More details can be found in the paper: “Dissension in the Countryside: Bridging the Rural-Urban Divide with a New Rural Policy” co-authored with Rose Olfert. The paper can be found at my web site at Ohio State. Much of this includes background for those who have not thought about place-based policy.

I thank Infrastructure Canada for their support in funding part of this research under a grant entitled: “Mapping the Rural-Urban Interface: Partnerships for Sustainable Infrastructure Development.” We also thank the Canada Rural Revitalization Foundation and the Federation of Canadian Municipalities for their support in this project, in particular Robert Greenwood.

I appreciate the help of Mike St. Louis and Erin Sawyer in their help preparing the commuting slides.

In my presentation, I want to be a little on the edge. I want to challenge conventional wisdom to try to get you to think about a future Rural Canada that is healthy and sustainable and vibrant for our children. Yet, to get there, we have to abandon some old thinking and adapt some of ideas to 21st Century realities. So, to be successful, I have to tell you things that you didn’t know or I present things you already knew, but in a new light. Only this way will such presentations help you can find innovative solutions for your communities.
Rex Murphy’s agent call the other speakers and they decided they need a speaker who would make the other speakers look good. They asked, who could possibly be more boring than an economist? U.S. hard working/ but not smart/good looking

Of course, I do not have the solution to every community’s current woes and path to long-term sustainability. Yet, rural researchers have learned a great deal of looking at the path of North American rural development over the last 75 years. I am talking about how to increase community’s odds of having a sustainable future. The way I would look at my advice as being akin to a doctor advising you not to smoke. Of course we can find smokers who live long healthy lives and we can find non-smokers who experience an early death, but quitting smoking greatly increases your odds of surviving a long time.
Motivation--continued

My point: We need to understand silly policy, because they distract us from good policy. So,
2. Too many communities skip the basics.
   - We ‘want’ a quick fix!
3. Jump on the latest fad w/o even knowing if the previous fad even worked.
   - Alternative energy, ethanol, immigrants, creative class, clusters, tax incentives, etc.
   - Gut hunches are used rather than economics—or hire a ‘bad’ consultant.
   - Color graphics & facilitation replace economic reality

Does a consultant have good messaging, so you take them over the doctor?
## Motivation--continued

4. **Rearview mirror: ‘Regain a historical legacy.’**
   In SW Ontario, it’s manufacturing, in NFLD, fishing, in BC, timber, in Sask, farming, etc.
   - These are great legacies, but winners in the 21st Century will differ from 19th Century winners.
   - **Rural Myth**—Grandpa’s 1950 rural Canada is today’s rural Canada—mining, fishing, farming, and each town lived in isolation, etc. Need to think of the next winners.

Vancouver, Toronto, Montreal are dynamic world class cities and they are very different than 20 years ago. Montreal has fallen from the top-tier Canadian city to an uncertain status regarding separatism to one of the more creative cities in North America.
Motivation--continued

5. Forward-looking roadmap for the Palliser Region to be prosperous
   - Explain the realities of rural communities and the 3 rurals.
   - 1. Metro-Adjacent (next)
   - 2. Amenity-Rich
   - 3. ‘Remote’
Let’s first beat up some less than ‘perfect’ ideas

- **Bad Idea 1**: We need a quick fix.
  - If it was easy, wouldn’t someone have already done it?
  - Truth is that it takes time to attract new knowledge workers, entrepreneurs, & physical capital. 5 years is realistic for tangible effects.

- **Bad Idea 2**: Ignore economic fundamentals and rely on gut hunches w/o foundation.
  - Economics doesn’t have all the solutions, but neither does your local doctor for medical care.

- **Bad idea 3**: Jump on the latest trendy fads
  - Good ideas may not affect overall econ. activity.
Finding Better ideas

• **Fad 1:** Alternative Energy & Bio Fuels.
  – *Don’t confuse energy policy & econ. dev. policy*
  – The direct impact: ethanol plant hires workers instead of shipping the product elsewhere.
  – But, as of late 2007, there are only 3,100 direct jobs in U.S., or 0.01% of rural U.S. employment.
  – A 100 million gallon plant has $46m-$51m in tax credits—or $1 million+ per job each year.
    • If jobs are a central goal, there are much less expensive ways to create about 45 jobs at a big plant.

Good intentions is not the same as creating jobs.

*I preface this by noting good energy policy or environmental policy is not the same as good rural policy.*

*If everybody says that pigs fly, would pigs really fly? The same is unfortunately true about fads—just because there is a lot of chattering….*

Rural=nonmetropolitan in this discussion.

Ethanol boom is busting as few new plants are being constructed:
See: “Ethanol Is Dream Deferred for Farming Towns Too Late to Biofuel”

Other sources are on the next slide.
Finding Better ideas

- **Fad 2: Firm Clusters or synergies**
  - Michael Porter from Harvard created a cluster buzz.
  - What is it? Firms like to be near linked industries to take advantage of similar needs and workforce.
  - Sounds cool. Consultants & politicians love it.
  - But—the actual evidence is shaky if not outright negative. Diversified communities do better—Jane Jacobs. Keep this in mind!
    - **Build knowledge worker/occupational clusters**

Rural=nonmetropolitan in this discussion.

Source is on the next slide.
Finding better ideas

- **Bad idea 4:** Rearview mirror-backward-looking
- Keep doing the same thing over and over, long after it makes sense.
  - Could result from a legacy industry becoming so productive, fewer workers are hired—which allows the industry to remain competitive
Rural Myth: It is still 1950!

- The rearview mirror overlooks 21st Century opportunity. Example:
  - Palliser regional prosperity only relies on oil fields
    - Common media story—e.g., *Globe and Mail, New York Times*
    - The big problem is that the rearview mirror crowds out looking to 21st Century ideas which may be entirely different.
  - Too often, federal and provincial policy is aimed at making places ‘healthy’ by supporting past-legacy industries. They forget that **sectors prosper in healthy places.**
    - Confuse sector prosperity with place prosperity.
Note the secular decline of agriculture in Canada and Ontario, where Ontario forms a benchmark. Canada and Ontario mirror each other.
Other primary sector exhibits the same pattern as agriculture.
Unlike 1950, ag and other primary is a small share of even rural and small town Alberta which is defined after taking out CAs/CMAs or towns/cities>10,000 and their tight commuting zones.
Surely, this means the nonfarm rural population is disappearing

• Answer, no!
• The nonfarm rural population as a share of the overall population has been constant since the 19th Century.
Canada has the same pattern of a declining farm population, rising urban population, BUT relatively stable Nonfarm rural population. In fact higher than in 1931.

Sources, see Partridge and Olfert, (2008)

Moral!

• The 1950s Rural Canada no longer exists.
• Rural development is far more complex than (say) farm policy or fishery policy.
  – Note the contradiction in (say) farm policy: farm competitiveness is producing more food with fewer workers—this is not community prosperity!
• Sector-policy often conflicts with place policy.

This lesson also underscores the growing rural-urban interdependence which is described below.
What is the real of Rural Canada?

- Policy should be based on reality—not myth.
- The reality is that there are 3 rural North Americas:
  1) Amenity/recreation rich near mountains, lakes, oceans
     - Ex: Since the 1960s, Cottage Country remarkably transformed to an amenity driven economy: was mining, timber, farming (Okanagan, Banff, Jasper, parts of NFLD)
     - Less of a pattern in Canada than US, though increasing
  2) Metro adjacent with commuting—big and growing
  3) Remote rural that is dependent on natural resource sectors—small and shrinking in size since the 1930s.

Amenity driven growth is very powerful. For perspective, I picked places that we have heard of though not rural. Also to avoid the small base problem of a county of 100 people that added 100 people doubled in population—who cares. So: (Okanagan region Kelowna, BC)

**Between 2001-06, metropolitan Calgary grew 13.4%; but metro Las Vegas grew 22% to almost 1.8 million; metro Phoenix grew 19.3% during the period to over 4 million people. But LV and Phoenix have been doing this for decades.**

[As an aside, don’t always believe what you read in the media—the *Economist* recently ran a story suggesting Phoenix was struggling, while running articles describing red-hot Alberta.]

Regarding metro adjacent settings, metropolitan Wood Buffalo (Ft McMurray) 2001-06 grew 23.6%; exurban Delaware County outside of Columbus, in slow growing Ohio grew 31.4% during the period to nearly 157,000 people

This shows population growth over the 2001-2006 period using Census Divisions. Ditto for W. Canada, where Saskatoon is nearing critical mass to take off (but further from this stage than Halifax). If (say) Saskatoon gained the critical mass, this would have very favorable effects for the rest of Sask rural and urban alike.

This is the share of a community’s (CCS) workforce that commutes into the Edmonton CMA in 2001. 50km, 100km and 150km rings around Edmonton. This differs from Stats Canada’s definition of CMA because they usually only consider commuting into the urban core, while we are considering the entire CMA where the city’s outlying businesses also affect regional linkages. This better reflects the rural-urban interdependence and the influence of the city rather than limiting it to the city core.

Red is 75% of the community’s labour force commutes to the Edmonton CMA, Light red is 50 to 75% commute to the Edmonton CMA, and so on to light green where 1 to 5% commute to the Edmonton CMA.

**Note that Edmonton’s influence extends for 100+kms in terms of commuting rates of 5-25% for the local labor force.**

Amenity Growth

- Examples:
  - Okanagan, Cottage Country, SE Manitoba
- Incredible growth in the U.S.
  - EX: Ft. Frances, Ontario’s opportunity.
- Its role is rising over time due to income growth—people want a nice environment
- Unspoiled areas have tremendous advantage as that becomes the next destination.
Notes that growth is very urban centric. Very strong in exurban (rural) counties outside of metropolitan areas. Winnipeg, Twin Cities, St. Cloud, Thunder Bay, Fargo, Brandon.

But, not in this rapid semi-circle band of growth extending from just outside the Northern suburbs of the Twin Cities through Brainerd, and Bemidji. This is amenity driven growth that is reaching Lake of the Woods, and Itasca counties. My point is that this growth began near the Twin Cities in the 1960s and is coming this way. At one time, these communities were also dependent on a combination of forestry, mining, and some agriculture, and now they are prosperous communities that use their natural advantage as their engine of growth. This pattern should reach the International Falls/Ft Frances region as well.
S. Ontario Cottage Country is a high amenity area outside the clear reach of urban areas. It is rapidly growing illustrating the gains that can be made in more remote areas with the right-mix of “natural capital.”
Notice the growth in SE Manitoba near Lake of the Woods.
Palliser Region Has Many ‘Amenity’ Opportunities

- Brooks, County of Newell, Bassano & Lake Newell
  - Calgary is nearby as source of tourists (and work)
  - But Palliser region needs multiple tourist destinations
  - This requires regional effort to garner a marketing strategy, getting provincial support, and having critical mass to be known in Canada & U.S.

- Badlands and Dinosaur Provincial Park—à la Western South Dakota
  - Regional collaboration to build tourist destinations.
    - E.g., Gander and nearby fishing villages.
    - E.g., Medicine Hat and Brooks benefit from this as well
Palliser Region Has Many ‘Amenity’ Opportunities—Cont.

- Cypress Hills Region is a beauty
- With many destinations, then a neat jewel like Empress also becomes more sustainable
  - Need more people coming to Palliser Region!
  - As region acquires more accommodations and man-made amenities—this will attract even more population—“Cumulative Causation” or momentum.
Palliser Region Has Many ‘Amenity’ Opportunities—Cont.

- These amenity opportunities require regional collaboration
- These amenity opportunities require better infrastructure.
- Ex of both points 1 & 2 is the need to improve the Wild Horse Border Crossing.

For sources on Amenities, See:


“Remote” Rural

• These areas lack access to urban areas and many of the amenities.

• These community economies are typically natural resource dominated.
  – Natural resource sectors experience productivity growth that puts pressure on the rest of the community.
  – Natural resources curse
### Remote Characteristics

- Split Palliser Region into 4 areas
  - Alberta 2001-06 Population Growth: **10.6%**
- 1. Medicine Hat Census Agglomeration:
  - 2006 Population, 68,822, 2001-06 growth: **11.5%**
- 2. Brooks CA (County of Newell):
  - 2006 Population, 22,452, 2001-06 growth: **3.5%**
- 3. County of Forty Mile
  - 2006 Population, 3, 414, 2001-06 growth: **-0.5%**
- 4. Census Division 4—Special Areas 2, 3, 4
  - 2006 Population, 10,600, 2001-06 growth: **-6.2%**

Brooks 2006, 12,500 pop, grew 7.7%  
10.6% in Alberta
Brooks CA 2006, 22,452 pop, grew 3.5%
Medicine Hat, 56,997, 11.2%
Medicine Hat, CA, 68,822, 11.5%
Special Area 4; 1,389, lost 8.9%
CD 1 (MH+ cty of 40 Mile) 74,550, 10.6%
CD 4 (Sas) 10,600, -6.2%
Building Distant Communities

- Remote Communities have an entirely different dynamic for community & economic development
- Need to collaborate over wider distances
  - Collaboration is even more important in remote areas—the notion of building critical mass!
  - HW 9: Hanna, Cereal, Oyen, etc do it well.
  - Most apparent in school issues—close the school—close the community
  - Workforce issues such as labour shortages, immigration are simply too large for (say) Hanna to solve alone
Building Distant Communities--cont

• These communities often need to define success differently
  – Not population growth—but ‘economic prosperity’ and quality of life (good schools)
  – So, per-capita income, good jobs, low poverty, access to public services are better metrics
  – My sense is that the workforce is ‘better’ for most vocations
Building Distant Communities--cont

• Building from ‘within’ becomes critical.
  – Encouraging small business creation, retention and expansion becomes critical.
    • These programs work
    • Small numbers of jobs, but helps keep a community school open
  – There is an incredible wealth of untapped entrepreneurial capacity in agricultural regions
  – Attracting outside investment is almost fruitless
Building Distant Communities--cont

• Niche businesses become more important
  – Example: alternative energy—not a big job creator, but can be promising for distant communities.
    • Hey, argue that the province can enhance its reputation by promoting green energy. Of course, balanced development implies that the Palliser region is a logical place for more green energy.
    • Facilitating and taking advantage of an emerging tourism trade.
    • Niche markets in Calgary—unique opportunities for urban residents
Conclusions

• Drop the silly fads and focus on the real fundamentals that make your community attractive to firms and workers.

• Lose that rearview mirror and focus on the 21st Century.

• Form Community Development Policies based on realities such as the 3 Rurals.
Conclusions--cont

• Amenity-rich areas are rapidly growing and increasing in importance in Canada.
  – Palliser region has many opportunities, County of Newell, Cypress Hills, etc.
  – But, requires multiple destinations, new accommodations, and working collaboratively

• Remote rural—e.g., Special Areas
  – Requires different approaches and metrics
  – Collaboration, niche markets, building from within
Thank you

Presentation will be posted at The Ohio State University, AED Economics, Swank Program website:

http://aede.osu.edu/programs/Swank/

(under presentations)

• For commuting maps for all Canadian urban areas & details of Infrastructure Canada project:
Appendix Slides
Darker shades of red are population growth; darker shades of blue is population loss.

Describe the Prairies and Alberta fitting into broader North American population trends. Not simple NDP vs Conservatives or Dems vs Reps in U.S.

Data note: The component counties that made up Broomfield CO, Colorado are merged for purposes of calculating population change.
Wyoming could not capture long run growth from energy. Denver/CO got the growth. Wyoming lacked the cities and other advantages. Alberta has Calgary and Edmonton and its low tax climate is not found elsewhere in Canada. More Canadian and U.S. evidence of natural resources curse can be found in “Community Cooperation or Community Collapse” April 2006 presentation at High Level, AB, available at www.crerl.usask.ca under presentations.