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Green acres is the place to be?

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If you have driven along a country road in the South in recent years, you may have spotted an abandoned factory or textile plant. Prior to World War II, the southeastern region of the United States was, for the most part, an agricultural economy. However, the South's economy boomed thanks to plans carried out by the federal National War Labor Board to bring military production to the region. As a result, manufacturing employment rose by 50 percent and wages increased by 40 percent from 1939 to 1942. The advent of the interstate highway system further helped the South transform; however, the North and West remained the dominant industrialized regions.

Large metropolitan areas in the South—including Atlanta, Nashville, Orlando, and their surrounding suburbs—have experienced tremendous growth in recent decades while the majority of the region's rural areas have seen the reverse. In "Wanted: jobs 2.0 in the rural Southeast" (Econ South, Federal Reserve Bank of Atlanta, third quarter 2012, pp. 7–19), author Charles Davidson explores the economic downfall of the South's rural areas and the uncertain future that many rural counties face. A rural county is defined as one not belonging to a Metropolitan Statistical Area (MSA). The U.S. Census Bureau identifies an MSA as an area with 50,000 or more people plus any of the urban core's adjacent counties with linked economies. Rural counties that are most distant from large, urban areas tend to be worse off than rural counties located on the outskirts of bustling regions—these counties may still reap the benefits of nearby business, services, and employment opportunities. Also, the economies of rural counties with natural attractions like mountains or lakes have fared comparatively well.

Using county-level data from the Bureau of Labor Statistics, the author notes that in July 2012, 79 percent of southern counties with unemployment rates above 10 percent were rural counties. Furthermore, a U.S. Department of Agriculture report shows that 136 out of 164 rural southern counties, or 83 percent, are categorized as being in a state of "persistent poverty." One of the main factors driving the pervasive poverty and high unemployment is loss of industry, particularly in the manufacturing sector. It is not uncommon for small towns to depend on one plant or factory for jobs. Monroe County, Alabama, has seen its labor force reduced by more than 25 percent since 2000 when the Vanity Fair Corporation, an apparel company, substantially reduced operations in the area. As a result, the county population decreased by 8 percent.

With factories closed and jobs lost, how do rural communities boost their economies? The author investigates a few different approaches, one being the reliance on local governments to invest in new infrastructure, such as industrial parks, to attract new businesses or manufacturers. In today's high tech environment, the intellect needed to succeed in the tech industry may not be found in the South's rural counties, and funding for education in these areas has proven difficult. Therefore, a brand-new facility does not guarantee automatic industry growth.

Another approach to economic growth has been to focus on the local entrepreneurs and those with a strong sense of self-reliance. In recent decades, the number of nonfarm proprietorships (NFPs) in rural areas has risen while the number of rural farms has declined. Though NFPs and entrepreneurs provide promise for the South's rural counties, the self-employed still earn less than those with wage or salary jobs. Another issue with rural entrepreneurs is their lack of access to funding and to an overall support system. The Georgia Department of Community Affairs offers microloans to rural entrepreneurs, but said loans are typically granted to small establishments instead of individuals.

For most states, new jobs are created within. This notion goes hand in hand with training efforts to prepare workers for jobs with expanding companies such as manufacturers. In rural Perry County, Tennessee, a nonprofit program named Vision Perry provided job training, and in turn a number of call centers opened in the county. State and local governments have made progress in helping to stabilize and encourage growth in rural counties, but the challenges still outweigh the efforts. The author calls for economic development councils, local governments, and other stakeholders invested in the future of the rural South to come together instead of continuing with separate visions for economic prosperity.