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Planning the Communities in Which We'll Want to Live: Papers Presented at the Fifth Annual Agri-Business Day March 31, 1966

South Dakota Agricultural Experiment Station

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Planning the Communities in Which We'll Want to Live

PAPERS PRESENTED AT THE FIFTH ANNUAL AGRI-BUSINESS DAY MARCH 31, 1966

ECONOMICS DEPARTMENT
AGRICULTURAL EXPERIMENT STATION
SOUTH DAKOTA STATE UNIVERSITY, BROOKINGS
FORCES THAT MAKE FOR COMMUNITY DEVELOPMENT

by Galen Kelsey*

The story of man's search for the necessities and comforts of life is the story of man's relationship to the land and other resources at his disposal and the combining and shaping of these resources to meet his wants and needs. Until modern times this process was largely one of trial and error.

In man's quest for a better life he learned that the individual, working alone, could not fulfill many of his needs, but by joining with his neighbors they could provide services of mutual benefit. He also learned that some services are best provided by government and supported through a system of taxation. Some other services might be more efficient if provided and supported by private enterprise. Another class of services provided by religious and charitable institutions were thought to be best supported by voluntary contributions.

The institutional pattern of any particular state or region is largely determined by the facts of settlement and the environment. In the case of South Dakota this is particularly true, although the environment of the state was not accorded as much consideration as it should have been, and we are still paying for this oversight.

Most of the state was settled over a short span of only two decades. In 1870 the white population of South Dakota was only 11,776 and by 1890 it had grown to 328,808. There was very little time for the evolution of an institutional pattern adapted to the environment of the state. Consequently an institutional pattern developed in another region was superimposed upon the state and the Plains region.

The proponents of the Homestead Act of 1862 envisioned a state with a farm family on every quarter section. Economically they were self-sufficient. Township government was viewed as a necessary governmental structure. School districts were formed on this same basis and schools were located within walking distance of the youngest pupils.

Trade centers were later located on the basis of the "one-day haul": the distance a team of horses could travel to and from the trade center in one day. Later, immigrants from northern and central Europe brought with them social and cultural institutions, some of which were not adequate for sparsely settled areas.

*Area Extension Agent, Resource Development, South Dakota State University.
If the map of South Dakota could be wiped clean and the state today were again virgin sod no doubt a different type of institutional pattern would evolve other than what we have. Fewer counties perhaps, and surely fewer small towns, would be established. But this is engaging in fantasy. The clock cannot be turned back nor the slate wiped clean, although the slow forces of change tend to move us in this direction. Not only the present geography and the present social and economic setting must be taken into account, but also the history and economic trends must be considered if changes are to be made in the structure of South Dakota communities. We must build—if indeed we are to build—from where we are and on what we have to build upon.

While there are many forces that have caused developments and change there are two that have been extremely influential in shaping the social and economic structure in South Dakota. They are governmental policy and technological developments. It can be expected that these same forces will continue to be a pervasive influence in future years. Because of this we should be well aware of the nature and effects of these particular forces and how they can be used to develop the best type of economy for the people of the state.

The impact of these forces can be observed by tracing their effect upon the population, land values, numbers of farms, distribution of income and almost any economic and social indicators one might assemble.

Impact of the Forces of Government Policy and Technology Upon Population

As shown on the population graph (Figure 1), the population of South Dakota grew until the 1930’s followed by a decline and in recent years a slow, but steady increase. The earlier growth may be accounted for by immigration of settlers. The later growth is probably due mostly to the increase of births over deaths. It should be noted that farm population has declined steadily since 1935, which reflects the impact of agricultural technology and the entry into the money economy. It can be argued that the state was oversettled. The decline in farm population is an automatic adjustment to technological and economic forces.

Urban population growth reflects the migration of rural people to the larger population centers as people demand a greater variety of goods and services supplied by the larger cities and towns. It is these centers where jobs are available. Population centers of 2500 people or more are classified as urban.
Figure 1. Population Trends in South Dakota, 1870 to 1960

Source: Dept. of Rural Sociology, S.D.S.U., Pamphlet No. 121
Figure 2.
Number and Average Size of Farms, South Dakota, 1900 to 1964

Source: Census of Agriculture
Impact of the Forces of Government Policy and Technology upon Agriculture

Perhaps the forces of government policy and new technology have had a greater impact upon agriculture than any other single industry. The average size of farm in South Dakota has been increasing since 1910 and the number of farms declining since 1935. This is shown in Figure 2. (The peak number of acres in farms wasn't reached until 1954 when 44,949,473 acres in farms was recorded). These figures are moot evidence of the impact of such technological advancements as the row crop tractor, rural electrification, chemicals, farm trucks and the farmers' willingness and ability to buy and adopt them.

Figure 3 shows the trend in farmers' investment in equipment. This trend of employing more efficient labor-saving devices in agriculture has not been bad. One need only to consider the economic level of living South Dakota farm families would have if the farmers of this state refused, or were unable, to adopt new technological developments in order to compete in the production of food and fiber for the nation and the world.

Not revealed by the trend in farm numbers and size is the impact of governmental policy upon agriculture even though it has been considerable. We can only estimate the fewer number and greater size of South Dakota farms without the cushioning effect of land retirement and acreage control programs.

Impact of the Forces of Government Policy and Technology Upon Transportation

The distance to consumer markets for our farm products, usually in the urban centers, have always been millstones around our collective
The truism that we ship our raw products elsewhere to be processed and buy them back processed and pay the freight both ways is often times repeated.

Since the early settlement period South Dakota and other states in the Plains have had a "colonial status". The early business investments made here were financed by "outside capital", and, to a large extent, still are. Investors were primarily interested in obtaining our raw products for processing and distribution in eastern markets. Profits from processing and sales were invested elsewhere. The basing-point-plus transportation system was, and still is, the basis for lower prices for raw products produced and higher prices for products consumed in this region.

Until the beginning of this decade, discrimination existed in the rates of shipping live beef and carcasses. Rate discrimination still exists in the direction some products are shipped. The following example is the difference in the rates of shipping 100 lbs. of meat to a destination 1,000 miles east and a destination 1,000 miles west by rail and truck.

<table>
<thead>
<tr>
<th></th>
<th>Rail</th>
<th>Truck</th>
</tr>
</thead>
<tbody>
<tr>
<td>East</td>
<td>$1.99</td>
<td>$1.86</td>
</tr>
<tr>
<td>West</td>
<td>$2.36</td>
<td>$2.11</td>
</tr>
</tbody>
</table>

(Source: Spatial Structure of the Livestock Economy, North Central Regional Research Bulletin 157)

The rate for shipping wheat from Brookings by rail to Minneapolis is 23 cents per hundredweight. The rate for flour is approximately 33 cents per hundredweight. Furthermore, while wheat shipped from Brookings to Minneapolis, a distance of about 200 miles, costs 23 cents per hundred it can be shipped from Minneapolis to Chicago, about twice the distance or 400 miles, for only 27 cents. (Source: Chicago, Milwaukee, St. Paul and Pacific R.R. - Feb. 1966).

Until recent years, north-south shipments were both costly and time consuming. Improved highway transportation systems have greatly alleviated this problem although it still exists for the movement of some products.

The net effect of this "colonial" policy has been substandard earnings for people in this region and increased costs for processed and manufactured goods relative to producers and consumers living outside the region. It is no accident that the successful agricultural processing plants within this region are of the weight-and bulk-reducing type.
Rates are set by the Interstate Commerce Commission and presumably could be changed if sufficient pressure were brought to effect changes. Rates more nearly reflecting actual shipping costs might open the way for more "value added" processing industries in South Dakota. Care must be taken, however, that proposed changes have the effects expected.

Impact of the Forces of Government Policy and Technology Upon Income Distribution

Figure 4 shows some changes in the income distribution patterns in South Dakota. The "wages and salaries" line reflects the growing number of people receiving their income in this manner. Many of the wages and salaries are from government services which is not shown separately on the chart. These have been a growing percentage of this category. Government payments to farmers for conservation reserve, incentive practice payments, feed grain program payments and other programs are included in the farm proprietor's income line.

Government Farm Payments, by Program, South Dakota, 1963-65
(Amounts rounded to nearest tenths of million dollars)

<table>
<thead>
<tr>
<th>Program</th>
<th>1963</th>
<th>1964</th>
<th>1965</th>
</tr>
</thead>
<tbody>
<tr>
<td>Feed Grain Program</td>
<td>$20.4 mil.</td>
<td>$30.1 mil.</td>
<td>$41.5 mil.</td>
</tr>
<tr>
<td>Wheat Stabilization Program</td>
<td>15.1 &quot;</td>
<td>18.6 &quot;</td>
<td>21.0 &quot;</td>
</tr>
<tr>
<td>Soil Bank Program, Cons. Res.</td>
<td>16.8 &quot;</td>
<td>12.0 &quot;</td>
<td>9.3 &quot;</td>
</tr>
<tr>
<td>ACP Cons. Practice Payments</td>
<td>4.5 &quot;</td>
<td>4.9 &quot;</td>
<td>4.4 &quot;</td>
</tr>
<tr>
<td>Wool Act</td>
<td>2.4 &quot;</td>
<td>1.9 &quot;</td>
<td>1.2 &quot;</td>
</tr>
<tr>
<td>Other (Sugar Act, Great Plains, etc.)</td>
<td>0.9 &quot;</td>
<td>0.9 &quot;</td>
<td>0.6 &quot;</td>
</tr>
<tr>
<td>Total Government Payments</td>
<td>$60.1 mil.</td>
<td>$67.9 mil.</td>
<td>$78.0 mil.</td>
</tr>
</tbody>
</table>

In 1964 one dollar in five of personal income in South Dakota came from government sources. In 1965 it was one dollar in four. There is every reason to believe this will continue in view of expenditures for agriculture, highways, reclamation projects and various other government programs.

The Role of Attitudes in Community Development

No discussion of community development can be complete without some mention of the role of attitudes. There is an old cliche': "people are the same the world over". This is not altogether true. We are the product of our western culture and our attitudes are shaped by our experiences and our level of education. The people of South Dakota hold different attitudes than people of Chicago or New York. Furthermore, there even seems to be a difference between those living East and those living West of the Missouri River. We are divided by attitudes held by the farmer and those held by the small town storekeeper or the wage earner in the repair shop or packing plant.
Figure 4. Changes in Income Distribution, South Dakota, 1940 to 1964

Source: Survey of Current Business
Many of our attitudes are inherited. For example, probably most of our discussion between East and West in this state began during our settlement period. Eastern South Dakota was settled by farmers, many of them immigrants who placed a very high value upon land ownership. Western South Dakota was first settled by Texans. Land to them was "open range". Farmers were called "sod busters" and not held in high regard.

Another attitude deterring development and growth pertains to our views about debt, both public and private. There are historical developments that may be very influential in our particular debt attitudes.

Our early homesteaders possessed very little in cash resources. Money was scarce, not only in this state but throughout the Plains region. Consequently interest rates were exceedingly high. Rates of 15% and 20% were common. At the same time credit practices used were unadapted to the farming conditions in this semi-arid land. Credit was mostly short term with the principle and interest due on a given date. If the year were one of drought or extremely low prices, one could lose his farm; and many did.

Our fear of public debt came about through our venture into rural credits and insurance, that occurred during the inflationary 20's. Poor management by the borrowers resulted in their being unable to repay the debts as they came due during the depressed 1930's. One investment, however, the state Cement Plant, has operated at a profit since its opening and has returned to the State substantially more than all the debt on the other ill-fated ventures.

Another possible reason for our attitude toward debt is part of our Christian heritage. Doing business with the banker was like "trafficing with the Devil". Only in recent years has the banker become "the farmers' friend" and not a man to be feared. Yet many of us still feel a twinge of conscience when we borrow money.

We are a people divided by place of residence. Merchants are well aware of this--witness the farm-city days and the many public relations programs to foster closer harmony. Perhaps this, too, is a learned or inherited distrust.

In earlier times most towns had only one business of a kind: one general store, one grain elevator, one hotel. Each business had a monopoly in its trade territory because people were limited to the distance a horse and buggy could travel. Many merchants and other businessmen, particularly buyers of farm products, abused their monopoly power. As a result many farmer Co-ops came into existence.

Better transportation and communication have removed the monopoly position of the small town merchant but many rural people have a deep-seated distrust of the businessman and an attitude that profits are a result of overcharges or underpayment.
Another attitude we hold in South Dakota which is a barrier to economic development is what might be called the "thirties syndrome".

We learned some bitter lessons in the 1930's but we should remember that they were 30 years ago—not yesterday—and they won't necessarily be back tomorrow. The persistence of the "thirties syndrome" is evident in our slow adoption of commercial fertilizer—"we might be fertilizing a crop failure". In this most agricultural state in the nation, we use less fertilizer than any of our neighboring states.

Further evidence of the "thirties syndrome" is our reluctance to invest capital in industry in the state. We attempt to entice industry from elsewhere to invest here but we invest our savings in mutual funds and blue-chip stocks, most of which finance businesses located outside the state.

Making the Forces Work For Us

One might mention additional forces that tend to divide South Dakota people. For example, religious differences as well as ethnic differences which have roots in our history. These, and more, serve to divide us at a time when we must be unified in our efforts to keep pace with the rest of the nation in growth and development.

The growth we have experienced in South Dakota has been the result of trial and error. Perhaps in the past there was not another way, but today we have other alternatives. We can cause growth today by working together and formulating plans and actions to achieve certain ends. Some of the ends might be the building of processing plants, reorganization of local government institutions or the building of community recreation complexes. We are limited only by our resources and our willingness to work together. We must examine our attitudes and determine which of them are universal truths and which of them were only valid at another time and perhaps even in another place. Josh Billings, a homespun philosopher who lived about a hundred years ago, ungrammatically said it this way. "It ain't what we don't know that makes men fools, but all the things they know that ain't so."

Communities, states and nations are constantly going through a process of decay and regeneration. Some communities seem to be able to forge ahead and make fast growth while others fall behind. Communities that are content to maintain their "status-quo" are in reality slipping behind as others progress.

In South Dakota, our regeneration and development programs must move us fast enough, not only to compensate for the normal rate of depreciation and obsolescence of our social and economic structure but rapid enough so that we can progress at the same rate as other areas in the nation.
If South Dakota is to keep pace with the growth and development of the rest of the nation we must eliminate as much of the "chance" as possible from proposed developments. We must also employ a technique that will result in orderly development at a more rapid pace.

Community development has become a science. It requires people with ability to analyze trends of population growth, peoples' changing tastes and preferences, markets for a broad range of products, private and governmental services, and a host of other social and economic data. It requires people with the ability to formulate plans for coordinated action to achieve desired ends.

This does not mean that communities should give up because they do not have people with these specialized skills. People possessing such skills are now within the reach of every South Dakota community as a result of recently enacted legislation. There are also a host of programs designed to assist communities to make needed changes and developments after plans were laid. Local people can contribute a great deal with their knowledge of local conditions. In the final analysis it will be local leaders who will be called upon to implement or reject such plans.

**Assistance Available for Planning Community Development**

One of the Federal laws recently enacted is the Public Works and Economic Development Act. It is a revision of the Area Redevelopment Act that expired last year.

Under the new authority states may join together to form regional commissions for the purpose of attacking economic problems on a regional basis. A commission composed of representatives from North and South Dakota, Montana and Wyoming has been proposed but has not, at this time, been formed.

Another section of this law provides for the formation of Economic Development Districts. An economic development district generally will comprise two or more depressed areas and at least one trade center. Conceivably all of central South Dakota and the southwest and the northeast areas of the State would be eligible.

Under this section of the act, grants for planning for future growth will be available along with grants for such public works as roads, water and sewage, educational programs and other public purposes that will expedite new business, industry and employment. Direct and guaranteed loans for business and industrial purposes are also available.

Another recently enacted program makes grants for county planning available. Up to 100% of the cost of hiring professional planning services
and incidental additional costs are included. Such planning on a county basis, is specifically for planning water and sewage systems; however, studies and plans for industry, highways, schools, playgrounds etc., must be included in the comprehensive plan. These funds are available through either the Farmers Home Administration or the Housing and Urban Development Administration.

City planning assistance is and has been available to municipalities. Several South Dakota municipalities have taken advantage of this program.

The South Dakota legislature of 1966 created a State Planning Commission. This commission can make a very important contribution to the orderly growth and development of this State by implementing statewide plans and coordinating the planning of cities, counties, Federal agencies and Bureaus as well as other State agencies.

The Economic Opportunity Act of 1964 can be a valuable tool for community development. Grants are available under this act for planning programs for human resource development. This program establishes a community action group composed of local people charged with the responsibilities of studying local problems and formulating programs to solve these problems.

This program, popularly called the "Poverty Program" is not just another welfare program. The Community Action Committee may operate on a multi-county basis. It can consider the resources and economic potential of the area for programs of industrial development, recreation, education, and a host of other community services.

The South Dakota Industrial Development and Expansion Agency (I.D.E.A.) in cooperation with private power companies, South Dakota State University and the University of South Dakota, has a "Know Your Own Community Program." This is a program in which a group of people from the above named organizations interview a selected group of local citizens for the purpose of determining their judgments and attitudes about local business, government and educational institutions.

In addition to the Know Your Own Community Program, I.D.E.A. has been for the past two years, conducting a Community Betterment Contest. This contest is designed to encourage cities and towns to make local improvements.

New legislation recently introduced in Congress, if passed, may have important implications for the development of South Dakota communities. The measure called "The Community Development District Act of 1966" provides for the establishment of community development districts composed of one, two or more commuting centers and the area surrounding such centers. Included
within the district may be one or more municipal governments and one or more county governments. After delineation of the district boundaries a planning board is established with the authority to receive federal grants for planning purposes.

One might easily gain the impression, with this large array of Federal and State programs, that the solution of community problems will be found in Washington or Pierre. This is not the case. Without exception, these programs must be initiated and implemented by local leaders. Such programs are merely tools to be used by local people to build better communities in which to live.

The task of learning the details and administration of each of the many programs as well as studying community needs is one of continuing education. New programs are being formulated and old ones undergoing change; communities too are changing and man's knowledge is increasing.

In order to accomplish this job of continuing study and formulating plans and action, some kind of permanent community organization is required. This organization should be organized on an area basis. An area might be a part of a county, an entire county, or a multi-county area. The area should be large enough so all the services usually required by the people living in the area can be made available. It is recognized that a community for one particular group of services may be different from a community supporting another set of services.

The organization should be made up of a cross section of the citizens so all viewpoints will be considered. The organization might consider being incorporated so it may enter into formal contracts and receive donations and grant funds.

Community development organizations can be developed for the broad purposes of improving the economic efficiency and competitive position of our South Dakota communities. Through this organization, programs of the Small Business Administration, Land and Water Conservation Fund, Economic Opportunity and Economic Development, Farmers Home Administration, Housing and Urban Affairs and other Federal, State and local development groups may be implemented. Too often, local development efforts are fragmented. Efforts of one group are frustrated when their plans conflict with plans of another group or they are unable to take action because of a lack of resources and inability to utilize the many programs available.

Communities can no longer afford to remain aloof from one another or engage in jealous competition. The destiny of one community is closely linked to that of another. They must cooperate to develop and coordinate plans for the improvement of the economic and social well being of the area. We have the knowledge and the tools to do the job. All we have left is to do the job.
PLANNING COMPETITIVE COMMUNITIES FOR THE FUTURE

by Dr. John E. Thompson*

A review of the development of South Dakota's economy makes quite clear that at least three major but interrelated forces have been of prime importance in shaping the social and economic structure of this state. First, South Dakota's development, like the growth elsewhere, has been greatly affected by technological changes. Second, public policy decisions pertaining to land settlement and use, capital investment and the creation of public institutions have played a very important role. Third, progress has been directly related to the constant increase in man's knowledge, aspirations, and efforts to achieve a better life. Becoming aware of growth and development taking place elsewhere often serves as a stimulant to local action to achieve a higher standard of living.

Learning from the past leads one to expect that our future will be as greatly affected, perhaps even more so, by these same prevailing forces—technological changes, public policy decisions and an ever-increasing level of knowledge and desire of man to improve social and economic conditions.

These prevailing forces of change and progress all have one thing in common. They are caused by the thought processes of man. Technological changes occur when a farmer decides to buy a more powerful tractor, use new seeds, feeds and fertilizers, and when he discovers and uses other new ways to produce, buy, and sell more efficiently. The businessman likewise stimulates development when he becomes aware of and is able to make use of new efficiency techniques in supplying goods and services demanded by the public.

Public policy decisions influencing progress also evolve from man's thoughts about (1) needed laws and policies for wise land use, (2) improvements in transportation and communication, (3) measures needed to achieve a more equitable tax system, (4) procedures required for higher quality education, health and welfare programs, and (5) ways to develop water, sewer and electrical systems. Such public policy decisions are of mutual concern to those living on the farm, in the small town and in larger urban centers.

Finally, man's thought processes are directly related to and stimulated by his aspirations and desires to achieve higher levels of living. Progress and

*Extension Economist, Public Affairs, South Dakota State University.
development are relative concepts. As people of one area or region learn about improvements taking place elsewhere the desire to do likewise is usually intensified.

While, as in the past, the future development of South Dakota will depend on the thinking processes of the people of the state, merely to observe this is not enough. For we have learned and re-learned many times, that the thinking processes need a good deal of assistance if maximum growth and development in our complex and rapidly changing society are to be achieved.

As in farming or in non-farm business operations, the future of a community will depend on planning and efficiency measures to meet competition in other areas and other regions. To formulate, explain, and help carry out action programs needed to develop the state to its greatest potential will require the utmost in dedication of our best thinkers, teachers, and local leaders.

An important first step in achieving this goal is to develop realistic plans that can most completely satisfy the needs of the future population of the state. The remainder of this paper will attempt to suggest guidelines for such area planning for South Dakota.

Some major assumptions are made in regard to forces influencing future development potentials. For example, it is assumed that farm population will continue to decline along with a decrease in number of farm and ranch units. This condition is expected to prevail for several years whether farm product prices increase or decrease. It is assumed that per capita income and demand for more and higher quality goods and services will continue to expand. Because of the decline in farm population, increasing demands and constant improvements in transportation and communication, it is also assumed that the small service centers and small communities will not be able to competitively provide all of the goods and services demanded by those remaining in South Dakota. But, it is maintained that with area planning and action most of the demands can be met and with wise transportation development others can be made available in a relatively short period of driving or flying time.

It is also recognized that while area planning and development of the major components of a competitive economy may seem idealistic and perhaps somewhat "dreamy", it is thought that such dreams can come true if the people are willing to plan, cooperate, compromise and act to achieve such goals.

Making Agriculture in the Area Competitive

It is well recognized that agriculture is the major industry in South Dakota. Because of this, it is especially important that we do what we can
to make this industry as competitive as is possible. If we can no longer compete in agricultural production the whole state will be in real trouble.

No attempt will be made in this presentation to explain how we might try to stop the very pervasive trends of decline in the number of farms and enlargement in size of farms. To do this would require some major developments and changes of regional, national and perhaps international scope. The immediate concern in this paper will be to consider what might be done to make agriculture in South Dakota as competitive as possible and thereby receive its share of a growing national and international agricultural product market.

Some people do not like the changes they see but forget that their individual and selfish motives have played an important role in causing such changes. We enlarge our farms to become more efficient in the hope of making more net profit. We buy bigger machines; and we drive to larger towns to do our shopping. We put out much effort in creating, and take pride in the completion of, newer and better centralized schools, churches, health facilities, and roads. Such changes are usually considered progress. Without change communities and areas cannot compete. Further, it seems logical to assume that in the future people will continue to react in ways to maximize their profits and returns, to upgrade the level of their public services, and to try in many other ways to fill very rapidly growing demands.

Only some of the major aspects concerned with achieving competitive goals in agriculture will be mentioned. We know for example that very high-level farm management is already required for survival. This requirement can be expected to increase. We are observing that those that specialize oftentimes are able to produce a commodity at a lower cost than those who do not. Thus, it appears that specialization will continue to play a very important role.

Volume operations will be needed in order to spread the fixed costs as far as possible thus reducing per-pound or per-bushel production cost. We need to do that in order to keep our share of the national and international market. It is important that people cooperate and work together where they can to reduce costs. Capital needs to be used in ways that are efficient; and marketing structures should be used and built where possible to insure a better price and more uniform-quality production.

Not to be forgotten are the institutional and other costs affecting the farm operation. They include transportation rates, taxes, interest, wages,
utility charges, fees and licenses. These are only some of the major aspects to be considered in planning agricultural activities that can compete and contribute to a more desirable area in which to live.

Structuring Businesses to Compete and Provide Quality Goods and Services

When one looks at the trends that are taking place in rural population and efficiency measures that businesses are applying such as volume purchases and sales, automation, and vertical and horizontal integration, it becomes quite obvious that not every business firm in every town in the nation can be expected to continue to survive. This does not mean that every small town business establishment is doomed to failure, however. With proper planning some opportunities are possible for some people who might desire to stay in the small town. In the future, as today, people will want to be able to buy a large variety of quality merchandise at the lowest possible price and they will go to those areas or centers where this can be done. It is important, therefore, that businesses be planned on an area basis so that those that do operate in the area can be competitive with similar types of business elsewhere. Some types of businesses, such as an agricultural service establishment, may be able to compete in the area even thought it is located in a small town.

Fitting Industry to South Dakota's Economy

A normal response after observing the decline in rural population and its effect on business and public institutions is to attempt to solve this problem by bringing in or developing industry. This may be a major solution for some areas, but for many other areas the opportunities for industrial development is needed for most areas. This does not mean, however, that industrial development opportunities in an area should not be explored in the hope that a portion of the population in each community might find gainful industrial employment.

There seems to be real merit in trying to plan industry on an area basis in areas of declining population. This becomes more obvious as one begins to survey the basic resources needed and available for industrial production or processing. For example, rather large areas are often needed to provide a sufficient supply of crops, livestock, minerals, forests, and labor for competitive industrial development.

Along with a survey of the basic resources available for industry it is important to identify the types of industries requiring such resources. It is important that detailed feasibility studies be made of the requirements and ability of community, area, or even a region to support such industries.
Finally, some types of industries may fit in the state because they are not dependent on such conditions as a local metropolitan market for their output. In other cases they may not require transportation advantages in moving goods or may not require highly skilled workers or other resources that may be lacking in the state.

Requirements for Equal Educational Opportunities

A very important aspect of a good community in which to live is that there be quality educational programs available in the area. In order to have such programs it is important for the adult population to first understand what the major requirements are for a quality educational program. Some of the most common and widely-accepted essentials can be mentioned.

Quality instruction is essential for quality education. Thus, teachers need to be adequately trained and be given an opportunity to teach in their particular areas of specialization. Schools need adequate and complete instructional equipment and facilities. It is important that competition and exchange of ideas and information prevail between staff members. It is important that the teachers themselves have pride in their profession and in the school of which they are a part.

Complete curriculums are needed. It is important that all those attending school be given an opportunity to advance at their highest potential capacity. This means that courses and curriculums will need to be structured in accordance with the various levels of aptitude that exist among pupils. Curriculums need to be considered in terms of how well they will prepare those attending classes for the future competition that they will be sure to encounter. In other words curriculums have to be comparable with those found in other areas of the nation.

It is important that there be sufficient class enrollment in order that competition can exist between pupils in a class so that there can be group discussion and so that efficiency in operation can be realized in instruction and use of school facilities.

Finally, in order to get the greatest return from tax dollars spent and still have quality programs, the tax base to support such a program needs to be sufficient. In the sparsely settled regions this probably will require large districts. Also, travel time involved and cost of transportation are apt to be important elements. Again it is probably better to travel a distance to secure a quality product or service than to sacrifice quality merely to have the service nearby. Some measures that need to be taken to achieve equal educational opportunities for all in our area include: educational planning and action, adult educational programs, and cooperation, compromise and community support.
Achieving Efficient and Quality Government Service

The desirability of living in any particular area of the state will also depend on the level of efficiency and quality of government services. In structuring such services it is important to identify the major government functions needed to meet future demands. Efficiency goals in government operations also need to be established. Measures for efficiency might be indicated by comparing ratios that exist between selected government functions and the number of people to be served. Or, the ratios between various government functions and assessed value and income of an area may be compared.

It is also important to investigate the possibility of combining various government functions or centralizing such functions and supporting them on an area or state basis. In some cases modern machines might be used to more adequately and effectively serve larger areas.

Not to be overlooked is the important considerations of what might become socially desirable as well as politically palatable in terms of government reorganization or consolidation. Oftentimes, institutional changes are not supported because there is no awareness of the social, economic or political advantages to be realized from such action. But inefficiency in government, as in agriculture, education or business is always a waste of resources. Thus, alternative ways of organization and operation need to be evaluated frequently as social and economic conditions change.

Providing Quality Religious Programs

As our schools and governments, our religious programs and institutions were structured for a different type of economy that we have today or what might be expected to evolve in the future. It is important, therefore, that one begin to think about plans for building the kind of religious programs that can satisfy and meet the future spiritual needs of those remaining in the state. What would this require or mean in terms of church membership? attendance? financial support? physical structures? teachers? classes? What might be done in terms of mergers or churches or combining inter-denominational church functions? To what extent might mobile church units more efficiently serve those living in sparsely settled areas?

Planning Complete Recreational Programs

Meeting the recreational desires of the people of the future will be a very important consideration in planning a complete and competitive community. It is important to determine recreational desires for different age
groups. In the past we have seen very marked changes in what people desire and a great expansion in variety of recreational opportunities. In the future we can anticipate a further expansion in such recreational demands.

Serious consideration needs to be given to what types of recreational activity can be efficiently supported in South Dakota and what types will require a large metropolitan population. Several recreational desires of people living outside metropolitan areas can more easily be satisfied if good transportation exists to such centers. Also, if transportation and roads exist from urbanized areas to more sparsely settled areas, those resources in the outlying areas can be more fully utilized by the urban population. In the future rural recreational projects may provide one of the most important types of supplemental income to agriculture.

Providing Quality Health, Medical, and Welfare Services

Like many other services mentioned, the quality of health, medical and welfare services can best be achieved through planning that is realistic in relation to the resources that we have. It is important to analyze trends in demands for health, medical and welfare care and relate such changing demands to the income and population requirements to achieve efficiency in operation.

It should be recognized that as people change their shopping and recreational patterns their desires for retirement and health services will also change. In the past older people preferred to retire in the community center where they did their shopping and socializing. As mobility of people increases they can be expected to retire in cultural centers and retirement areas of the most favorable climate.

It is becoming increasingly difficult to secure doctors, especially general practitioners, for rural areas. Doctors like to be a part of a medical staff, exchange ideas, and have some free time. They are becoming more highly specialized and as specialists it takes more people to support each of the specialists. They want to live in areas where there are high quality public services and cultural opportunities. Again, the need for area planning to support such medical centers becomes obvious.

Planning Transportation to Meet Future Needs

As has been stated, transportation is a vitally important component of a good community in which to live. It should be emphasized, however, that proper planning of transportation is really a function of the planning of several other types of functions and conditions of the economy. For example, after recognizing trends in population, changes in social and economic desires,
requirements for quality education, recreation, government services, churches, medical centers, and business activity, logical and efficient planning of highways is greatly facilitated. It is well recognized that wise planning of highways and local roads can greatly improve the desirability of living in sparsely settled areas.

Again, well planned highways not only make it possible for the people of the state to satisfy many of their expanding desires elsewhere, they also serve as an artery for bringing into the area expansion of business activities of various forms. Local resources can be more fully utilized with proper development and planning of the highway and road network.

Finally, paramount in planning requirements to achieve a complete and viable area is to plan programs that increase the knowledge and concern of the public about their area and about the needs, desires, and aspirations of the people that live within the area. Informed adults are needed to capitalize on and influence changes. More than that, informed adults are needed just to have interesting and stimulating people with whom one can associate.

We all have more than just a responsibility to exist in an area. We have a responsibility to our friends and neighbors, to our children, and to future generations. We have a responsibility to build the kind of area that can most completely meet the needs and desires of society.

To have and be part of an interesting and stimulating population requires an educational program that goes beyond the public school system. Adult education is the key. Being well informed about what is happening and what might be possible is really the basic ingredient to area planning and development. After that, having courage and willingness to act individually and as part of a group is what is needed for an improved life in most areas of the state.
PUBLIC SERVICES FOR A COMPETITIVE COMMUNITY

By Loyd Glover*

Every "good" community must have a competitive economic base; that is, a stable means of support. For South Dakota this means of support is primarily agriculture. The economic base in turn supports the retail and service businesses of the community. These two sectors, however, regardless of their strength, do not make a complete community. They support another part of the community superstructure, the public services. This relationship can be illustrated graphically by a pyramid with agriculture (the economic base) at the bottom and retail businesses and public services in successively smaller layers on top (See Figure 1).

The industrial and retail sectors determine the prosperity of a community, but the public services determine to a considerable extent the quality of living in a community. The fire and police protection, educational facilities, health care facilities, and recreation facilities often make the difference between a desirable and an undesirable place to live.

The quality and quantity of the public services of a community, of course, must depend in part upon the economic base - the income generated within the community. Public services cannot be successfully extended beyond the capacity of the community to support them. Often, however, public services are not as good as can be supported, because of emphasis on quantity rather than quality, and because there may be no strong desire for better services.

For this paper I am assuming something which is probably not entirely true. I am assuming that we want communities in South Dakota with public services comparable to those in areas which are competing for our young people. My reasoning is this: if we want our young people to stay here, then we must provide them with communities which are equally desirable as places to live as the growing communities which have been absorbing the youthful migrants from South Dakota. With that assumption this paper is addressed to the question, "How can we have the kind of education facilities, health facilities, recreation facilities and government services that we want?"

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Figure 1. A graphic representation of a community, showing size relationship of the three sectors and indicating the problem of public services getting out of balance with the remainder of the community.
What Is an Appropriate Planning District?

In many areas of South Dakota these facilities and services seem completely out of reach. This is because each small town has desired to be completely self-sufficient. Planning and development of public services has to be done by some governmental unit. In South Dakota this unit may be a town, a county, a school district, a special purpose district (such as drainage), or the state. But none of these really represents the most logical planning district for most community services.

If counties are to be used as planning units for public services, some counties would be able to support good quality services, others would not. There would be considerable variation from county to county. Watershed districts and conservancy sub-districts are examples of special purpose districts formed for the purpose of planning a particular kind of development. For these districts the territory included is usually appropriate to the development being planned. In several cases the boundaries of the conservancy sub-districts bisect a county where this clearly represents a division of local interests. Watershed boundaries are perhaps more easily defined than community boundaries, especially when the community concept is so vague in most minds.

If we were to determine the ideal planning area or district for each public service, we would likely find that the size would differ for each one. For instance, planning health care facilities might best be done in districts with a population of at least 200,000. Welfare services, education services and recreation services might ideally be planned on a somewhat different scale. But the multiplicity of planning districts is already confusing to the average citizen. Especially is this true in the field of soil and water conservation and development. Therefore, instead of exploring the virtues of a different kind and size of planning district for each public service, I have chosen instead to investigate the possible use of one multi-purpose multiple-county planning district for all public services.

A "Synthesized" South Dakota Community

For the purpose simply of exploring the possibilities of what could be done, I have mapped a synthesized South Dakota community. (See Figure 2). It consists of actual counties rearranged to conceal identity and centered around a city of the Mitchell, Huron, or Watertown size. Although this figure does not represent an actual region in South Dakota, it is typical as far as town and county sizes and relationships are concerned. The number of towns and distances between them are typical.

Districts comparable to this one could be drawn around any of our major cities in eastern South Dakota. The following is an exploration of some of the advantages and disadvantages of community planning districts of this kind for
South Dakota. The discussion here is not intended as a recommendation or proposal. It is expected that larger towns will generally not be interested in comprehensive community planning districts because it is easier to ignore the surrounding towns, and the small towns will not be interested because they will be suspicious of the larger towns and will fear the possible adverse consequences which might develop for them.

Even though a multi-purpose, multiple-county community planning district appears idealistic and impractical, if we do not examine the idea, we will never know what might be gained by it. The assessed valuation in the eight counties in the district ranges from about $15,000,000 to $62,000,000. Thus, if all planning within the district were to take place on a county basis there would be a wide variation in quality and quantity of services available in the area. Some counties could have adequate service, others could not. Not every county could have an adequate hospital for instance. The whole area together is probably not adequate for a high quality medical center. Other government services could be carried on with varying degrees of efficiency in the various counties.

Planning Public School Education

The following paragraphs are an attempt to describe the kind of planning which could be carried out by such a district and what the area would look like if such planning were carried to fruition. First, a look at what could be done in the field of public education. The total property valuation of the eight county district is $263,000,000. It now has 35 public high schools and 4 private high schools. The number of grade schools was not determined. Most of the high schools have less than 100 pupils.

Suppose the planning board for this district were to determine that there were 7 logical locations for senior high schools, considering distances, roads, and concentration of population. In the public high schools there were 5300 students enrolled in grades 9 through 12 last year and 1200 of these were in the high school in the central city. By converting to senior high schools, there would remain about 950 high school students in the central city and this would mean approximately 500 students per high school in the other six schools. The planning board might see the need for nine junior high schools and perhaps 12 schools with grades 1 through 6.

If the area were to be divided into 7 districts approximately equal in population and assessed valuation (outside the central county) the size of each school and the assessed valuation, though much larger than at present, would still be barely adequate for high quality education. Only through cooperation could the entire community afford such things as vocational education, pro-
Figure 2. A synthesized South Dakota multi-county planning community.
fessional counseling staff, and an adult education program. But by means of cooperation equal educational opportunities for all could be provided.

Some new physical plant would be required, but the operating costs should not increase. If each county were to proceed alone, however, the systems would range from the very inadequate to the good because of the wide variation in population and assessed valuation. Only if we assume that some specialized and expensive functions be financed cooperatively by the entire district could a distinguished educational system with equal opportunities for all be achieved.

The point is that a first-rate educational system in this area is possible. It would likely not cost more to operate than what they have now. The cost therefore is not the obstacle. The sparseness of population is not the obstacle. Distance is not the obstacle; very few would ride a bus more than 20 miles. Formidable obstacles of course do exist, and they will be discussed later.

There are some who are not convinced that education would be improved by creating several large schools and doing away with about 28 small ones. These individuals often point out that small schools are more wholesome, and the students get so much individual attention. I personally question whether it could be proven that small schools are significantly more wholesome, and I am convinced that there is probably less specialized personal attention for students in small schools than in the large ones. Teachers in small schools have so many responsibilities they do not have opportunities to give much of the kind of specialized attention that some students need. I speak from experience on this point, having graduated from a country high school with only 6 students in my graduating class.

But suppose there are some advantages in a small school. What is the cost of buying these advantages? The real serious cost is the decreased achievement of the students. There are many studies which have proven rather conclusively that the level of student achievement is higher in large schools than it is in small schools. This handicap of reduced achievement is the price many South Dakota communities are paying for the retention of their small schools. Unfortunately many individuals never overcome this handicap. In college in some cases the handicap, instead of being overcome, increases as the student approaches graduation, so that he is farther behind as a senior than he was as a freshman.

Schools are not good just because they are big, and inferior just because they are small. One can compare a particular good, small school with an inferior large one and come to the conclusion that achievement is higher in small schools. Large schools at least have the opportunity of being better than small ones. The opportunity is related to the possession of greater resources with which to work, greater competition among students and greater specialization of teachers. Small schools can provide an education that will fit the needs of perhaps 50% of the young people of the community, but lacks the specialized services which the other 50% need. Unfortunately, many parents do not recognize the different educational needs of their children. Education is education, they think. The inequality of educational opportunities which exist are related to this point. The small schools assume that every student's educational needs are the same and that specialized services are merely frills or "frosting on the cake."

Is the multi-county district the answer to wise education planning in South Dakota? It is apparent that many people do not think so. In many cases the voters have decided that stepping up to county planning is too bold a move for now. Several counties have for instance have rejected county planning for public schools thus allowing each local area to go its own way. How important is it to have equal educational opportunities for all?

It was a frontier tradition that the common school district should be autonomous on matters of education. But this tradition was based on an educational system terminating at the 8th grade. Now local control is incomplete unless everyone is in a high school district. But if the high school district is too small to support a good school then the local control is meaningless--it cannot achieve its goals. Local control is effective only if the district has sufficient resources to achieve its goals of equal and high quality educational opportunities for all within the district. It is difficult to see how local control can be effective in most areas of South Dakota except on a multi-county basis.

Planning for Health Care

As in the case of education there is no simple answer to the planning of health care. One cannot say, for instance, that every town of a certain size can support a hospital and all towns under that size cannot support a hospital. The community planning district used as an example for planning education could work equally well for planning health care facilities, provided the leaders recognize the need for cooperating with other districts or a state planning agency. This particular planning district, for instance, would have to look elsewhere for some of its facilities. But certainly a district of this kind could secure efficiencies in the provision of facilities and services that are not being secured at present. Some small towns are building hospitals that are destined to stand idle. Availability of well-equipped ambulances is often for-
gotten in health care planning, and might be the answer to a town's need instead of a hospital. Will helicopter ambulances be the answer to the needs of sparsely settled areas in the future?

Here is a list of some things which could be accomplished through planning for health care in this community planning district.

1. Government funds could be used more wisely than at present.
2. Cooperation between facilities in the community could be arranged.
3. Unnecessary duplication of services could be prevented.
4. Better physicians could be obtained and distributed more equitably.
5. Facilities more in line with the needs of the community could be provided as contrasted with too much in some communities and too little in others as now exists.
6. Better provision for handling disasters and catastrophes could be arranged.

There seems to be no easy or rule-of-thumb guide for community planning of health care facilities. Intensive study is needed of the people in the community, the ratio of hospital admissions per thousand persons, per capita income, educational level, closeness to large city facilities, outpatient services available, percentage of veterans among the population, the pattern of medical practice in the community, and the average length of stay in hospital beds. This kind of study, unfortunately has not preceded the construction of some facilities in South Dakota.

Other Services

Planning for other services likewise would benefit from community district planning on a multicounty basis. Equal fire and police protection for the area could be obtained, consolidation of some of the county government functions would be facilitated, and better planning of recreational facilities would be possible.

County consolidation is not only politically impossible, it is not likely to result in as desirable planning units as the formation of community districts around our major towns in South Dakota. The county seat question need not arise in the formation of these districts. As it was learned that cooperation provides better schools, eventually certain functions of county governments would be centralized in order to gain efficiency, and
little by little our county governments could disappear. Consolidation would thus become a gradual process. The availability of automatic data processing and storage may be the development which will facilitate most of the consolidation on a fairly large scale of several county government functions.

Obstacles

So far I have made this planning sound very easy. We all know it would not be. What are the obstacles? I have already mentioned that cost is not the major obstacle, nor is sparsity of population. The primary obstacles are the following:

1. Small town businessmen have considerable investment and capital at stake. Many of them are at an age where their planning is for the short run—the four or five years before retirement. Their whole life's work and savings are involved. It means a great deal to them to keep the town alive just a few more years.

2. Blind loyalty to that which is close by and familiar. Something akin to the fierce nationalism of small nations in Latin America and Africa develops in our small towns. Along with this goes suspicion of the larger town and the unfamiliar.

3. Satisfaction with things the way they are. Most South Dakotans have nothing to compare with except the past. We have not had enough people moving in from other areas to awaken us to greater possibilities. As a result most people are ignorant of the possibilities, and also of the necessary standards of public services in communities which are trying to keep competitive.

4. While total costs are not the obstacle, means of financing are not clear and there could appear to be possibilities of inequitable individual taxation costs in financing reorganized facilities and services. These possibilities certainly exist in school district reorganization today. State legislation on aid to education, and formulas for distributing this aid, will and have affected educational planning on the local level. Equitable financing would be one of the most critical hurdles.

5. Lack of leadership.

I am not advocating giving up local control to the point where the state and the federal government do all the planning. The way to retain local control is to use it wisely, it seems to me, and this can be accomplished only if we set up logical community planning units which make more sense than our present county units. If this is not done voluntarily, eventually the state or federal govern-
ment will, and probably should, step in to repair the mess.

What would be some other benefits which could be derived from community planning? It is my belief that the planners would want to make the best use of what they have. There is considerable capital in small towns and instead of writing it off, some attempt could be made to use it. Some activities do not have to be centered in large cities. In cases where the two towns close by can together support a hospital and a school, but not both in both towns, then perhaps the hospital can be put in one and the high school in the other.

Suppose that one of these districts was formed in South Dakota and plans brought into fruition. What would be the effect on the state? What would be the effect on businesses within the district? What would be the effect on out-of-state businesses or people looking for a place to settle in South Dakota? It appears to me that such a district would clearly have an advantage in economic development so that it would grow while other areas in the state lagged. But if the entire state were covered with such districts it is possible that the first such district organized would lose some of its initial advantage. This brief exploration of a multi-county planning district has probably raised more questions than it has answered. There is much need for research, not only on questions raised in this exploration but also on alternatives. Are there other better ways to get the kinds of communities in which we will want to live?
The purpose of this report is to look at some of the changes and emerging problems likely to occur in South Dakota agriculture between now and 1980. These trends and projections are presented to provide insights into what might be reasonably expected to happen and thus to serve as a guide in formulating plans for area and community development. We do not want these expected changes to lead to disorganized communities, frustrated business men, and farmers who are left far behind the times. The contribution that agriculture can make to the economic growth of communities is also examined.

PLANNING FOR CHANGE

Agriculture in the United States is not going to stand still in the years ahead. South Dakota farmers will continue to be engaged in a regional battle competing for the right to produce. Farming in our rural communities must be efficient enough to meet or surpass any competition from other regions if production is to be expanded. Virtually everything produced in South Dakota can be produced in other parts of the United States. Therefore, higher standards of performance will be needed in our state's agriculture is to move ahead in tomorrow's rapidly changing world.

The need for a resource development program in rural areas of South Dakota is evidenced by the fact that technological change and high-dollar farming have not come to all farms and all communities equally. South Dakota lags far behind other states in many agricultural endeavors. An agricultural development plan identifying problems, establishing priorities, and outlining proposed goals and actions is needed for every rural community in the state.

Local involvement is important in any type of community development work. It is difficult to assist people in finding solutions to problems they are not sure exist. A resource development program for agriculture should start with a study of the community's present agricultural resource base and its potentials. This phase might well be followed with a comprehensive study of its potentials. This phase might well be followed with a comprehensive study of the transportation, market facilities and other off-farm services now available

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and "what ought to be" for optimum resource use. A study of the educational facilities available to farmers should also be made. Progressive off-farm services are essential to a growing, competitive agriculture. However, plans are of little value without an effective action program. This will call for some positive community leadership and some changes in attitude on the part of many people.

STRUCTURAL CHANGES IN SOUTH DAKOTA AGRICULTURE

Of major consequence in community planning are the problems related to the changing structure of our agricultural industry. In a period of just a few years, we have seen some rather significant changes in the size of farm businesses. Capital and labor requirements have changed materially. These changes must be identified to assist in planning for the future growth of farm firms and to establish guide lines for "units of economic size".

Changes in Farm Numbers and Size. The number of farms and ranches in South Dakota has decreased steadily in the past 35 years. In 1965 there were 52,000 farms. A simple linear projection to 1980 shows there will be 35,000 farms, a drop of 33%. Total land in farms has changed very little, but the acreage continues to be consolidated into larger units. The average size farm in 1965 was 865 acres. Projections to 1980 indicate a 50% increase, or an average of 1,280 acres per farm. See Figure 1 for changes in farm size and numbers for 1959 and projections to 1980, by counties.

Increasing farm size is related to the technological revolution taking place in agriculture. In order to exploit the cost economics of new technologies, farmers have had to increase the size of their farm units. And the technological advance is by no means over. Research continues to bring forth new knowledge. When this is added to the present technology that has not been fully utilized, it becomes a rather significant force in farm size adjustment. Therefore, the average size farms shown in Figure 1. for 1980 could under-state actual farm size.

Agricultural Employment. The number of people employed in agriculture continues to decline in South Dakota. Presently about 35% of the working force is employed in farming. Because South Dakota is more agricultural than the United States as a whole, a somewhat higher proportion of the labor force will continue to be needed in farming. But, some decline can be expected. By 1975, it is anticipated that only 28% of the labor force will be needed in farming.

Projections on farm size and numbers were made by Dr. Rex Helfinstine, Economics Department.

Numbers in parenthesis refers to references cited on the last page of this paper.
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<td>276</td>
<td>380</td>
</tr>
<tr>
<td>Yankton</td>
<td>217</td>
<td>253</td>
<td>805</td>
<td>223</td>
</tr>
<tr>
<td>Clay</td>
<td>984</td>
<td>1236</td>
<td>223</td>
<td>760</td>
</tr>
<tr>
<td>Union</td>
<td>1020</td>
<td>660</td>
<td>850</td>
<td>410</td>
</tr>
<tr>
<td>Lincoln</td>
<td>1602</td>
<td>222</td>
<td>223</td>
<td>330</td>
</tr>
</tbody>
</table>

Figure 1. Number and size of farms by counties for South Dakota 1959 and 1980.

Top: Number and size of farms 1959.
Bottom: Number and size of farms 1980 (projected).
In looking to the future, it is clear that farms will continue to grow in size, but probably not much beyond the 1.5-man size. Part of the reason farms will not grow in "man size" is because of mechanization and automation. A machine manufacturer recently made the statement that there is not a single job on the farm today that could not be mechanized at some cost. Capital will be substituted for labor as long as it is profitable to do so.

The second reason for speculating that only a limited amount of labor will be hired in farming is that Federal minimum wage laws and housing standards will likely be tightened in the future. In many instances, if an enterprise cannot be automated it will be eliminated. Most of the labor on commercial farms will continue to be supplied by the family. Communities should not look to farming as an expanding market for hired labor. In fact, the lack of local nonfarm employment opportunities has already left many farm families underemployed.

Capital Investment. Farm capital requirements have nearly doubled in the past 15 years. They are expected to double again in the next 15 years. Part of this increase has been due to the adoption of new technologies, but another reason has been increasing land values and the larger size units needed for an efficient operation. Most of the new land purchases in recent years has been for farm enlargement. The average value of land in South Dakota jumped from $13 in 1940 to $63 per acre in 1965. If past trends continue it will reach $90 by 1980. (See Figure 2).

![Figure 2. Value per Acre of Farm Land in South Dakota 1940 - 65, Projection 1980.](image_url)
Past and projected capital requirements for two different types of farms are shown in Table 1. One is for a hog-beef fattening farm representative of Southeastern South Dakota. The other is typical of a West River cattle ranch. By 1980, the farm will require a total investment of $240,000 and the ranch $150,000. These estimates are probably average, because a good-sized commercial family farm in 15 years could easily represent an investment of $300,000 with another $100,000 for working capital. Many units will go much beyond this figure.

Table 1. Actual Capital Investment for 1957-59, 1964, and Projected to 1980 for Selected Types of Commercial Farms a/

<table>
<thead>
<tr>
<th>Type of Farm</th>
<th>Actual 1957-59 (Average)</th>
<th>Actual 1964</th>
<th>Projected 1980</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hog-Beef Fattening Farm, Corn Belt</td>
<td>$64,660</td>
<td>$86,130</td>
<td>$168,430</td>
</tr>
<tr>
<td>Land and buildings</td>
<td>8,350</td>
<td>10,470</td>
<td>18,600</td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>11,900</td>
<td>15,640</td>
<td>29,980</td>
</tr>
<tr>
<td>Livestock</td>
<td>8,010</td>
<td>11,480</td>
<td>24,780</td>
</tr>
<tr>
<td>Crops</td>
<td>123,720</td>
<td>241,790</td>
<td></td>
</tr>
<tr>
<td>Total farm capital</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cattle Ranch, Northern Plains</td>
<td>46,370</td>
<td>53,950</td>
<td>83,015</td>
</tr>
<tr>
<td>Land and buildings</td>
<td>7,890</td>
<td>7,700</td>
<td>7,700</td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>18,110</td>
<td>25,300</td>
<td>52,860</td>
</tr>
<tr>
<td>Livestock</td>
<td>2,730</td>
<td>3,420</td>
<td>6,065</td>
</tr>
<tr>
<td>Crops</td>
<td>75,100</td>
<td>90,370</td>
<td>149,640</td>
</tr>
<tr>
<td>Total ranch capital</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


b/ Simple linear projections
In spite of the fact that farm investment keeps going up and that agriculture requires the highest investment per worker of any industry, South Dakota farmers are still not "over their heads" in debt. When compared to nonfarm industries, the equity position of farmers is high. Farm mortgage debt against farmland and buildings in South Dakota was only 10% of the value in 1964. In fact, many farmers will have to venture beyond the traditional goal of "debt-free" farming if any progress is to be made.

Capital formation and management will be a critical factor to the growth of agriculture in the years ahead. Financial institutions will have to adjust to the changing credit needs of farmers if they expect to stay in business. The credit needs of farmers can be roughly grouped into three categories: (1) Short-term, for current operating expenses, (2) Intermediate, 3 to 7 years for machinery and breeding stock, and (3) Long-term or real estate loans. Many farmers will find it worth while to shop around for credit and use several sources. However, many financial institutions will become credit "supermarkets" dealing in both long and short-term credit or "full farm financing".

Operating capital will become a much larger part of the total credit needs of farmers in the future. Many managers will want credit on a pre-arranged, line-of-credit basis--especially operators of continuous livestock feeding programs. The traditional annual loan "clean-up" will give way to a revolving credit pattern for most farmers by 1980.

SOCIAL CHANGES

Along with the technological and structural changes in agriculture there have been a number of social changes. No longer is farming thought of so much as a "way-of-life", but more as a way of making an adequate income to enjoy life. Although the general idea of agricultural fundamentalism is slowly disappearing, the problem of social change is still an impediment to off-farm migration and to economic growth and technological progress in many rural communities of South Dakota.

In the years ahead, farm families are going to have to play a much more positive role in planning and pushing for community betterment. They will want to give their children the opportunity to grow up in a community environment that is rich in educational and cultural opportunities. But, before much progress can be made in this direction, some of the traditional distinctions between the social needs of our rural town families must be broken down.
Ways of improving farm income should get top priority in any community development program. This is especially true for South Dakota because economic growth for most communities will either be limited to, or directly tied to, an agriculture base. The best solution then is to make agriculture more productive.

Potential Income Changes. Total farm income for South Dakota has averaged about $745 million annually for the past four years, 1961-64. On a per farm basis this amounts to an average of $13,400 in gross farm income, or a net income of $3,880. This is hardly enough for economic growth and to provide an adequate standard of living for the family and to educate the children. The question facing many farmers and community leaders is what can be done to increase farm income?

What are the potentials for expanding farm income in South Dakota assuming no rapid or basic change in farm policy? Chances may be excellent in many communities where there are untapped resources, credit is available, and there is unexploited technology. The secret may be in getting local leaders and farmers behind programs that will increase the productivity of the community resources.

Studies show that crop production could be increased substantially in South Dakota just by using better cropping techniques and more fertilizer. Better farmers are already getting far above average yields. An estimate of what could be done by way of improving crop yields for South Dakota is shown in Table 2. These estimates are intended to show the average potential yields obtainable by good farmers and poor farmers on both good and poor soil over a 10-year period. The increases shown here would be considered economically attainable yields based on greater use of presently known technology.

Increased livestock production perhaps holds the greatest potential for increased income in most areas of the state. This is particularly true considering the potential expansion in feed grain production for the state and the rapidly expanding demand for meat products. A study done earlier by the Economics Department showed that livestock production could be expanded by 40% over the next 10 years. (2) (See Table 3)

Irrigation. The use of water resources holds another great potential for the economic development of South Dakota. The state has a rich water supply waiting to be tapped. Irrigation would permit a vastly expanded livestock feeding program and the production of many speciality and canning crops. The additional production would in turn call for more food processing plants. Besides the benefits to agriculture and business, it is also likely
Table 2. Summary of Present and Potential Changes in Crop Production for South Dakota.

<table>
<thead>
<tr>
<th>Crop</th>
<th>Present production a/ (thousands bu.)</th>
<th>Potential production b/ (thousands bu.)</th>
<th>Percentage Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corn</td>
<td>112,760</td>
<td>168,265</td>
<td>49%</td>
</tr>
<tr>
<td>Oats</td>
<td>96,190</td>
<td>141,195</td>
<td>47</td>
</tr>
<tr>
<td>Barley</td>
<td>22,900</td>
<td>34,365</td>
<td>50</td>
</tr>
<tr>
<td>Sorghum</td>
<td>4,265</td>
<td>5,690</td>
<td>33</td>
</tr>
<tr>
<td>Wheat (all)</td>
<td>44,240</td>
<td>54,720</td>
<td>24</td>
</tr>
<tr>
<td>Flax seed</td>
<td>15,690</td>
<td>20,400</td>
<td>30</td>
</tr>
<tr>
<td>Soybeans</td>
<td>2,640</td>
<td>3,630</td>
<td>38</td>
</tr>
<tr>
<td>Rye</td>
<td>7,040</td>
<td>11,050</td>
<td>57</td>
</tr>
<tr>
<td>Hay (all)</td>
<td>3,315 (tons)</td>
<td>4,840 (tons)</td>
<td>46</td>
</tr>
</tbody>
</table>

a/ Based on 1961-64 acres planted, and 1955-64 yields.

b/ Based on same acres planted as present but using projected potential yields. (Potential yields were estimated by the Agronomy Department, South Dakota State University).

Table 3. Summary of Present and Projected Livestock Production for South Dakota.

<table>
<thead>
<tr>
<th>Kind of Livestock</th>
<th>Present Production a/ -(thousands head)-</th>
<th>Projected Production b/ -(thousands head)-</th>
<th>Percentage Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beef-Breeding</td>
<td>1,515</td>
<td>1,970</td>
<td>30%</td>
</tr>
<tr>
<td>Fed cattle</td>
<td>420</td>
<td>840</td>
<td>100</td>
</tr>
<tr>
<td>Hogs</td>
<td>2,560</td>
<td>3,840</td>
<td>50</td>
</tr>
<tr>
<td>Sheep-Ewes</td>
<td>1,473</td>
<td>1,915</td>
<td>30</td>
</tr>
<tr>
<td>Dairy</td>
<td>430</td>
<td>367</td>
<td>-15</td>
</tr>
<tr>
<td>Poultry</td>
<td>11,500</td>
<td>30,000</td>
<td>20</td>
</tr>
</tbody>
</table>

Source: (2)

a/ Based on 1958-62 production.

b/ Projected to 1975.
that water would be available for the development of community recreation areas and for municipal and industrial water supplies. But, community leaders must provide the force to see that these projects move forward. Local subdivisions of state government are required to give certain assurances regarding construction, maintenance and operation of irrigation installations before any work is done.

MANAGERIAL CHANGES AND REQUIREMENT

Another area of top concern to an agricultural development program is the one associated with changes in managerial requirements. Farming in the years ahead will require a much higher level of managerial skills. To succeed, farm managers will have to have about the equivalent of a college education. Preliminary results of the 1964 census show that 1/3 of the farmers with sales of $40,000 or more attended college. But even with training it will be difficult to keep pace with the changes and to get the precise information needed for making complex decisions. Because of this, farm operators will be turning more heavily to off-farm sources for managerial aids and services. They will expect to find these services in their local trade communities.

At the same time, farm managers will find it necessary to become more specialized in their farming operations. Specialization permits the operator to concentrate his efforts and skills on specific enterprises and thus become highly proficient. Along with greater internal efficiencies, specialization also affords advantages in buying and selling.

Managerial Services. There is evidence that the better farmers will be able and willing to pay for substantial amounts of off-farm managerial services. Many farmers already pay sizeable amounts for accounting and tax services. An increasing number of farmers are joining University-sponsored farm management associations and farm-record computing centers. Many of the decisions in farming have already been taken over by machines. Computers will be used more frequently in the future for determining optimum farm organization and to find the least-cost combination of factors that will produce a given level of output.

Most farmers will not be able to hire full-time management specialists, so they will want to obtain the services of part-time consultants. Professional farm management specialists will be needed on a consulting basis much the same as veterinarians and lawyers are used today. Lending institutions will also provide substantial amounts of technical information and managerial advice. Integrators and farm suppliers can also be expected to supply considerable managerial advice as well as capital assistance in the years ahead.
Public agencies such as agricultural colleges and extension services will continue to be an important source of technological information to farmers. These public services must be made to complement local management services. To meet the challenge of change, Extension will have to concentrate more on highly-trained, multi-county specialists who can help farmers solve problems in specific types of farming. Outlook information and analysis will also be an important service to farmers.

Vocational agriculture departments in public schools will have to accept the challenge of training young boys for the management of farms and ranches with an investment of from $150,000 to $750,000. Where possible these students should be encouraged to attend college to further their education.

Agricultural colleges will have to focus their curriculum on the training of young farm people to take over the jobs in the rapidly expanding agri-business sector of our economy. There is actually a shortage of young trained men to fill the available jobs. If agricultural colleges do not train the people for these jobs, business colleges will do the job for them.

Ownership and Control. Changes which have occurred in farming have not changed the tenure pattern of farms in South Dakota to any extent. Part owners and individual proprietors are still the most common. Where farm land is available at favorable renting rates, most farmers will continue to find it best to rent and use their capital to buy machinery and current inputs. Farmers are learning that owning land may boost ego far more than it does farm income.

Due to the change in the financial requirements of farms, many agricultural leaders predicted a substantial increase in incorporated farms. However, this has not occurred. There are only about 100 agricultural corporations in South Dakota. Incorporation to date has not been used so much to improve the capital structure as it has to handle family cycles and farm transfer problems. In the future though, more incorporation of farms can be expected because of the potential advantages offered for tax and estate management.

We are likely to see an increase in the joint ownership of both agricultural and community assets in the future. Many farmers will find it efficient and profitable to own and operate certain facilities and enterprises on a cooperative or corporate basis in order to gain economies of scale. Cooperative feedlots and grazing associations provide growing evidence of this trend. The Farmers Home Administration is now making loans to machinery cooperatives, grazing associations, and for the development of water and family recreation facilities in rural communities. (See Table 4).
Table 4. Association Loans Made by South Dakota Farmers Home Administration as of January 1966.

<table>
<thead>
<tr>
<th>Type of Loan</th>
<th>No. of Loans Made</th>
<th>Families Served</th>
<th>Total Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water Facility</td>
<td>5</td>
<td>787</td>
<td>$1,006,500</td>
</tr>
<tr>
<td>Recreation</td>
<td>9</td>
<td>1034</td>
<td>532,390</td>
</tr>
<tr>
<td>Grazing a/</td>
<td>13</td>
<td>166</td>
<td>3,830,480</td>
</tr>
<tr>
<td>Cooperatives b/</td>
<td>4</td>
<td>15</td>
<td>26,560</td>
</tr>
</tbody>
</table>

a/ For the purchase of 110,339 acres.

b/ Cooperative loans made under the Economic Opportunity Act.

CHANGING INPUT NEEDS

One of the most important changes in farming has been the rapid shift in the use of purchased farm inputs. Farmers are now spending between 70 and 80% of their gross farm receipts for off-farm inputs. This change has not only increased capital requirements, but it has also changed the interdependence between farm and nonfarm supply firms. Because of the increasing importance of farm supply activities, some effective area planning may be needed so that farm supply firms do not overlap and duplicate services. It is important that supply firms attain sufficient size and volume to be efficient.

In the years ahead, the demand for off-farm inputs will be vastly different from what it is today. Farmers will be demanding more than just a ton of fertilizer or a bag of feed from their dealer. They will be demanding such services as testing, prescription, custom blending, financing and technical advice in enterprise management. This change will give rise to more one-stop, full service, farm supply centers in rural communities. If farmers cannot find this kind of service in their local community they will go where it is available because distance will no longer be the barrier it once was. But, agri-business firms capable of supplying such inputs as fertilizer, feed machinery, and chemicals at competitive rates will find an expanding market.

MARKETING FARM PRODUCTS

Another emerging area of great concern to agriculture development is the changes taking place in the methods of marketing farm products. Some effective planning will definitely be needed in marketing in the years ahead as
we are likely to see more changes in the methods of marketing than in production. Producers will find it more and more necessary to relate their production decisions to market needs as a result of the movement toward large scale procurement with uniform specifications by food processors and retailers. Price will become less of a factor in directing production as there will be greater coordination of the decision-making function by various types of contractual arrangements.

By 1980, producers of most farm products will no longer produce and then seek a market. They will be producing to a predetermined market with respect to quality, time of market, and type of product, and maybe even price, as we learn more about futures trading and forward pricing contracts. Along with this change will come a number of unsolved problems. Marketers will have to solve these problems if they want to keep pace and stay in business. Changes in marketing and distribution systems have already made many community and local market facilities and services obsolete.

Cooperative Efforts. Farmers in many communities are now searching to find new ways of marketing that will bring more order and regularity into the system and at the same time improve their bargaining position. Farm producers themselves are going to have to play a much more positive role in bringing about greater stability of production and in planning an improved market system than they have in the past.

Farmers will be looking more and more to their cooperatives to provide the imagination and leadership needed in developing new marketing programs for farm products. One possibility is the creation and use of more contract marketing programs aimed at the production and orderly marketing of high quality products without the violent swings in farm prices. Under this type of integration the individual farmer will not lose his independence, but instead may even enlarge his earning potential.

CONCLUSION

While no sudden or complete transformation of farming is in sight for South Dakota between now and 1980, some definite structural changes can be expected. We need to be aware of these changes so that communities and business firms serving agriculture can make the necessary adjustments to these changes.

Rural communities of the future will have fewer farmers, but these farmers will be "bigger spenders". Tomorrow's farmers will be purchasing more off-farm inputs and marketing a larger volume of farm output than ever before. Agri-business firms capable of supplying the right kind of products and services at competitive rates will prosper. But, there is little hope for
growth in those communities where agriculture fails to grow, or where business firms and community services fail to meet the needs of farm families. The lines of communication between the leadership in farming, agri-business, and public services must be strengthened if rural communities are to meet the challenge of change.

REFERENCES CITED


2. Dirks, Harlan J. "Potentials for Increasing Income from Livestock", Increasing Income from South Dakota Resources, Economics Department


The theme, Planning Communities in Which We'll Want to Live, might imply to some that there is a model or a "correct" community that should be used as a pattern. And in certain aspects, there might be. For example, certain quality standards are more apt to be applicable to all communities than quantity or number of "things" needed in the community. In education, the criteria might well be quality rather than number of schools. But when discussing the business sector, the reference is usually in terms of kinds of businesses and numbers of each kind with the "standards" or recommendations depending on the circumstances surrounding the individual situations.

If you were to ask Mr. Average Citizen what kinds of businesses he would like to have present in his local community, or in a "planned" community of the future, you could be reasonably certain that Mr. Citizen would list quite a large number and variety of businesses. The list, in some cases, would be about the same as the total kinds of businesses that the person could recall within a given period of time. Mr. Average Citizen would be thinking mainly in terms of his personal needs and wants. He would include selections based on thoughts such as, "it would be nice to have a specialty pipe and tobacco shop in the community just in case I should ever decide to smoke a pipe."

The answers to such questions may provide a useful inventory of the wants and desires of the consumers in the community. But the inventory would not be of much aid in determining which businesses would have a good chance of surviving in the given community. If businesses are to serve (and mature) they must be healthy firms. There is not much point in including a business with a gloomy prognosis in the community. It will not likely be around to serve very long and will prove to be a waste of resources.

In planning the community in which Mr. Average Citizen wants to live—to satisfy wants and needs—the planners must look for ways to make it possible to include the total businesses wanted by the citizenry.

*Assistant Professor, Economics Department, South Dakota State University.

1The purpose of a business must be service—to provide a good and/or service for which there is a demand and at a price that people are willing to pay.
Volume of Sales and Number of People

In planning the business sector of our community we must do our best to assure that the businesses will be healthy and vigorous so that they can adequately serve the consumers and the industrial users. One of the conditions needed is sufficient sales volume. If businesses are going to provide the goods and services that are wanted and at prices that the public is willing to pay, the business must have some minimum number of customers (with disposable incomes) available. Each business must be able to operate at a large enough volume so that it can price its goods and/or services at a competitive level and still provide its investors with an adequate return.

Various studies have been made to determine estimates of population required to support different kinds of businesses. Table 1 presents selected estimates from data provided by Dun and Bradstreet, the Small Business Administration, and the Business Research Bureau at the University of South Dakota. Most of these figures are old, but the most recent available. Changes in merchandising methods may make some more outdated than others. A change, for example, is the trend toward larger grocery stores.

The population needed to support a store can be used to estimate how large the trading area must be. Or, the data can be used to aid in the determination of how many, if any, stores of a certain type can be supported by the population in a given trading area. Thus, a reference to Table 1 is a reminder of how large the trading area--the community--must be in South Dakota to support the more specialized types of businesses.

The size of the population is, of course, only one of a number of factors that must be considered in an analysis of trading areas. Other factors that must be considered are:

1. The distribution of the population.

2. The characteristics of the population, such as income--per capita, or per spending units.

3. Location of existing establishments.

4. Consumers' shopping habits, such as the distance a typical or average consumer is willing to travel for certain types of merchandise or service.
# Estimates of Population Required to Support a Store

<table>
<thead>
<tr>
<th>Kind of Store</th>
<th>Estimates as provided by</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>A*</td>
<td>B**</td>
<td>C***</td>
</tr>
<tr>
<td>Grocery and Meats</td>
<td>578</td>
<td>583</td>
<td>573</td>
</tr>
<tr>
<td>Bakeries</td>
<td>8,400</td>
<td>8,560</td>
<td>x</td>
</tr>
<tr>
<td>Dry Goods, General Merchandise</td>
<td>4,375</td>
<td>4,776</td>
<td>x</td>
</tr>
<tr>
<td>Variety Stores</td>
<td>6,475</td>
<td>7,789</td>
<td>6,085</td>
</tr>
<tr>
<td>Shoe Stores</td>
<td>6,650</td>
<td>6,832</td>
<td>x</td>
</tr>
<tr>
<td>Women's Clothing Specialty</td>
<td>4,200</td>
<td>3,604</td>
<td>x</td>
</tr>
<tr>
<td>Men's Clothing</td>
<td>8,750</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Children's, Infant's Wear</td>
<td>19,250</td>
<td>23,196</td>
<td>x</td>
</tr>
<tr>
<td>Appliance, Radio, TV</td>
<td>3,500</td>
<td>4,019</td>
<td>x</td>
</tr>
<tr>
<td>Service Stations</td>
<td>x</td>
<td>x</td>
<td>632</td>
</tr>
<tr>
<td>Household trailers</td>
<td>x</td>
<td>81,260</td>
<td>x</td>
</tr>
<tr>
<td>Farm Equipment</td>
<td>7,350</td>
<td>8,718</td>
<td>x</td>
</tr>
<tr>
<td>Hardware</td>
<td>3,850</td>
<td>4,674</td>
<td>x</td>
</tr>
<tr>
<td>Drugs</td>
<td>2,800</td>
<td>2,904</td>
<td>2,700</td>
</tr>
<tr>
<td>Jewelry</td>
<td>6,125</td>
<td>6,714</td>
<td>4,100</td>
</tr>
<tr>
<td>Sporting Goods</td>
<td>18,900</td>
<td>19,405</td>
<td>x</td>
</tr>
<tr>
<td>Camera, Photo Supply</td>
<td>43,050</td>
<td>56,259</td>
<td>x</td>
</tr>
</tbody>
</table>

** "Starting and Managing a Small Business of Your Own", Small Business Administration, 1958.
*** "Retail Establishment Turnover in South Dakota", Business Research Bureau, University of South Dakota, 1965.

x Not available.
In regard to the last factor mentioned above, a Reilly's Law of Retail Gravitation states, "People will normally go to the biggest place they can get to the easiest." This implies that with the completion of better roads, such as the Inter-State system, and better air service more people will be visiting the larger metropolitan areas more often. It is difficult to predict with any degree of confidence the effect of better transportation on the total spending in the "home town" community but the increased mobility of the consumer is a fact that local merchants will have to live with.

Perhaps the better means of transportation will actually be of a net benefit to the local business sector. Better means of travel will make South Dakota a better place in which to live. More people will find the state a good place to live if more products, and especially services, are more rapidly available.

Trade Centers of South Dakota

There are certain prerequisites which must be present before planning can take place. One is the statement of objectives(s). In our particular situation this would be defining the community in which we want to live. Another prerequisite is the determination of where we are now. Even if we know where we want to go we cannot set the direction until we plot our present location.

A study, Trade Centers and Trade Areas of the Upper Midwest \(^2\), provides considerable information which can be used to ascertain and emphasize the present position of most of our trade centers and trading areas. This study is one of a series aimed at providing basic facts necessary to consider the problems facing the trade centers and trading areas of the upper midwest.

The report defined eight categories of trade centers and classified 2,200 business communities in the upper midwest. The business communities classified are from the smallest hamlet to the metropolitan area of the Twin Cities. Figure 1 shows the classification and location of 346 trade centers in South Dakota.

Some of the comments from the summary of the above report are:

"Certain locational factors are important in explaining differences in performance from one trade center to another...However, there are many cases where non-locational forces obviously have been of major

Figure 1. Trade Centers in South Dakota

- PRIMARY WHOLESALE - RETAIL
- SECONDARY WHOLESALE - RETAIL
- COMPLETE SHOPPING CENTER
- PARTIAL SHOPPING CENTER
- FULL CONVENIENCE CENTER
- PARTIAL CONVENIENCE CENTER
- HAMLET

Source: Upper Midwest Economic Study
significance. As a result, some centers are weaker than would be expected. Others are stronger. Some appear to be competing effectively in difficult locations. Others compete less effectively in advantageous locations.

"There are certain locations where the existing pattern of trade centers is under especially great stress and is likely to change substantially in the near future. The most 'over-developed' network of trade centers is in North and South Dakota east of the Missouri River.

"Implication for Community Organization and Development

Certain community development needs and opportunities are implicit in the trade structure and its changing character.

1. Shopping trade areas provide a framework for cooperative development of facilities and services which cannot economically be duplicated in every small community.

2. A number of medium-size cities, which have been significant wholesale distribution centers for rural areas, are becoming increasingly important as retail and service centers while their wholesaling trade is growing slowly or declining. Hence, these centers need to devote increasing attention to developing attractive and diverse regional shopping and service facilities.

3. There is a growing need for cooperative, community-wide planning among retail merchants, services, professions, and governments if downtown districts are to be salvaged in small and medium-size cities.

4. A number of small, farm service centers are stable, viable business locations and merit continued maintenance. Others have been over-developed and must be cleared of obsolete structures.

5. The most competitive centers provide not only the widest possible array of retail establishments, but also professional services, educational, recreational, and entertainment facilities, and pleasant surroundings."

The Trade Center and Trade Area Study does define eight categories of trade centers but one, the metropolitan wholesale-retail center, does not apply to South Dakota. The other seven and the criteria for classification are listed below. Examples of each classification and the total number in South Dakota are given in parenthesis.
### Classification

<table>
<thead>
<tr>
<th>Classification</th>
<th>Specific Criteria for Classification</th>
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<tbody>
<tr>
<td>(Bruce, Gann Valley, South Shore, Pierpont, Corsica, Hill City--Total 223)</td>
<td></td>
</tr>
<tr>
<td>2. Minimum convenience center</td>
<td>Gasoline service station, grocery store, hardware store, bank, eating or drinking place, drug store. Plus two of: motor vehicle or farm equipment dealer, variety store (meat, fish, or fruit) dealer, general store.</td>
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<tr>
<td>(Volga, Wall, Conde, Viborg, Selby, Murdo, Waubay, Wessington--Total 75)</td>
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<tr>
<td>3. Full convenience center</td>
<td>All of the above plus: Household appliances or furniture store, jewelry store, power laundry or dry cleaner, (men's, boy's, or women's) clothing store. Plus three of: family shoe store, lumber yard, funeral services, year-round hotel, farm and garden supplies.</td>
</tr>
<tr>
<td>(DeSmet, Tyndall, Clark, Philip, Freemen, Parker--Total 16)</td>
<td></td>
</tr>
<tr>
<td>4. Partial shopping center</td>
<td>All of the above plus: Four to eight of the retail functions in 5 below.</td>
</tr>
<tr>
<td>(Chamberlain, Custer, Webster, Miller, Canton, Redfield--Total 17)</td>
<td></td>
</tr>
<tr>
<td>5. Complete shopping center</td>
<td>All of the above plus: Nine or more of the following retail functions--photographic studio, sporting goods, family shoe store, florist, radio and TV store, (tires, battery) and accessories, (paint, glass) and wallpaper music store, children's wear, heating and plumbing equipment, antique or second-hand store, stationery, women's accessories, camera shop.</td>
</tr>
<tr>
<td>(Huron, Brookings, Watertown, Belle Fourche, Pierre-Fort Pierre--Total 12)</td>
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</tbody>
</table>
Classification

6. Wholesale-retail center, secondary

Specific Criteria for Classification

Over 50 wholesale establishments and over $80 million in total trade (retail and wholesale).

(Aberdeen, Rapid City--Total 2)

7. Wholesale-retail center, primary

Over 100 wholesale establishments and over $75 million annually in both wholesale and retail sales.

(Sioux Falls--Total 1)

Implications

The Trade Centers study, and the figures developed from data provided by the study, clearly indicates that there are too many trade centers in South Dakota. This is especially true of eastern South Dakota. So many businesses are competing for the same dollar that few can reach an adequate sales volume and do a good job of serving the customer.

The classification of trade centers, as defined by the Trade Center study, should not imply that a given type of business can only be in a trade center of some given size or other qualification. We do have examples of certain specialty stores operating successfully in very small trade centers. But it is not the size of the trade center that is the most important factor. It is the size of the population in the trading area that is of more importance. Still, the probability of success is greater in a larger trade center with the presence of competing complementary businesses.

Businessmen tend to resist change through a fear of change—the uncertainty of what would happen. A change in location may result in a large loss to an individual businessman. Some businesses are very sensitive to change in location—especially service and food-related establishments. These businesses depend on a continuing relationship with customers living nearby, many of whom may be of a particular ethnic or racial group.

Businesses in declining areas may be, in a very real sense, subsidizing public improvement programs. Businessmen who are in a declining area may recover none or only a part of their original investment. Funds provided by the adjustment for depreciation often have to be used to cover living expenses instead of being available for savings or further investment. In other cases, the ceasing of operations due to a decline in an area may be a blessing in disguise. The firm may move to another area and become much more successful that would have ever been possible in an old area.
The typical businessman is prone to place a great importance on his sunk cost. Sunk costs are all inventory and plant cost incurred in the past. Or, a sunk cost may be referred to as the cost of a commitment made in the past that will not be increased or decreased by any decision made in the present. The costs that are relevant to management decisions, however, are the present market values of these inventory or plant items.

In the decision to sell a business (by liquidation or by transfer), the decision maker may be unduly influenced by the recorded cost of the assets of the business when they were acquired (or cost minus depreciation). If this book value is high, he might be influenced to refuse to sell because a recorded "loss" might be the result. The fact is, that, except for the income tax effect of the transaction(s), recorded cost should have nothing to do with the decision to sell or not to sell. The economic cost of selling the business is the cost of replacing the future revenues that the business would have provided had it been retained. In a declining area, these revenues are likely to continue to decrease. The "cost" of retaining the business is the price at which it could have been sold. What is really important is the comparison of the estimated nets (revenue minus cost) of the various alternatives that are available.

Many of the businesses in declining areas are not in an available position but they have nothing to lose by joining in efforts at planning stronger trade areas. All businesses in the area must be efficient and plan for their own growth and development with that area.
SOUTH DAKOTA IN THE SEVENTIES: PROBLEMS AND PERSPECTIVES

by Dwight M. Blood*

It is frequently useful to take stock of changes. We do this periodically in our businesses and in our personal lives. We will soon be forced to take stock of our net annual accumulation of wealth by parting company with a goodly fraction of it to the Internal Revenue Service. If it is important in our private lives to take inventory, it is equally or perhaps even more important to take stock of the general direction of economic progress and economic change in our public lives.

The process of economic change affects people directly; and thus, matters of economic and community change are matters which generate a good deal of emotion. Economic change affects our aspirations and our optimism. Economic change enters directly into our homes, our businesses, our communities, and our regions. Just as economic change may foster growth and improvement for one segment of the population, for others it may spell doubt, despair, dissent, and even disaster.

Economic change is a process about which reasonable people may have widely divergent ideas and attitudes. Judgments on economic change are frequently hedged with so many ifs and wherefors to protect the integrity of the soothsayer regardless of the outcome, that they leave us bewildered about where we are really likely to be heading. Vacillation had its penalty for the lawyer who prefaced every argument with so many "on the one hands" and "on the other hands" that he was replaced with a one-armed lawyer. To avoid this penalty, and since I enjoy the advantage of being more than one hundred miles from home, I will attempt to be forthright and take a stand on the issues I discuss tonight. I believe that raising and discussing these issues is important if the sparsely populated areas of the Northern Plains and Intermountain States are to come to grips with the problems confronting them. Whether we agree with the definition of the problem, or with the likely solutions, surely an open and continuing examination of our economic and social environment is imperative if we are to develop the kinds of farms, homes, businesses, and communities that will be the kinds of places in which we will want to live and work in the decades ahead.

Most of us probably can't recite data on economic growth and development verbatim, but we may have a general off-hand awareness that things aren't moving as they should. Just as an illness begins with a vague, queasy feeling that something is out of kilter, so might we be aware that there are a

*Division of Business and Economic Research, University of Wyoming. Talk Presented At The Annual Economics Club Banquet South Dakota State University March 31, 1966.
lot of stores boarded up on Main Street, or that many families have moved out of
the community in the past year, or that there aren't enough tax dollars to meet
the needs for the new grade school.

Now what is past, it has been said, is prologue. But the past is more than
an introduction to the present or the future. The past mirrors commitments that
have been made; laws that have been passed; attitudes that have been formed;
dollars that have been spent. As such, the past reflects constraints that prevent
us from moving as quickly or as rapidly in new directions as we might like to move. While we are all dead in the long run, in the short run we have to live, meet ob-
ligations, and make further decisions which may in turn affect our flexibility in the
future. There are some current developments, which I shall discuss shortly, that
intensify the need for new energy and forthrightness in making these decisions.

A syndrome is defined as a collection of symptoms pointing to a particular
disease. In our discussion we might define a "Lagging Growth Syndrome". Such
a syndrome might include the following symptoms:

1. A lack of industrial diversification; and, in particular, an undue emphasis on primary extractive-type industries, including minerals and agriculture. There is a noticeable lack of secondary or tertiary processing and manufacturing industries which results, in turn, in sluggish rates of resource reallocation and a lack of mobility of labor and capital.

2. A development of highly labor-intensive industries, with comparatively low capital-labor ratios, and low rates of value added by manufacture. The
manufacture of low-value durables, such as lumber, is often proposed as a cure-
all for areas with slow rates of economic growth, but such promotion is often self-defeating in the long run. Though such industries hire more people, such people are likely to be relatively unskilled and the payrolls are often characterized by low wages.

3. A lack of a large, highly skilled labor force, that is abreast of current industrial needs.

4. Highly labor-intensive areas exhibit further symptoms: Such industries are "soft" in the sense that they are always sensitive to economic change.

5. The "Lagging Growth Syndrome" also exhibits high rates of out-
migration, but only among highly-educated, highly-mobile 20-45 years-olds, leaving the young to be educated and the old to be cared for by a decimated labor force.

There are three schools of thought which propose solutions: the "Hanger-
Onners", the "Resurrect Old Industries" school of thought, and the "Lagger
Behinders". The "Hanger-Onners" are convinced that they are on the right track
and have only to wait with patient forbearance until the millennium. In Wyoming for example, a forecaster who attracted much attention with a forecast of 450,000 people in the State by 1975, refused to be excited by slow rates of population growth on the ground that Iron Mountain would soon be developed. A more cautious historian noted that few Wyomingites were excited about this event, having gotten weary of the same promise after eighty years of hearing it. The "Rusnrect Old Industries" people are valiantly hoping for a return to coal, or to horse-drawn machinery out of a nostalgic but misguided belief that somewhere we got off the track. The "Lagger Behinders" are still reading the 1946 issues of The Country Gentlemen and are only vaguely aware that there is a better method of planning than stuffing old receipts into calendar pockets.

I am sure that I see a good deal of self-reflection in each of these caricatures, and that upon pondering on it, I become aware of how intractable the attainment of economic change can be. This intractability, however, is too often blamed as reason enough for failure to seek appropriate action.

In summary, the "Lagging Growth Syndrome" is often characterized by a primary extractive base, highly labor-intensive industries, a lack of "growth" industries that are capital intensive and that have a relatively large impact on the economy in relation to the size of their labor force, and a subsequent "brain drain" as the educated young people cannot find jobs in which they can market their skills and training in their home states and communities. In short, a state with a "Lagging Growth Syndrome" is likely to be a net exporter of agricultural commodities, extractive minerals, and, in the long run, of skilled human resources.

Let us turn now to some specific indicators for the State of South Dakota, and see how recent experience ties in with the problems I have just discussed. Many of you will probably be aware of better or more recent data than those I will use, but I will rely on what was available to me at the time I prepared these remarks.

1. In 1960, South Dakota employed thirty-one percent of its labor force in agriculture, compared with a national rate of about seven percent. At the same time, over twenty-six percent of the national labor force was engaged in manufacturing, in contrast to six percent for South Dakota. This distribution of the labor force at once creates a retardation of mobility out of agriculture and a relative lack of highly-paid, highly-skilled industrial jobs.

2. Personal income per capita in 1960 was $482 below the national average, while per capita income levels of the South Dakota farm population were above the national level of per capita farm income. While South Dakota farmers were thus relatively prosperous, nonetheless twenty-one percent of South Dakota families had income of less than $2,000 in 1960 and most of these were farm families, compared with eleven percent for Montana, seventeen percent for North Dakota, and thirteen percent for Minnesota.
3. According to the Business Week estimates of personal income change, Wyoming and South Dakota were the only two states to demonstrate a personal income growth between the years 1964 and 1965 of less than five percent, with South Dakota at 3.2 percent and Wyoming at 3.8 percent.

4. The year 1964 registered the second consecutive decline in total personal income for South Dakota, the greatest drop being in farm proprietors' income. The year 1964 also represented another major turning point in the structure of the South Dakota economy in that for the first time agriculture did not provide the greatest share of state income.

5. While the national rate of population growth between 1960 and 1965 was over eight percent, the population of South Dakota and Wyoming grew at a rate of about three percent. For Wyoming, and I presume the same situation holds true for South Dakota, the only recent element of population growth has been the natural increase of births over deaths, which exceeds slightly the heavy rate of outmigration. Since economic growth hinges in large part on the growth of the labor force, and since labor force growth hinges on population growth, slow rates of population growth often spell slow rates of future economic expansion.

6. The rate of manufacturing growth in South Dakota between 1958 and 1963 as measured by percentage change in value added, employment, and number of new establishments lagged substantially behind the national rates. Only in percentage change in payroll volume did South Dakota equal the national rate of growth.

Having looked at the road behind, what are the prospects for the road ahead? After evaluating the evidence, the following observations are offered:

1. There is likely to continue to be a relatively slow rate of transition out of agriculture in states such as South Dakota.

2. Many smaller rural communities are likely to dwindle or die out in the next decade and a half, while the larger communities will absorb their economic activities. Growth areas as measured by employment change are likely to be concentrated in places such as Brookings, Vermillion, Sioux Falls, Rapid City, and Pierre.

3. Along with a continued increase in farm size, there will be a proportionate decrease in the farm population, and in the non-farm rural population.

4. Standards of living will continually improve, as will transportation, communication, and public services, but improvement may lag behind in comparison with other areas.
The present and future economic indicators I have just catalogued are not optimistic. Yet two mistakes are frequently made in discussing these factors. The first mistake is based on the failure to account for the inexorable forces of the national and world economy that pull states and regions and countries along with them. In other words, there are a good many things that happen in South Dakota, or in Wyoming, or in any other state, regardless of the course of action taken by people in any one state or region. The second mistake is to assume that because we are victims of a mysterious set of economic forces, there is nothing we can do to set about altering the seemingly inevitable.

Let us turn first to a few observations about major forces in the economy. The economy of South Dakota in the decade ahead will continue to be inextricably linked to the forces of the national economy. In the future as in the past, changing patterns of technology, education, and structural change in industry may continue to have a greater impact on the South Dakota economy than anything South Dakotans themselves might do.

Modern economic growth is characterized by rapid shifts—in people, in technology, and in the relative importance of industries. Modern economic growth is accompanied by phenomenal upward shifts in family income, in levels of professional skills and training, in occupational and geographic mobility. The sustaining force behind this growth is a labor force of trained and skilled technicians. Modern economic growth is also characterized by increasing urbanization, by the development of a large white-collar work force, by the presence of growth industries, by high standards of public education, and by extensive secondary and tertiary industries. No one state or region can overturn the force, the momentum, and the forward movement of these changes which are doing so much to alter our patterns of change and our plans for the future.

Yet, it is equally a mistake to assume that our current situation is somehow completely the product of mismanagement, or misguided planning. Let me inject here a note of optimism. When we consider the magnitude of the transition of a state such as South Dakota, or Wyoming, from primarily agricultural and extractive-based economies into diversified industrial economies, we might well ask how we have managed to do as well as we have done. How have we managed to keep our small towns alive? How have we managed to continue to finance our schools? How have we managed to maintain agricultural income levels? Professor Henderson of the University of Minnesota has aptly asked, "Why is it that our small towns are doing as well as they are in view of their dependency on agriculture?" Surely we can add a note of cautious optimism.
But what of the future?

What of the anticipated population growth among school age children and older people, who are both increasing in numbers at twice the rate of the population as a whole?

What of the needs for educating, training, and retraining hundreds and thousands of workers?

What of the continued trend toward urbanization, toward specialization in employment, toward concentration of people and industries into amorphous masses and entanglements of humanity, choked by air pollution, appalled by filth in streams and streets, beset by crime and congestion?

What of the family ties and the ties to agriculture and the land and the home and church and community that are severed by the relentless surge of economic change?

While economic and social forces on a national level will continue to influence economic conditions in South Dakota to a significant extent, surely we can have some say in the matter as to how we would like to be affected. Surely we can have something to say about the quality of our labor force, the training of our children, and the quality of our communities and our community services.

What do we want for the future? Growth, many say; but for every dozen who want growth there may be a handful who very legitimately want things to stay the way they are. And what is growth? Chambers of commerce, state industrial development commissions, politicians, and people generally seem to think that whatever it is, it is a good thing to favor. In the popular eye, growth probably means enticing a General Motors plant to every county seat. Growth generally implies more people, more markets, and more income. But unless everyone is better off in a relative sense than they were before; that is, unless everyone has more real dollars or a higher per capita income than he had before, growth in a real sense has not taken place. Growth comes about by increasing efficiency. Efficiency comes about when it takes less inputs to get the same product as before, or when costs are reduced, or when capacity increases. How do we get efficiency? By technology injections. By adopters and innovators. By entrepreneurs who are willing to take risks.

Of course, growth is not a universal "cure-all". Growth could introduce shocks or instabilities in the economy, or displacements of people and homes. Growth may leave some sections of the population stranded. People may choose security to growth. They may choose traditional ways of doing things over new approaches which involve changes of jobs, loss of job independence, and the like.
But generally when we are talking about growth, we are talking about industrial growth, and the influx of new industries to offset the ones that are declining. With every projected route of industrial expansion goes a variety of reasons why the projected plan won’t work. And probably many of the reasons are valid. But many reasons are simply objections to a plan, any plan. A plan is not a straight-jacket. A plan does not restrict future choices and freedoms. A plan does not commit people to undesired courses of action. A plan, properly conceived, is simply a tentative blueprint of action, based on current expectations of the outcome of doing things in various alternative ways. As such, a plan is subject to continuous revision. But a plan properly conceived and supported by an informed citizenry can be a dynamic guide to the achievement of future goals.

I would submit that some of the criteria for a plan for growth and proper economic adjustments for the 70’s in the Northern Plains, and in sparsely populated areas, are the following:

1. Let’s not have any disillusions about how others see us. A reading of Professor Larson’s recent History of Wyoming leads me to the inescapable conclusion that Wyoming is still faced with the same problem of attracting people and industry that it faced in Territorial Days. Despite Yellowstone Park, despite the Grand Tetons, despite progress in building modern towns and cities, people still react oftentimes in the same way today that they did eighty or ninety years ago when they are first confronted with the broad expanses of sagebrush and desert that are such a strong attraction to those of us who want to live here.

2. Prominent among the guidelines for economic change in the 70’s should be the willingness to adapt to realized rates of economic growth. Certainly many of the new schools, and other public facilities we would like to see built and developed can be financed adequately only by an expanded tax base. But if it’s going to take us a little while longer to catch up, let’s plan the proper strategy now for schools and communities.

But the people of the future won’t want to live in the communities of today, any more than any of us would want to live in the dusty, unsanitary conditions of the communities of three or four decades ago. What complicates the problem is that costs of providing community services often do not go down when the community decreases in size. It still costs just as much to heat a school building with twenty or thirty less students. People expect as much in the way of fire and police protection, even in rural areas. A well educated, high income population expects new municipal services in the form of cultural and recreation facilities that they would have scoffed at twenty years ago.
And, even if we are confronted with pessimistic income and population projections, we can certainly do something to make our towns and communities more attractive to those of us who choose to live in them, let alone to outsiders. When I think of a good many towns in the Northern Plains, I immediately conjure a vision of junkyards and shack-towns, of broken streets and unsightly blight in towns that are scarcely fifty years old or less.

It is well and fine to seek new industries, but what we also need is a strategy for the provision of community services in a period of what may well be modest economic upturn, or even economic downturn, in many of our communities in the decade ahead.

The real payoff of this strategy is that by making our towns and communities more attractive to ourselves, we are also making them more attractive to industry.

3. Perhaps the most significant guideline to economic change in the 70's is the full development of our educational facilities. To many, this process seems self-defeating. Educated people seek highly-paid, highly-skilled employment. This quest leads to outmigration. In fact, it has been said frequently that the two main goals of the Appalachian regional program were to build schools and roads: schools for education, and roads to leave Appalachia once the young people were educated. But surely this argument is in itself self-defeating; for nearly seven million Americans move across state lines each year and no community or no state can be immune from substandard education.

It is not without accident that Brookings and Vermillion are two of the growth areas in South Dakota, or that Laramie is located in one of about three counties in Wyoming showing any substantial population growth in the past five years. And it seems clear that if the Universities perform in a dynamic way over the decades ahead, much can be done in generating the type of employment that will help us to retain a larger percentage of our trained and skilled labor force.

It is likely that in years ahead Universities will occupy a larger role in the total development of the states and communities. Confined at the outset to imparting the existing stock of knowledge to a straggling group of undergraduates, Universities have evolved more and more into a composite of technical talent that can be mustered into activity to confront the problems of businesses and communities. Beginning with the immensely successful agricultural extension program, many Universities in partnership with Federal and State government agencies have become increasingly involved with challenges in all sectors of the economy. The university professor who traditionally may very well have been justly criticized for his ivory tower views and recommendations now, more often than not, wakes up and finds
himself attempting to administer the program which he was proposing only yesterday. The increased mobility of professional people among universities, industry, and state and federal government has created a viable group of dynamic thinkers unknown to the academic community a couple of decades ago.

Given a favorable habitat for academic discussion of social and economic problems, and for the identification of solution of problems of critical significance to society, how well have the universities performed in meeting their challenges? Measured by growth in dollars spent, institutes created, professional meetings attended, computer output generated, and the like, we might say we have been immensely successful. But we have at any given moment a dichotomy in the rankings of research, extension and teaching activities. One ranking would be based on the hierarchy of activities currently being financed. The other ranking would be based on a consensus of where money should be allocated according to pressing and long-range social needs. Surely the two lists ought to converge. But some surprises also exist. We may find that in an age of planning, we have invested nothing in training planners or in assisting communities to do planning; in an age of technology, we have done nothing to disseminate the findings of scientific research and development to users and innovators; in an age of communication, we may have failed to communicate; in an age of fiscal problems, we may have contributed little to the development of sound tax structures. In short, the prospects are for expanded university staff involvement in the total affairs of our public life, by extension, teaching, and research throughout all fields and throughout all sectors of the economy.

4. A fourth guideline to growth in the 70's should concentrate on our transportation system. Anyone who has tried to fly from Bozeman, Montana, for example, to Santa Fe, New Mexico, knows what I mean when I refer to the problems posed by our North-South transportation network. We are geared for movement to Chicago, to the Midwest, or to transcontinental traffic to the Coast. The impact of transportation networks on sparsely populated communities is only little understood. The uniqueness of the marketing and distribution systems in sparsely populated areas, coupled with the heavy fixed cost of creating adequate transportation networks in such areas, has created problems that have served to retard the economic growth and development of the region.

5. A fifth guideline to development in the 70's is the consideration of economic development on a regional basis. The recent development of the Appalachian region and the preliminary attempts to designate other economic regions in the New England area, the Upper Great Lakes Area, and the Four Corners Area in the Southwest are indicative of the shape of things to come. We will see more viable planning regions with common problems
interspersed between the states and the Federal Government, with the full assent and control of the States, to meet head-on the problems of the regions. Abandonment of political chauvinism with respect to traditional boundaries of county and state lines has done much to move intractable problems into the realm of possible solutions.

6. A final guideline to the 70's is to develop adequate sources of information on which governments, industries, and individuals can base objective decisions on how to spend money. We can advertise the merits of our outdoor scenery and print color brochures of the Rockies or the Black Hills until we are blue in the face, but these channels are no substitute for complete, continually up-dated data and information on skill and productivity levels of the labor force, trends in the development of auxiliary industries, trends and changes in market areas, and other important categories of information. Again, essentially this is a job for educated people with a high order of skill, and again, this type of activity provides a powerful built-in multiplier for local economic expansion.

Of course, we don't want to leave out all of the traditional tools of economic development about which we hear so much. And we want to make sure that we don't trade a short-run subsidy to attract industry that will later turn out to be a community liability in the sense of not being able to afford the expense of attracting and holding the industry in the community.

But above all, the public must be convinced that acceleration of growth, that improvement and planning of our communities, that the provision of greater economic opportunities sufficiently attractive to better educated people, are all overriding goals worthy of community support and community action. And the goal must be tailored to the realistic prospects.

In Pericles Funeral Speech we read: "Wealth to us is not mere material for vainglory but an opportunity for achievement; and poverty we think it no disgrace to acknowledge but a real degradation to make no effort to overcome." So might we paraphrase the latter statement to conclude that we think it no disgrace to acknowledge low rates of growth, but a real degradation to make no effort to overcome.
ACTIVITIES OF THE ECONOMICS DEPARTMENT

The aim of the Economics Department is to help both farm and city people to achieve higher levels of living. To this end, it has three main areas of effort—instruction, research and extension education.

The department teaches both general and agricultural economics. Nearly all students on the campus take a course in citizenship economics. A large proportion of the students are taught the principles of business law, business and farm management, and accounting. Each year an increasing number of students major in economics.

Most of the teachers also do some research. Much of this research is in the field of agricultural economics. However, some of it—such as in the areas of taxation and marketing—affects both farm and city people. Reports are published as bulletins, circulars, or pamphlets. A bi-weekly "Economics Newsletter" is issued free to a large mailing list through the Agricultural Extension Service.

The Extension Economists work closely with the research staff of the department. This makes it easier for them to extend the teaching function of the department and to carry to the people of the State the latest development of research and the application of economic analysis.

This publication is the result of a staff effort to bring research results and accumulated knowledge to bear on the problems created by changes in our communities which affect all of us and requires cooperative efforts to solve. These papers were presented at the Fifth Annual Agri-Business Day in Brookings on March 31, 1966 and the ensuing Economics Club banquet the same evening.
SOME RECENT PUBLICATIONS OF THE ECONOMICS DEPARTMENT

Bulletins
B 510 Farm Tenancy Problems in South Dakota
B 518 Economic Comparison of Irrigated and Dryland Farming in Central South Dakota
B 524 Economics Ethics Bibliography
TB 25 Structural Relationships for National and Regional Beef Cattle Production

Circulars
C 145 Some Considerations for a South Dakota State Income Tax
C 150 Financing Cooperatives with Revolving Funds
C 158 How to Use the New County Share Rent
C 164 Buying Farmland on Installment Contracts
C 169 Origin and Destination of Major South Dakota Grain Shipments
C 177 Family Estate Planning

Extension Circulars
EC 545 Economic Considerations for Beef Processing for South Central South Dakota
EC 632 Ten Steps in Planning Your Farm or Ranch Business
EC 633 Guidebook for Planning a Farm or Ranch Business
EC 637 Suggested Guide for Studying Taxes
EC 644 Trade Practices in South Dakota’s Dairy Industry
EC 648 Building Good Communities for the Future
EC 651 Some Guidelines for Organizing Economic Development Efforts in South Dakota Along Trade Area Lines

Pamphlets
P 114 Cost of Producing and Marketing Finished Beef in Relation to Consuming Areas
P 115 Marketing and Other Factors Affecting the Cattle Feeding Enterprise in Eastern South Dakota
P 116 Variability of Feed Grain Beef Cattle Systems in South Dakota
P 119 Community and Commercial Benefits from Water Resource Development of the Oahe Area
P 125 Grain Banks in South Dakota

Fact Sheets
FS 175 Buying Feeder Pigs? An Economic and Management Guide
FS 206 Where the Consumers Beef Dollar Goes
FS 209 Beef Marketing Costs and Margins
FS 211 Oahe Area Water Resource Development for Community and Commerce
FS 266 Contract Marketing of Poultry and Eggs