# Rural America and the Prevalence of Low-Skill Employment

There were 10.3 million workers employed in low-skill jobs in the nonmetro United States in 2000 representing 42.2 percent of the nonmetro workforce, compared with 34 percent of workers in metro areas (table 1). The higher rate in rural areas reflects historical geographic divisions in economic activity. Urban areas have traditionally driven the development of overall national economic growth in the United States (Glaeser and Mare, 1994; Rauch, 1993; Norton and Rees, 1979). Despite radical alteration of the Nation's physical infrastructure after World War II, marked by a comprehen-

Table 1
**Total and low-skill employment by major sector, metro and nonmetro, 1980-2000**

| Sector | Unit | 1980 | 1990 | 2000 |
|---|---|---|---|---|
| Metro: | | | | |
| Goods-producing sector— | | | | |
| Total employment | *Thousands* | 23,539 | 23,744 | 24,995 |
| Low-skill employment | *Thousands* | 11,848 | 10,231 | 10,105 |
| Share low-skill | *Percent* | 50.3 | 43.1 | 40.4 |
| Services-providing sector— | | | | |
| Total employment | *Thousands* | 54,501 | 70,457 | 85,534 |
| Low-skill employment | *Thousands* | 20,858 | 22,863 | 27,462 |
| Share low-skill | *Percent* | 38.3 | 32.4 | 32.1 |
| All sectors— | | | | |
| Total employment | *Thousands* | 78,041 | 94,202 | 110,529 |
| Low-skill employment | *Thousands* | 32,706 | 33,094 | 37,567 |
| Share low-skill | *Percent* | 41.9 | 35.1 | 34.0 |
| Nonmetro: | | | | |
| Goods-producing sector— | | | | |
| Total employment | *Thousands* | 7,978 | 7,759 | 8,240 |
| Low-skill employment | *Thousands* | 4,701 | 4,330 | 4,202 |
| Share low-skill | *Percent* | 58.9 | 55.8 | 51.0 |
| Services-providing sector— | | | | |
| Total employment | *Thousands* | 11,409 | 13,694 | 16,160 |
| Low-skill employment | *Thousands* | 4,876 | 5,206 | 6,095 |
| Share low-skill | *Percent* | 42.7 | 38.0 | 37.7 |
| All sectors— | | | | |
| Total employment | *Thousands* | 19,387 | 21,453 | 24,399 |
| Low-skill employment | *Thousands* | 9,577 | 9,536 | 10,298 |
| Share low-skill | *Percent* | 49.4 | 44.4 | 42.2 |

Note: 1980 values reported above are approximately comparable with 1990 values; 1990 and 2000 values are comparable.
Source: Economic Research Service/USDA, using Current Population Survey microdata earnings files, adjusted by the U.S. Census of Population.

sive network of interstate highways and rapidly expanding telecommunications coverage, cities still tend to be regarded as centers of innovation and skill specialization.

Conversely, rural areas were viewed as hinterlands that supplied cities with raw materials, including labor. Most farming and mining activity still takes place in rural areas. Although many jobs in these industries do not qualify as low-skill, the fact that the typical miner or hired farm laborer lives in a rural county is largely a consequence of the very definition of rurality. However, resource extraction today, whether from field or mine, employs only a small proportion of the rural population. Changes in the ways goods are produced, coupled with new transportation and communications networks, have allowed many types of manufacturing to move outward from high-cost urban centers into suburban and rural areas. The latter became particularly attractive as low-cost manufacturing sites for goods that had passed the point of intensive product development. By 1970, manufacturing employed a larger share of rural workers than of urban workers (Barkley and Hinschberger, 1992).

The rise in rural service employment has followed a similar track. As communications centers, and with large pools of highly educated and trained workers, cities remain the dominant sites for high-end business and professional services. But, the share of rural employment in the service sector has grown rapidly since the 1970s, reaching 66 percent of all rural employment by 2000. This sector is skill-diverse in rural and in urban areas. Health care and public education, two of the largest and most widespread rural industries, are primarily high- and moderate-skill employers (although the absolute size of the health care industry in particular also makes it an important source of low-skill work).

Nonetheless, rural locational attributes tend to favor a less skilled job mix in services. High-skill service establishments typically depend on access to well-developed communications networks and on physical proximity to their suppliers and customers (Porterfield and Sizer, 1994). Despite the costs associated with congestion in urban areas and some diffusion of advanced communications, rural areas continue to lag in their ability to attract such establishments.

In summary, the distinctive features associated with rurality continue to reinforce a low-skill job profile. The industry mix of rural areas in 2000 remains in large part a mirror of earlier decades (McGranahan, 1988). Rural areas have a disproportionate number of jobs in the goods sector, which includes agriculture, fishing, forestry, mining, construction, and manufacturing. In fact, all of these industry groups (except construction) claim a higher share of employment in rural than in urban areas, while employment in all major service-sector industries is concentrated in urban areas.

Many of the industries important to rural areas—manufacturing is a prime example—also employ a relatively large share of low-skill workers. But this association between low-skill goods industries and rurality can be overstated. For instance, a number of low-skill industry groups within the service sector, such as consumer services and retail trade, are disproportionately found in urban areas.

The moderate association between rural location and low-skill industry is reinforced by the tendency for an industry to employ a larger share of its workforce for low-skill jobs in a rural location than the same industry would in an urban location. In some cases, this is related to the choice of technology, while in others, it reflects the greater likelihood of managerial and professional functions being performed in urban establishments. Thus, both the location of industries and the specific labor mix within these industries reflect continuing geographic differences in labor availability, wage rates, and other input prices from one location to another. Compared with urban markets, rural markets offer cheap land, low wages, less educated workers, less access to transportation and communication nodes, and less access to the cluster of business activities that support administrative and research and development functions.