 6-23).

Table 6-21: Migration Profile For Michigan's Upper and Lower Peninsulas, 1992-93

Michigan's Peninsulas	Total In-Migrations	From/To Outside Pen	From Michigan's Two Peninsulas: Upper	Lower	Unspecified	Wisconsin	From All Other States & Foreign	County Non-Migrants
Upper Peninsula								
In-Migration	14,218	8,978	2,453	1,251	2,787	587	7,140	233,755
Out-Migration	13,643	8,627	2,453	677	2,563	1,013	6,937	233,755
Net-Migration	575	351	0	574	224	(426)	203	0
Lower Peninsula								
In-Migration	370,274	108,836	677	244,033	17,405	526	107,633	6,776,495
Out-Migration	397,476	135,556	1,251	244,033	17,887	692	133,613	6,776,495
Net-Migration	(27,202)	(26,720)	(574)	0	(482)	(166)	(25,980)	0
Michigan Total								
In-Migration	384,492	115,886	3,130	245,284	20,192	1,113	114,773	7,010,250
Out-Migration	411,119	142,255	3,704	244,710	20,450	1,705	140,550	7,010,250
Net-Migration	(26,627)	(26,369)	(574)	574	(258)	(592)	(25,777)	0

Sources: IRS Area to Area Migration Flow Data Files, 1980 to 1981 through 1992 to 1993
Number of Exemptions = Number of Migrants
(000) = a negative number

Table 6-20: Migration Profile for Total Tax Returns Filed, 1992-93, Michigan's Upper and Lower Peninsulas

Michigan's Peninsulas	Filed Tax Returns	From/To Outside Penir	From/To Michigan's Two Peninsulas: Upper	Lower	Unspecified	From/To Wisconsin	From/To All Other States & Foreign	County None Migrants
Upper Peninsula								
In-Migration	7,002	4,405	1,210	671	1,387	291	3,443	100,119
Out-Migration	6,906	4,378	1,210	444	1,318	554	3,380	100,119
Net-Migration	96	27	0	227	69	(263)	63	0
Lower Peninsula								
In-Migration	193,470	54,963	444	129,687	8,820	268	54,251	3,009,355
Out-Migration	210,050	71,343	671	129,687	9,020	403	70,269	3,009,355
Net-Migration	(16,580)	(16,380)	(227)	0	(200)	(135)	(16,018)	0
Michigan Total								
In-Migration	200,472	58,253	1,654	130,358	10,207	559	57,694	3,109,474
Out-Migration	216,956	74,606	1,881	130,131	10,338	957	73,649	3,109,474
Net-Migration	(16,484)	(16,353)	(227)	227	(131)	(398)	(15,955)	0

Sources: IRS Area to Area Migration Flow Data Files, 1980 to 1981 through 1992 to 1993

In comparison, a total of 54,963 households (filed tax returns) moved into Lower Peninsula, and a total of 71,343 households moved out of the region, in 1992-93. Of those moved into the LP, the 444 households, came from the Upper Peninsula, and the 268 households, came from the state of Wisconsin, comprise about 1% of the total, while the bulk of 54,251 households, came from other states or foreign locations, comprise about 99% of the total. The 54,978 in-migrant households have 108,836 individuals in-migrants, 1.98 exemptions per household, while the 71,343 out-migrant households have 135,556 individual out-migrants, 1.9 exemptions per household. Of those moved out households, the 671 households, went to the Upper Peninsula, and the 403 households, went to Wisconsin comprise about 1% of the total, and the bulk of 70,269 or about 99% went to other states or foreign locations. Of the total number of individual in-migrants, 107,633 or about 99% came from states other than Wisconsin, and only about 1% from Wisconsin and Upper Peninsula. Similarly, about 99% of the individual out-migrants went to states other than Wisconsin and only about 1% went to Wisconsin and Upper Peninsula (Tables 6-20 & 6-21).

Obviously, while Upper Peninsula continues to enjoy a net-migration gain in 1992-93, the Lower Peninsula continues to experience a net-migration loss. In one year, 1992-93, Lower peninsula has lost a total of 16,580 households or about 26,720 people. In dollars, this trend of migration behavior resulted in a loss of more than half a billion dollars of aggregate income in 1992-93. The average aggregate income for the in-migrant household was $29,987 and for the out-migrant household was $30,579, or a net loss about $592 per household per the year. The data signify that, on average, out-migrants enjoyed a $950 more per person per year.

It is indicated that out-migration has been a widely publicized feature of Michigan's recent demographic and economic history, especially during the period of economic restructuring in the late 1970 and early 1980s (Manson &

Table 6-22: Migration Profile For Aggregate Income (in $1,000), 1992-1993, Michigan's Upper and Lower Peninsulas

Michigan's Peninsulas	Aggregate Income	From/To Outside Pen	From Michigan's Two Peninsulas				From All Other States & Foreign	County Non-Migrants
			Upper	Lower	Unspecified	Wisconsin		
Upper Peninsula								
In-Migration	152,714	98,134	24,552	15,121	30,028	6,168	76,845	2,823,284
Out-Migration	144,439	93,540	24,552	7,811	26,347	12,540	73,189	2,823,284
Net-Migration	8,275	4,594	0	7,310	3,681	(6,372)	3,656	0
Lower Peninsula								
In-Migration	5,736,074	1,848,166	7,811	3,882,606	205,302	9,906	1,630,449	113,094,854
Out-Migration	6,276,494	2,181,575	15,121	3,882,606	212,313	12,258	2,154,196	113,094,854
Net-Migration	(540,420)	(533,409)	(7,310)	0	(7,011)	(2,352)	(523,747)	0
Michigan Total								
In-Migration	5,888,788	1,723,368	32,363	3,897,727	235,330	16,074	1,707,294	115,918,138
Out-Migration	6,420,933	2,252,183	39,673	3,890,417	238,660	24,798	2,227,385	115,918,138
Net-Migration	(532,145)	(528,815)	(7,310)	7,310	(3,330)	(8,724)	(520,091)	0

Sources: IRS Area to Area Migration Flow Data Files, 1980 to 1981 through 1992 to 1993
(000) = a negative number

Groop, 1992). Well before the 1940, and due to government policies and uneven development, a stream of out-migration, from the Upper Peninsula, that usually moves southward seeking employment, was already in place. The bust cycles of the UP's economy, the spill out of the Great Depression of the 1930s, and the US involvement in World War II, only intensified such a stream. This stream of out-migration started to slow down only after the "Great Society," and the "War on Poverty" programs and the government policy of rural development took effect in the mid-1970.

The gap between the in-migration and the out-migration have tripled during the early 1980s, compared to the previous decade of 1970s (Manson & Groop, 1992). The relative importance of both sending and receiving counties and states have changed a little over the thirteen years covered by this study. In times of booming economy, in a particular region, the number of in-migrants rise, and at times of busted economy, the number of out-migration rise. However, stability in the spatial patterns of the net in-migration and out-migration is evident.

The demographic and the socioeconomic characteristics of migrants entering and leaving each of the Michigan's two peninsulas could not be examined at this time. Partially, however, we were able to draw attention to the per capita income of migrants and to estimate gains or losses in the

aggregate income accompanied in-migrants and out-migrants, for both, Upper Peninsula and Lower Peninsula. Per capita income of migrants added an imported indicator of the economic well-being of regions and people who move into or out of them.

Out-migrants form marginalized rural regions, as scholars indicate, are generally younger and better educated, while in-migrants are of older people who chose to retire there and of people who already established economically (see Lean, 1992; Rieger et al., 1973; Manson & Groop, 1992). The age structure of population of Upper and Lower Peninsulas could not be analyzed at this time either. Despite the particular importance of economic opportunities and amenities in motivating people to move into a region or move away from that region, the impacts of in-migrations and out-migrations on each region and on the state as a whole, on the quality of the work force, demands and costs for social services, and perceived opportunities for capital investment could not be examined or analyzed, at this time.

Regional Perspectives

Development, most scholars agree, involves an overall economic expansion, massive transformation in prevailing

economic structure, and great social changes. An increase in size of labor force accompanied by a shift in industry composition or in occupational structure, or both, typify economic expansion and economic structuring or restructuring (Brown, 1990). However, only from an historical perspective do we know with certainty that development has or has not occurred. Similarly, only from an historical perspective are we able to discern the outlines of operant processes (Webber, 1899; Short, 1971; Berry & Dahmann, 1977; Bigger, 1979). But because of the unevenness of the process of development, some regions prosper while others do not (Davidson & Schwarzweller, 1995).

Over the 120 years, 1870 to 1990, Michigan's population increased almost eight-fold from. However, the proportion of population living in Michigan's Upper Peninsula has held almost steady, slightly over the 300,000 mark, at least since 1910. Much of the increase in Michigan's population was indeed in Michigan's Lower Peninsula where in the 120 years it increased almost eight-fold. Conversely, in the last 50 years, 1940-1990, the UP labor force increased only by about 45%, with only 37,366 more people being employed. In comparison, over the same period of time, the downstate labor force increased by about 132%, with about 2,303,245 more people employed. The increase in downstate labor force was accompanied by a marked decrease in agricultural and in

manufacturing employment. The decrease in the agricultural employment was more severe in the Upstate, and the decrease in manufacturing employment was less than 2%. However, both peninsulas featured a marked increase in employment in the services industries.

One central goal of the federal post-war policy of regional and rural development of the 1960s was to affect the state of income redistribution by narrowing the economic gap between the marginalized rural regions and the more affluent regions of the industrial mainstream of America (Kimenyi, 1995), a gap that ha been widened in the aftermath of the Great Depression of the 1930s. Despite that the economic gap has been widened, the per capita income in the Upper Peninsula has increased more than seven-fold, since 1959. Noticeably, Michigan's Upper Peninsula exhibited, over the years, an "institutionalized income disparity" of about 70%, relative to the Lower Peninsula. The same pattern of increase in per capita income characterized the Lower Peninsula, where it also increased about seven-fold. In other words, there was comparable inflation of per capita income, but relatively no significant change in regional disparities.

While income differentials and social class are obviously linked, the former probably shape the later, while social class position provides a frame of reference from

which career goals emerge and income opportunities ascertained. In the Upper Peninsula, nevertheless, while we observe a fairly stable middle class over the years, the upper elite and working classes appear to be polarizing (at the expense of some middle class). That is, mostly because of a decline of the farm and forestry sectors. Nevertheless, the Lower Peninsula represent a more obvious case of social class polarization; there has been a discernable increase in the working poor and the upper elite sectors.

The poverty rate in the Upper Peninsula, despite a brief revitalization during the 1970s, increased again in 1989, but not to the same level as in 1969. A narrowing of the gap in the poverty level between the two peninsulas resulted from a significant increase in the poverty rate in the Lower Peninsula, rather than the other way around. Also the Upper Peninsula, as our data signify, lagged behind the Lower Peninsula and mainstream America in providing employment for women and in drawing them into the labor market.

As indicated above, the two peninsulas showed a decline in the basic exporting industries -- manufacturing as well as agriculture, while both showed a dramatic increase in the services providing industries. Also, by 1990, there were more service workers in each of the two peninsulas, but the

increase in the proportion of service workers, over the 50 year period of the 1940 to 1990, was greater for the Upper than for Lower Peninsula -- 8.9 points for the upstate and 2.9 points for the downstate. However, it is doubtful that the increase in the services producing industries could make up for the loss in manufacturing and agriculture. I believe that the socioeconomic changes in the Upper Peninsula have not been driven by internally generated self-sustaining growth or by conflictual relations among socioeconomic entities; the Upper Peninsula lacks these kinds of growth engines.

For the Upper Peninsula, social change was enhanced by the growth in educational opportunities, where for individuals, education is a means of self-advancement and from a societal perspective, the educational institutions serve to train the workforce and screen out persons who are less suited for participation in the contemporary economy (Blaug, 1973, 1976; Layard & Psacharopoulos, 1974; Psacharopoulos & woodhall, 1985). However, young and better educated persons from the Upper Peninsula continue to leave their rural communities and go southward seeking employment, an indication of the continued disparity between the UP and mainstream America, and in particular the industrialized Lower Peninsula.

In the aftermath of the many social and economic

programs of the "Great Society" and the "War on Poverty," many "Yoopers" as is so for residents of other marginalized rural regions of America, expected increasing probability of employment, higher wages, and upward mobility in occupational and social status, if not immediately then at least in the near future. But because development is uneven, some regions prosper while others do not, and those that do differ in the magnitude of prosperity. For that, the Upper Peninsula had experience some improvement in its overall economic well-being, but not as one would have expected in the 1960s.

The above analysis, lends some support to our guiding hypothesis, the "Integration Hypothesis"; this hypothesis speaks to the expectation that the economic gap between the Upper and the Lower Peninsulas would have been narrowed significantly as a consequence of the 1960s federal policies of regional and rural development. But the evidence and suggest that the economic gap has not been substantially narrowed. There has not been as much improvement as one might have expected. On the other hand, as major critics of and opponents to the federal post-war policies of regional and rural development indicate, many of the changes in the economic gap between the marginal rural region of the Upper Peninsula and mainstream America, in particular the better thriving Lower Peninsula, was indeed negligible. The gap,

nonetheless, has endured over the years, an indication of what Murray Milner Jr. (1972) called "Status Inflation."

The above analysis also illustrates both the relevance and limitations of conventional approaches to studying migration in the aggregate. Variables such as job opportunities, wage rates, and information flows have noteworthy effects on migration streams. Other factors also found to have effects include: export agriculture, infrastructure development, land reform, economic and social class distinctions, labor market segmentation, and the like (Brown, 1990).

Chapter VII

Appalachian and Westcentral Regions of Kentucky

The two regions of Kentucky, Appalachian Kentucky and Westcentral Kentucky, experienced very different paths of development over the years, in some ways like upstate and downstate Michigan. Scholars have differentiated Appalachia into three subregions: northern, central, and southern. It is the Central Subregion of Appalachia that most closely represents the stereotype of underdevelopment and persistent poverty. The Central Subregion is composed mainly of two of the Kentucky's State Economic Areas (SEA): the coal mining and subsistence economic areas, #8 and #9. These two areas have had social indicators far below those of other areas of Kentucky, the region and the nation (Billings & Tickamyer, 1993; Clayton, 1995; Couto, 1992). The economic historian Richard Couto (1992:11) indicated that "Appalachia, in the popular mind is synonymous with Central Appalachia."

By the 1950s, while all regions of Appalachia were showing clear signs of economic and social stress, albeit in varying ways, it was Central Appalachia, i.e., eastern Kentucky (Bradshaw, 1992), that became the main area of

economically behind the rest of Appalachia, Kentucky and the United States. The regions had social problems resulting from isolation and out-migration; its political process tended to hold back modernization and its environment was deteriorating (Bradshaw, 1992). Still, even by 1989, seven of the ten poorest Appalachian counties were located in eastern (Appalachian) Kentucky. All of these counties have per capita income averages at or below 45% of the national average. While all of these counties gained significantly in absolute and relative terms in per capita income in the 1970s, most of them lost significant ground in the 1980s (Couto, 1992). The following table shows these counties and the trend in per capita income:

Table 7-1

The Ten Poorest Counties in the Appalachia Region for Selected Years.

County and State	Ratio to Nathional Per Capita Income (%)	Change in Ratio, 1969-1979 (%)	Change in Ratio, 1969-1989 (%)	Population Change 1969-189 (%)
McCreary (KY)	38.9	9.9	-2.4	1.7
Manifee (KY)	40.4	0.8	-4.5	5.5
Elliott (KY)	40.8	13.7	-8.4	-4.5
Owsley (KY)	41.7	6	2.9	-5.4
Clay (WV)	42.2	10.5	-12.9	-1.5
Jackson (KY)	42.5	4	-2.2	-4.2
Maggofin (KY)	44.2	17.4	-7.8	0.6
Summers (WV)	44.3	3	-10.3	-2.4
Clay (KY)	44.7	19.6	-9.3	1.1
Kemper (MS)	45	14.1	-8.8	12.3

Source: Couto, 1992 and Clayton, 1995

As part of the Appalachian mountain region, Appalachian Kentucky was described by Beck and Forster (1935) as an area with little arable land, generally poor soils, a large proportion of farms that are self-sufficient or part-time, decadent lumbering and woodworking industries, abandoned coal mines in many counties, a dense and rapidly increasing population, and lack of employment opportunities. In Appalachian Kentucky, commercial agriculture is very limited; even subsistence farming was removed from the scene long ago.

Appalachian Kentucky and the rest of Appalachia came to public attention in the early 1960s when a commission named by President Kennedy in 1963 described it as a "region apart" (ARC, 1964). It is a region that is predominantly rural with low income, high unemployment, deficits in education and in the living standards, and with high number and percent of the population receiving public assistance (Clayton, 1995:46). Appalachia was referred to by Michael Harrington (1962) as "The Other America." Because of the severity of its social and economic problems, Appalachia was targeted to receive federal development funds. The Appalachian Regional Commission (ARC) was formally established in 1965 to receive these funds and to oversee and promote development schemes in the region (Gaventa &

Lewis, 1989).

The problems of Appalachia, and therefore of Appalachian Kentucky, were succinctly contextualized in the report of the president's Appalachian Regional Commission: "Rural Appalachia lags behind rural America; urban Appalachia lags behind urban America; and metropolitan Appalachia lags behind metropolitan America" (1964:2). Consideration of income differentials over the years makes it especially clear that Appalachian Kentucky is an economically marginal area relative to the mainstream industrial heartland of America and the Westcentral Region of Kentucky in particular. In most years, and since 1959, available data on per capita income show Appalachian Kentucky at less than the 70% "institutionalized income disparity," as we observed with the Westcentral Region of Kentucky.

My aim in this chapter is to investigate the nature and magnitude of the economic gap between the marginal rural Appalachian Kentucky Region and the more developed Westcentral Kentucky Region. Examining the patterns of regional economic inequality between those two regions involves investigating population growth and population change over time, income and social class differentials (per capita income is the problematic variable for this study),

poverty rates and unemployment levels, industry composition and occupational structure of labor force. I will also contrast regional migration differentials.

Regional Differentials in Population Growth

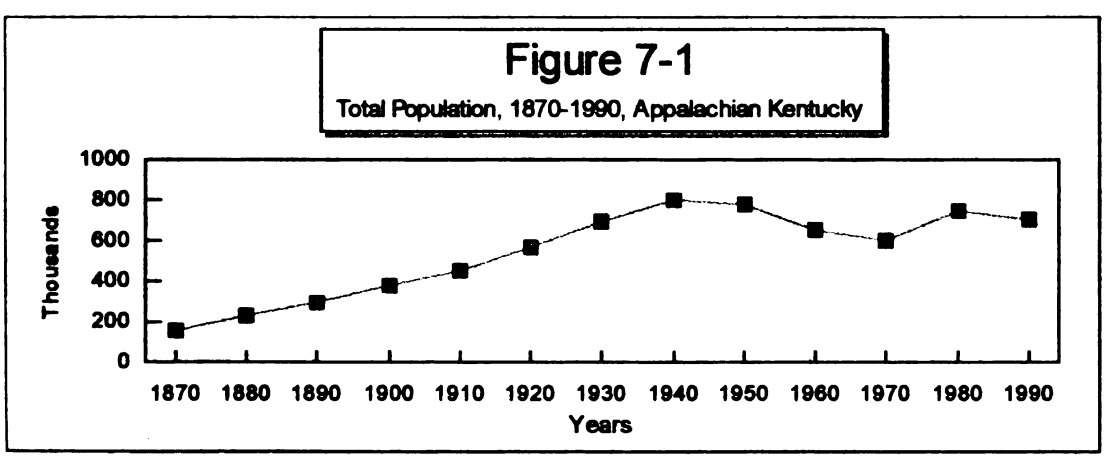
The State of Kentucky has a total of 120 counties, of which 31 comprise the Appalachian Kentucky region (17 in the subsistence agriculture area, and 14 in the Coal Mining area, State Economic Areas #8 & # 9 respectively (Table 3-2). By 1990, there were 3,685,296 people in Kentucky, with 707,448 or 19.2% in the Appalachian Region (US Census, 1990). Census Records for the 13 consecutive decades of 1870 through 1990 show that the population of Kentucky has increased almost three-fold since 1870. Population, in the earlier years, grew much faster in the Appalachian Kentucky Region, with a 436% increase over the 120 year period. Most scholars agree that the high birth rate, which the region was known for, is mainly responsible for early population increases (Schwarzweller, Brown & Mangalam, 1971). In comparison, and over the same period of time, the population in the Westcentral Region increased by only 256%, and the population in the state of Kentucky increased by about 279% (Table 7-2).

Table 7-2: Population of Kentucky's Appalachian and Westcentral Regions, and Regional Percentage of the State Population, 1870 Through 1990

Year	Appalachian Kentucky		West/Central Region		Kentucky
	Number	of Kentucky Tot	Number	of Kentucky Tot	Total
1870	162,138	12.3	1,158,873	87.7	1321011
1880	228,539	13.9	1,420,151	86.1	1648690
1890	290,843	15.6	1,567,792	84.4	1858635
1900	380,798	17.7	1,766,376	82.3	2147174
1910	457,771	20.0	1,832,134	80.0	2289905
1920	570,473	23.6	1,846,157	76.4	2416630
1930	694,900	26.6	1,919,689	73.4	2614589
1940	802,840	28.2	2,042,787	71.8	2845627
1950	780,598	26.5	2,164,208	73.5	2944806
1960	654,438	21.5	2,383,718	78.5	3038156
1970	601,538	18.7	2,619,173	81.3	3220711
1980	748,437	20.4	2,912,340	79.6	3660777
1990	707,448	19.2	2,977,848	80.8	3685296

Sources: US. Census Reports, 1870–1990

Over the years, the proportion of Kentucky's total population in the Appalachian Region increased from 12.3% in 1870 to 28.2% in 1940. Since then, that proportion has been on the decline. By 1990, only 19.2% of the state's total population lived in Appalachian Kentucky, and while this represents an increase of about 7 points over 1870, it is about 9 points less than the 1940 proportion (Figure 7-1).



Also, the absolute number of people in the region had steadily risen through 1940. In the eighty years, between 1870 and 1940, a net of 640,702 people were added to the population of Appalachian Kentucky, mostly by natural increase, i.e., by high birth rates. By 1950, and the decades thereafter, except in 1980s, Appalachian Kentucky displayed a trend of population losses. In the fifty years since 1940, the region's population lost almost 100,000 people (Table 7-1). In their study, John D. Photiadis and Harry K. Schwarzweller (1971) documented similar trends of population growth for Appalachian Kentucky.

In distinction, the largest proportion of population that ever lived in Westcentral Kentucky was in 1870, when 87.7% of the state's total population resided in the region. By 1940, the proportion of total population in Westcentral Kentucky had declined to 71.8%, a loss of about 16 points, or 2 points annually. Over the next fifty years, the proportion of the state's total population in the region rose to 80.8%, a gain of 9 points, but still a loss of about 7 points in 120 years (Table 7-2). Conversely, Westcentral Kentucky displayed a trend of gradually rising population in absolute number, a trend that never decreased since 1870. Bruce Ergood (1976) indicated similar trends of population increase in Kentucky.

Population growth in Appalachian Kentucky is a reflection of the history of the social and economic transformation of the region (Clayton, 1995:52-3). As the United States began to industrialize, natural resources in Appalachia became more attractive and the obvious barriers which had prevented exploiting them could be dealt with more easily. Coinciding with the industrialization of America, a form of modernization came to Appalachian Kentucky by overcoming constraints and barriers that stood in the way of exploiting the region and its natural resources. Scholars pointed to three major forces that shaped modernization in Appalachia: "transportation in the form of railroads, first cut through the region to harvest the product of the second force (the timber industry) and to haul the results of the third force, the coal industry" (Clayton, 1995:51). Roland D. Eller (1982:42) has indicated that "the wealth of Appalachia" became, in a rapidly industrializing society, a passkey to influence and power."

Table 7-3. Percentage Change in Population by Decade, Kentucky's Appalachia and West/Central Regions, 1870 Through 1990

Region/State	1870 1880	1880 1890	1890 1900	1900 1910	1910 1920	1920 1930	1930 1940	1940 1950	1950 1960	1960 1970	1970 1980	1980 1990
Appalachian Kentucky	41.0	27.3	30.9	20.2	24.8	21.8	15.5	-2.8	-16.2	-8.1	24.4	-5.5
West/Central Region	22.5	10.4	12.7	3.7	0.8	4.0	6.4	5.9	10.1	9.9	11.2	2.2
Kentucky Total	24.8	12.7	15.5	6.6	5.5	8.2	8.8	3.5	3.2	6.0	13.7	0.7

Sources: US. Census Reports, 1870–1990

No doubt the efforts to exploit Appalachia and its natural resources which were embodied in the forces of

modernization that came to the region, instigated a sharp increase of the population through the turn of the century. High birth rates were recorded for eastern Kentucky, and that was almost solely responsible for the faster population growth that lasted until 1940. Since the turn of the century, as Schwarzweller, Brown and Mangalam (1971:78) have indicated, Appalachian Kentucky lost more migrants than it gained, and prior to 1940, the loss through net-migration and death was lower than the gain through high birth rates, so that population gains of from 15.5% to 24.6% were made during each of the four proceeding decades (Table 7-3).

Exploiting Appalachian Kentucky and its natural resources, first by rail transportation and then by timber extraction and coal mining, all of which are associated with boom and bust cycles of unsteady magnitudes, left a mark on the region in the forms of timberless, eroded land; open mining pits with leaching; caustic byproducts; selective out-migration of the population; and, after a century or more of exploitation, a dispirited region (Clayton, 1995). With the outbreak of World War II, migration from Appalachian Kentucky assumed larger-scale proportions.

By the 1940s, the stream of migrants from the region became so great that even the continued, though somewhat decreasing natural increase was surpassed by migration

losses, and for the first time in its history the region its population declined, about 3% decline from 802,840 in 1940 to 780,598 in 1950, or 22,242 less people (Schwarzweller, Brown & Mangalam, 1971:79). Data supplied by the Bureau of the Census and tabulated by the University of Kentucky indicate that the net loss through migration in the 1940-50 decade was 223,000 persons, a figure roughly equal to 28 percent of the 1940 population.

The trend of population dynamics in Appalachian Kentucky, in the 120 year period of 1870 to 1990, may be observed as a sharp increase in the absolute numbers and the proportion of population that persisted until the 1940s. The region then experienced a steady decrease in absolute numbers and proportions of population during the proceeding three decades, 1940 through 1970, before an increase in 1980 followed by an decrease in 1990.

Except in 1870-80, the percentage change in population in Appalachian Kentucky was several times as large as in the Westcentral Region. This trend persisted through 1930-40. Except in 1910-20, the percentage change in population in Appalachian Kentucky over the years decreased steadily (Table 7-3). Notwithstanding, in the five decades since World War II, and as Appalachian Kentucky was losing population, the Region displayed a trend of negative

percentage change in population, disrupted only in the 1970-80, and resumed again in the 1980-90. The region had a sharp percentage population increase in 1970-80, about 32 points over 1960-70 (Table 7-3). This increase translates to about 150,000 people that were added to the population in ten years.

Many scholars attribute such an increase to the effects of the numerous social and economic programs of the "Great Society" and "The War on Poverty" of the 1960s, which seemed to have been kicked-off during the 1970s (Gaventa & Lewis, 1989). Appalachian migrants, who began to return to the region as retirees in the late 1960s and early 1970, contributed to the increase in population (Lozier & Althouse, 1974). However, in the following decade, 1980-90, Appalachian Kentucky suffered a decrease in the percentage of its population that was twice as large as that of 1940-1950.

In comparison, the population change in Westcentral Kentucky observed a different dynamic over the 120 years. From 1870-80 to 1940-50, the outbreak of World War II, the percentage change steadily decreased, from 22.5% in the 1870-80, to 5.9% in the 1940-50. The lowest percentage change in population recorded since 1870-80, was in 1910-20 only 0.8%. Like the Appalachian Region, Westcentral

Kentucky unveiled a higher percentage change in population in 1970-80, compared to other decades since the turn of the century. Throughout the 13 consecutive decades, however, Westcentral Kentucky never displayed a negative percentage change in population. Yet, during that time the reduction in the percentage change in population was profound -- from 22.5% in the 1870-80 to only 2.2% in the 1980-90.

The above comparative statistics on population growth seem to reflect Appalachia and the Westcentral Kentucky labor market disparities that have long characterized the region of Appalachia relative to mainstream America (Clayton, 1995; Schwarzweller, 1971; Schwarzweller, Brown & Mangalam, 1971). The percentage changes in the population, over 13 decades, provide more insights into the history of the population dynamics in both regions of Kentucky, and these reflected in the relative economic well-being of the two regions.

Over the years, and until the outbreak of World War II, Appalachian Kentucky obviously enjoyed significant population gains compared to the Westcentral Region of Kentucky. By the 1940s, migration from Appalachian Kentucky started to assume large scale proportions and virtually all able bodied young men entered the armed forces. Also, many young women, older people and whole families moved to

industrial towns of the Ohio Valley to work in the war plants (Schwarzweller, Brown & Mangalam, 1971:76-8). Consequently, World War II instigated a great change in the personnel make-up of the Appalachian Kentucky, and that generated significant losses of population.

Furthermore, the expanding manufacturing industries in the northern neighboring states of Ohio, Indiana, Illinois and Michigan, stimulated by the outbreak of World War II, instigated streams of young and better educated migrants, who "took off" and left the rural communities in Appalachian Kentucky, to seek employment, or to join family member(s) or friends in urban centers and large cities of neighboring northern states. Because of the larger scale migration and a drop in the birth rate, Appalachian Kentucky started to experience a significant drop in population growth, except in 1978-80. In the 1950s, as McCoy and Brown (1981) indicated, one third of the population of Appalachian Kentucky left the region and moved to cities in the neighboring Midwest states; mainly to Cincinnati, Chicago, Detroit and to a lesser extent to Youngstown and Cleveland.

In comparison, population growth in Westcentral Kentucky, though altered by the expansion of the industrial base economy of the northern neighboring states, and especially at a time when America was engaged in wars (World

Wars I & II), and also when new social or economic forces become a reality (e.g., the participation of women in the labor force, in the 1920s; the 1930s Great Depression; the "New Deal" Initiative of the 1930s; the Civil Rights Movement of the 1960s; and the "great Society" and the "War on Poverty" programs of the 1960s) continued to show a positive percentage change in population, but this never resembled the 1870-80 figures.

During the Great Depression of the 1930s, when production was put on hold and millions of people became jobless, many of these jobless people left the cities and industrial centers and went back to their towns in rural America, to work on farms or to receive federal relief appropriations. Appalachia, and certainly Appalachian Kentucky became among the highest recipient regions of federal relief (Beck & Forster, 1935). While this resulted in an increase in the Appalachia Kentucky population, Westcentral Kentucky showed some increase in its population too. The Westcentral Region displayed a modist jump in percentage change of its population, from 4% in the 1920-30, to 6.4% in the 1930-40. By 1940, 28.2% of Kentucky's total population was living in the Appalachian Kentucky Region, up by 1.6 points from 1930.

Unlike the 1930s, in the 1950s the percentage change in

the population of Appalachian Kentucky significantly dropped to a record low of minus 16.2%. This translates as a loss of 126,160 people in the ten years, from 1950 to 1960. It is another indication of continued marginalization of the region, and the growing gap between Appalachian Kentucky and the Westcentral Region and mainstream industrial America. The bulk of the many solders from Appalachian Kentucky, who had enlisted in the armed forces earlier and returned from wars in Europe and in Korea, returned to places other than Appalachian Kentucky. This was repeated in the 1970s: Appalachian Kentucky lost another 52,900 people in the 1960s.

By 1980, a total of 146,899 people were added to Appalachian Kentucky population of 1970. This significant addition was about 32,000 people shy of the total population losses of 179,000 people in 1960 and in 1970. Scholars, like Gaventa & Lewis (1989), attribute such an increase to the effects of the numerous federal social and economic programs of the 1960s. Others believe that these effects, coupled with the return of many solders from the war in Vietnam in the early 1970s, may have generated this increase. Likewise, the 1980 data show a total of 293,167 people increased in the 1970 population of the Westcentral Kentucky. The 1970-80 percentage change in population of

Appalachian Kentucky was twice as large as that of the Westcentral Region, 24.4 and 11.2 points respectively.

Income and Social Class Differentials

Income differentials represent the bottom line in comparing the economies of the Appalachian and Westcentral Regions, and in assessing the economic life chances of families in these two regions. Consideration of income differentials makes especially clear that Appalachian Kentucky is economically marginal relative to the Westcentral Region (Clayton, 1995; Couto, 1992). One must take into account, of course, the significant variations in the industrial compositions and occupational structure of those two different labor markets.

Table 7-4: Per Capita Income, Averages and Regional Differentials Percentages, Appalachian and and West/Central Regions of Kentucky, for Selected Years

Region	Income Per Capita ($)					
	1959	1969	1974	1979	1985	1989
Appalachian Kentucky	$831	$1,613	$2,773	$4,774	$6,291	$7,934
(% of West/Central Region)	56.8	61.4	70.3	75.9	68.3	66.6
West/Central Region	$1,462	$2,628	$3,942	$6,288	$9,215	$11,917

Sources: County and City Data Book, 1962-1980, and US Census Reports 1950-1990.

A short-lived relative bolstering in the pattern of per capita income is evident in 1974 and 1979. But available census records on per capita income for six selected years

(1959, 1969, 1974, 1979, 1985, and 1989), show that Appalachian Kentucky did not maintain the "institutionalized income disparity" of about 70% relative to the Westcentral Region in four of those six selected years. The per capita income has steadily increased, from $831 in 1959 to about ten times that much ($7,934) by 1989. This, of course reflects inflation. More importantly, the per capita income in Appalachian Kentucky proportional to the Westcentral Region increased from only 56.8% in 1959, to 75.9% in 1979 (Table 7-4).

Thus, and from a relative perspective derived from the historical records, Appalachian Kentucky has always lagged behind the rest of Appalachia, Kentucky and the nation (Couto, 1992). The Central Subregion of Appalachia showed per capita income differentials relative to the national average far below the "institutionalized income disparity" of 70%, in 1969, 1970, and again in 1989 (57.5%, 69% and 63%, respectively relative to the national averages). The metropolitan and nonmetropolitan counties of the Central Appalachia Subregion also had per capita incomes for the same years way below the national average -- 76.1%, 87%, 79% and 55%, 66.5% and 60.8% respectively. These data, compiled by Couto (1992) and obtained from Clayton (1995), are noted in the following table (7-5):

Table 7-5

Per Capita Income in Appalachia as a Percentage of the National Average, for Selected Years.

	1969	1979	1989
Appalachia	79.5	82.8	80.9
Northern	86.6	88.4	83.6
Central	57.5	69	63
Southern	74.7	79.1	81.9
Metropolitan Countie	88.5	91.8	90.1
Northern	93.3	96.3	91
Central	76.1	87	79
Southern	81.7	86.2	89.6
Nonmetropolitan Coun	70.7	74.5	72.3
Northern	78.5	79.7	75.8
Central	55	66.5	60.8
Southern	67.3	71.5	73.3

Source: Couto, 1992 and Clayton, 1995

The relative gap in per capita income between Appalachian Kentucky and the Westcentral Region had narrowed in 1974 and 1979 compared to the years before and after (Table 7-4). The 1970s were marked by a revival in the coal mining industry after the big rise in oil prices that stimulated a new demand for coal (Clayton, 1995; Couto, 1992). A higher per capita income, as other scholars indicated, may be attributed to the effect of the 1960s' numerous social and economic programs. Others point to the temporary successes of efforts of the Appalachian Regional Commission in promoting development in Appalachia (Gaventa & Lewis, 1989).

Residents of the Westcentral Kentucky have clearly enjoyed a comparative advantage in per capita income over residents of Appalachian Kentucky; this translates to $632 (over 76%) more per person per year in 1960, and $3,983 (or 50%) more per person per year in 1990. The economic well-being of both regions significantly improved in recent years, but this improvement was a little faster in Appalachian Kentucky relative to the Westcentral Region. Nevertheless, both regions of Kentucky showed similar trends in percentage change in per capita income.

One must consider, of course, the cost and standard of living differentials between the two regions. Obviously, it costs less to live in Appalachian Kentucky than it does in most areas in the Westcentral Region. Rents and housing cost less, and the style of life in Appalachian Kentucky Region is oriented toward less costly types of activities. However, the cost of living and lifestyle norms are not the same in every corner of Appalachian Kentucky (e.g., McCreary or Meneffee counties) as in Westcentral Kentucky -- e.g., Fayette or Jefferson counties (Clayton, 1995; Couto, 1992). Despite that, there are major variations in industrial composition and occupational structure of the labor force in the two regions, economic disparities are substantial and meaningful (Table 7-6).

Table 7-6: Per Capita Income, Yearly Average for Percentage Change, Appalachian and Westcentral Regions of Kentucky, for Selected Years

Region	Income Per Capita ($)					
	1959	1959-69	1969-74	1974-79	1979-84	1984-89
Appalachian Kentucky	$831	$1,613	$2,773	$4,774	$6,291	$7,934
Yearly Average of Percentage Chan		9.41%	14.39%	19.61%	6.35%	6.62%
West/Central Region	$1,462	$2,628	$3,942	$6,288	$9,215	$11,917
Yearly Average of Percentage Chan		7.97%	10.00%	13.92%	9.31%	8.95%

Sources: County and City Data Book, 1962-1980, and US Census Reports 1950-1990.

In regard to per capita income, the above analysis suggests that what has happened in Appalachian Kentucky is similar to what has happened throughout Appalachia and in its three subregions, especially the Central Subregion. Richard Couto (1992) presented data that clearly show that the region lags behind the national average in per capita income, and more so in the nonmetropolitan counties than in the metropolitan counties (Table "The per Capita Income in Appalachia as a Percentage of the National Average, for selected years" presented above). The Central Subregion has always shown a disparity in per capita income with the national average, and greater than any other subregion. Nonmetropolitan counties of the Central Subregion have always shown the lowest per capita income (Clayton, 1995).

The data on per capita income clearly indicate a period of relative progress between 1969 and 1979. The gap in per capita income between Appalachian and Westcentral Kentucky

narrowed significantly. Similarly, Couto (1992) presented data for the same period of time, 1969-79 showing that the gap in per capita income narrowed between Appalachia, when examined as a region or examined as three subregions, and the subregion counties classified by metropolitan and nonmetropolitan and the rest of the country (Clayton, 1995). However, the gap in per capita income between the two regions of Kentucky widened again. Similar results for Appalachia, its three subregions, and subregion counties classified as metropolitan and nonmetropolitan, and the rest of the country were reported (Couto, 1992).

Richard Couto (1992:5) states: "For example, counties in central Appalachia increased their per capita income, as a percent of national per capita personal income from 1969 to 1979 by 11.3%. However, the same set of counties saw the largest decrease in their relation to the national figure in the following ten years, -6.0%." The principle explanation for these declines laid in the major cutbacks in government programs. However, the only progress witnessed between 1969 and 1979 and continued from 1979 to 1989, was in southern subregion of Appalachia (Clayton, 1995).

Income differentials and social class are obviously linked, the first shapes the structure of the second. Also, the effects of social class on income differentials have

been widely documented (Schwarzweller, 1971; Sewell & Houser, 1975). We speak of social class as large groupings of individuals with similar socioeconomic status, who share common experiences and life chances, and a common culture by virtue of similar situations and power (or lack of power) in the marketplace. We also speak of social class as it refers to the kinds of stratified groups peculiar to modern economically developed societies (i.e. the US), where social class helps unravel the basis of social structure and of the origins and trends of social and economic inequality, and reflects judgments about the relationships within and between groupings of people (Walton, 1990:138-143).

Social class position provides a frame of reference from which career goals emerge and income is determined. The three main classes identified for my purposes here are: an upper elite of owners, managers, and top public officials; a middle class of non-manual white-collar workers and owners of small businesses; and a working class of manual service workers and nonfarm laborers. One limitation of this social class division resulted from the omission of a category that combines "farm and forestry (all levels)." We were unable to differentiate between the various levels (Edward, 1943).

However, such social classes are not clearly defined

with well-marked boundaries; social classes presume a certain consciousness of belonging. While the disparities between social classes are important, the key question has always been about the stability of social class structure and the extent of its influence on peoples' lives. Social class analysis, over time, therefore, aims to determine whether distinct classes are converging in a middle class mass, as envisioned for the United States, or polarizing between a pinnacle of privilege and an impoverished mass (Walton, 1990:137). In that, they may reflect on the economic well-being of regions and the economic gap between them.

While generally perceived as middle class society, America may have difficulty remaining so (Kuttner, 1983:60). For possibly a century now, conventional wisdom has held that class divisions in the US are narrowing. Contrary, a new style of class analysis shows, however, that the class division in the United States, is widening (Walton, 1990:137). Both the type of jobs and the kind of people who work at them, have dramatically changed over a century. The two most significant trends apparent in the US job market are that farm workers (owners and managers), once the largest job category, steadily declined to about 3.1% of the labor force in the United States, and a shift of workers

occurred away from manufacturing and other blue-collar jobs into white-collar and services occupations (US Bureau of the Census, *Statistical Abstract*, 1988:380-89).

Table 7-7: Social Class Structure of the Labor Force, Appalachian Kentucky, 1940-1990 (percentage of total persons employed)

Occupation	1940	1950	1960	1970	1980	1990
(Total Persons Employed)	187,912	198,920	141,658	148,044	215,176	224,566
Upper Elite	9.5	11.0	16.7	19.1	18.3	21.3
Middle Class	40.9	52.5	54.2	57.1	65.0	57.4
Working Class	10.6	10.7	14.7	20.2	14.5	19.0
Farm, forestry (all levels)	38.3	24.2	10.5	3.5	2.3	2.3
Occupation not reported	0.7	1.5	4.0	-*	-*	-*
Total	100	100.0	100.0	100.0	100.0	100

Sources: US Census Reports, 1940-1990
* Data not reported

Over the years, Appalachian Kentucky displayed significant growth in its middle social class. At the same time, its upper elite class and the working class appear to have polarized at the expense of persons employed in all levels of farm and forestry occupations. The percentage of persons employed in middle class jobs more than doubled, between 1940 and 1990, while the working class was a little shy from doubling (Table 7-7).

For the upper elite and the working poor classes, the percentage of persons employed had declined in 1980, before increasing again in 1990. While the upper elite increased from 9.5% in 1940 to 21.3% in 1990, the working class

increased from 10.6% in 1940 to 19% in 1990. Polarization, despite the short lived decrease in the upper elite, and more significantly in the working class in 1980, is evident (Figure 7-3), and that was at the expense of the fade of farm and forestry occupations. Notwithstanding, by 1990 farming was more limited in Appalachian Kentucky than it was in 1940. The "farm, forestry" occupations had declined from 38.3% of persons employed in 1940, to 2.3% in 1990, a drop of 36 points that wiped out a total of 66,623 such jobs in Appalachian Kentucky (Table 7-7).

Table 7-8: Social Class Structure of the Labor Force, West/Central Region of Kentucky, 1940-1990 (percentage of total persons employed)

Occupation	1940	1950	1960	1970	1980	1990
(Total Persons Employed)	659,651	756,066	794,286	940,714	1,172,870	1,339,394
Upper Elite	12.4	13.9	16.2	18.7	21.7	25.2
Middle Class	34.5	43.9	49.4	57.5	58.4	53.0
Working Class	16.6	14.8	15.3	17.0	15.1	17.8
Farm, forestry (all levels)	35.8	25.8	14.4	6.8	4.8	3.9
Occupation not reported	0.8	1.5	4.7	-*	-*	-*
Total	100	100.0	100.0	100.0	100.0	100

Sources: US Census Reports, 1940-1990
* Data not reported

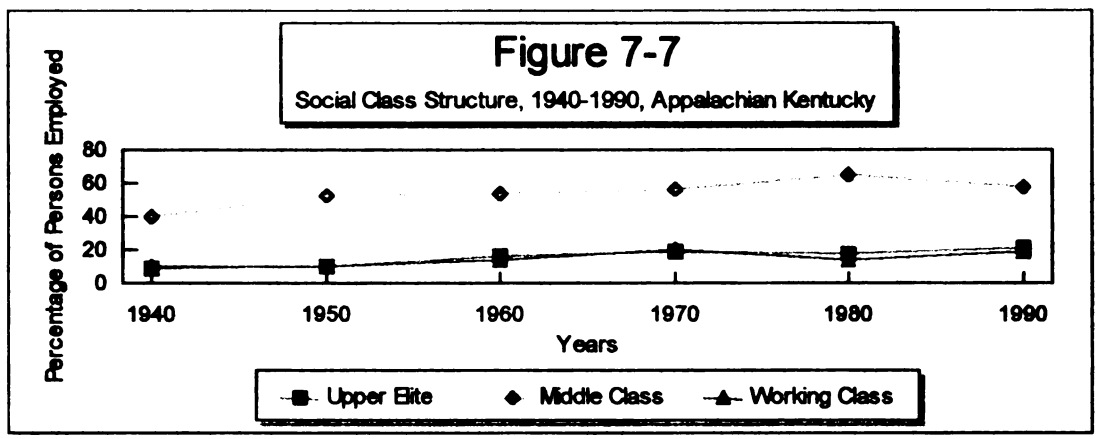
Westcentral Kentucky exhibited similar trends. The upper elite has gradually increased from 12.4% employed in 1940, to 25.2% in 1990. Meanwhile, while both the middle and the working classes fluctuated over the years, in the

final analysis both have increased since 1940. While the middle class gained about 18.5 points in fifty years, the gain in the working poor class proportion was only 1.2 points (Table 7-8).

The "farm, forestry" occupations in the Westcentral Region has lost about 31.9 points over the same period of time. This translates as the disappearance of a total of about 183,514 farming and forestry jobs in fifty years (Table 7-8). The loss of more than 66,600 farming and forestry jobs in fifty years in Appalachian Kentucky, representing a 92.7% reduction, while losing 183,514 jobs in Westcentral Region, represented a 77.7% reduction in employment in this occupation. This is a clear indication of the faster loss of employment in the farm and forestry occupations in Appalachian Kentucky (Table 7-7).

Polarization in the social class structure of Appalachian Kentucky was more evident by 1990 (Figure 7-4). Percentage of persons employed in the upper elite class had increased by 11.7 points over the 50 year period, but the percentage of persons employed in the working class increased only by 8.4 points. Meanwhile, the data display an increase of about 16.5 points in the percentage of persons employed in the middle class. The 1960 and 1970 data show fewer persons employed in Appalachian Kentucky

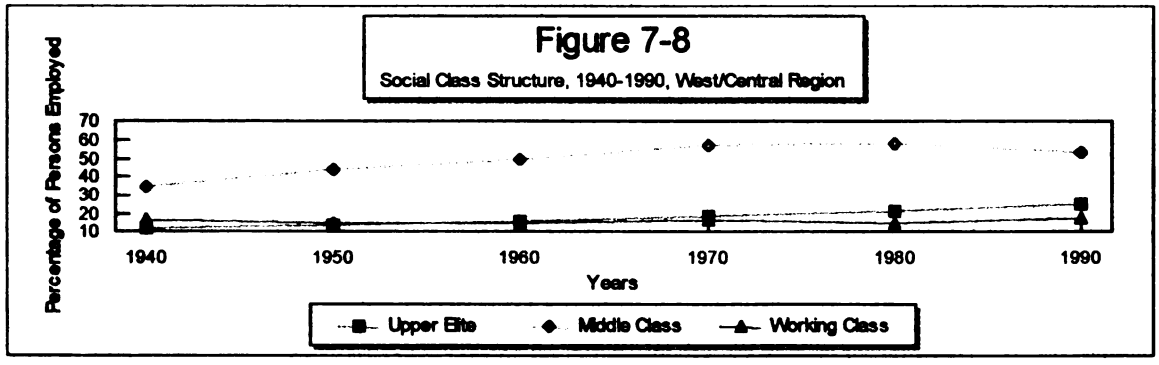
than in 1950. However, the number of persons employed increased by 19.5 points in 50 years, or by about 36,654 more employed persons.



In comparison, Westcentral Kentucky features a more obvious case of polarization in its social class structure over the same period of time (Figure 7-8). While the percentages of persons employed in the upper elite and middle classes increased by 12.8 points (more than doubled) and 18.5 points respectively over the 50 year period, the percentage of persons in the working class only increased by 1.2 points (Table 7-7).

By 1980, the percentage of persons employed in the working class actually decreased by 1.9 points over 1970, and increased by 2.7 points by 1990, to make up for the loss of the previous decade, and to accumulate an increase of 1.2 points in 50 years. Unlike Appalachian Kentucky, the number

of persons employed was steadily increasing, and since 1940 that number has doubled, from 659,651 in 1940 to 1,339,394 in 1990, reflecting the economic strength of the region relative to Appalachian Kentucky (Table 7-8). Westcentral Kentucky represents a less obvious case of polarization of the social class structure. While the upper elite increased significantly, the working class increase was negligible (Figure 7-5). Notwithstanding, farming became significantly more limited in Westcentral Kentucky in 1990 than it was in 1940. The percentage of persons employed in farming and forestry occupations (all levels), composed of more than one third of the total persons employed in 1940, decreased to only 3.9 % of the total number of persons employed in 1990. This translates to a loss of more than 183,514 farming and forestry jobs, a 77.8% reduction in 50 years.



In the 50 years, both, Appalachian and Westcentral Regions displayed similar trends in social class

restructuring. While conventional wisdom envisioned the United States to have converged into a middle class society, these data manifest a different reality: social classes, in both regions, have diverged gradually, and polarization is evident, though it was faster and in greater magnitude in the Appalachian Kentucky. By 1990, in both regions of Kentucky, the upper elite social class displayed significant increases but in a slightly greater magnitude in Appalachian Kentucky. As the upper elite and working class increased in both regions, both increased faster and in greater magnitude in Appalachian Kentucky. However, only the middle class, though it increased significantly in the two regions, grew faster and in a greater magnitude in Westcentral Kentucky (Table 7-8).

Westcentral Region of Kentucky, nonetheless, exhibits a more sophisticated labor force compared to Appalachian Kentucky. As the data show, at first, the upper elite class was growing faster in Westcenteral Kentucky but accelerated much faster in Appalachian Kentucky for two consecutive readings of 1960 and 1970 before this trend was reversed to grow faster in Westcentral Kentucky. The trend of growth of the middle class, as the data show, was much faster in Appalachian Kentucky from 1940 to 1980, before it decreased in both regions in 1990. The decrease, however, was greater

in Appalachian Kentucky.

Conversely, Westcentral Appalachia started with a much larger percentage of persons employed in the working class in 1940. That percentage fluctuated in the years after 1950, but eventually increased. Appalachian Kentucky too fluctuated in the percentage of persons employed in the working class. But this eventual increase was sharper in Appalachian Kentucky. The overall increase in the percentage of working poor was about 6.5 times larger in Appalachian Kentucky -- an increase of about 8.4 points compared to 1.3 points for both regions respectively.

Poverty and Unemployment

Poverty levels and unemployment rates, derivatives of per capita income, are widely used as measures of the economic well-being of people, communities and, therefore of regions. Most scholars have no doubt that some of the more depressing economic problems, and also important causes of poverty, are unemployment and nonparticipation in the labor force (Kimenyi, 1995:99-117).

By the 1940s and 1950s, Appalachian Kentucky became the main area of regional poverty within the United States (Caudill, 1962). The region's coal industry was badly

affected by adverse competition with cheap oil and natural gas and consequently, low wages, unemployment, and a dearth of local funding to modernize its infrastructure led to massive out-migration (Bradshaw, 1992). Approximately 75% of the 15-34 year old left the region between 1950 and 1970 for industrial cities to the north such as Cincinnati, Kedgwick, Detroit and some to Cleveland (Bradshaw, 1992; McCoy & Brown, 1981). On top of that, the region was hit with a flood in March 1963 that added to the plight caused by the declining coal industry (Bradshaw, 1992). Because of the low energy prices worldwide, Appalachian Kentucky was the poorest part of Appalachia in the 1950s. By 1959, Appalachian Kentucky had a per capita income of $831 compared to $1405 for all Appalachia and $1901 for the US as a whole -- or proportionately, 60% and 44% respectively (Bradshaw, 1992).

Table 7-9: Percentage of Families Below Poverty Level, Appalachian and West/Central Regions of Kentucky, 1969-1989

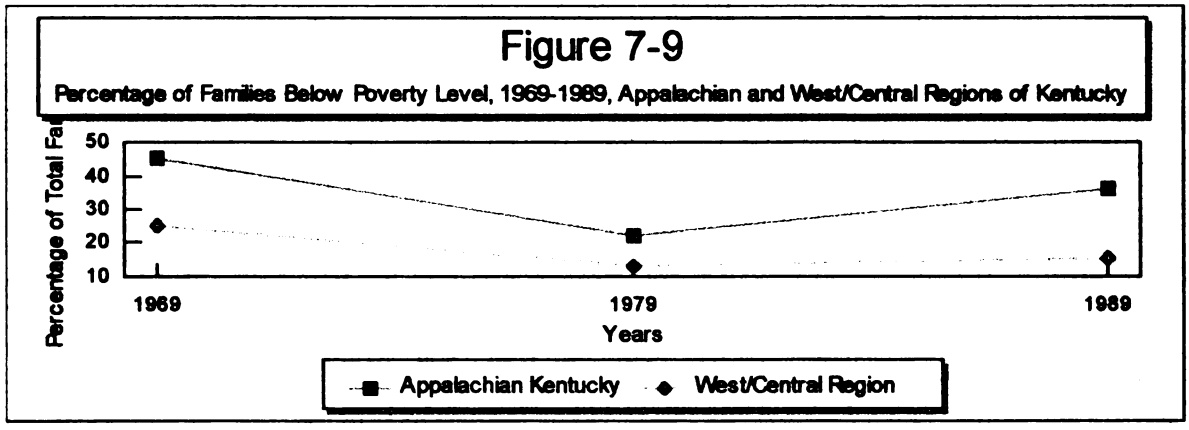
Region/State	1969	1979	1989
Appalachian Kentucky	45.0	22.3	36.0
West/Central Region	25.3	12.6	15.5
Kentucky Total	29.2	14.6	19.2

Sources: US Census, 1970, 1980, and 1990

Available data on poverty, compiled from the US census records for 1969, 1979, and 1989, show that a much higher proportion of families lived under the poverty level in Appalachian Kentucky compared with the Westcentral Region (Table 7-9). The data indicate that the percentage of families living under the poverty level, while declined by 1979, from 45% to 22.3%, went up again in 1989 to reach 36%, close to the 1969 levels. The principle explanation for the big decrease from 1969 to 1979 of families living under the poverty level (from 45% to 22.3%) was a boom in the coal mining industry stimulated by higher oil prices on the world market (Clayton, 1995). This period of relative progress many be attributed to the effects of the 1960s "Great Society" and the "War on Poverty" programs. No doubt too the activities of the Appalachian Regional Commission (ARC) contributed substantially to the relative progress of this particular period (Gaventa & Lewis, 1989).

Over the twenty year period the poverty level dropped only 9 points. This modest decline, coupled with a significant increase in the per capita income in Appalachian Kentucky (reported earlier) manifested an actual improvement in the economic well-being of the region and the people who live there, compared with the situation in 1969 (Table 7-7). The economic gap significantly narrowed between Appalachian

Kentucky and the Westcentral Region between 1969 and 1979, and despite the improvement displayed by both regions, it widened between 1979 and 1989 slightly more than it was in 1969 (Figure 7-9).



In comparison, the Westcentral Region of Kentucky displayed a similar pattern of poverty over the same period of time, 1969 and 1989. The percentage of families living in poverty dropped to a low of 12.6% in 1979, from 25.3% in 1969, then poverty again gained ground, rising to 15.5% in 1989 (Table 7-9). An important reason for that increase was the major cutbacks in government programs of the 1960s (Couto, 1992; Clayton, 1995). By 1969, as the data indicate, Appalachian Kentucky lagged behind the Westcentral Region in the percentage of families living in poverty by 19.7 points. After a period of relative progress between

1969 and 1979, the gap widened again in 1989 to 20.5 points. But compared to 1969, the two regions registered some progress where the percentage of families in poverty dropped by about 9 points in both regions (Table 7-9 & Figure 7-9).

One might argue that the regional differences are shocking, especially if one takes into account the differences in material standards of living and lifestyle norms, and if one recognizes that there are many, many poor, "forgotten" families struggling for survival in deteriorating urban neighborhoods in some of the largest cities in the State of Kentucky. But, most certainly, no families in contemporary America should be left to flounder along in poverty, whether in urban metropolitan centers or in more remote situations in Appalachian Kentucky.

In general, it is safe to conclude that the gap between the two regions of Kentucky in poverty rates has widened slightly since 1969. This widening poverty gap, though negligible, may be attributed again to cutbacks in the government programs and probably reflects the economic realities and the limitations of the services producing industries that were set to relocate and expand within rural regions in particular, as an alternative to the declining manufacturing industries (Pulver, 1988; Summers, 1988).

The labor force participation level is another indicator of regional economic well-being. Westcentral Kentucky showed a gradual increase in the proportion of adults (14 years and older for 1940-1960, and 16 years and older for 1970-1990) that participated in its labor force over the years. In comparison, Appalachian Kentucky showed a decrease from 1940 to 1960, and then increased in the decades thereafter, from 1970 through 1990. This reflects on the faster growth of the labor force and on the stronger more stable economy in Westcentral Kentucky.

Over the 50 year period, while the labor force participation rate grew by only 1.8 points in Appalachian Kentucky, it grew almost seven times as fast, by 12.3 points, in the Westcentral Region. Both regions, however, reflect gender variations in labor force participation patterns. Male participation in the labor force decreased while female participation significantly increased. The decrease in male participation in labor force in Appalachian Kentucky was about twice as large as in the Westcentral Region, -19.5 points and -9.3 points respectively. Female participation in labor force increased faster in Westcentral region than in Appalachian Kentucky, 54.3 points and 37.1 respectively.

It is obvious that Appalachian Kentucky lagged behind

mainstream America and Westcentral Kentucky in providing employment for women and in drawing them into the labor market. Although both regions made significant strides in female participation in the labor force over fifty years, the trend lines have not converge. Appalachian Kentucky lagged and continues to lag behind Westcentral Kentucky in male, female, and over all participation in the labor force. This generalization is further enforced by the observation that unemployment rates were reduced from 19.8% and 13.7% for Appalachian Kentucky and Westcentral Regions respectively in 1940, to 12.4 and 6.5 in 1990, a drop of 7.4 points and 7.2 points respectively.

Trends of unemployment rate reduction in both regions were similar over the years. Male unemployment rate reduction trends were alike in the two regions, though the reduction was larger in Westcentral Kentucky. Finally, for the female unemployment rate in particular, both regions showed almost equal rates since 1950, but Appalachian Kentucky showed higher rates in 1940 and in 1990. The reduction in female unemployment rate in Appalachian Kentucky was much faster than the Westcentral Region. However, both regions displayed similar trends of reduction. Still, Appalachian Kentucky lagged behind the Westcentral Region in all participation rates and all unemployment rates

as well.

Over the past fifty years, larger proportions of males and females became employed, and consequently, the unemployment rates were significantly reduced for male and females in both regions of Kentucky. While this reduction was much faster in Appalachian Kentucky for both the general and female unemployment, the reduction of male unemployment was faster in the Westcentral Region. As the trend of reduction was similar, the regional differences were negligible.

The increase in the female participation in the labor market and the decline in their unemployment rates reflect on the realities and limitations of the services producing industries. However, such industries seemed to have been relatively successful in relocating and expanding in the Westcentral Region of Kentucky, as will be reported later. The ability of such industries to replace the manufacturing industries in improving the economic well-being of regions is doubtful (Pulver, 1988; Summers, 1988).

While the proportion of adult females participating in the labor force almost tripled in Westcentral Kentucky, and more than tripled in Appalachian Kentucky since 1940, the proportion of adult male participation declined in both regions, with greater decline in Appalachian Kentucky. This

accompanies a decline of manufacturing industries in the region. By 1940, Westcentral Kentucky displayed a general trend of a slightly larger proportion of adults participating in the labor force, and maintained a lower unemployment rate that declined faster in Appalachian Kentucky, and dropped by 7.4 points, compared to a 7.2 points drop for Westcentral Kentucky. This indicates that the economic gap between Appalachian Kentucky and the Westcentral Region has narrowed over the last fifty years.

It has been documented that poverty and inequality, despite a brief period of revitalization in the late 1970s, have been a constant feature in many rural regions of America. Scholars indicate that young rural workers across America have been struggling to make a living, to earn enough to lift their families out of poverty. Despite all efforts to eradicate poverty in America, and despite a significant decline in the US poverty rate over the years (from 22.4 in 1959 to 13.5% in 1990), the absolute number of people who actually live in poverty has remained almost the same (Kimenyi, 1995:99).

Data compiled from US census records, 1959-1990, show that almost 39.5 million people were living under the poverty level in 1959 -- more than one fifth of the US population. Over the years, the poverty level decreased to

a record low of 11.1% in 1973, when only about 23 million people were then living under the poverty level. That was attributed, at least partially, to the many programs of the "Great Society" and the "War on Poverty" of the 1960s and to the regional development polices (Gaventa & Lewis, 1989). The poverty level rose again thereafter, but never reached the 1959 level (Kimenyi, 1995). But, by 1990, there were about 33.5 million people living under the poverty level in the United States, only 6 million shy of the 1959 figure and 3 million shy of the 1963 figure (*Current Population Reports*, 1991). The US censuses further indicate that while about one fifth of the US total population (19.5%, or about 36.5 million people) lived under poverty in 1963, only 13.5% or about 33.5 million people lived under the poverty level in 1990.

Duncan and Sweet (1992) indicate that the United States, according to the 1990 census, has over nine million people still living in poverty in rural areas. Also, Bern-Kulg (1992) indicates that about eight million people over the age of 65 live in rural areas, and many of them live in or near the poverty level. In America, more people lived under the poverty level in 1990 than in 1965 -- 33.5 compared to 33.2 million people respectively. Population increase and the recession of the early 1980s are cited as

causes. Most scholars have no doubt that some of the more depressing economic problems, and also important causes of poverty, are the unemployment and the nonparticipation in the labor force (Kimenyi, 1995:99-117).

Industry and Occupations

Kentucky presents a mixture of both the Midwest and the South. The Midwest orientation is more urban and characterized by manufacturing, while the Southern tends to be rural in nature, concentrating on agriculture and mining. Westcentral Kentucky represents the Midwest orientation and a large part of the agriculture based economy, 89 out of 120 counties in all. In comparison, Appalachian Kentucky was historically dependent on coal mining and subsistence agriculture, and as such was the poorest region of Kentucky. This economy is characterized by boom and bust cycles, which marked the region with high unemployment, large scale out-migration, substantial net population decline, and a high rate of public dependency (West, 1982).

Contrary to popular opinion, manufacturing contributes far more to Kentucky's economy than does agriculture and mining combined. The greatest single source of income is derived from manufacturing, where it is dominant along the

Ohio River corridor between the Ashland area in northeastern Kentucky, and the Paducah-Calvert City area in the extreme western part of the state. In addition, a manufacturing area is centered in Lexington; Louisville is the state's principal center of manufacturing. Manufacturing industries in Kentucky include steel, aluminum, machinery, chemicals, food, transportation equipment (automobile), tobacco products, and lumber and wood products. However, the various service producing industries combined make up the largest segment of the gross product of Kentucky. While agriculture is a very important source of income in Kentucky, it is almost confined to the state's Westcentral Region, and tobacco is a leading agricultural product; Kentucky ranks among the leading states in the production of tobacco. Notably, Kentucky as well as Michigan had a $2.9 billion income from agriculture in 1990 (The US Census of Agriculture, 1990).

Data compiled from the US census records, 1940 to 1990, show that the proportion of persons employed in manufacturing, while it increased significantly over the years in both regions of Kentucky, remained much higher in Westcentral Kentucky. The trend of growth in manufacturing employment in both regions is a straight line increase from 1940 to 1970, followed by a decrease in 1980 and in 1990

(Tables 7-10 & 7-11).

Tables 7-10: Appalachian Kentucky: Industry Composition of Labor Force, 1940-1990 (percentage of total persons employed)

Industry	1940	1950	1960	1970	1980	1990
(Total Persons Employed)	187912	198920	206315	148044	215176	224566
Agriculture**	39.0	24.3	13.8	4.2	2.0	2.1
Mining	24.9	28.7	8.4	11.9	17.7	11.5
Construction	2.4	4.0	6.4	9.0	7.0	6.9
Manufacturing	6.2	8.6	16.3	16.6	14.4	13.2
Service Industries***	26.5	30.0	52.0	58.3	58.8	66.3
Not reported	1.1	4.4	3.1	-*	-*	-*
Total	100	100.0	100	100	100	100.0

Source: US. Census Reports, 1940-1990.

* Data not reported.

** Includes forestry and fishery.

*** Includes transportation, communications, utilities, wholesale and retail, finance, insurance, real estate, business and repair services, personal services, entertainment and recreation, public administration, education, professional, health, and welfare.

The data also indicate that it took Appalachian Kentucky fifty years to reach the level of manufacturing employment that Westcentral Kentucky had in 1940. the proportion of persons employed in manufacturing in Appalachian Kentucky in 1990 was 13.2%, equals to the 1940 figure for Westcentral Kentucky. For Westcentral Kentucky, the proportion of persons employed in manufacturing in 1990 was 20.5%. The 1970 to 1990 decrease in manufacturing employment was faster and in greater magnitude in Westcentral Kentucky comparison to Appalachian Kentucky, 6.5 points and 3.5 points for the two regions respectively.

However, there were about 58,271 fewer persons employed in Appalachian Kentucky in 1970 than there were in 1960.

Tables 7-11: Westcentral Region of Kentucky: Industry Composition of Labor Force, 1940-1990 (percentage of total persons employed)

Industry	1940	1950	1960	1970	1980	1990
(Total Persons Employed)	659651	756066	729629	940714	1172870	1339394
Agriculture**	36.1	26.1	14.3	7.2	4.8	4.1
Mining	2.1	1.7	2.8	1.1	1.6	0.9
Construction	4.7	6.1	6.3	6.7	5.9	6.2
Manufacturing	13.2	17.7	22.6	27.0	24.0	20.5
Service Industries***	42.5	41.3	50.4	58.0	63.7	68.3
Not reported	1.3	7.2	3.7	-*	-*	-*
Total	100	100.0	100	100	100	100.0

Source: US. Census Reports, 1940-1990.

* Data not reported.
** Includes forestry and fishery.
*** Includes transportation, communications, utilities, wholesale and retail, finance, insurance, real estate, business and repair services, personal services, entertainment and recreation, public administration, education, professional, health, and welfare.

Notwithstanding, while the proportion of persons employed in manufacturing increased from 16.3 in 1969 to 16.6 in 1970 in Appalachian Kentucky, the absolute number decreased by about 9,372 persons. The region did not recover the 1960 to 1970 loss of manufacturing employment, even with the increase in the absolute number of the total persons employed in 1980 and again in 1990 (Table 7-10). In contrast, though the Westcentral Region showed a similar trend in manufacturing employment growth over the years, the absolute number of persons employed kept on rising in the

Region, and doubled by 1990. The four and a half points increase in the proportion of manufacturing employment, between 1960 and 1970, translated into about 89,097 more persons employed in manufacturing. This is an indication of a healthier economy compared to Appalachian Kentucky. The three points decrease in the proportion of persons employed in manufacturing between 1970 and 1980 was actually an increase of 27,897 in the number of manufacturing jobs. However, the 4.5 points decrease in the manufacturing employment between 1980 and 1990 represented a loss of 7,312 manufacturing jobs in ten years. Westcentral Kentucky had 6,919 fewer manufacturing jobs in 1990 than it had in 1970 (Table 7-11).

Over fifty years, from 1940 to 1990, the proportion of persons employed in manufacturing in the two regions of Kentucky increased almost equally, by about seven points. While the total persons employed increased by only 19.5%, or by 36,654 persons in Appalachian Kentucky, the total persons employed in Westcentral Kentucky increased by about 103%. A total of 679,743 new persons employed were added in fifty years. In other words, the total number of persons employed doubled in Westcentral Kentucky, indicating the strength of the economy compared to Appalachian Kentucky economy.

For the United States, the proportion of persons

employed in both manufacturing and construction in 1990 was 3 points less than what it was in 1980 (US census records, 1980 & 1990). This is an actual loss of about one million manufacturing jobs in ten years. Conversely, these same data indicate that the proportion of persons employed in the services producing industries in the United States in 1990 was up by 30 points over what it was in 1980. This is an increase of about 20 million new jobs in services producing industries in ten years (Kimenyi, 1995).

Similar trends for the proportion of persons employed in the services producing industries and in manufacturing were observed for Kentucky (US census records, 1940 through 1990). The data show a substantial increase of 39.8 points in the proportion of persons employed in the services producing industries in Appalachian Kentucky between 1940 and 1990. This increase of 39.8 points added about 14,588 new jobs in the services producing industries in Appalachian Kentucky over fifty years. The proportion of persons employed in the services producing industries in the Westcentral Region increased by 25.8 points; about 175,374 new jobs were added in services producing industries in 50 years.

The two regions of Kentucky experienced a significant loss in the proportion of persons employed in agriculture.

This loss was faster and in greater magnitude in Appalachian Kentucky, a loss of 36.9 points in fifty years, compared to Westcentral Region, a loss of 32.1 points. Thus, there were 13,525 and 218,197 fewer agricultural jobs in Appalachian and Westcentral Kentucky respectively. Both regions showe similar trends of agriculture employment. Subsistence agriculture faded away from the scene in Appalachian Kentucky long ago; since 1950 the region lagged behind the Westcentral Region in proportion of persons employed in agriculture.

Conversely, the proportions of persons employed in agriculture and forestry as well as in mining industries decreased greatly over the years. This decrease was much faster in Appalachian Kentucky (i.e. the proportion of persons employed in mining dropped from 24.9% in 1940 to 11.5% in 1990). This drop of about 13.4 points is an actual loss of about 4,911 mining jobs in the 50 years, compared to the loss of only 1.5 points in Westcentral Region, or an actual loss of about 10,196 mining jobs in 50 years (Table 7-9-10). And since Appalachian Kentucky is more dependent on mining for its livelihood, this decrease had much more profound effects on the economic well-being of Appalachian Kentucky. By 1950, agriculture, though dramatically reduced over the years, was no longer more common in Appalachian

Kentucky, compared to Westcentral Region. However, mining continued to be more common in Appalachian Kentucky.

Construction meanwhile strengthened in Appalachian Kentucky from 1960 through 1990, a reflection of activities of the Appalachian Regional Commission. The proportion of persons employed in construction grew faster in Appalachian Kentucky, where it increased almost three times, compared to Westcentral Kentucky. It should be noted that of all industries, Westcentral Region maintained, over the years, a larger proportion of persons employed in manufacturing. However, both regions, showed similar trends in the proportion of persons employed in services producing industries.

Patterned variations in the occupational structure and in the occupational status levels in the Appalachian Kentucky and in the Westcentral Region, although distinguishable, are by no means startling. Regional differences in the occupational structure of the labor force appear to be relatively slight. The proportion of persons employed in the professional, managerial, and upper technical class, as well as in sales and clerical jobs, has been on the rise. The proportion of persons employed in craft and operative occupations has declined slightly in Appalachian Kentucky, but has increased in the Westcentral

Region. The proportion of persons employed as service workers grew faster in Appalachian Kentucky, but it took Appalachian Kentucky fifty years to catch up with the Westcentral Region in the proportion of persons employed as service workers.

In general, both regions of Kentucky reflect a labor force structure of similar sophistication in 1990, where more than two thirds of the employed adults are employed in the three major occupations that compose the upper elite and middle social classes. The working poor class, in comparison, is less than 20% of the employed adults. The rest of the employed adults work in farming and forestry occupations at all levels, and this proportion of persons employed in these occupations was larger in the Westcentral Appalachia.

Farming & forestry work and laborer jobs, though they declined significantly since 1940, have been, contrary to popular opinion, far more common in the Westcentral Region. Also, the industry composition of the labor force in Appalachian Kentucky has been slower to change and to diversify than has the structure of its occupations. Today, most jobs, even those associated with mining and forestry in Appalachian Kentucky, require specialized skills, training, and education.

Migration Differentials

Migration and population growth, most scholars would agree, are sensitive indicators of the economic well-being of regions and of the people who live in them. The pull of better wages and more diverse job opportunities in the more prosperous region(s) or state(s), and the bust cycles of the economy of the marginalized rural regions, has induced many young educated people to move out of their rural areas to metropolitan & industrial centers and large cities. This was encouraged by governmental policies prior to 1950, when the US public policy used to follow an intervention strategy aimed at facilitating the movement of underemployed farm labor to metropolitan industrial centers and large cities (Summers, 1988:17). This was also encouraged by the rural regions rapidly supplementing farming with nonfarming activities (Schaffer, 1972).

Two major aftermaths of this policy are evident in both the sending and receiving regions. On the one hand, the sending regions, mostly marginalized rural regions, are continuously depleted and robbed of their capital (human, social and financial) that is much needed for growth, development and most fundamentally for their sustanaibility.

The receiving regions, on the other hand, have become more congested with people demanding a whole range of services (i.e. schooling, transportation, health, and housing). As marginalized rural regions continue to lose most of their young educated people to metropolitan industrial centers and large cities, communities are abandoned and then populations are soon comprised mostly of elderly people, children, and the unskilled and less educated. Such circumstances have far reaching effects that go beyond the sending and receiving regions to the economic well-being of the whole nation.

More than 1,200,000 persons entered the State of Kentucky during the thirteen year period (1980-81 through 1992-93) and well over 1,196,000 persons left the state. The state ended up with a net migration gain of 4,471 people only -- the difference between the in-migration of 1,201,032, and the out-migration of 1,196,561. While about 92,387 people left the State annually, an almost equal number (92,043) left annually (Tables 7-14).

Difficult economic times in the early 1980s resulted from an economic recession which spread nationally, and from major cutbacks in government programs. This is evidenced by the relatively higher number of out-migrants during the early 1980s. Between 1981-82 and 1984-85, about 402,575

people, or more than 100,000 annually, left Kentucky. The state maintained an out-migration average of 88,220 for the remaining nine years. In comparison, the state showed a more stable in-migration flow during the thirteen years. In all, Kentucky had a net-migration gain of only 343 people (Tables 7-15).

Despite the over all net-migration gain during the four year period, 1981-82 and 1984-85, Kentucky lost a total of 33,205 people, or 8,301 annually. Surprisingly, in 1985-86, Kentucky had a net-migration gain of more than 9,000 people. Then the state experienced a net-migration loss for the next three years, at an average of about 4,735 people, about half of the annual loss during the harder economic time of 1981-82 and 1984-85. This out-migration trend was completely reversed for the rest of the years through 1992-1993. The average net-migration gain displayed for the last four of the 13 years was 9,170 people (Table 7-15). It was not until 1989-90 that signs of economic recovery, from the

Table 7-14: Appalachian Kentucky: Net-Migration (County/Region to County/Region), 1980/81 Through 1992/93

Years	Total Net-Migrations	From/To Outside Appalachian K.	From/To State of Kentucky			From/To Ohio	From/To All Other States & Foreign
			Appalachian	West/Central	Unspecified		
1980-1981	(2,017)	(1,922)	0	563	(95)	(636)	(1,848)
1981-1982	2,729	2,608	0	(203)	122	590	2,221
1982-1983	3,062	2,757	0	(677)	325	673	2,761
1983-1984	(2,392)	(1,741)	0	(170)	(652)	(39)	(1,532)
1984-1985	(2,114)	(1,767)	0	(752)	(347)	75	(1,090)
1985-1986	2,557	2,331	0	538	226	58	1,736
1986-1987	(3,919)	(3,316)	0	(785)	(603)	(114)	(2,418)
1987-1988	(2,533)	(2,464)	(94)	(643)	26	(8)	(1,813)
1988-1989	(3,753)	(3,076)	0	(790)	(677)	51	(2,337)
1989-1990	(1,613)	(1,110)	0	(1,148)	(503)	(35)	73
1990-1991	529	702	0	(813)	(173)	(14)	1,529
1991-1992	884	874	0	(783)	10	101	1,556
1992-1993	1,130	1,089	0	(675)	41	153	1,611
Total (13 Years)	(7,429)	(5,035)	(94)	(6,338)	(2,301)	855	449

Sources: IRS Area to Area Migration Flow Data Files For 1980 to 1981 Through 1992 to 1993
(000) = negative number

economic hardships of the early 1980s, could be observed in the trends of migration in Kentucky. That is much later than Michigan, which started to recover as soon as 1985-86. It is obvious that while the trend of migration fluctuated over the years, the over all in-migration exceeded out-migration by more than 4,400 people (Table 7-15).

The pace of out-migrations was much faster during the early 1980s. About three quarters of the total out-migrants, or 414,776 (about 72%) left during the first five years (1980-81 and 1984-85) or about 83,000 people annually.

Table 7-15: West/Central Region: Net-Migration (County/Region to County/Region), 1980/81 Through 1992/93

Years	Total Net-Migrations	From/To Outside West/Central K.	From/To State of Kentucky			From/To Ohio	From/To All Other States & Foreign
			Appalachian	West/Central	Unspecified		
1980-1981	7,194	7,233	(523)	(506)	467	(683)	8,439
1981-1982	(6,458)	(6,123)	378	434	(769)	965	(7,465)
1982-1983	(6,220)	(5,944)	531	351	(627)	894	(7,369)
1983-1984	(10,547)	(10,799)	147	1,175	(922)	1,122	(12,068)
1984-1985	(12,203)	(12,540)	403	193	144	305	(13,247)
1985-1986	7,494	7,630	(504)	267	(403)	(121)	8,254
1986-1987	(5,371)	(6,141)	301	(104)	873	(63)	(6,379)
1987-1988	904	343	600	(306)	867	572	(829)
1988-1989	522	(107)	762	121	508	858	(1,727)
1989-1990	5,575	4,966	986	(134)	743	693	3,287
1990-1991	2,139	1,672	813	0	467	541	318
1991-1992	17,545	17,030	783	0	515	940	15,307
1992-1993	11,850	11,298	675	0	552	1,500	9,123
Total (13 Years)	12,425	8,519	5,351	1,492	2,414	7,523	(4,355)

Sources: IRS Area to Area Migration Flow Data Files For 1980 to 1981 Through 1992 to 1993
(000) = negative number

Only about 28% of the total out-migrants, or 159,979 people left over the remaining eight years, 1986-87 to 1992-93. That is a little less than 20,000 people annually (Figures 7-28 & 7-29). This clearly indicates the positive

relationship between economic well-being of regions and the dynamics of migration flows (Murdock et al., 1993). Social ties and institutional structures; government welfare programs and corporation relocation; and family networks and community attachment impact migration behavior. It should also be noted, that during the ten year period of 1980-1990, Kentucky's population increased by 65,508 people, from 2,912,340 in 1980, to 2,977,848 in 1990, an indication that natural increase, through births, is still high in the state.

As noted earlier, it seems reasonable to regard the economic downturn (bust) in any one of two regions of Kentucky, as a push factor, and the economic boom as a pull factor for potential migrants. The almost equal numbers of the in-migrants and out-migrants that entered and left Appalachian Kentucky over the 13 year period, 1980-81 to 1992-93, (171,827 and 176,862 respectively) may not be a clear cut indication of the economic-well being of that region. The net-migration loss of 6,035 migrants, over 13 years, or of 387 people annually, may have little to do with economic conditions. Conversely, Appalachian Kentucky, in the 1950s and 1960s, was dominated by out-migration, despite the high level of fertility during the "baby boom" period after World War II. Scholars indicated the reversal of that

trend by the 1970s, when most counties in Appalachian Kentucky had a net-migration gain of over 2%, despite the fact that the 1970s was a period of low fertility (Bradshaw, 1992).

During the 13 year period covered by the study, Appalachian Kentucky experienced a net-migration loss in seven years and a net-migration gain in six years. During these seven years of loss, Appalachian Kentucky lost a total of 15,395 people, or 2,199 annually. In contrast, six years of net-migration gain resulted in the region gaining a total of 10,360 people or 1,726 annually. In all, the region had lost a net total of 5035 people, or 387 people annually.

The data reveal that a total of 150,971 migrants, or about 88%, came to Appalachian Kentucky from other states or from foreign places, while a total of 20,856 migrants, or 12%, moved to the region from Westcentral Kentucky. During the 13 year period, however, only about 9,000 migrants, or 5.3%, came to the region from Ohio. More migrants from Appalachian Kentucky moved to Westcentral Region than the other way around. While 20,856 migrants left Westcentral Kentucky to Appalachian Kentucky, 27,197 migrants went in the opposite direction. About 12% of the in-migrants to Appalachian Kentucky came from Westcentral Region and about 15.4% of out-migrants went to Westcentral Kentucky.

In comparison, while 1,069,385 migrants entered Westcentral Kentucky, in the 13 year period, about 1,060,866 migrants left the region, for a net-migration gain of 8,510 migrants, or 655 annually. Population change and migration reflects on the economic well-being of regions: a positive population growth with a net-migration gain indicates a positive change in economic well-being of the particular region. To better assess the economic well-being of Appalachian Kentucky, the total movement of people to and from both regions of Kentucky, including within each of the regions, the age composition of migrants, education expenditure, transfers payments and health expenditures needs to be examined throughly.

The data reveal that most of the 120 counties of Kentucky have received migrants from and sent migrants to most other states, and some came or went overseas. Nevertheless, most movements occur between neighboring counties and within the same state in particular, and across the boarders of adjacent states. For example, over the 13 year period, 1980-81 through 1992-93, about half of those who movemed to Appalachian Kentucky originated in some county in Kentucky. Half of them were people who moved from one county to another within Appalachian Kentucky itself. The same is true for out-migration: about half of the

movement from Appalachian Kentucky counties left to some other counties in Kentucky, and half of them were people who moved a county to another within the region.

For Westcentral Kentucky, similarly, more than one half of the people who migrated, in the 13 year period, moved from one county to another within the state. Yet, more than half of those moved from one county to another county within the Westcentral Region. As expected, some counties, states, and countries are considered much more important origins and/or destinations than others, and at certain times than at other times. Appalachian Kentucky, the data reveal that while the region received annually an average of about 12% in-migration from Westcentral Kentucky and about 5.3% from Ohio, the region sent 15.4% of its out-migrants to Westcentral Kentucky and 4.6% to Ohio. It is noted that more in-migrants arrived in Appalachian Kentucky from Westcentral Kentucky than from Ohio -- three times as much. A thirteen year migration profile for the Appalachian Kentucky experience show the changes in trends of migrations for that region.

The 1992/93 IRS data files contain more data than the previous years. In addition to the number of tax returns filed and the number of exemptions, these data files provide information on aggregate income of households, aggregate

income of individuals, and per capita income. Because of that, these files were subjected to additional aggregations and analysis. While about 7,415 households (tax returns filed) entered Appalachian Kentucky in 1992-93, about 7,281 households left the region, for a net gain of about 134 households less in 1992/1993. Of those that entered, a total of 720 households, about 9.7% of the total, came from Westcentral Kentucky, and 309, about 4%, came from Ohio, and the rest of the households, or about 87%, came from other states or from foreign locations. Of those who left Appalachian Kentucky, a total of 1,139 (about 15%) moved to Westcentral Kentucky and 273 or 3.7% moved to Ohio. The rest have moved to some other state or foreign distenation (Tables 2-16; 6-17 & 6-18). This translates into 16,695 in-migrants compared to 15,565 out-migrants, for a net-migration gain of 1,130 people who migrated to Appalachian Kentucky in one year. Of the in-migrants a total of 1,482 migrants or about 9% came from Westcentral Kentucky and 691 or 4% came from Ohio, and the remainder of 87% from other states or foreign locations.

The aggregate income of the in-migrants totaled about $156,264,000, compared to a total of $159,454,000, for a net loss for Appalachian Kentucky of about $3,190,000. The data reveal that the average aggregate income of an in-migrant

household is about $21,461, and for an out-migrant household is $22,085. On average, each out-migrant household enjoyed an additional $634 a year over the in-migrant househol. Also, each individual out-migrant from Appalachian Kentucky enjoyed about $648 per person per year over the individual in-migrant. This clearly indicates that with all the progress made over the years, Appalachian Kentucky is still lagging behind the nation on per capita income, the main variable that measures the economic well-being of regions and people who live in them.

In comparison, a total of 41,210 households (i.e., filed tax returns) moved into Westcentral Kentucky, and a total of 35,593 households moved out of that region in 1992-93, for a net loss of about 5,617 households. About 1,139 households moved into Westcentral Kentucky from Appalachian Kentucky, and about 3,354 households came from Ohio,

Table 7-16: Migration Profile: Total Tax Returns Filed, 1992-93, Appalachian and West/Central Kentucky

Kentucky's Regions	Filed Tax Returns	From/To Outside Regior	From/To Kentucky			From/To Ohio	From/To All Oth States & Forei	County Non-Migrants
			Appalachia	West/Central	Unspecified			
Appalachian Kentucky								
In-Migration	9,850	5,754	2,435	720	1,661	306	4,728	180,180
Out-Migration	9,716	5,598	2,435	1,139	1,683	273	4,186	180,180
Net-Migration	134	156	0	(419)	(22)	33	542	0
West/Central Region								
In-Migration	77,283	41,210	1,139	29,878	6,195	3,354	36,717	1,006,055
Out-Migration	71,376	35,593	720	29,878	5,905	2,555	32,318	1,006,055
Net-Migration	5,907	5,617	419	0	290	799	4,399	0
Kentucky Total								
In-Migration	87,133	45,105	3,574	30,598	7,856	3,660	41,445	1,186,235
Out-Migration	81,092	39,332	3,155	31,017	7,588	2,828	36,504	1,186,235
Net-Migration	6,041	5,773	419	(419)	268	832	4,941	0

Sources: IRS Area to Area Migration Flow Data Files For 1980 to 1981 Through 1992 to 1993
(000) = negative number

comprising about 1.5% and 4.4% of the total households respectively. The bulk of the households (40,071 or 52%) came from other states or foreign locations. The 41,210 in-migrant households translates into about 160,371 in-migrants, about 3.9 exemptions per household, while the 35,593 out-migrant households translates into a total of 149,196 out-migrants, about 4.2 exemptions per household.

The same data reveal that while about 1,139 households (2,157 exemptions) came to Westcentral Kentucky from Appalachian Kentucky, about 720 households (or 1,482 exemptions) left Westcentral to Appalachian Kentucky. Conversely, more households were moved between Westcentral Kentucky and the State of Ohio than between the two regions

Table 7-17: Migration Profile, 1992-93, Appalachian and West/Central Kentucky Regions

Kentucky's Regions	Total In-Migrations	From/To Outside UP	From/To Kentucky			From/To Ohio	From/To All Oth States & Forei	County Non-Migrants
			Appalachia	West/Central	Unspecified			
Appalachian Kentucky								
In-Migration	22,469	12,915	5,774	1,482	3,780	691	10,742	449,128
Out-Migration	21,339	11,826	5,774	2,157	3,739	538	9,131	449,128
Net-Migration	1,130	1,089	0	(675)	41	153	1,611	0
West/Central Region								
In-Migration	162,528	87,086	2,157	62,328	13,114	6,018	78,911	2,277,275
Out-Migration	150,678	75,788	1,482	62,328	12,562	4,518	69,788	2,277,275
Net-Migration	11,850	11,298	675	0	552	1,500	9,123	0
Kentucky Total								
In-Migration	184,997	96,362	7,931	63,810	16,894	6,709	89,653	2,726,403
Out-Migration	172,017	83,975	7,256	64,485	16,301	5,056	78,919	2,726,403
Net-Migration	12,980	12,387	675	(675)	593	1,653	10,734	0

Sources: IRS Area to Area Migration Flow Data Files For 1980 to 1981 Through 1992 to 1993
(000) = negative number

of Kentucky. For that, a total of 3,354 household, or 6,018 exemptions, moved to the region from Ohio, compared to 2,555

households, or 4,518 exemptions who went to Ohio, comprising about 4.3% and 3.6% respectively.

In all, of the 1,139 net-migration gain that Appalachian Kentucky enjoyed in 1992-93, 153 or 13.4% came from Ohio, and at the same time the region lost about 675 households to Westcentral Kentucky. In comparison, of the 11,850 households Westcentral Kentucky gained through migration, 675 (5.7%) came from Appalachian Kentucky, while 1,500 (13%) came from Ohio and 6,123 came from other states and foreign locations. The proportion of net-migrant households who came from Ohio to Appalachian Kentucky was higher than to the Westcentral Region. In dollars, for Appalachian Kentucky, this trend of migration dynamics resulted in a loss of about $3,190,000 in one year of aggregate income, and the out-migrants enjoyed a sum of $648 per year per person, in per capita income, over that of in-migrants. Similarly, for the Westcentral Kentucky, while the migration dynamics resulted in a gain of about $132,778,000 in one year of aggregate income, the data show that out-migrants enjoyed a sum of $63 per person per year, in per capita income, over the in-migrants.

Out-migration, most scholars believe, has been a widely publicized feature of Kentucky in the 1940s, 50s and 1960s (Billings & Tickamyer, 1993; Bradshaw, 1995 Schwarzweller,

Table 7-18: Migration Profile: Aggregate Income (in $1,000), 1992-1993, Appalachian and West/Central Kentucky Regions

Kentucky's Regions	Aggregate Income	From/To Outside UP	From/To Kentucky			From/To Ohio	From/To All Oth States & Forei	County Non-Migrants
			Appalachia	West/Central	Unspecified			
Appalachian Kentucky								
In-Migration	211,386	121,567	55,122	14,142	34,697	6,972	100,453	4,737,908
Out-Migration	214,576	123,918	55,122	24,031	35,536	5,576	94,311	4,737,908
Net-Migration	(3,190)	(2,351)	0	(9,889)	(839)	1,396	6,142	0
West/Central Region								
In-Migration	1,950,518	1,077,990	24,031	737,214	135,314	95,996	957,963	31,686,551
Out-Migration	1,817,740	952,223	14,142	737,214	128,303	70,543	867,538	31,686,551
Net-Migration	132,778	125,767	9,889	0	7,011	25,453	90,425	0
Kentucky Total								
In-Migration	2,161,904	1,161,384	79,153	751,356	170,011	102,968	1,058,416	36,424,459
Out-Migration	2,032,316	1,037,968	69,264	761,245	163,839	76,119	961,849	36,424,459
Net-Migration	129,588	123,416	9,889	(9,889)	6,172	26,849	96,567	0

Sources: IRS Area to Area Migration Flow Data Files For 1980 to 1981 Through 1992 to 1993
(000) = negative number

Brown & Mangalam, 1971; Photiadis & Schwarzweller, 1971). Well before 1940, and due to government policies and uneven development, and stimulated by enlisting in the armed forces, a stream of out-migration from Appalachian Kentucky, that usually moves northward to the neighboring industrial states of the Midwest seeking employment, was in place. The bust cycles of the economy of the extractive industries of Appalachian Kentucky, and the spilled out effects of the Great Depression of the 1930s, and the US involvement in World War II, only intensified such a stream. This stream of out-migration started to slow down only after the "Great Society," and the "War on Poverty" programs of the 1960s,

and after the government policy of rural development took effect in the mid-1970s. During the 1980s and early 1990s, while the State of Kentucky and its Westcentral Region displayed a net-migration gain, Appalachian Kentucky continued to show net-migration loss.

Appalachian Kentucky continued to lag behind and showed net-migration losses during most of the 13 years covered. Over the thirteen year period, the relative importance of both sending and receiving counties and states changed little, but Ohio continued to receive and send migrants to both regions of Kentucky, more than any other states, about 13% of the total migration flows, on average. Certain counties in Ohio (e.g., Hamilton) receive and send migrants more than other counties. When the economy is booming in a state or region, the number of in-migrants rise, and when the economy is busted, the number of out-migrants rises. For Kentucky and its two regions, the data reveal some stability in the spatial patterns of migration dynamics.

The demographic and the socioeconomic characteristics of migrants entering and leaving each of the two regions of Kentucky could not be examined at this time. However, we are able to draw some attention to the per capita income of migrants and to estimate gains or losses in the aggregate income that accompanies migrants entering and leaving each

particular region, and we can compare Appalachian Kentucky to the Westcentral Region for 1992-93. Aggregate income, average income per family and the per capita income of migrant households and individual exemptions very important indicators of the economic well-being of regions and of the people who move into or out of these regions.

Out-migrants from marginalized rural regions, as scholars indicate, are generally younger and better educated, while in-migrants are older people who chose to retire there and of people who are already established economically (see Lean, 1992; Rieger et al., 1973; Manson & Groop, 1992). The age structure of the populations of Appalachian Kentucky and Westcentral Kentucky could not be analyzed at this time either. Despite the particular importance of economic opportunities and amenities in stimulating migrants to move into or away from a region, the impact of migration flows on the quality of the work force, demands and costs for social services, and perceived opportunities for invested capital, in each region and state, could not be examined or analyzed.

Regional Perspectives

Most scholars agree that development involves an overall economic expansion, a massive transformation of the prevailing economic structure, and great social changes. An increase in size of the labor force accompanied by a shift in the industry composition and in occupational structure, typify economic expansion and economic structuring or restructuring (Brown, 1990). But only from an historical perspective do we know with certainty that development has or has not occurred, and only from an historical perspective are we able to discern the outlines of operant processes (Berry & Dahmann, 1977; Bigger, 1979; Short, 1971; Webber, 1899). But because of the unevenness of the process of development, some regions prosper while others do not (Davidson & Schwarzweller, 1995).

The population of Kentucky, over a 120 year period, has increased by almost 2.8 times, from 1,321,011 in 1870 to 3,685,296 in 1990. For Appalachian Kentucky, over the same period of time, the population increased by about 4.4 times, from 162,138 in 1870 to 707,448 in 1990. The proportion of the state's population that resides in Appalachian Kentucky had steadily increased until 1940, when America entered World War II. By 1950, that proportion started to decline

and continued to do so in the years thereafter. From about 12.3% in 1870, the proportion increased to a record high of about 28.2% (almost one third of the state population lived in Appalachian Kentucky in 1940) before it declined again to only about 19.2% in 1990.

Conversely, in the last 50 years, 1940-1990, the Appalachian Kentucky labor force increased by only about 19.5% with only 36,654 more persons employed (or new jobs). In comparison, over the same period of time, the Westcentral Kentucky labor force increased by about 103%, with about 679,743 more jobs. The increase in the Westcentral Kentucky labor force was accompanied by a marked decrease in the proportion and in the absolute number of agricultural employment (including forestry and fishery), and an increase of almost one third in proportion of manufacturing employment. For Appalachian Kentucky, while the decrease in agricultural employment was more severe, manufacturing employment was increasing faster. Both regions, nonetheless, featured a marked increase in the services industries employment.

One central goal of the federal post-war policy of regional and rural development of the 1960s was to affect the state of income redistribution by narrowing the economic gap between the marginalized rural regions and the more

affluent regions of the industrial mainstream of America (Kimenyi, 1995). This gap has been widened in the aftermath of the Great Depression of the 1930s. Appalachian Kentucky received much help from the Appalachian Regional Commission which was designed to left the region from persistent poverty. Billions of dollars were spent on infrastructure, since the 1960s.

For Appalachian Kentucky, the per capita income has indeed increased by about 9.5 times, since 1959. In comparison, over the same period of time, the per capita income in the Westcentral Region rose by about 8 times (Table 7-3). But of course poverty in Appalachian Kentucky was very bad in the 1950s, relative to Westcentral Kentucky. The gap in per capita income that Appalachian Kentucky exhibited over the years was mostly below the "institutionalized income disparity" of about 70%; the 70% figure is usually characteristic of similar marginalized rural regions. Noticeably, only in 1974 and 1979 did the per capita income in Appalachian Kentucky climb to this 70% "institutionalized income disparity" mark. Over the years, however, the two regions of Kentucky displayed similar trends in per capita income, and above all the pace of increase in the per capita income in the two regions were also similar. Obviously, this is a clear indication of a

comparable inflation rate in per capita income, but reveals no significant relative change in regional disparities.

Income differentials and social class are obviously linked -- the former probably shape the later -- and social class position provides a frame of reference from which career goals emerge and income opportunities are ascertained. In Appalachian Kentucky, while we observe a steady increase in the middle class over the years -- from 40.9% of the total persons employed in 1940 to 57.4% in 1990 -- the upper elite and the working classes appear to be polarizing. Such polarization occurred at the expense of persons employed in farm and forestry occupations. Over the years, both regions of Kentucky experienced a profound decline in the farm and forestry sectors -- from 38.3% and 35.8% for Appalachian and Westcentral regions in 1940, to 2.3% and 3.9% respectively. However, Appalachian Kentucky represents a more obvious case of social class polarization: there has been a discernable increase in the working poor and the upper elite sectors.

Despite all efforts, and the efforts of the Appalachian Regional Commission (ARC) in particular, the poverty rates in Appalachian Kentucky, even with a relatively brief period of revitalization during the 1970s, was and remained grossly high compared to the rest of Kentucky, Appalachia and the

nation. By 1940, close to half the families in Appalachian Kentucky (45%) were classified as living under the poverty level. It is true that a significant decrease in this proportion was achieved between 1969 and 1979, but by 1989 the proportion of families living under poverty had again increased to 36%. Over the years, regional differentiation in the proportion of families living under the poverty level remained almost the same: Appalachian Kentucky displayed a proportion twice as high as Westcentral Kentucky.

Importantly, the gap in the proportion of families living under poverty actually widened in recent years, from 19.7 points in 1969, to about 20.5 in 1989, despite the 1979 reduction in both regions. As the data reveal, Appalachian Kentucky is still lagging behind Westcentral Kentucky, and both still lag behind mainstream industrial America. Also, Appalachian Kentucky lags behind the Westcentral Region in drawing women into the labor force and in providing women with employment. Perhaps this later point is a key to understanding the persistent of poverty of Appalachian Kentucky.

As note, both regions of Kentucky showed a decline in the basic exporting industries -- manufacturing as well as agriculture, and that decline was more pronounced in Appalachian Kentucky. Both regions, however, also showed a

dramatic increase in the proportion of persons employed in the sector of services providing industries. By 1990, there were more service workers in each of both regions, but the increase in the proportion of service workers, over the 50 year period of the 1940 to 1990, was greater in Appalachian Kentucky than in the Westcentral Region. It is doubtful, however, that the increase in the services producing industries and the proportion of service workers could make up for the loss in the manufacturing and agriculture employments that any of the two regions suffered in 50 years. I believe that the socioeconomic changes in the Appalachian Kentucky have not been driven by internally generated self-sustaining growth or by conflictual relations among socioeconomic entities; Appalachian Kentucky lacks these kinds of growth engines.

Most of the funds obtained by the Appalachian Regional Commission were spent on infrastructure -- mainly highways. Education did not receive much attention and efforts, which was very much needed at the time to help alleviate the region from the misery of extreme poverty. Social change was not enhanced by substantial growth in educational opportunities. For individuals, education is a means of self-advancement; from societal perspective, educational institutions serve to train the workforce and assist people

in becoming viable members of the contemporary economy (Blaug, 1973, 1976; Layard & Psacharopoulos, 1974; Psacharopoulos & Woodhall, 1985). However, young better educated persons from Appalachian Kentucky continue to leave their rural communities and go northward to neighboring industrial states seeking employment. This is a clear indication of the continued disparity between Appalachian Kentucky and mainstream America.

In the aftermath of the many social and economic programs of the "Great Society" and the "War on Poverty" many residents of Appalachian Kentucky, as it is for residents of other marginal rural regions of America, expected an increasing probability of employment, higher wages, and upward mobility in occupational and social status, if not immediately then at least in the near future. But because development is uneven, some regions prosper while others do not, and those that do differ in the magnitude of prosperity. For that, Appalachian Kentucky had experience some improvement in its overall economic well-being, but not any where near to what one would have expected in the 1960s. The region, after the relative progress that was made during the 1970s, suffered from more chronic poverty in the 1980s, as it did before the 1960s; the gap was widened with Westcentral Kentucky in recent

years (Gaventa & Lewis, 1989).

The above findings, lend little support to our guiding hypothesis, the "Integration Hypothesis." This hypothesis speaks to the expectation that the economic gap between Appalachian and Westcentral Regions of Kentucky would have been narrowed significantly as a consequence of the 1960s federal policies of regional and rural development, and the extensive efforts of the Appalachian Regional Commission, or the (ARC). But our observations are not very encouraging: the economic gap has not been substantially narrowed, if narrowed at all, over the fifty year period. Instead, although some improvements were achieved, Appalachian Kentucky had much difficulty maintaining its development momentum.

Major critics of and opponents to the federal post-war policies of regional and rural development believe that the persistent of an economic gap between marginal rural regions and mainstream America, and the case of Appalachian Kentucky is another case in point, indicate the fundamental inefficiency of the 1960s federal policies to solve the problems of rural and marginalized regions of America.

The above analysis also illustrates both the relevance and limitations of conventional approaches to studying migration in the aggregate. Variables such as job

opportunities, wage rates, and information flows have noteworthy effects on migration streams. Other factors also found to have some effects include: export agriculture, land reform, economic and social class distinctions, infrastructure development, labor market segmentation, and the like (Brown, 1990). For Appalachian Kentucky, the pattern of migration continue to indicate the marginality of the region, by all accounts, in relation to Westcentral Region. However, the last three years indicate some improvement in the economic well-being of the region, as the region displayed some net-migration gain: this may be retirees who went back with their pensions and transfers payments, and may have stimulated some increase in the persons employed in the service producing industries, thus adding more service workers to the work force. But if this is so, it was not enough to show a narrowing of the gap between Appalachian and Westcentral Kentucky. Service workers are noticeably underpaid and their meager income will not do much to buster the average per capita income. The migration trend for the state of Kentucky has indeed changed; unlike the 1930s to 1960s and even 1970, Kentucky experienced a net-migration gain, according to our data. This conclusion seems in line with the net-migration gain that Appalachian Kentucky experienced in the three years

between the 1990-91 and 1992-93. Again, a changing employment structure in Westcentral Kentucky -- the significant decrease in manufacturing employment (-14.3% in 50 years) may have had more profound effect on the reversal in the pattern of migration in the Appalachian Kentucky.

Chapter VIII

Michigan's Upper Peninsula and Appalachian Kentucky

I now focus attention directly on comparing developmental changes over the past fifty years in Michigan's Upper Peninsula and Appalachian Kentucky. These were relatively marginalized areas of their states in the 1950s, peripheral to the mainstream, and both were part of what many economists and social statisticians regarded, during the depression era, as America's most difficult rural problem regions. But the situations were somewhat different. The Upper Peninsula was associated with the rapidly industrializing mid-west, and downstate Michigan, south of the bridge, was the world's center for automobile manufacturing. Appalachian Kentucky, on the other hand, was in the backyard of a rather poor state, and had to depend in large measure on developmental assistance from the federal government.

The previous two chapters explored within state differences, comparing upstate with downstate Michigan and eastern with Westcentral Kentucky. We observed that neither problem region has "caught up" with the more industrialized

sectors of their states. But in many ways, both problem regions are doing much better, economically and socially, than what had been the situation fifty years ago.

As one would expect, these are and remain "rural regions" of their states. There are no metropolitan centers, no major cities, and no significant industrial developments. Consequently, we are not surprised to observe that the current occupational structures are quite different, as compared with the downstate or Westcentral sectors. Migration streams are still out of these regions and toward areas of greater opportunity. What does surprise us, however, and causes me (especially -- as a student from a Third World context) feelings of despair, is the strong persistence of rural poverty in Appalachian Kentucky and the seeming inability of development programs to overcome the economic misery that characterized this region during the Kennedy presidential campaign.

Thus, in comparing the two problem regions one should bear in mind that, though they were poor in the 40s and 50s, they did not "start up" at the same level of development (see Rostow, on "take off points") and that they experienced quite different patterns of aid and intervention from the outside. Further, there are some important social and cultural variabilities that should be taken into account in

any interpretation of why the developmental processes in (and acting upon) these two problem regions did not result in similar outcomes -- if indeed, the outcomes are dissimilar, as I shall attempt to ascertain more directly in this chapter.

Michigan and Kentucky in Brief

But before doing that, lets take a look at how the larger context, the states of Michigan and Kentucky, compare in the 1990s, sixty years after the Great Depression. We know by now, and our observation was supported by the data presented in the last two chapters, that both Michigan's Upper Peninsula and Appalachian Kentucky remain rural, relatively poor and marginalized in relation to Michigan's Lower Peninsula and Westcentral Kentucky respectively. That is so, despite a fifty years of economic and rural development efforts to help such regions "catch up" and close the economic gap with mainstream industrial America. But, we also need to take into account how the states compare to each other after all the enormous efforts of economic and rural development. The following few paragraphs will shed some lights on this question.

It has been observed through statistics generated by

numerous scholars that Michigan is one of the centers for American industry and has, for many years, been far ahead of Kentucky in all economic and social indicators. Michigan encompasses 96,810 square miles, and ranks 11th among the states, while Kentucky encompasses 40,411 square miles and ranks 37th among the states. But, Michigan has 83 counties and Kentucky has 120.

In 1990, there were 9,295,297 people residing in Michigan; it ranks 8th among the states, with a population density of 163.6 persons per square mile. About 70.5% of Michigan's population is urban. Michigan's average annual change in population between 1980 and 1990 was +0.04%. The number of students enrolled in the institutions of public education was 2,069,284: 1,145,558 elementary, 436,367 secondary, and 487,359 in higher education. By 1988, there were a total of 101 institutions of higher education in Michigan (US Census Records, 1990). Data compiled from Michigan's Department of Education indicate that in 1993/94, the average per pupil expenditure, from all sources, was $5,071.2: $4,631 in Michigan's Upper Peninsula, and $5,511.4 in Michigan's Lower Peninsula. Also the average teacher salary, for the same year, was $40,770.9: $36,579.8 in Michigan's Upper Peninsula, and $44,962 in Michigan's Lower Peninsula.

Michigan's personal income in 1989 was $161.8 billion, and with that Michigan ranks 9th among the states. The median family income was $36,652 (Michigan ranks 16th), and showed a per capita income of about $17,407. By 1990, Michigan had a total of 3,894,000 persons employed in nonagricultural jobs: 968,000 in manufacturing; 920,000 in wholesale and retail trade; 627,000 in government; 900,000 in services producing industries; 152,000 in transportation and public utilities; 189,000 in finance, insurance, and real estate; and 138,000 in construction. Michigan also accumulated $2.9 billion in agricultural income in 1989. In 1991, the state produced a total of 313 million board feet of lumber production, and in 1988, its production of nonfuel mining was valued at $1.6 billion. In 1987, the manufacturing value added a total of $60.26 billion, and the services value added a total of $37.4 billion to the state's economy (US census, 1990; US Census of Agriculture, 1990).

In comparison, in 1990, there were 3,685,296 people residing in Kentucky; it ranks 23rd among the states, with a population density of 91.2 per square mile. In 1988, only 51.8% of Kentucky's population is urban. Kentucky's average annual change in population between 1980 and 1990 was +0.07. The member of students enrolled in the institutions of public education, in 1990, was 783,496: 459,216 elementary;

177,185 secondary; and 147,095 enrolled in higher education. By 1987, Kentucky had a total of 61 institutions of higher education (US census, 1990; US Census of Agriculture, 1990). Data compiled from Kentucky's Department of Education indicate that in 1993/94, the average per pupil expenditure, from all sources, was $4886.85: $4,924.1 in Appalachian Kentucky, and $4,869.6 in Westcentral Kentucky. Also the average teacher salary, for the same year, was $31,469.5: $31,182.8 in Appalachian Kentucky, and $31,756.2 in the Westcentral Regions.

In 1989, Kentucky's personal income was $51.2 billion, a little less than one third of Michigan's. The median family income was $27,028 (less by about $10,000 compared to Michigan's). While Michigan ranks 26th among the states, Kentucky ranks 46th among the states. Kentucky had a per capita income of $13,893 in 1989. The data indicate that Michigan clearly enjoyed more than $3,500 income per person per year over Kentucky. In Kentucky, the total number of persons employed in nonagricultural jobs in 1989 was 1,401,000: 284,000 in manufacturing; 347,000 in wholesale and retail trade; 253,000 in government; 313,000 in services producing industries; 77,000 in transportation and public utilities; 61,000 in finance, insurance, and real estate; and 66,000 in construction (US Census, 1990).

By 1989, Kentucky had $2.9 billion in agricultural income, similar to the industrialized northern state of Michigan. In 1991, Kentucky had a total of 553 million board feet of lumber production, and the nonfuel mining valued in 1988 about $345 million, while manufacturing value added a total of $18 billion in 1987, and services value added a total of $9.9 billion (US census, 1990; US Census of Agriculture, 1990).

The above brief review indicates that Kentucky lags behind Michigan on a host of economic indicators, importantly in median family income and per capita income. Also, Michigan has a larger proportion of persons employed in manufacturing (the good exporting jobs); larger personal income; larger population and thus labor force; larger number of students and institutions of higher education; larger area. Michigan has equal agriculture capability where agricultural income was $2.9 billion in both states in 1989. Thus, we should expect to find Appalachian Kentucky lagging behind Michigan's Upper Peninsula on most economic and social indicators.

Regional Differentials in Population Growth

According to the 1990 US Census, a total of 313,915

people lived in the fifteen counties that comprise Michigan's Upper Peninsula, 3.4% of Michigan's total population (Figure 2-M). In comparison, a total of 707,448 people lived in the 31 counties which comprise the Appalachian Kentucky region -- 17 in the subsistence agriculture area, and 14 in the Coal Mining area (Figure 2-K). This is 19.2% of the total population of the state of Kentucky (US Census, 1990).

The census records for 13 consecutive decades, 1870 through 1990, show different trend lines of population dynamics for Michigan's upper Peninsula and Appalachian Kentucky. Michigan's upstate region shows a sharp and steady increase in the absolute number of people over about a fifty year period, from 1870 to about World War I. Since then, the population stabilized at the 300,000 mark. Between 1870 and 1920, the UP population increased eight-fold, from 43,700 to 332,556. Heavy in-migration was stimulated by the rising demand for copper and the opening of area mines. Michigan's upstate region had more people in 1920 than in any other year since 1870. Thus, 1920 is the point of departure from population increase to decrease.

In comparison, the trend line of population dynamic for Appalachian Kentucky shows 1940 to be the point of departure from population increase to population decrease. For the

first seventy years, 1870 to 1940, there was a sharp and steady increase in the absolute number of people living in the region. In 1940, Appalachian Kentucky had more people than in any other year since 1870. Since 1940, though the population fluctuated, it stayed below the 1940 figure. Over the first 70 years, between 1870 and 1940, the region's population increased five-fold, for 162,138 to 802,840 (Table 8-1). Unlike Michigan's Upper Peninsula, however, the population of Appalachian Kentucky did not level off but rather decreased, and the region lost a total of 95,392 people over a 50 year period. Despite the decrease, the 1980 Census Records show a sharp increase in the population of the region relative the 1970. The population increase by 146,899 people in ten years, but not enough to make up for the losses of 50 years, since 1940.

Demographers note that the huge population increase in Appalachian Kentucky was caused mainly by unusably high birth rates. Beginning in the early years of the twentieth century, the bituminous coal industry arrived in Appalachian Kentucky to satisfy resource demands of an industrial economy many hundreds of miles distant (Pudup, 1990), and this also contributed to the population increase that the region experienced between 1870 and 1940.

The proportion of Michigan's population residing in the Upper Peninsula region over the years shows increased until 1910, the first fifty years, and a declined during the last seventy years, between 1920 and 1990. In contrast, the proportion of the population of the state of Kentucky that lived in the Appalachian region increased during the first seventy years, between 1870 and 1940, and decreased in the years thereafter, between 1940 and 1990.

The trends of population growth reflect the history of the social and economic transformation of the regions. Not surprisingly, Michigan's upstate and Appalachian Kentucky experienced somewhat different population growth trends over the years. For the first four decades, between 1870-80 and 1900-10, the population of the Upper Peninsula region grew significantly faster than that of Appalachian Kentucky. For the next three decades, between 1910-20 and 1930-40, the trend of population growth was reversed, and population growth was much faster in Appalachian Kentucky.

The much higher level of population growth demonstrated by Michigan's Upper peninsula between 1870-80 and 1890-1900, reflects on the heavy in-migration stimulated by the rising demand for copper and the opening of area mines at the turn of the century. As the copper rush slowed, population growth also slowed, and by the 1920s, on the eve of the

"Great Depression," the region experienced a negative population growth for the first time, reflecting the economic hardship of the region which in turn stimulated large streams of out-migration. Michigan's Upper Peninsula displayed very low but positive population growth in the 1930-40, 1950-60 and again in the 1970-80 decades.

In the 1930s, everywhere in America, production ceased and millions of workers became jobless. Many of these jobless workers returned to their farms in the rural regions to make-up for their lost incomes. Their return is reflected in positive but dramatically low levels of population growth in that decade. In the 1950s, as the copper mining industry in Michigan's Upper Peninsula showed some revival, more people moved in to benefit from this revival, resulting in the region experiencing another positive but also very low level of population growth. In the 1970s, however, the positive and relatively higher level of population growth that the Upper Peninsula experienced was a response to the "Great Society" and "War on Poverty" programs of the 1960s, and the effect of the post war policy of economic and rural development promoted by federal, state and local government. In the other four decades: 1920-30, 1940-50; 1960-70 and 1980-90, this region displayed negative rates of population growth.

In contrast, the much higher level of population growth demonstrated by Appalachian Kentucky between 1870-80 and 1890-1900 compared to other decades, resulted from the higher birth rates the region was known for until the 1940s. In addition, and beginning in the early twentieth century, the bituminous coal industry arrived in Appalachian Kentucky to satisfy resource demands of an industrial economy many hundreds of miles distant, but did not contribute much to the high levels of population growth that the region then displayed. Despite the slow down of the industry before the production ceased, in the weak of the "Great Depression" of the 1930s, Appalachian Kentucky continued to experience a relatively high level of population growth. By the 1940s, the region experienced negative population growth, for the first time, reflecting the economic hardship of the region, in relation to surrounding regions, that stimulated a stream of out-migration.

Appalachian Kentucky had negative levels of population growth in the decades thereafter, except the 1970-80 decade, where the region showed a significant increase in the rate of population growth of 24.4%. The decrease in rates of population growth in Appalachian Kentucky were much higher in the 1950s, 1960s and the 1980s compared to Michigan's Upper Peninsula during the same periods.

Similarly, while both Michigan's upstate and Appalachian Kentucky regions experienced positive population growth in the 1970s, it was five times higher in Appalachian Kentucky. Scholars attribute that to the special attention that was given to Appalachia when it became a ward of the federal government through the Appalachian Regional Commission (ARC) and the billions of dollars invested in its infrastructure (Gaventa & Lewis, 1989). This clearly reflect on this assertion and compared with the reality of Michigan's Upper Peninsula which was almost solely dependent on the downstate's economy for development.

In the 1930s, despite the fact that the Appalachian Kentucky was heavily effected by the "Great Depression," the region continued to show a relatively high level of population growth. Two main forces may have contributed to that: the first was the high birth rates the region was known for, while the other was the return of many jobless workers from industrial centers to their farms in rural Appalachia in their attempts to make-up for their lost incomes caused in the light of the closure of factories. The economic hardship and the chronic poverty of the 1950s, reflected in the heavy loss of population and in the region's highest negative population growth of -16.2%. Such economic hardships that caught the attention of scholars,

researchers and policy makers also. That instigated the launching of the Appalachian Regional Commission (ARC) in the early 1960s.

The above comparative statistics on population growth seem to reflect on the similarities and differences of Michigan's Upper Peninsula and Appalachia Kentucky labor markets. As noted, disparities have long characterized the two regions in relation to mainstream America (Clayton, 1995; Davidson & Schwarzweller; Schwarzweller, 1971; Schwarzweller, Brown & Mangalam, 1971; Schwarzweller & Lean, 1992). The percentage changes in population, in the 13 decades covered, provide more insights into the history of the population dynamics which are reflected in the relative economic well-being of the two regions.

Appalachian Kentucky enjoyed higher population growth over Michigan's Upper Peninsula in five of the twelve decades covered: 1910-20 through 1940-50 and in 1970-80. Michigan's upper Peninsula enjoyed higher population growth in seven of the 12 decades: 1870-80 through 1900-10; and 1950-60; 1960-70 and 1980-90. By the 1940s, migration from both regions started to assume large scale proportions and virtually all able bodied young men entered the armed forces. Also, many young women, older people and whole families moved from Appalachian Kentucky to industrial towns

of the Ohio Valley to work in the war plants (Schwarzweller, Brown & Mangalam, 1971:76-8). Consequently, World War II instigated a great change in the personnel make-up of both Michigan's Upper Peninsula and Appalachian Kentucky, and that generated significant losses of population.

Furthermore, the expanding manufacturing industries in Michigan's Lower Peninsula and in the neighboring states of Ohio, Indiana, and Illinois, stimulated by the outbreak of World War II, instigated streams of young and better educated migrants, who "took off" and left the rural communities in Michigan's Upper Peninsula and in Appalachian Kentucky, to seek employment, or to join family member(s) or friends in urban centers and large cities and in industrial centers of the specific states. For both regions, because of the large scale out-migration and a drop in the birth rate, a significant drop in population growth was observed except in 1970-80. In the 1950s, according to McCoy and Brown (1981), one third of the population left Appalachian Kentucky and moved to large cities and industrial centers in the neighboring Midwest states of Ohio, Illinois and Michigan. They went mainly to Cincinnati, Chicago, Detroit and to a lesser extent to Youngstown and Cleveland.

Income and Social Class Differentials

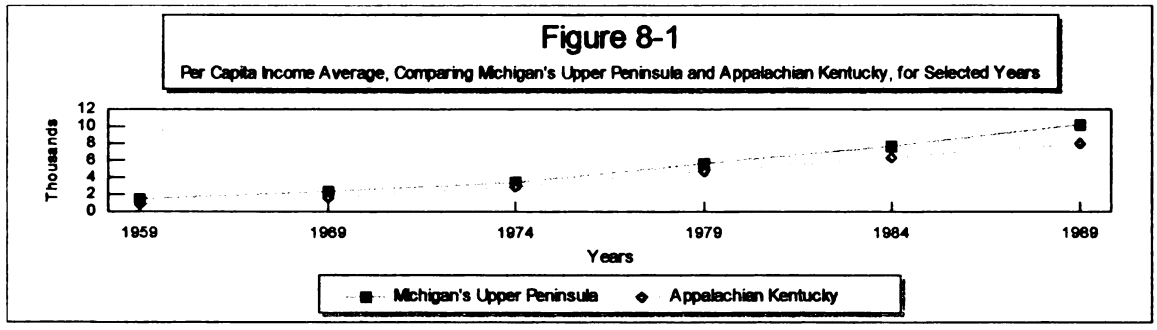
Income differentials represent the bottom line in comparing the economies of Michigan's Upper Peninsula and Appalachian Kentucky, and in assessing the economic life chances of families in these two regions. As noted, both Michigan's Upper Peninsula and Appalachian Kentucky have been economically marginal to and continue to lag behind Michigan's Lower Peninsula and Westcentral Kentucky respectively (Clayton, 1995; Couto, 1992; Lean, 1992; Schwarzweller & Lean, 1993). Consideration of income differentials between these two regions (i.e., when we compare these two regions) makes especially clear that Appalachian Kentucky lags behind Michigan's Upper Peninsula on many economic indicators. Of course, one must take into account variations in the industrial compositions and occupational structure of these two somewhat different labor markets.

Table 8-1: Per Capita Income Average and Percentage Income Disparity of Appalachian Kentucky Relative to Michigan's Upper Peninsula, for Selected Years

Region	Per Capita Income Average ($)					
	1959	1969	1974	1979	1984	1989
Michigan's Upper Peninsula	$1,392	$2,360	$3,509	$5,654	$7,661	$10,273
Appalachian Kentucky	$831	$1,613	$2,773	$4,774	$6,291	$7,934
Income Disparity of AK Relative to UP	59.7%	68.3%	79.0%	84.4%	82.1%	77.2%

Sources: County and City Data Book, 1962-1980, and US Census Reports 1950-1990.
** AK = Appalachian Kentucky = Areas 8 & 9

A relative bolstering in the pattern of per capita income is evident in 1974, 1979, 1985 and again in 1989 compared to 1959 and 1969. However, Appalachian Kentucky was worse-off in 1989, in terms of per capita income, than in any other year since 1969. Appalachian Kentucky made significant progress in per capita income in the fifteen years between 1974 and 1989 (Table 8-1 & Figure 8-1). During these fifteen years, four readings of per capita income were obtained, and Appalachian Kentucky is found to maintain a rate of disparity higher than the "institutionalized income disparity" of about 70% documented for the marginal rural regions relative to the mainstream industrialized America. This was, despite the fact that Michigan's Upper Peninsula itself is a marginal rural region that lags behind mainstream industrialized America, as represented by Michigan's Lower Peninsula.



Prior to 1974, the level of income disparity of Appalachian Kentucky relative to Michigan's Upper Peninsula was significantly less than the documented "institutionalized income disparity" of about 70% (59.7% and 68.3% for 1959 and 1969 respectively). This is another indication of the economic hardship that has characterized and dominated Appalachian Kentucky relative to other regions. These readings of the progress that Appalachian Kentucky has made in per capita income indicate the effectiveness of the tremendous ameliorative efforts of the that were made by the Appalachian Regional Commission (ARC) and other regional economic and rural development policy pursuits since the early 1960s. Huge investments were made by federal, state and local governments to eradicate poverty in Appalachia; many of these programs were quite successful relative to their stated goals. But, Appalachian Kentucky continues to seriously lag behind mainstream industrial America.

Per capita income has steadily increased in Michigan's Upper Peninsula from $1,392 in 1959 to $10,273 in 1989 -- an increase of 638% over thirty years. In comparison, in the same thirty year period, 1959 to 1989, per capita income has steadily increased from $831 in 1959 to $7,934 by 1989 for Appalachian Kentucky -- an increase of 855%. Clearly, per

capita income increased somewhat faster in Appalachian Kentucky. Appalachia, it seems, is "catching-up." But the regions economic progress, as we have noted, is slow and rather erratic.

From a relative perspective, Appalachian Kentucky has always lagged economically behind Michigan's Upper Peninsula, the rest of Appalachia, Kentucky and the nation. More details on the current economic status of Appalachian Kentucky were articulated by Couto (1992) and by Clayton (1995). It took Appalachian Kentucky a little more than thirty years, from 1940 to 1974, to display an income disparity rate at or above the "institutionalized income disparity" of 70% documented for the marginal rural regions in relation to mainstream industrial America. It took the tremendous efforts of the Appalachian Regional Commission (AEC); the billions of dollars invested in this region's infrastructure; and the benefits of the post war economic and regional policy with the numerous social and economic programs enacted in the early 1960s, to move the region from a 59.7% level of disparity to 79% level, in thirty years. Yet, the economic tide again turned for the worse in 1989.

The yearly average of percentage change in per capita income over the years indicates that Appalachian Kentucky was faster to economically progress, between 1959 and 1979,

than Michigan's Upper Peninsula. Only recently, in 1984 and in 1989, Michigan's Upper Peninsula exceeded Appalachian Kentucky in the yearly average of percentage change in per capita income. For twenty years, 1959 through 1979, Michigan's Upper Peninsula displayed a trend of gradually increased average annual change in per capita income. Between 1979 and 1984, the region displayed a sharp decrease in its average annual change in per capita income. Since then, and until 1989, the trend seems to level off. In comparison, Appalachian Kentucky also displayed a trend of gradual increase in the average annual change in its per capita income. However, this trend was short livid, only from 1969 to 1974, compared to the trend displayed by the UP, 1969-1979. Between 1974 and 1979, the average annual change in per capita income of Appalachian Kentucky was stabilized, before it was sharply decrease until 1984. The data continue to show a decrease in the region's average annual change in per capita income for the next fife year, but not as sharp.

Obviously, over the years, the relative gap in per capita income between Michigan's Upper Peninsula and Appalachian Kentucky was narrowed. Appalachian Kentucky showed higher percentages of economic disparity with the UP compared to the 1959. In that, it seems that Appalachian

Kentucky is "catching up" with Michigan's Upper Peninsula. However, the 1984 and 1989 readings of per capita income and of income disparity, represent a relatively wider gap in per capita income between the two regions, compared to the 1979 (Table 8-3 & Figure 8-3-a). The data show that both regions made the most progress in their per capita income between the years of 1969 and 1979, when the percentage change in per capita income during that ten year period reached record high -- 139.6% for Michigan's Upper Peninsula and 196.1% for Appalachian Kentucky.

Nontheless, the 1970s were marked by a revival in the coal mining industry, after the big rise in oil prices that stimulated a new demand for coal (Couto, 1992; Clayton, 1995). Also, the higher per capita income, other scholars indicate, may be attributed to the effect of the 1960s' numerous social and economic programs, but others still point to the short lived successes of the efforts of the Appalachian Regional Commission (ARC) to promote development in Appalachia (Gaventa & Lewis, 1989).

Over the years, residents of Michigan's Upper Peninsula have clearly enjoyed a comparative advantage in per capita income compared with residents of Appalachian Kentucky. While the former enjoyed about $561 (over 67%) more per person per year in 1959, this difference increased to about

$2,339 (about 30%) more per person per year in 1989 (Table 8-3 & Figure 8-3-a). It is obvious that, despite the little variations in industrial composition and occupational structure of the labor force in both regions, the economic disparities are substantial and meaningful. Also, the two regions continue to lag behind the national average in per capita income, and more so in the nonmetropolitan than in the metropolitan counties (Davidson & Schwarzweller, 1995; Clayton, 1995; Couto, 1992; Schwarzweller & Lean, 1993;).

As the economic well-being of both regions significantly improved in recent years, it improved somewhat faster in Appalachian Kentucky relative to Michigan's Upper Peninsula, until 1979. Since then, the trend reversed and Michigan's Upper Peninsula progressed somewhat faster. Nevertheless, the improvement was not enough for Appalachian Kentucky to catch up and close the economic gap with Michigan's upper peninsula, let alone with mainstream industrial America. In 1984 and in 1989, the percentages of the income disparity displayed by Appalachian Kentucky were smaller that of the 1979 year.

Income differentials and social class formation, according to Murdoch and Marsden (1994) are linked, and Murdoch and Marsden believe that the first shapes the structure of the second (Murdoch & Marsden, 1994). The

effects of social class on income differentials have also been widely documented (Schwarzweller, 1971; Sewell, 1957). We speak of social class as large groupings of individuals with similar socioeconomic status, who share common experiences and life chances, and a common culture by virtue of similar situations and power (or lack of power) in the marketplace. We also speak of social class as it refers to the kinds of stratified groups peculiar to modern economically developed societies (like the US), where social class helps unravel the basis of social structure and of the origins and trends of social and economic inequality, and reflects judgments about the relationships within and between groupings of people (Walton, 1990:138-143).

Social class position provides a frame of reference from which career goals emerge and income is determined. The three main classes identified for my purposes here are: an upper elite of owners, managers, and top public officials; a middle class of non-manual white-collar workers and owners of small businesses; and a working class of manual service workers and nonfarm laborers. One limitation of this social class division results from the inability to include a combined category of "farm, forestry (all levels)" due to the inability to differentiate between the various levels (Edward, 1943).

However, these social classes are not clearly defined with well-marked boundaries. While the disparities between social classes are important, the key question about them has always been the stability of their structures and the extent of their influence on peoples' lives. Therefore, social class analysis, over time, aims to determine whether distinct classes are converging in a middle class mass, as envisioned for the United States for example, or polarizing between a pinnacle of privilege and an impoverished mass (Walton, 1990:137). In that, they may reflect on the economic well-being of regions and the people who live in them, and the economic gap between poor and rich regions.

Contrary to conventional wisdom, a new style of class analysis shows the class division in the United States are widening (Kuttner, 1983:60; Walton, 1990:137) . Both the type of jobs and the kind of people who work at them have dramatically changed over this century. The two most significant trends apparent in the US job market are that farm workers (owners and managers), once the largest job category, steadily declined to 3.1% of the labor force, and a shift of workers away from manufacturing and other blue-collar jobs (goods exporting jobs) into white-collar and services occupations (US Bureau of the Census, *Statistical Abstract*, 1988:380-89).

Over the years, as documented in the previous two chapters, while Michigan's Upper Peninsula featured a fairy stable middle class, while at the time its upper elite and working poor classes displayed some polarization. On the other hand, Appalachian Kentucky featured quite a growth in its middle social class while and its upper elite and working poor classes displayed also polarization: but the polarization is more obvious in Appalachian Kentucky. This polarization in both regions was mainly at the expense of persons employed in all levels of farm and forestry occupations.

In the fifty years, 1940 to 1990, while the total number of persons employed increased by 45.4% in Michigan's Upper Peninsula, it increased by only 19.5% in Appalachian Kentucky. In 1940, in Michigan's Upper Peninsula had 13,726 person employed in upper elite jobs, 38,343 in middle class and 19,049 employed in working poor jobs. In comparison, in 1940, Appalachian Kentucky had 7,937 persons employed in upper elite jobs, 34,044 in middle class jobs and 8,790 persons employed in working poor jobs, and clearly lagged behind Michigan's Upper peninsula (Tables 8-5-b; 8-6-b).

During the fifty years, 1940-1990, Appalachian Kentucky progressed so much as to changed its social class structure completely: the number of persons employed in the upper

elite class increased by about 223.9%; and the working poor increased by 161.4%; while the middle social class increased only by 104%. These percentages reflect the magnitude of polarization which Appalachian Kentucky displayed. In comparison, the growth in number of persons employed in each of the three social classes grew much slower that Appalachian Kentucky, and the upper elite class grew much faster than the other two classes -- 103%, 52.6% and 57.4% for the upper elite, middle class and for the working poor respectively (Table 8-6-b). The above figures reflect a less wider case of polarization, compared to Appalachian Kentucky.

As noted, in both regions, this polarization was mainly at the expense of persons employed in all levels of farm and forestry. In 1940, farming and forestry occupations were far more common in Appalachian Kentucky compared to Michigan's Upper Peninsula. In Appalachian Kentucky, while the proportion of persons employed in farming and forestry occupations was 38.3% in 1940, it decreased to 2.3% only in 1990. This 35.9 points reduction translates in the loss of 28,989 farm and forestry jobs in fifty years. Similarly, the proportion of persons employed in farm and forestry in 1940 in Michigan's Upper Peninsula was 13.6% only (one third of that of Appalachian Kentucky). In 1990, that proportion

was 2.7% only, a loss of 10.9 points in fifty years. That translates in the disappearance of 8,100 farm and forestry occupations from the UP in 50 years, this was a 71.6% loss.

Despite the tremendous progress that Appalachian Kentucky made in the fifty years, 1940 to 1990, the proportions of persons employed in upper elite and in working poor jobs were also higher in Michigan's Upper Peninsula in 1990. But the gap had narrowed significantly. Conversely, by 1990, only the proportion of persons employed in middle class jobs in Appalachian Kentucky exceeded that of Michigan's Upper Peninsula, and comprised 57.4% of the total persons employed. All three social classes grew faster and in magnitude in Appalachian Kentucky: the growth in fifty years were 11.7 points in the upper elite; 16.5 points in the middle class and 8.4 points in the working poor class. Notably, Appalachian Kentucky proportionally lost much more of its farm and forestry jobs than did Michigan's Upper Peninsula -- the loss was about -35.9 points compared to only -10.9 points for Michigan's Upper Peninsula.

Poverty and Unemployment

Poverty levels and unemployment rates, concomitants of per capita income, are widely used as measures of the economic well-being of people, communities and, therefore of regions. Most scholars have no doubt that some of the more depressing economic problems, and also important causes of poverty, are unemployment and nonparticipation in the labor force (Kimenyi, 1995:99-117). As noted, by the 1940s and 1950s Appalachian Kentucky became the main area of chronic regional poverty within the United States (Caudill, 1962). At the time, the region's coal industry was badly affected by adverse competition with cheap oil and natural gas and consequently, low wages, high unemployment, and a dearth of local funding to modernize its infrastructure led to massive out-migration (Bradshaw, 1992).

Approximately 75% of the 15-34 year old left the region between 1950 and 1970 for industrial cities to the north such as Cincinnati, Kedgwick, Detroit and some to Cleveland (Bradshaw, 1992; McCoy & Brown, 1981). Further, the region was hit with a flood in March 1963 that added to the plight caused by the declining coal industry (Bradshaw, 1992). Because of the low energy prices worldwide, Appalachian Kentucky was the poorest part of Appalachia in the 1950s.

By 1959 Appalachian Kentucky had a per capita income of about $831 compared to about $1405 for all Appalachia and $1901 for the US as a whole -- or 60% and 44% respectively (Bradshaw, 1992).

Conversely, by the 1950s, stimulated by the growing demand for copper, for telephone and electrification, Michigan's Upper Peninsula experienced a short lived revival in copper mining industry. For example, the White Pine Mine of Ontonagon reopened in 1954. Such occurrences brought with them greater employment, in the copper industry and in the service sector as well. In 1950, before the reopening of the White Pine Mine in 1954, only 13 Ontonagon residents were engaged in mining. By 1960, out of 3,145 employed persons, there were 904 (about 30% of total persons employed in that county) worked for the mine. At the mine's peak in 1974, there were over 3,000 employees working for the min with a payroll of more than $35 million (Lean, 1992:30).

Like the coal industry in Appalachian Kentucky, the copper industry in Michigan's Upper Peninsula was badly affected by adverse competition with cheap copper and consequently, diminishing demand for copper, low wages and to high unemployment in the region led to massive out-migration from the region. By 1966, a labor dispute started at the White Pine Mine that devastated the situation

further. The economic well-being worsened and the region lost gains made during the 1950s copper industry revival. Michigan's Upper Peninsula has, as most scholars agree, been economically marginal and lag behind Michigan's Lower Peninsula and the national average on poverty and unemployment, before, during and after that revival (Rieger, Beegle & Fulton, 1973).

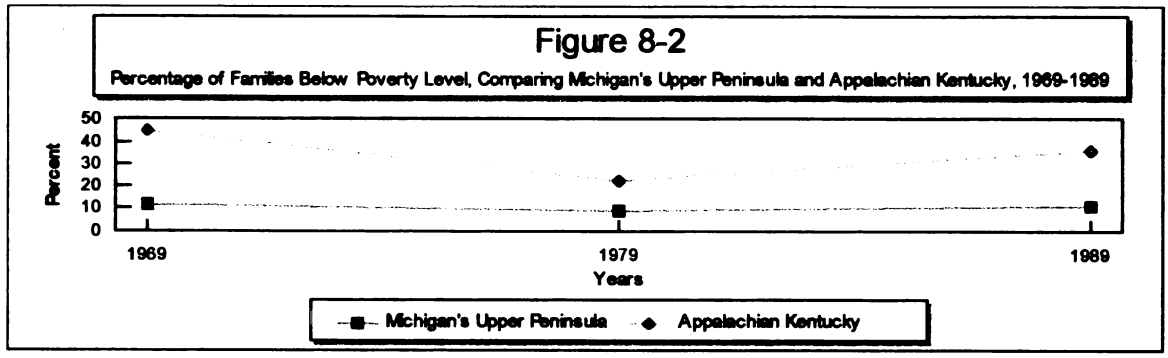
Table 8-2: Percentage of Families Below Poverty Level, Comparing Michigan's Upper Peninsula and Appalachian Kentucky, 1969-1989

Region	1969	1979	1989
Michigan's Upper Peninsula	11.7	8.6	11.0
Appalachian Kentucky	45.0	22.3	36.0
Michigan	7.3	8.2	10.2
Kentucky	29.2	14.6	19.2

:: Sources: US. Bureau of the Census, 1970, 1980, and 1990 Census of Population and Housing.

Data compiled from the US Census Records for 1969, 1979, and 1989, show that a much higher proportion of families lived under the poverty level in Michigan's Upper Peninsula and in Appalachian Kentucky compared to Michigan's Lower Peninsula and Westcentral Kentucky respectively. The same data show that the proportion of families under the poverty level in Appalachian Kentucky, in 1969, was four times that of Michigan's Upper Peninsula -- 45% and 11.7% respectively (Table 8-2). Since 1969, both regions displayed similar trends in the proportion of families lived

under the poverty level. In both regions, the poverty levels first declined by 1979, then it rose again by 1989. However, the poverty levels displayed by the two regions in 1989 were slightly lower their respective figures in 1969 (Table 8-2). In that, both regions seem to have made some progress over the 1969 levels of poverty. The data indicate that the progress was greater in Appalachian Kentucky. Furthermore, the decline and the rise again in the levels of poverty were greater in Appalachian Kentucky than in Michigan's Upper Peninsula (Figure 8-82. Over the same period of time, similar trend were displayed by the State of Michigan and the State of Kentucky.



While the poverty level in Michigan's Upper Peninsula cut by 3.1 points only, from 11.7% in 1969 to 8.6% in 1979, it decreased by 22.7 points in Appalachian Kentucky, from 45% in 1969 to 22.3% in 1979 (almost decreased by 50%). Yet, it went up again in almost the same fashion: increased

by 2.4 points in Michigan's Upper Peninsula, from 8.6% in 1979 to 11% in 1989; and by 13.7 points in Appalachian Kentucky, or from 22.3% in 1979 to 36% in 1989 -- an increase of about 50% (Table 8-2). Proportionally, over the twenty year period of 1969 to 1989, while the level of poverty decreased by 0.7 points in Michigan's Upper Peninsula, it decreased by 9 points in Appalachian Kentucky -- about 13 times greater than in the UP. Notwithstanding, the absolute number of families who lived under poverty in both regions in 1989, stayed the same or slightly increased. This is consistent with the documented national trend of poverty (see Kimenyi, 1995). Despite the lower proportion of families living under poverty in 1989, there were 6,844 more families living under poverty in 1989 in Appalachian Kentucky than in 1969.

The principle explanation for the big decrease in the number and proportion of families who lived under the poverty level in Appalachian Kentucky, from 45% in 1969 to 22.3% in 1979, was a boom in the coal mining industry stimulated by higher oil prices on the world market (Clayton, 1995). Several events may have partly contributed to the moderate decrease in the proportion of families who lived under the poverty level in Michigan's Upper Peninsula, from 11,7% in 1969 to 8.6% in 1979: the construction of a

new motel and a ski hill in 1972; the expansion of a paper mill in 1973, and the construction of a shipbuilding plant in 1979 (Lean, 1992). This period of relative progress many also be attribute to the effects of the "Great Society" and the "War on Poverty" programs of the 1960s. No doubt that the activities of the Appalachian Regional Commission (ARC) have contributed substantially to the relative progress of this particular period (Gaventa & Lewis, 1989).

The modest drop of 0.7 and 9 points in the poverty level in Michigan's Upper Peninsula and Appalachian Kentucky over the twenty year period of 1969 and 1989, coupled with a significant increase in the per capita income, manifested an actual improvement in the economic well-being of the regions and the people who live there. However, while the economic gap between Michigan's Upper and Lower Peninsulas slightly narrowed, over the twenty year period, it actually widened between Appalachian Kentucky and the Westcentral Region. But Appalachian Kentucky lagged economically behind Michigan's Upper Peninsula: starting in 1969, the proportion of families who lived under poverty in Appalachian Kentucky was 33.3 points higher than that of Michigan's Upper Peninsula. As both regions displayed progress in 1979, and it was greater in Appalachian Kentucky, the gap between the two regions narrowed significantly in 1989 compared to that

of the 1969 -- narrowed from 33.3 points in 1969 to about 25 points in 1989 (Table 8-2 & Figure 8-2). Appalachian Kentucky, nevertheless, still lags significantly behind Michigan's Upper Peninsula on poverty level.

Conversely, an important reason for the increase in the level of poverty was the major cutbacks in government programs of the 1960s (Clayton, 1995; Couto, 1992). Also the near completion of the highway system, that the ARC invested heavily in, may have partly instigated such a sharp increase in the level of poverty in Appalachian Kentucky. For Michigan's Upper Peninsula, however, the cutback in the government programs coupled with strikes at some mines followed by layoffs and closing of the mine and the closing of the K.I. Sawyer Air Force Base may have contributed to such an increase (Schwarzweller & Lean, 1993).

The above analysis indicates that the gap between Michigan's Upper Peninsula and Appalachian Kentucky in poverty rates, though narrowed over the twenty year period of 1969 and 1989, is still very wide. This gap is wider than the gap in poverty between Appalachian and the Westcentral Kentucky regions. These data reflect on the fact that not all marginal rural regions follow the same bath of economic development. This wide poverty gap between these two marginalized rural regions may be attributed again

to the cutbacks in government programs. Most importantly, this wider poverty gap reflects on the economic realities and the limitations of services producing industries that were set to relocate and expand within rural regions in particular, as mechanisms that would eradicate poverty, and as an alternative to declining manufacturing industries (Pulver, 1988; Summers, 1988).

The rate of labor force participation is another indicator of regional economic well-being. Both Michigan's Upper Peninsula and Appalachian Kentucky displayed similar trends of labor force participation since 1940: first it decreased before it increased again slightly. Michigan's Upper Peninsula, at least since 1940, has had a slightly higher rate of labor force participation than Appalachian Kentucky. The proportions of adults (14 years and older for 1940-1960, and 16 years and older for 1970-1990) that participated in Michigan's Upper Peninsula labor force, in 1950, 1960 and 1970 were less than what it was in 1940. By 1980, this proportion slightly increased by 1.2 points, and in 1990 displayed increased again by 4.5 points for a total of 5.7 points over fifty years.

Appalachian Kentucky, in comparison, displayed a decrease in the proportion of adults participating in the labor force for four consecutive readings, 1950, 1960, 1970

and 1980. In 1990, the region revealed an increase in the level of adults participation in the labor force, and that increase was only 1.8 points in fifty years. This reflects on the faster growth of the labor force, and shows a somewhat stronger and more stable economy in the UP.

Over the 50 year period, 1940 to 1990, the labor force participation rate grew by 1.8 points in Appalachian Kentucky and by 5.7 points in Michigan's Upper Peninsula. The significant drop of 21.2 points in the level of male participation in the labor in the twenty years, 1940 to 1960, in Appalachia Kentucky, reflects on the economic hardships that the region was experiencing at the time. No doubt these hardships had precipitate government intervention and lead to devising the Appalachian Regional Commission (ARC) in early 1960s. Also both regions reflect gender variations in the patterns of labor force participation.

While both regions showed significant decrease in males participation in the labor force, they showed significant increase in females participation in the labor force. While the decrease in males participation level was faster in Appalachian Kentucky (19.5 compared to 14.5 points in the UP), the increase in the females participation level in the labor force was faster in Michigan's Upper Peninsula -- 30.8

compared to 25.5 points in Appalachian Kentucky. While the trend line displayed a significant increase in the males participation in the labor force in 1980 compared to 1970, Appalachian Kentucky postured a significant increase in its population and showed a jump in the trend of population growth in 1980 -- 53,101 more people over 1970 and a 24.4% population growth in 1970-80. The regional differentials, as we observed, are meaningful, if combined with the unemployment rates in particular.

Michigan's Upper Peninsula, compared with Appalachian Kentucky, had displayed higher unemployment rates generally, and in males and females as well, between 1940 and 1980. However, by 1990, that pattern was reversed and Michigan's Upper Peninsula had lower unemployment rate for the first time. Michigan's Upper Peninsula showed considerable progress over the fifty years: the general level of unemployment was reduced by 22.9 points, the male level of unemployment by 22,8 points, and the female by 17.7 points. However, both regions had displayed unemployment rates higher than the national average, and both lagged behind mainstream America and their own states in providing employment for women and in drawing them into the labor market. While both regions made significant strides in the participation of females in the labor force over fifty

years, the trend lines have not converged. Trends of unemployment rate reduction, in both regions, were similar over the years.

For Michigan's Upper Peninsula, over the past fifty years, larger proportions of males and females became employed. consequently, the males and females unemployment rates were significantly reduced. In contrast, Appalachian Kentucky also displayed unemployment rates that were significantly lower than the 1940 level, and much lower than that of the Upper Peninsula for the thirty years of 1950 to 1980, these rates increased again in 1990 and for the first time these rates exceeded those of Michigan's Upper Peninsula. Eventually, this will call for a thoughtful explanation. In addition, the trend of reduction in the unemployment rates was similar in both regions, the regional differences were somewhat meaningful.

In the two regions, the increase in the female participation in the labor market and the decline in their unemployment rates reflect on the realities and limitations of the services producing industries. However, such industries seemed to have been relatively successful in relocating and expanding in the Michigan's Upper Peninsula. The ability of such industries to replace the manufacturing industries in improving the economic well-being of regions

is doubtful (Pulver, 1988; Summers, 1988).

The data indicate similar findings as those of the national averages. It is documented that poverty and inequality, despite a brief period of revitalization in the late 1970s, have been a constant feature in many rural regions of America. Scholars indicate that young rural workers across America have been struggling to make a living, to earn enough to lift their families out of poverty. Despite all efforts to eradicate poverty in America, and despite the significant decline in the poverty rate over the years, from 22.4% in 1959 to 13.5% in 1990, the absolute number of people who actually live in poverty has remained almost the same (Kimenyi, 1995).

Data compiled from the US Bureau of the Census, *Current Population Reports*, Series P-60, No. 175, 1991, on poverty status of parsons in the US, 1959-1990, show that 39,490,000 people lived under the poverty level in 1959 -- over one fifth of the US population. Since then, the poverty level decreased to a record low of 11.1% in 1973, when 22,973,000 people were living under the poverty level (for more details see Kimenyi, 1995:99). This decrease was attributed, at least partially, to the many programs of the "Great Society" and the "War on Poverty" of 1960s and to the regional development polices (Gaventa & Lewis, 1989).

Notwithstanding, the poverty level rose again in the years thereafter, but never reached the level of the 1959. But by 1990, there were about 33.5 million people living under the poverty level in the United States, only about 6 million shy of the 1959 figure and 3 million shy of the 1963 figure (*Current Population Reports*, 1991). The US censuses further indicate that while about one fifth of the US total population (19.5%, or about 36.5 million people) lived under poverty in 1963, only 13.5% or about 33.5 million people lived under the poverty level in 1990.

Duncan and Sweet (1992) indicate that the United States, according to the 1990 census, has over nine million people still living in poverty in rural areas. Also, Bern-Kulg (1992) indicates that about eight million people over the age of 65 live in rural areas, and many of them live in or near the poverty level. In America, more people lived under the poverty level in 1990 than in 1965 -- 33.5 compared to 33.2 million people respectively. Population increase and the recession of the early 1980s are cited as causes. Most scholars have no doubt that some of the more depressing economic problems, and also important causes of poverty, are the unemployment and the nonparticipation in the labor force (Kimenyi, 1995:99-117).

Industry and Occupations

As noted, Michigan's Upper Peninsula was blessed with an abundance of raw materials (Anderson, 1993). Its economy has all along depended almost solely on extractive industries such as mining, timber, pulp, woodworking and more recently tourism (Davidson & Schwarzweller, 1995). As such, Michigan's Upper Peninsula is economically marginal to Michigan's Lower Peninsula and to the mainstream economy of the industrial America (Schwarzweller & Lean, 1993; Davidson & Schwarzweller, 1995). In comparison, Appalachian Kentucky was historically dependent on coal mining and subsistence agriculture, and as such the poorest region of Kentucky. It is economically marginal, not only to Westcentral Kentucky, but also to the wider region of Appalachia and the nation. It is striking to find that Appalachian Kentucky is also economically marginal to Michigan's Upper Peninsula as well. The economy of both regions is characterized by boom and bust cycles, which marked the regions with relatively high unemployment, large scale out-migration, substantial net population decline, and for Appalachian Kentucky with a high rate of public dependency (West, 1982).

Data compiled from the US Census Records, 1940 to 1990, on the absolute number of persons employed, show a total of

37,766 new jobs created in Michigan's Upper Peninsula in the fifty years -- a 45.4% increase. The data also show a total of 36,654 new jobs created in Appalachian Kentucky over the same period of time -- a 19.5% increase. Despite of that, and in general, both regions showed an over all decrease in the proportions of persons employed in agriculture, mining and manufacturing. All these industries, as scholars indicate, are characterized as goods exporting jobs, very much needed in order for regions to progress economically and eradicate poverty (Bloomquist, 1988; Pulver, 1988; Summers, 1988). Meanwhile, both regions had an increase in the proportion of persons employed in construction and in services producing industries.

Service producing industries as a whole generate lower wages than manufacturing (Pulver, 1988), in part because women play a larger role in services (Stanback, 1979), and in part because a greater share of the services work is part-time. Others would add that services jobs are easier to enter and allows more self-employed (Daniels, 1982). Corollary, they have doubts about the potential productivity of service industries (Stanback, 1979; Cook, 1983).

Agriculture and mining, once were the way of life in both regions, comprised together about one third (31.5%) and two thirds (63.9%) of the total persons employed in

Michigan's Upper Peninsula and Appalachian Kentucky respectively in 1940. By 1990, however, the combined proportion of persons employed in these two industries decreased significantly -- to only 5.2% and 13.6% in Michigan's Upper Peninsula and Appalachian Kentucky respectively. However, the decrease in the proportion of persons employed in agriculture was faster Appalachian Kentucky. While two fourths (39%) of the total persons employed in Appalachian Kentucky in 1940 had some kinds of agricultural jobs, only 2.1% were employed in agriculture in 1990. The 36.9 points decline translates into an actual loss of 68,569 jobs in agriculture, during the fifty year period.

In comparison, by 1940, 19.6% of the total persons employed in Michigan's Upper Peninsula held some kind of agricultural jobs. By 1990, however, the proportion of persons employed in agriculture in the UP was only 2.3%. The 17.3 points decline translates in the actual loss of 13,522 agricultural jobs in fifty years. Michigan's Upper Peninsula lagged behind Appalachian Kentucky in the proportion of persons employed in agriculture in 1940, but this was reversed in 1990 and Appalachian Kentucky lagged slightly behind Michigan's Upper Peninsula, though both had a lost tremendous number of their agricultural jobs. Both

regions show similar trends of gradual increase in the proportions of persons employed in construction. Yet, It took thirty years, 1940 to 1970, for Appalachian Kentucky to catch up and close the gap, and to exceed Michigan's Upper Peninsula in the proportion of persons employed in construction. This is a clear indication of the effects of the ARC efforts of investing in Appalachia's infrastructure -- mainly highways (Gaventa & Lewis, 1989).

With regard to manufacturing, while Michigan's Upper Peninsula showed a trend of decreasing proportions of persons employed in manufacturing, Appalachian Kentucky showed a trend of increasing proportions. Over the fifty years, 1940 to 1990, the UP lost 1.3 points or about 4,900 manufacturing jobs. Conversely, the proportion of persons employed in manufacturing in Appalachian Kentucky increased by 7 points, or a total of 2,565 new manufacturing jobs were created in fifty years. Despite this significant progress in manufacturing employment, Appalachian Kentucky continued to lag behind Michigan's Upper Peninsula. We observed that it took Appalachian Kentucky twenty years, from 1940-1960, to reach about the level of manufacturing employment that Michigan's Upper Peninsula had in 1940.

For the United States, the proportion of persons employed in both manufacturing and construction in 1990 was

3 points less than what it was in 1980 (US census records, 1980-90). This is an actual loss of about one million manufacturing jobs in ten years. Conversely, the same data indicate that the proportion of persons employed in the services producing industries in the United States in 1990 was up by 30 points over what it was in 1980. This is an increase of about 20 million new jobs in services producing industries in ten years (Kimenyi, 1995).

Similar trends for the proportion of persons employed in the services producing industries were observed for Michigan's Upper Peninsula and for Appalachian Kentucky (US census records, 1940-1990). The data show a substantial increase of 25.3 and 39.8 points in the proportion of persons employed in service industries in Michigan's Upper Peninsula and in Appalachian Kentucky respectively over the fifty year, between 1940 and 1990. While the 25.3 points added about 9,555 new jobs in service industries in Michigan's Upper Peninsula, the 39.8 points increase added about 14,588 new jobs in service industries in Appalachian Kentucky over fifty years.

Patterned variations in the occupational structure and in the occupational status levels in Michigan's Upper Peninsula and in Appalachian Kentucky, although distinguishable, are by no means startling. In 1940,

Appalachian Kentucky lagged behind Michigan's Upper Peninsula in the proportions of persons employed in all occupations except in farm and forestry and in the crafts and operative. However, regional differences in the proportion of persons employed in the craft and operatives in 1940 was negligible. We observed that while a total of 11,313 persons held some farm and/or forestry occupations in Michigan's Upper Peninsula in 1940, only a total of 3,265 persons held such occupations in 1990. In other words, the region lost a total of 8,048 of its farm and/or forestry jobs (or about 72%) in fifty years.

In comparison, Appalachian Kentucky lost 35.9 points in the proportion of persons who held farm or forestry occupations, over the fifty years. This translates into a loss of about 66,804 farm or forestry occupations in fifty years (or about 92%). Regional differences in the occupational structure of the labor force appear to be meaningful. The proportion of persons employed in professional, managerial, and as technicians, and the proportion of persons employed in sales and clerical jobs, has been on the rise in both regions. Meanwhile, the proportion of persons employed who had jobs in craft and operatives has been on a decline in both regions.

The proportion of persons employed as service workers grew faster in Michigan's Upper Peninsula, while the growth was in greater magnitude in Appalachian Kentucky. Among all occupations, the proportion of persons who held craft and operatives occupations in 1990 in Appalachian Kentucky was much higher than in Michigan's Upper Peninsula (34.6% and 24.6% respectively). But the proportion of persons held service worker occupations was higher in Michigan's Upper Peninsula, 19.9% and 13.2% respectively.

In general, both regions reflect a labor force structure of similar sophistication in 1990, where more than two thirds of their employed adults are distributed on occupations that compose either the upper elite or the middle social class. Much of the remaining proportion of persons employed (about one fourth of the total) compose the working poor class. The rest of the employed adults (less than 3%) work in farming and/or forestry occupations at all levels, and this proportion was larger in Michigan's Upper Peninsula.

Notwithstanding, while farming & forestry work and laborer jobs, were significantly more common in Appalachian Kentucky in 1940, and since then declined significantly in the two regions, are in since 1980 more common in Michigan's Upper Peninsula. Also, the industry composition of the

labor force in both regions has been slower to change and to diversify than the region's occupational structure has. Today, most jobs, even those associated with mining and forestry, require specialized skills, training, and education.

Migration Differentials

As noted, migration and population growth are sensitive indicators of the economic well-being of regions and of the people who live in them. The pull of better wages and more diverse job opportunities in the more prosperous regions or states, and the bust cycles of the economy of the marginalized rural regions, has induced many young educated people to move out of their rural areas to industrial centers and large cities. Also, recent research findings point to noneconomic factors, such as quality of life and family ties, as substantial motivators in the decision to migrate (Wenk & Hardesty, 1993; Sell, 1992; Jobes et al., 1992; Stinner et al., 1992). Certainly a combination of social forces and individual economic and noneconomic factors influence the patterns of migration of rural youth to large cities and industrial centers. In part, rural youth may migrate in order to escape poverty (Deavers &

Hoppe, 1992).

Such economic and social forces, developed in the aftermath of the Great Depression of the 1930s, encouraged large scale out-migration from the two regions of Michigan's Upper Peninsula and Appalachian Kentucky. That out-migration was also encouraged by the pre-1950 governmental policies which aimed at facilitating the movement of underemployed farm labor to metropolitan industrial centers and large cities (Summers, 1988:17). In addition, the rural out-migration was encouraged by the rural regions rapidly supplementing farming with nonfarming activities (Schaffer, 1972).

The majority of the migration from marginal rural regions to large cities and industrial centers took place prior to the 1970s (Lichter et al., 1985; Wenk & Hardesty, 1993). In the United States, the rural population declined from 60% of the population in 1900 to only 27% by 1970 (Garkovich, 1989). By economic standards, many of the people who moved out of marginal rural regions were poor. Mostly, they moved to the growing industrial centers in the industrial northern states (Lemann, 1991), or in some cases moved from places in Appalachia to southern cities to work in the textile mills (Byerly, 1994). Yet in other cases, they moved to the rapidly expanding west (Garkovich, 1989).

During the 1970s, marginal rural regions experienced a short period of population growth (Fuguitt et al., 1989; Beale, 1978). Michigan's Upper Peninsula and Appalachian Kentucky were no exception, they too experienced population growth during the 1970s. Such a growth was five times greater in Appalachian Kentucky than in Michigan's Upper Peninsula, the percentage change in population reported for the decade of 1970-80 was 24.4% and 5.1% for the two regions respectively. In part, the 1970s population growth was attributed to the effects of the numerous social and economic programs that were offered to rural regions by the "Great Society" and "War on Poverty" rograms of the early 1960s (Gaventa & Lewis, 1989).

Due to de-industrialization and to the farm crisis of the early 1980s, the trend of rural out-migration continues, but at a slower pace than previously. That was coupled with a lower birth rates than before -- in our case, this is more evident in Appalachian Kentucky. Although most studies on migration indicate that rural out migrants do better economically than non-migrants (Long & Heltman, 1975), many rural out migrants end up in the slums of the large cities and industrial centers, adding the ever growing inner city poverty (Wenk & Hardesty, 1993).

Rieger, Beegle and Fulton's research and writings

(1972) articulated the migration patterns of Michigan's Upper Peninsula. Their "Profiles of Rural Youth: A decade of Migration and Social Mobility," was published in 1973 by Michigan State University, as Research Report Number 178. Sue-Wen Lean (1992), in her dissertation: "Pathways Out: Career Patterns of Three Cohorts From A Remote Community in Michigan," submitted to Michigan State University, extended Rieger et al. work, and followed and updated information about three cohorts of high school graduates established in the original research in 1957. Harry K. Schwarzweller and Sue-Wen Lean (1993) advanced that work further in a chapter titled "Ontonagon: a Remote Corner of Michigan's Upper Peninsula" (Lyson & Falk, 1993).

James Brown and George A. Hillery ascertained a detailed analysis of Appalachian Kentucky migration patterns in "The Great Migration: 1940-1960," Chapter Four in Thomas R. Ford (Editor), *The Southern Appalachian Region: a Survey*, Lexington, Kentucky: the University of Kentucky Press, 1962. One of the most articulated case studies of Appalachian migration is presented in the work of Schwarzweller, Brown and Mangalam, *Mountain Families in Transition*, published by the Pennsylvania State University Press, 1971. The work of John D. Photiadis and Harry K. Schwarzweller (editors), *Change in Rural Appalachia: Implications for Action*

Programs, published by University of Pennsylvania Press, 1971, covered additional ground and shed lights on the effectiveness of the directed change programs on rural regions.

All of the above studies had one main thing in common: large scale out-migration, from both regions, despite a brief period of population growth during the 1930-40, continued to be consistent over the years. In the aftermath of the Great Depression of the 1930s, large scale out-migration streams only got larger, and the two regions continued to be deplete of population and robbed of their human, social and financial capitals. The receiving regions, on the other hand, have become more congested with people demanding a whole range of services: schooling, transportation, health, and housing, to name a few.

As in the public mind, migration and success have tended to go together. In sociology it is a commonly held assumption that migration provides an avenue for socioeconomic attainment through the relocation of migrants to regions of greater economic opportunities (De Jong & Blair, 1994; Da Vanzo & Morrison, 1981; Wilson, 1985). Linkages between economic attainment and migration have been verified by social scientists. The recognized conditions that attract immigrants, and induced people to stay, include

wages, rates of unemployment and opportunities for jobs (Groop & Mason, 1987). Thus, people continue to be stimulated to move away from Michigan's Upper Peninsula and to Appalachian Kentucky as well as being attracted to move into more affluent regions. The patterns of such movement will be spelled out in the next few pages.

During the thirteen year period of 1980-81 and 1992-93, more than 114,700 persons entered Michigan's Upper Peninsula and well over 130,700 persons left the region. In those 13 years the region had a net loss of more than 15,900 people -- the difference between the in-migration of 114,791 people and the out-migration of 130,761 people. While 8,830 people entered the region annually, 10,058 people left the region, for an annual net loss of 1,228 people.

Difficult economic times in the early 1980s resulted from an economic recession that spread nationally, and from major cutbacks in government programs. This is evidenced in the relatively higher number of out-migrants during the first half of the 1980s. Between 1981-82 and 1986-87, a total of 79,032 people, or 11,290 people annually, left the region. In comparison, during the next six years, 1987-88 and 1992-93, a total of 51,729 people left the region, or 8,621 people annually. Despite that, the region showed a somewhat stable in-migration flow, with 8,830 people moving

to the region annually during the thirteen years period. But in all, Michigan's Upper Peninsula had a net-migration loss of 15,970 people. Figures 8-14 and 8-15 display the migration profile for Michigan's Upper Peninsula. What is striking about it is that by the end of the 1980s, the in-migration started to exceed the out-migration and the region experienced a net-migration gain. This reversed trend of net-migration gain marked the last four years, 1980-90 through 1992-93, with the highest gain occurring in 1991-92.

As noted, of those who migrated to the UP in the thirteen years, 14,590 people, or about 12.71%, came from Michigan's Lower Peninsula, and 8,206 people, or 7.15% moved in from the adjacent state of Wisconsin. The majority of the in-migrants who moved to Michigan's Upper Peninsula (about 80%) came from other states and foreign locations. The proportion of out-migrants who moved from the region to either Michigan's Lower Peninsula or to Wisconsin is smaller than the proportion of in-migrants who came from these places to the UP, 17.96% to 19.86% respectively.

The pace of out-migration was much faster during the first half of the 1980s. Over half of the out-migrants (about 19,000 or 53%) left during the five years (1980-81 and 1985-86) or 1,462 people annually. This somewhat indicates the positive relationship between economic well-

being of regions and the dynamics of migration flows (Murdock et al., 1993). Social ties and institutional structures; government welfare programs and corporation relocation; and family networks and community attachment impact migration behavior. It should also be noted, that in the ten year period, 1980-1990, Michigan's Upper Peninsula population decreased by 5,842 people.

In contrast, during the 13 years, 1980-90 and 1992-93, 171,827 people moved to Appalachian Kentucky, or 13,217 people annually. On the other hand, 176,862 people moved out of Appalachian Kentucky, or about 13,604 people annually. In all, out-migration exceeded in-migration and the region lost a total of 5,035 people in the thirteen years, or only 367 people annually. All this loss, however, occurred before 1989-90, and since then the region has been gaining.

During the thirteen year period, 1980-81 through 1992-93, the region displayed a fluctuated migration trend. In 1980-81, out-migration exceeded in-migration by 1,922, while during the next two years, 1981-82 and 1982-83, in-migration exceeded out-migration by 5,365, or an average gain of 2,682 people. The region had shown net-migration loss for the next two years, 1983-84 and 1984-85, where out-migration exceeded in-migration by about 1,754 people annually. The

following year of 1985-86 marked another year of net-migration gain -- the third largest one after 1981-82 and 1982-83. During the next four years, 1986-87 through 1989-90, the region displayed a series of net-migration losses, where about 2,954 people left annually.

Finally, in each of the last three of the thirteen years, 1990-91 through 1992-93, Appalachian Kentucky showed a series of net-migration gains, but in smaller magnitude, where 848 people moved in annually. Appalachian Kentucky, nevertheless, had, between 1980 and 1990, experienced a population decrease of about 40,989 people, or about 4,099 people annually.

During these seven years of loss, Appalachian Kentucky lost a total of 15,395 people, or 2,199 annually. In contrast, six years of net-migration gain resulted in the region gaining a total of 10,360 people or 1,726 annually. In all, the region had lost a net total of 5035 people, or 387 people annually. This may clearly indicates the eradication of the unusually high birth rates that the region was known for in the past.

The data reveal that a total of 150,971 immigrants, or about 88%, moved to Appalachian Kentucky from other states and from foreign places, while a total of 20,856 immigrants, or about 12%, moved to the region from Westcentral Kentucky,

and another 9,015 immigrants, or about 5.25%, came to the region from the adjacent state of Ohio. In comparison, during the 13 year period, a slightly larger proportion of out-migrants moved from the region to Westcentral Kentucky, while a smaller proportion moved to Ohio. However, Appalachian Kentucky suffered a slight net-migration loss to those two regions combined where about 20% of the total out-migration moved to the Westcentral Region and Ohio, while about 17.5% came to Appalachian Kentucky from these two regions.

The exchange of migrants between Michigan's Upper Peninsula and Michigan's Lower Peninsula was 12.71% in-migration and 9.02% for out-migration. For adjacent Wisconsin, while 7.15% moved to the UP, 8.94% left the UP to Wisconsin. In all, while 19.86% of total immigrants came from Michigan's downstate and Wisconsin, only 17.96% of total out migrants went to Michigan's Lower Peninsula and Wisconsin. In comparison, Appalachian Kentucky send more people to the Westcentral region (15.38%) than it received (12.14%, while received more people from Ohio (5.25%) that it sent (4.61%). The data also reveal that while the UP sent more people to other states (90.98%) than it received from them (87.29%), Appalachian Kentucky received more migrants (87.86) from other states than it sent out to them

(84.62).

Regional differences seem to be minimal and thus negligible. However, these numbers clearly indicate that the migrant exchange between these marginal rural regions and their more prosperous counter regions of their respected states and the adjacent states slowed down significantly over the thirteen years covered. This indicates the positive relationship between economic well-being of regions and the dynamics of migration flows (Murdock et al., 1993). Social ties and institutional structures; government welfare programs and corporation relocation; and family networks and community attachment impact migration behavior.

The 1992/93 IRS data files indicate that while about 4,405 households entered Michigan's Upper Peninsula, about 4,378 left, for a net-household loss of 27. Of those who entered, 671 (or 15.2%) came from Michigan's Lower Peninsula, 291 (or 6.6%) came from Wisconsin, and 3,443 (78%) came from abroad. Of those households who left the region, 444 (or 10.1%) went to Michigan's downstate, 554 (or 12.7%) went to Wisconsin, and 3,380 (or 77%) went abroad. The rest were unspecified.

In contrast, the data show that 5,754 households entered Appalachian Kentucky, while 5,598 left the region, and the region lost 156 households for a net loss of about

156. The origin of the rest was unspecified. Of those who moved to Appalachian Kentucky 720 (or 12.5%) came from Westcentral Kentucky, 306 (or 5.3%) came from Ohio, and 4,728 (82%) came from abroad. The origins of the rest were not specified.

Nevertheless, as more households entered the UP than moved out, the region had a net-migration gain of about 351 people. Similarly, Appalachian Kentucky had a net-migration gain of about 1,089 people (Tables 8-31; 8-32 & 8-33). On average, the size of an out migrant household is smaller than that of an in migrant. For Michigan's Upper Peninsula, in-migrant households tend to be a little larger than their out-migrant counter part households, 2.03 and 1.97 memebrs average size respectively. Appalachian Kentucky shows the same trend, the average size of the in-migrant households was 2.24 members and the out-migrant households average size was 2.10 members. However, Appalachian Kentucky average size in-migrant and out-migrant housenols were larger that that of Michigan's Upper Peninsula.

The aggregate income of the in-migrants to Michigan's Upper Peninsula totaled about $98,134,000 compared to a about $93,540,000 for the out migrants, or a net gain for the UP of about $4,594,000. On average, the in migrant household had about $912,000 more in aggregate income in

1992-93 than the out migrant households had (Tables 8-34; 8-35 & 8-38). Most importantly, the data show that on average the per capita income of immigrants was higher than that of the out migrants, higher by $88 per person in the 1992-93 year.

In comparison, the aggregate income of the immigrants to Appalachian Kentucky totaled about $121,567,000, while the out migrant aggregate income was about $123,918,000, or a net loss of about $2,351,0000 in one year. The data reveal that the average aggregate income of in migrant household totaled $21,127 compared to $22,136 for the out migrant household. In that, the out migrant household enjoyed about $1,009 more. Most importantly, the out migrants enjoyed a higher per capita income of about $1,066 per person in that year. Several tables present the data in a comparative perspective for the two marginal rural regions, and for in- and out-migration.

Out-migration, most scholars believe, has been a widely publicized feature of Michigan's Upper Peninsula and of Appalachian Kentucky in the 1940s, 50s and 1960s (Billings & Tickamyer, 1993; Bradshaw, 1995 Schwarzweller, Brown & Mangalam, 1971; Photiadis & Schwarzweller, 1971; Rieger et al., 1973; Schwarzweller & Lean, 1993). Well before 1940, and due to government policies and uneven development, and

stimulated by enlistments in the armed forces, streams of out-migration from Michigan's Upper Peninsula that usually moved southward to downstate and other industrial midwest states, and from Appalachian Kentucky that usually moves northward to the neighboring industrial states of the Midwest seeking employment, were in place. The bust cycles of the economy of the extractive industries including agriculture, in both regions, and the spilled out effects of the Great Depression of the 1930s, and the US involvement in World War II, only intensified these streams. Out-migration started to slow down only after the "Great Society," and the "War on Poverty" programs of the 1960s took effect in the 1970s, and after the government policy of rural development started to be implemented in the mid-1970s.

The demographic and the socioeconomic characteristics of migrants entering and leaving each of the two regions of Michigan's Upper Peninsula and Appalachian Kentucky could not be examined at this time. However, we are able to draw some attention to the per capita income of migrants and to estimate gains or losses in the aggregate income that accompanies migrants entering and leaving each particular region. Aggregate income, average income per family and the per capita income of migrant households and individual exemptions are very important indicators of the economic

well-being of regions and of the people who move into or out of these regions.

Out-migrants from marginalized rural regions, as scholars indicate, are generally younger and better educated, while in-migrants are older people who choose to retire there and of people who are already established economically (Lean, 1992; Rieger et al., 1973; Manson & Groop, 1992). The age structure of the populations of the two regions could not be analyzed at this time either. Despite the particular importance of economic opportunities and amenities in stimulating migrants to move into or away from a region, the impact of migration flows on the quality of the work force, demands and costs for social services, and perceived opportunities for invested capital, in each region and state, could not be examined or analyzed.

Regional Perspectives

With development, most scholars expect relatively large scale economic expansion, a massive transformation of the prevailing economic structure, and great social changes. An increase in size of the labor force accompanied by a shift in the industry composition and in occupational structure, typify economic expansion and economic restructuring (Brown,

1990). However, only from an historical perspective do we know with certainty that development has or has not occurred, and only from an historical perspective are we able to discern the outlines of operant processes (Short, 1971; Bigger, 1979; Berry & Dahmann, 1977; Webber, 1899). But because of the unevenness of the process of development, some regions prosper while others do not (Davidson & Schwarzweller, 1995).

The population of Michigan's Upper Peninsula increased by about 76 times between 1870 and 1990 -- from 43,700 to 332,5576 people. Since 1910, the UP population became essentially set at the 300,000 mark. The proportion of Michigan's population residing in the Upper Peninsula reached its peak in 1910, coinciding with the rush for copper mining. For Appalachian Kentucky, over the same period of time, the population increased 4.4 times only, from 162,138 in 1870 to 707,448 in 1990. The proportion of Kentucky's population residing in Appalachian Kentucky had steadily increased from 12.3% in 1870 to 19.2% in 1990, but reached its peak in 1940 (28.2%), when America entered World War II, before starting to decline in 1950 (Table 8-1).

Conversely, in the last 50 years, 1940-1990, the UP labor force increased by about 45%. In contrast, the Appalachian Kentucky labor force increased by only about

19.5%. Appalachian Kentucky, our data indicate, fell somewhat short of Michigan's Upper Peninsula in creating new jobs to absorb the growing number of adults entering the labor force. Both regions suffered a great decline in agricultural employment over the fifty year period, and that decline was faster and more severe in Appalachian Kentucky. While the proportion of persons employed in agriculture in 1940 was about twice as much in Appalachian Kentucky, by 1990, Michigan's Upper Peninsula exceeded Appalachian Kentucky and had 2.3% proportion in agriculture compared to only 2.1%for Appalachian Kentucky. While manufacturing employment decreased by 1.3 points in Michigan's Upper Peninsula, it was increasing by 7 points in Appalachian Kentucky. Nevertheless, both regions featured a marked increase in the services industries employment, and this was faster in Appalachian Kentucky.

One central goal of the federal post-war policy of regional and rural development of the 1960s was to affect the state of income redistribution by narrowing the economic gap between the marginalized rural regions and the more affluent regions of the industrial mainstream of America (Kimenyi, 1995). This gap has been widened in the aftermath of the Great Depression of the 1930s. Michigan's Upper Peninsula almost solely depended on the state to catch up

and close that gap, since the state had so much wealth generated from the expanding automobile industries. Appalachian Kentucky, however, was ward of the federal government and received much help from the Appalachian Regional Commission which was designed to lift the region out of its persistent and chronic poverty. Billions of dollars were spent on infrastructure since the 1960s.

Despite that, the economic gap widened relative to the more prosperous regions. While Michigan's Upper Peninsula was able to maintain the "institutionalized rural disparity" of about 70% compared with downstate for most of the years since 1940, Appalachian Kentucky failed to do so. Clearly, Appalachian fell behind Michigan's Upper Peninsula on almost all economic and social indicators. Data on per capita income indicate a relationship between Michigan's Upper Peninsula and Appalachian Kentucky similar to that documented between a marginal rural region and mainstream industrial America -- relative to Michigan's Upper Peninsula Appalachian Kentucky held at or above the "institutionalized rural disparity" of about 70 percent.

For Appalachian Kentucky, the per capita income has indeed increased by about 9.5 times since 1959. In comparison, over the same period of time, the per capita income in Michigan's upper Peninsula rose only by 7.4 times

(Table 8-3). But of course poverty in Appalachian Kentucky was extremely high in the 1950s, relative to Michigan's Upper Peninsula. However, the gap in per capita income that Appalachian Kentucky exhibited over the years was for most of the years over the "institutionalized income disparity" of about 70%, except in 1959 and 1969. The 70% figure is usually characteristic of similar marginal rural regions. The pace of increase in the per capita income in Appalachian Kentucky was, nevertheless, faster.

Income differentials and social class, according to Murdoch & Marsden (1994), are obviously linked and they believe that the former probably shape the later. Social class position provides a frame of reference from which career goals emerge and income opportunities are ascertained. In Michigan's Upper Peninsula we observed a fairly stable middle class over the years and the upper elite and working classes appeared to be polarizing at the expense of some middle class positions, but mainly at the expense of farm and forestry employment. In contrast, in Appalachian Kentucky, while we observe a steady increase in the middle class over the years (from 40.9% in 1940 to 57.4% in 1990), the upper elite and the working classes appear to be polarizing. Again, this polarization appeared to be at the expense of farm and forestry employment. Farm and

forestry employment, in both regions, had severely declined over the years -- from 38.3% and 13.6% for Appalachian Kentucky and the UP in 1940, to 2.3% and 2.7% in 1990 respectively (Table 8-6). As we observed, Appalachian Kentucky shows more obvious social class polarization: there has been a discernable increase in the working poor and the upper elite sectors.

Despite all efforts, local, state and federal (especially the ARC efforts for Appalachia Region), poverty rates in the two regions, and in Appalachian Kentucky in particular, even with a relatively brief period of revitalization during the 1970s, was and remained grossly high compared to both states and to mainstream industrial America. By 1940, close to half the families in Appalachian Kentucky (45%) lived under the poverty level compared to 11.7% in Michigan's Upper Peninsula. It is true that a significant decrease in the proportion of families living under the poverty level was achieved by 1979, but by 1989 that proportion had again increased to 11% and 36% respectively. However, the gap in the proportion of families under the poverty level slightly narrowed by about 8.3 points in twenty years, 1969 to 1989 (Table 8-8).

As noted, while both regions showed a decline in the basic extractive industries of agriculture and mining, only

Michigan's Upper Peninsula showed a decline in manufacturing. Generally, such declines were more pronounced in Appalachian Kentucky. Nevertheless, both regions showed a dramatic increase in the proportion of persons employed in services providing industries. By 1990, there were more service workers in each of two regions, but the increase in the proportion of service industries over the 50 year period was greater in Appalachian Kentucky. However, the proportion of persons employed as service workers increased more in Michigan's Upper Peninsula.

It is doubtful, however, that an increase in the services industries and the proportion of service workers could make up for the loss in manufacturing and agriculture employments that the two regions suffered in 50 years. I believe that the socioeconomic changes in both regions have not been driven by internally generated self-sustaining growth or by conflicting relations among socioeconomic entities; both regions lack these kinds of growth engines. Social change was not enhanced by substantial growth in educational opportunities. For individuals, education is a means of self-advancement; from a societal perspective, educational institutions serve to train the workforce and assist people in becoming viable members of the contemporary economy (Blaug, 1973, 1976; Layard & Psacharopoulos, 1974;

Psacharopoulos & Woodhall, 1985). However, young and better educated persons from Appalachian Kentucky continue to leave their rural communities and go northward to neighboring industrial states seeking employment. This is a clear indication of the continued disparity between Appalachian Kentucky and mainstream America.

In the aftermath of the many social and economic programs of the "Great Society" and the "War on Poverty" many residents of Michigan's Upper Peninsula and Appalachian Kentucky, as it is for residents of other marginal rural regions of America, expected an increasing probability of employment, higher wages, and upward mobility in occupational and social status, if not immediately then at least in the near future. But because development is uneven, some regions prosper while others do not, and those that do often differ in the magnitude of prosperity. For that, the two regions have experienced some improvement in their overall economic well-being, but not anywhere near to what one would have expected in the 1960s (Gaventa & Lewis, 1989).

The above findings lend little support to our guiding hypothesis, the "Integration Hypothesis." This hypothesis speaks to the expectation that the economic gap between the two regions and the mainstream industrial America would have

been narrowed significantly as a consequence of the 1960s federal policies of regional and rural development and, in the case of Appalachian Kentucky, the extensive efforts of the federally financed ARC. But our observations are not very encouraging: the economic gap has not been substantially narrowed, if narrowed at all. Yet, although some improvements were achieved, Appalachian Kentucky had more difficulty, compared to Michigan's Upper Peninsula, in maintaining its development momentum.

Major critics of and opponents to the federal post-war policies of regional and rural development believe that the persistence of an economic gap between marginal rural regions and mainstream America, as is evident in the cases of Michigan's Upper Peninsula and of Appalachian Kentucky, indicate the fundamental inefficiency of the 1960s federal policies to solve the problems of rural and marginalized regions of America.

The above analysis also illustrates both the relevance and limitations of conventional approaches to studying migration in the aggregate. Variables such as job opportunities, wage rates, and information flows have noteworthy effects on migration streams. Other factors also found to have some effects include: export agriculture, land reform, economic and social class distinctions,

infrastructure development, labor market segmentation, and the like (Brown, 1990). While for Appalachian Kentucky, the pattern of migration continues to indicate a certain kind of marginality of the region in relation to mainstream America, the case of Michigan's Upper Peninsula is not a simple matter to generalize about, for the situation in indeed different from that of Appalachian Kentucky. However, the last three years indicate some improvement in the economic well-being of both regions, for they both display some net-migration gains: this may be due to retirees who return with their pensions and transfer payments, and that in turn may have stimulated some increase in the persons employed in the service industries, thus adding more service workers to the work force. But if this is so, it was not enough to show a narrowing of the economic gap with the mainstream. Service workers are noticeably underpaid and their meager incomes will not do much to increase the average per capita income.

The migration trends for both regions has indeed changed from the 1930s, the 1960s and even the 1970s. In the last three years both regions showed a net-migration gain. The changing employment structure of downstate's Michigan, Westcentral Kentucky, and the industrial states of Ohio, Indiana and Illinois, may have had a more profound effect on generating reversal in the patterns of migration

of Appalachian Kentucky.

CHAPTER IX

SUMMARY AND CONCLUSIONS

In this final chapter, I shall overview briefly the trends and patterns of development that have characterized these two rural problem regions, Appalachian Kentucky and Michigan's Upper Peninsula, over the past fifty years. I will venture some conclusions, insofar as possible, about the effectiveness of directed change programs reflected in the massive and deliberate interventions that were initiated by the federal government during the 1930s, and more recently, the 1960s and 1970s. But my main objective is to articulate a set of recommendations deriving from what I have learned from my systematic research and that applies especially to the current debate about how best to deal with persistent rural poverty and with the development of our more remote rural regions in America.

What have we learned from the systematic analysis of the data available? Has the great economic gap between the depressed rural regions and the industrial heartland been narrowed? Did the massive infusion of developmental capital, particularly into Appalachia, have any discernable

effects on reducing poverty? Have things gotten better for the people that live in these regions as conventional wisdom suggested? More important, what should we do in case that rural poverty regions in America and "Third World" countries continue to lag behind? Should we continue to invest in the same types of social and economic programs and to reinforce the same policies for the next 20 years? Can we expect that such regions will ever be able to "catch up" and close the gap? Should rural regions strive to build infrastructures that match the more urbanized regions? On the other hand, if the gap is closed, will rural regions still retain a "rural" quality of life? While some have argued that the rural regions should have all the qualities and amenities that the urban regions have had and have enjoyed for a long time, I argued that a distinctive quality of life lies in these differences and these rural qualities should be taken into account.

From the beginning, I observed that Appalachian Kentucky and Michigan's Upper Peninsula, while sharing similar circumstances, had somewhat different experiences. Each represented a less advantaged region located within the context of a larger and more advantaged one, and other areas of their respective states were flourishing. Throughout much of the 20th century, both regions exported people

(human capital) and imported financial capital, with the federal government in the case of Appalachian Kentucky, and state government in the case of the UP, being the most consistent source of capital during period. I noted that the national interest was focused Appalachia, while the UP was dependent on the State of Michigan. The first, in other words, was a ward of the federal government, while the other was beneficiary of Michigan's industrial development. Finally, while both regions experienced significant out-migration over the years, each is distinctive socially and economically.

Socially, while the UP reached some sort of population stability, since the 1910s, Appalachian Kentucky population continued to grow over the years, due mainly to high birth rates. Appalachian Kentucky and Michigan's Upper Peninsula each had a distinctive base economy and labor market. Though both depended on extractive industries, coal mining dominated in Appalachian Kentucky and copper mining and to a lesser degree ore dominated in the UP. Subsistence agriculture was a way of life in Appalachian Kentucky with a longer planting season, while it based from the seine in the Upper Peninsula long ago. Each region had different industry composition, occupational structure and patterns of labor force participation.

I noted that Appalachian Kentucky and Michigan's Upper Peninsula (UP) have been targeted since the 1950s and 1960s with considerable development efforts including numerous social and economic programs; billions of dollars were channeled in through regional commissions and have been invested in the infrastructures of both rural regions (Billings & Tickamyer, 1993; Bloomquist, 1988; Schwarzweller & Lean, 1993; Vance, 1967). These efforts attempted to break the cycle of poverty affecting millions of Americans, and to prepare the poor for successful competition in an expanding industrial economy (Clark, 1968; Magolin, 1969). One aim was to alleviate abject poverty. Eventually, the goal was to help these regions "catch up" and to integrate them into the nation's economy (Vance, 1967; Gaventa & Lewis, 1989).

But, are Appalachian Kentucky and Michigan's Upper Peninsula relatively better off in the 1990s than they were in the 1940s, 1950s and 1960s? What economic changes since the 1930s and 1940s have taken place in these regions? Have these changes helped the regions to "catch up"? Is the poverty level relatively lower in 1990 than in the 1960s? What are the facts about the regions' actual statuses in reference to population growth, poverty level, industry, occupation, labor force participation, and migration? Have

these regions, after the long years of public concern and government intervention, became integrated into the national economy? It is especially important to consider the future implications of these questions -- in terms of policies and approaches to combat poverty.

One central goal of the federal post-war policy of regional and rural development of the 1960s was to affect income redistribution by narrowing the economic gap between the marginalized rural regions and the more affluent regions of the industrial mainstream of America (Kimenyi, 1995). This gap had been widened in the aftermath of the 1930s Great Depression. Contrary, I observed the uneven distribution of wealth, income and opportunity persisted, though not in as blatant a form as in the 1950s. Certainly the abject poverty that distinguished these rural regions is no longer as visible or as widespread. Many regional disparities, especially income disparities have not disappeared. I would argue that the public concern and resulting governmental interventions that were manifested in many and varied social and economic programs to alleviate poverty in marginalized rural regions, had their greatest impacts on enhancing the quality of social capital which was subsequently exported to other regions through the out-migration of their young people.

I conclude that the regions' young people contributed enormously to the economic development of mainstream America. More important, the people left behind without doubt experienced a welcomed degree of "status inflation," but not any greater -- i.e., not at any greater rate of development -- than what was experienced elsewhere in the more affluent sectors of America. People were better off in these two regions, to be sure, but significant regional disparities, I again submit, still persist.

Regional Trends Summarized

Over the past 120 years, 1870 to 1990, Appalachian Kentucky and Michigan's Upper Peninsula experienced massive social and economic changes. By 1990, there were 4.4 time more people living in Appalachian Kentucky than in 1870 -- an increase of 162,138 in 1870 to 707,448 in 1990. The proportion of the population living in the region had steadily increased until 1940, when America entered World War II, and by 1950, started to decline and continued to do so in the years thereafter -- from about 12.3% in 1870, the proportion increased to a record high of about 28.2% (one third of the state's population) in 1940, before it declined again to about 19.2% in 1990. In Michigan's Upper

Peninsula, the population increased by about 76 times in fifty years -- from 43,700 in 1870 to 332,5576 people in 1920. Since 1910, however, the region maintained a population slightly over 300,000. Michigan's Upper Peninsula, by 1990, had 14 times more people than it had in 1870. The proportion of population lived in Michigan's Upper Peninsula reached its peak in 1910 (about 11.6%), coincided with the rush for copper mining, then declined to a record low of 3.4% in 1990.

Besides the massive changes in the infrastructure over the last 50 years, 1940-1990, the labor force in Appalachian Kentucky increased by about 19.5% with about 36,654 more persons employed -- or new jobs created. In contrast, the labor force in Michigan's Upper Peninsula increased by about 45%. Yet, both regions suffered a sharp decrease in agriculture employment, and mining employment. Michigan's Upper Peninsula suffered a noticeable decrease in manufacturing employment, while Appalachian Kentucky gained some 7 points over a fifty year period. Noticeably, both regions gained in the area of the services sector and in the number of service workers.

Some scholars indicate that income differentials and social class are obviously linked, and the former probably shape the later. Social class position, however, provides a

frame of reference from which career goals emerge and income opportunities are formed. I observed a steady increase in the middle class in Appalachian Kentucky, from 40.9% of the total persons employed in 1940 to 57.4% in 1990. The upper elite and working poor appeared to have been polarized on the expense of the farm and forestry sector that appeared to have decline significantly. In Michigan's Upper Peninsula, I observed a fairly stable middle class over the years, while both the upper elite and working classes polarized at the expense of the farm and forestry sectors which declined significantly.

Appalachian Kentucky exhibited, since 1959, a per capita income mostly below the "institutionalized income disparity" of about 70% which is usually a characteristic of similar marginalized rural regions. But, only in 1974 and 1979 did the per capita income in Appalachian Kentucky climb to this 70% mark. But Michigan's Upper Peninsula exhibited, over the same period, an "institutionalized income disparity" of about 70% relative to the Lower Peninsula. There was comparable inflation of per capita income, of course, but relatively no significant change in relative regional income disparities. Appalachian Kentucky displayed a per capita income disparity relative to Michigan's Upper Peninsula similar to that of the "institutionalized income

disparity" of about 70% characteristic of marginalized rural regions. Therefore, I conclude that Michigan's Upper Peninsula had advanced, economically, much faster than had Appalachian Kentucky.

I observed the per capita income in Appalachian Kentucky, in 1989, was 9.5 times higher than that of 1959, while the Westcentral region was only 8.2 times higher over the same period of time. Per capita income in Michigan's Upper Peninsula was 7.4 times higher than that of 1959, while in downstate Michigan, per capita income was only 7.2 time over the 1959 figure. Sure the situation got relatively better over the years, but in comparison to the more affluent regions of both states, both regions still lag behind in per capita income: per capita income disparities persisted over the years.

Similarly, over the last 50 years, 1940-1990, labor force in Appalachian Kentucky increased by about 19.5%, and by about 45% in Michigan's Upper Peninsula. Appalachian Kentucky lagged behind Michigan's Upper Peninsula in creating new jobs to absorb the growing number of adults entering the labor force. Also, Appalachian Kentucky displayed a higher unemployment rate over the years. Yet, both regions of Kentucky suffered a great decline in agricultural employment over the years, and that decline was

faster and more severe in Appalachian Kentucky. While the proportion of persons employed in agriculture in 1940 was about twice as much in Appalachian Kentucky, by 1990, Michigan's Upper Peninsula exceeded Appalachian Kentucky, where 2.3% of its total persons employed had agricultural jobs, while 2.1% of the total persons employed in Appalachian Kentucky was employed in agriculture in 1990. Manufacturing employment decreased by 1.3 points in Michigan's Upper Peninsula, but increasing by 7 points in Appalachian Kentucky. Both regions exhibited a marked increase in the services industries employment, and this was faster in Appalachian Kentucky.

Over the years, while the labor force participation rate grew by 5.7 points in the upstate, it grew twice as fast -- by 11.6 -- in the Lower Peninsula, over the same period of time. Both segments of the state showed an over all decrease in male participation in labor force, and it was twice as large in the upstate compared to downstate -- -14.5 and -7 points respectively. Conversely, both peninsulas showed a significant increase in the female participation in the labor force -- increased by 30.8 and 32.3 points in upstate and downstate respectively.

There are gender variations in labor force participation in upstate and downstate; as some variations

between regions are also evident. While both Peninsulas displayed similar trends of female unemployment rates; by 1950, these rates were reduced dramatically to 4.9 and 5.4, for the upstate and the downstate respectively.

Westcentral Kentucky showed a gradual increase in the proportion of adults (14 years and older for 1940-1960, and 16 years and older for 1970-1990) that participated in its labor force over the years. In comparison, Appalachian Kentucky showed a decrease from 1940 to 1960, and then increased in the decades thereafter, from 1970 through 1990 (Table 7-8). This reflects on the faster growth of the labor force and on the stronger more stable economy in Westcentral Kentucky.

Over the 50 year period, while the labor force participation rate grew by only 1.8 points in Appalachian Kentucky, it grew almost seven times as fast, by 12.3 points, in the Westcentral Region (Table 7-8-b). Figure 7-8-a shows this trend. Both regions, however, reflect gender variations in labor force participation patterns. Male participation decreased while female participation significantly increased. The decrease in male participation in Appalachian Kentucky was about twice as large as in the Westcentral Region, -19.5 points and -9.3 points respectively. Female participation increased faster in the

Westcentral Region than in Appalachian Kentucky, 54.3 points and 37.1 respectively (Table 7-8-b).

Persistency of Regional inequalities

One central goal of the federal post-war policy of regional and economic rural development of the 1960s was to affect the state of income redistribution by narrowing the economic gap between the marginalized rural regions and the more affluent regions of the industrial mainstream of America (Kimenyi, 1995). This gap had been widened in the aftermath of the Great Depression of the 1930s. For almost fifty years, while Appalachian Kentucky was ward of the federal government and received much help from the Appalachian Regional Commission which was designed to lift the region out of its persistent and chronic poverty (Billions of federal dollars were spent on infrastructure since the 1960s), Michigan's Upper Peninsula almost solely depended on the State of Michigan to catch up and close the economic gap with its downstate counter part, since the state had so much wealth generated from the expanding of its automobile industries.

Rural Poverty; Chronic Problems

Each of the two regions, Appalachian Kentucky and Michigan's Upper Peninsula behaved differently in response to the massive efforts of development that each received over the past fifty years. Appalachian Kentucky started, in 1940, with about 20 points higher in the percentage of families under poverty, compared to Westcentral region -- 45% and 25.3% respectively. By 1979, both regions were able to cut the percentage of families under poverty almost in half -- to 22.3% and 12.6% respectively. Scholars attribute this decline, which reflects a significant improvement in the economic well-being of both regions and the people who lived there, to the massive social and economic programs of the "Great Society" and "War on Poverty" of the 1960s.

Unfortunately, this improvement did not last. By 1989, the gap between the two Kentucky regions in the percentage of families under poverty again increased. While both regions showed a significant decrease in this indicator over the twenty years, the gap remained about the same between the two regions -- from 19.7 points in 1969, to 20.5 points in 1989. This increase of about 0.8 point is negligible. As such, I conclude that despite all efforts of development, which gave short term fruits, the gap remained the same.

During the 1970s (1974 and 1979) Appalachian Kentucky also showed significant improvement in per capita income compared to the Westcentral region. The per capita income disparity between the two Kentucky regions narrowed significantly during the 1970s and was above the "institutionalized income disparity" of about 70% -- it reached 70.3% and 75.9%. Then widened again in 1985 and in 1989, when that disparity reached 68.3% and 66.6% respectively.

Similar trends of poverty were shown for Michigan's two peninsulas. Starting in 1959, the gap between upstate and downstate in the percentage of families under poverty was 4.6 points. In 1979, this indicator of regional well-being displayed a 0.4 point difference between upstate and downstate regions -- 8.6% and 8.2% respectively. Again, scholars attribute such an improvement to the effects of the massive development efforts and social and economic programs of the "Great Society" and "War on Poverty" of the 1960s. However, like Kentucky, this did not last long, by 1989 the gap between upstate and downstate percentage of families under poverty widened to about 0.8 point. Noticeably, the 1989 figures showed an increase in the percentage of families under poverty in both segments of the state, but still the gap was narrowed significantly, compared to 1959. Strikingly, the narrowing of the gap did not come because an

improvement in Michigan's Upper Peninsula economy, but rather because of a worsening economy of the downstate. In the same fashion, Michigan's Upper Peninsula maintained a little over 70% per capita income disparity with downstate. Again, sure things got better, but in both segments at the same time, an indication of a case of "status inflation" (Milner, 1972). In all, rural poverty persisted, over the years, but not as visible as it was in the 1950s and 1960s.

Strategies of Regional Development

I noted earlier that scholars indicate that regional development in itself is an uneven process. It means that not all regions share equally in the economic benefits of development. Regional development seems to have some powerful implications and many social and economic consequences and the benefits to some may be at the expense to others. Regional development has two components: social and economic, and both are inextricable linked (Billups et al., 1994). Scholars indicate that social development cannot occur without economic development, and the later is meaningless unless it is accompanied by improvement of social welfare for the whole population. Social development refers to processes of planned social change that are

designed to promote and advance the welfare of a particular population in conjunction with a comprehensive process of economic development (Midgley, 1994). Indicators or measures of social development include population growth (fertility, mortality, and migration); education change over time, including education expenditures; changes in social structure: family structure -- marriage trends, age at marriage, and sex ratio; community institutions and organizations.

The classical regional economic base theory indicates that a regional economy is divided into high wage basic export industries, and low wage nonbasic local industries, and accumulation of the first reflects the economic well-being of a region. Thus, the ability of a region to produce and export goods determines the relative well-being of that region. Consequently, economic development policy has been dominated by investments in infrastructure aimed at stimulating growth of goods producing industries. However, by the 1980s, services producing industries replace that of manufacturing industries and become the focus of regional economists. But whether the service producing industries can serve as the basic export sector for small cities and rural regions is not at present clear. What is clear is that if people hope to remain in such small cities and rural

regions and still share equitably in the economic future of the nation, it will be necessary for them to find job opportunities in the service producing sectors.

One central goal of the federal post-war policy of regional and economic rural development of the 1960s was to affect the state of income redistribution by narrowing the economic gap between the marginalized rural regions and the more affluent regions of the industrial mainstream of America (Kimenyi, 1995). After World War II, policy-makers adopted a regional economic development strategy that encourages outside capital and out-migration. Many states and regions sought outside capitals to stimulate economic growth, provide new job opportunities, and thus alleviate poverty. Such regional economic strategy appeared not to be the answer for sustained economic growth, especially in rural regions of the United States (Rosenfield, 1985).

Recent economic development strategists, however, seem to shift away from strategies that encourage outside investment in local economies. The recent wisdom among economists, suggests that "growth from within," is rather the answer for sustained economic growth and improvement in the standards of living. Scholars indicate that regional economic development plans that encourage outside capital and out-migration result in increasing the dependency, of

the very region that intend to develop, and eventually marginalize that particular region more.

Generally, regional economic development (industrialization, urbanization, and the creation of a welfare state) had two goals: to develop all regions; and to languish various regional differences. While the first goal is relatively easier to realized, there is doubt that the second goal can ever be realized (Berkovic, 1974). Within the first goal, regions subjected to regional development may exhibit an industry that becomes a dominant factor. However, instead of equalizing regional differences, regional economic development plans most likely will deepen the abyss between regions (Berkovic, 1974).

Simulating economic growth by encouraging manufacturing, creates benefits and problems: while new jobs are created, few are filled by the local economically disadvantaged; while per capita income increased, gains are unequally distributed; while population frequently grows -- due primarily to in-migration -- demands for public services increased; and finally, while industrial development of rural regions positively affect owners of local economy, it has a small, or even negative effect on local populations (Berkovic, 1974).

The Integration Hypothesis and Alternatives

Gunther Frank's perspective on development is that it is not the isolation of a people and their society that causes underdevelopment, but the closer integration that causes dependency and exploitation. However, this is clearly not the case for Michigan's Upper Peninsula. Upstate Michigan was very much drawn into the industrial sector of downstate Michigan -- and as such, has thrived, at least in a certain way. The state (and the regional politicians) have seen to that. Even Appalachian Kentucky, in one sense, was never disintegrated, but to the contrary, it was pretty much integrated, social and economically, with the mainstream national economy. Socially, many Appalachian communities appeared in cities and metropolitan industrial centers of the northern industrial states of Ohio, Illinois, and Indian. Economically, the extractive industries were based on the national economy, and even on the global economy. For example, when the war industry flourished, during World War II, production increased in Appalachian Kentucky and the unemployment rate was reduced by the migration of many residents to industrial centers and get jobs there.

It is not the isolation of these regions, per se, that

caused the chronic problems of economic dependency, unemployment, and poverty epidemic, it is rather the way in which these regions were integrated into the mainstream national economy -- a way of colonization and exploitation. That is what lead these regions to lag behind for so long, and some of them still do. Both regions were poor, because the resources, especially of Appalachian Kentucky, were used for the development of the whole state rather than concentrating on the region.

The integration hypothesis which represented the political ideology of American's liberals "Great Society" programs of the 1960s, seem obsolete: in one sense, the regions were never disintegrated; and the gap in per capita income and percentage of families under poverty, the main indicators of the well-being of regions, either stayed the same or narrowed negligibly.

However, I cannot imagine what the situation of these marginal rural regions would be now, if the massive social and economic programs of the 1960s had never materialized. I observed much improvement in the economic performance of both regions over the years. Scholars indicate that development involves an overall economic expansion, a massive transformation of the prevailing economic structure, and great social changes. This appeared to occur, in the

sense of the size of the labor force and the rates of unemployment; industry composition; occupational structure; and labor force participation. Also it occurred in the sense of the aggregate income, median household income and per capita income and percentage of families under poverty.

This would question the relevance of the "Radical Political Economy Thesis." Their criticisms, and opponents to the federal post war policy of regional development, indicate that the policy has not lived up to expectations in bringing relief and closing the economic gap between marginal rural regions and the mainstream areas of their respective states.

However, the change in the economic gap between the marginal rural regions and the more thriving areas of their respective states may be negligible -- the gap remained the same or increased -- in both regions, Eastern Kentucky and Michigan's Upper Peninsula, to some extent. Also, the uneven nature of regional development contributed to further marginalizing rural regions and created a core-periphery type of relationship where marginal rural regions became more dependent on outside help for their survival. Under existing market policies in the United States the gains of

regional development may be distributed away from marginal rural regions and the people "left behind." This may exacerbate the level of rural poverty over time. But what is also true is that, over the years, a significant improvement in the economic well-being of both regions was apparent. Yet, I cannot deny the validity of the critical point that this thesis raised.

Consequently, we have to consider other factors that limited the economic improvement and the economic expansion during the past fifty years, as one would have expected in the 1960s. Maybe some other external forces -- e.g., globalization of the American economy may have contributed toward to the loss of job opportunities expected. But that, again, was part of the over all government policy of economic development. Globalization of the American economy, meanwhile, probably contributed toward the slowing down of out migration streams from these rural regions. The jobs that young people used to seek in the industrialized centers went somewhere else, to foreign countries. This is probably especially so for the Appalachian Region.

Policy Implications and recommendations

The ongoing "welfare debate" in the United States reflects in may ways the sense that some things need to be done to correct the situation and change the status quo. However, American society may have already taken a wrong turn. Income disparities continue to grow and the middle class has either stagnated or declined. In general, the gap has widened between the haves and have nots. The irony is that the federal government seems to accept the "culture of poverty" thesis as the main cause of poverty.

Rural development, in the post-war policy, is infrequently seen as a normatively defined policy goal rather than a theoretical construct. Social development can't occur without economic development, and economic development has no meaning without social development. This was clear in the views of both proponents and opponents of the policy. Regional development, to be successful, has to remove all barriers to development. Instead, discrimination and racism are on the rise, after a period of decline; and labor market segmentation, on the basis of sex and race, has continued and even intensified. This may limit the effectiveness of any social and economic efforts to eradicate poverty.

Can we imagine what the situation and the status of the marginalized rural regions would be without the social and economic programs of the 1930s and 1960s. Researchers, scholars and politicians need to examine, once again, the issue of rural poverty: how to define it, what causes it and how to alleviate it. Neither the "cyclical" perception of poverty, nor the "structural" perception seem to be complete. A new perception of poverty and underemployment needs to be constructed, a perception that combines the cyclical and the structural, but also goes beyond to take account of what has been learned in the last fifty to sixty years. Obviously, the policies of regional development, adopted in the 1930s and more recently in the 1960s, proved to have many holes in them: the unevenness of regional developments cause some regions to prosper and others not, that creates the regional economic disparities and leads to the loss of capitals -- human, social and financial -- from marginalized rural regions and many "Third World" countries, thus deepening their dependency on the outside for their sustainability and development.

Recent economic development strategists seem to shift away from strategies that encourage outside investment in local economies. The recent wisdom among economists, suggests that "growth from within," is rather the answer for

sustained economic growth and improvement in the standards of living. Scholars indicate that regional economic development plans that encourage outside capital and out-migration result in increasing the dependency of the very region they intend to develop, and eventually marginalize that particular region even more.

Future Research Suggestions

I observed inbalance in the regional development strategy that was adopted in the 1960s, where it concentrated more on the economic component of development, ignoring the social counter part component. While scholars indicate that social development cannot occur without economic development, and the latter is meaningless unless it is accompanied by improvement of social welfare for the whole population, researchers need to pay some attention to the social component of development. Social development refers to the processes of planned social change that are designed to promote and advance the welfare of a particular population in conjunction with a comprehensive process of economic development (Midgley, 1994). Indicators or measures of social development include population growth (fertility, mortality, and migration); education change over

time, including education expenditures; changes in social structure: family structure -- marriage trends, age at marriage, and sex ratio; community institutions and organizations.

Until regional development research is able to address both components of development, empirical evidence about the impacts of regional development on marginalized rural regions like Appalachia will remain confusing and in adequate.

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