This is a primer on Rural America with mostly a national perspective (as that affects Congressional thinking). I am focusing on economic development rather than land-use and farm trends. After the overview, I will provide some thoughts on where federal (some state) policies may take us in 2007.
At some stage of my life, I have lived in all 3 Rural Americas from remote Agric communities to sprawling exurban communities.
• Stress lagging regions for today’s purpose
  ➤ A pessimistic view of rural America as a whole
  ➤ Most policy debates stress lagging regions

• Provide assets and challenges for rural America
  ➤ Challenges and barriers can reflect opportunity.
    • Community prospects improve when barriers are removed.

My focus on lagging regions to some extent will sound like the media’s stereotype of rural America in decline. So bear that in mind during my discussion. I don’t want to exacerbate that misconception.

Yet, policy debate in 2007 at the state and federal levels stress these regions. For example, exurban rural America will only be tangentially affected by much of this policy. For example, a major focus on changing Ohio zoning law is unexpected in 2007. Likewise, the Farm Bill will most likely affect exurban development primarily through environmental policies that affect land use, and these will be 2nd order type effects.
Overall Rural America

• **Rural America is very diverse**
  - 6.5% work in primary-sector farming
    • Compared to 1/3 in 1950
  - About ¼ of earnings are from manufacturing

• I follow the convention of defining Rural America as outside of metropolitan areas or urban centers of 50,000+ nearby counties with tight commuting links.
• Rural America is very diverse. Not just agriculture and natural resource primary sector.
• Agriculture’s influence is dispersed in rural and urban America. Food processing, distribution, wholesale, input manufacturing and R&D are concentrated in urban America, while agriculture has important international trade and competitiveness implications.

Voting with their feet and diversity

- Rural America experienced net population immigration from metropolitan America during the 1990s and the first-half of this decade.
  - Significant improvement since the 1980s (1970s was also good)
  - Rural America is NOT dying though growing less than metro America (6% vs. 2% pop growth 2000 to 2005)
- Yet, about ½ of non-metro counties lost pop. from 2000 to 2005—shows rural diversity.

Rural America is often unfairly characterized as in persistent decline. This is not accurate.

- The best indicator of a region’s vitality is net migration—or people vote with their feet. If more people are moving in than moving out, something must be good about the region, which could reflect a combination of quality of life and economic activity.
- On this score, rural America does well and the stereotype is misleading.
Rural population loss in Great Plains and S. Manufacturing dependent regions that are struggling with global competition. Rural population gains are centered in mountains and metropolitan adjacent.
• Pink is population loss, darker shades of green is population gain. Yellow highlights the 5 metropolitan areas for Cincinnati, Cleveland, Columbus, Dayton, and Toledo. Major interstates are in light yellow. [Thanks to Jill Clark of AEDE, who produced the map.]

• The Ohio story is well-known. Growth in the 3 C’s corridor and near exurban Toledo. Weaker population change on the Western and Eastern borders.

• Appalachian Ohio is showing some signs of growth. As someone new to Ohio, Appalachia strikes me as a region poised for takeoff with its natural amenities (and as it works through the final restructuring in its legacy old economy industries).

• One trend is the rapid “exurban” growth around the 3 C’s: Warren, Medina, and Delaware counties. But, there is hollowing out or slower growth in the cores: Hamilton, Cuyahoga, and Franklin counties.

• Rural Ohio has few “remote” areas like the Great Plains, which is good in terms of growth, but it is currently being pulled down by the very weak state performance, especially in urban Ohio.
3 Rural Americas at a Glance

1. High Amenity—recreation/retirement
   • Mountains, Northern Woods/Lakes
   • Rapid growth sometimes creates pressures

2. Metropolitan adjacent
   • Strong commuting possibilities and access to urban services and amenities
   • Urbanization can create pressures

3. Rural remote—lagging growth
   • Often relies on resources or primary farming

In rapidly growing exurban and high-amenity rural communities, a typical problem is poorly managed growth and land use policies—i.e., rural sprawl and expensive to deliver public services. One policy change that should happen is reformed rural zoning (e.g., tdr, impact fees, regionalism) because rural land use problems often arise because historic rural zoning was aimed at slow growing regions with natural resource based land uses—not aimed at their evolution towards exurban growth communities.
Engines of Growth are defined as MAs > 500,000 population, 2003 definition. Population change over the 1990-2000 period using U.S. Census Data. 100km and 200km rings. 100kms is one hour commuting distance.

Great Plains really show the 3 Americas due to its dispersed population settlements. Also the catalyst for much of Congressional discussion on rural policy.

Growth is heavily concentrated in these rings around engines of growth. Growth also occurs in mountains, Black Hills, Ozarks—High Amenity growth!

Some "small" engines of growth are Fargo-Moorhead, Bismarck, Sioux Falls/Sioux City, and the I80 corridor across Nebraska.
• The first two Rural Americas tend to have stronger economies and more “manageable” issues.
  ➢ Most of rural America shares some problems including a need for more regional cooperation.
• One group of struggling remote rural are dependent on manufacturing (e.g., textiles)
• A large block of remote rural is what USDA terms “farm dependent” counties.

I will focus on “remote rural” as that is where the largest problems exist in terms of creating jobs. Again, this paints a far more pessimistic picture of rural America than for the “average” rural community.
To illustrate the change in rural America, note that roughly all of Rural America outside of the Northeast and the West Coast was farm dependent in 1950.
By 2000, farm dependent counties were mostly limited to the Great Plains. Other remote rural counties that have often struggled include natural resource dependent counties—usually in mining or forestry.

The rapid increases in productivity in farming and natural resources have put these regions at a disadvantage in terms of employment opportunities (e.g., we need fewer farmers to produce the same amount of food as we did in the 1940s). Farm productivity is good for feeding the world, but has put many rural communities under stress.

Another problem is the tremendous changes in rural America have gone mostly unrecognized in key circles. Policies are often designed with the 1950 vision of rural America, not the current much more diverse version.
Now that I have defined remote rural, the following represents some of its assets. Remote rural America has many assets that are appealing to many families and employers. The strong sense of community and social capital is appealing to rural American families, and can be used as a development tool.

Broadband was not even in larger towns at the beginning of the decade. Now it is spreading to more rural areas. Of course, due to population density and costs, information technologies will always be better in large urban centers.

Bio fuels is an opportunity under the current policy environment in conjunction with high fuel costs. However, it must be put into context. For example, the U.S. ethanol industry is currently protected by a steep tariff on Brazilian ethanol and it receives significant federal subsidies. There may be calls to change this policy environment with high federal budgetary pressures. Of course, R&D on bio fuels will make the industry more competitive.
Of course, Remote Rural faces many barriers and challenges, which underlie its struggles to retain population. Residents may need entrepreneurial support, but financing may be more challenging.
Barrier/Opportunity

- A need for more regional cooperation
- Wasteful competition among communities
- Regions provide (say 50-75 miles in radius):
  - Critical mass to support private development
  - Economies of scale in econ. dev and gov’t services
  - Better planning to take a region where it actually can go rather than where it unrealistically wants to go.
- More gov’t support is needed to form regions.
  - Often communities don’t even know their “regions”

• For example, funding gov’t services is often more cost effective in large regions.
• One small community cannot develop a tourism strategy, but an entire region can develop a program.
  • A small town cannot provide transportation and road network, but a regional approach with effective regional taxation tools can provide this service.
• Gov’t funding to encourage larger regions to form—as well as for communities to identify their regions—would be useful policy initiatives.
• Communities need expertise in defining their regions. Regions are functions of many factors including commuting behavior.
It would likely be best if farm policy and rural development policy were not done in one gargantuan farm bill. We tend to get worse farm and rural policy. Farm policy should enhance the sector’s competitiveness, not be a catchall for rural America. But, that is the reality. One theme in incorporating rural development is the recognition that farm policy has not rejuvenated rural America over the last 70 years—i.e., rural America is much more diverse than farm policy. A study by Mark Drabenstott et al. of the FRB Kansas City, Center for the Study of Rural America contends that farm subsidies have not promoted rural growth and may have wedded counties to commodities rather than innovation. Also see Charles Fluharty, An Opportunity in the New Farm Bill: the New Farm Bill: Can Rural Initiatives and Farm Can Rural Initiatives and Farm Programs Be Aligned?, RUPRI Presentation, August 2006, available at http://www.rupri.org/ruralPolicy/presentations/nashvillencsl081506.pdf.

New approaches to the rural development part of the bill are needed.

What are some elements that the farm bill could contain for rural development:

1. Support for non-farm entrepreneurship. Loans, technical support, market development intelligence.
2. Infrastructure to make rural America competitive. For farm sector, better infrastructure would make it more competitive.
3. Support for education programs at community colleges, etc, especially as it relates to entrepreneurship, workforce training, and targeting new industries. Perhaps some funds to improve access to rural healthcare. Probably small likelihood.
4. Support for more regional initiatives. There is the Mississippi Delta Regional Authority from past Farm Bills. The 2002 bill authorized but did not fund regional authorities in the Northern Great Plains and programs to assist more regional efforts. Though the payoffs to regionalism are potentially quite high, it is not a sexy concept to take to the voters. Less likely.

Sources:
USDA, ERS, 2007 Farm Bill Theme Papers, Rural Development, July 2006.
Johnson, Kenneth. Demographic Trends in Rural and Small Town America., Carsey Institute, University of New Hampshire, 2006.
The New Homestead Act (doubtful)
- Modeled on the 1862 Homestead Act
- 698 counties that lost 10% pop. in the last 20 yrs.
- Encourages businesses, homeownership, college graduates to remain in “distressed” rural communities through tax credits and tax incentives.

Ohio and a new Governor
- Some discussion of more regional approaches
- But candidates have not been specific

The New Homestead act is unlikely to become law but it would grant liberal tax incentives to declining (population) counties. One concern with these policies is that the money is being spread too thin without targeting. Perhaps many distressed counties could be helped with more resources, but not all distressed counties can be “saved.” By targeting, more funds can be directed at the places that have a reasonable chance of having sustainable growth. Of course, targeting comes at political costs.

Candidate Strickland has talked generically about using more regional approaches in economic development policy in Ohio. As noted, there are potentially large gains, but it is not a sexy concept to the public. One problem with past (U.S.) state efforts at regionalism is it is not as comprehensive as required and the “regions” are too small to be fully effective.
Conclusion

• Rural America is very diverse
• Rural remote is the only region that fits stereotype of struggling rural regions
• Even here, there are policy opportunities
  ➤ Infrastructure
  ➤ Human capital and knowledge development
  ➤ Support regional cooperation
Thank you

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

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

(under presentations)
Appendix 2000-2005 Ohio Population Change by County Type

<table>
<thead>
<tr>
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<th>2000</th>
<th>2005</th>
<th>Pop Change</th>
<th>% Pop Change</th>
<th>N - Counties</th>
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<tr>
<td>Metropolitan</td>
<td>9,140,819</td>
<td>9,230,063</td>
<td>89,244</td>
<td>1.0%</td>
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<td>5-largest metros</td>
<td>6,824,947</td>
<td>6,923,889</td>
<td>98,942</td>
<td>1.4%</td>
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<td>Other metro</td>
<td>2,315,872</td>
<td>2,306,174</td>
<td>-9,698</td>
<td>-0.4%</td>
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<tr>
<td>Non Metro</td>
<td>2,212,326</td>
<td>2,233,979</td>
<td>21,653</td>
<td>1.0%</td>
<td>48</td>
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<td>Micropolitan</td>
<td>1,708,384</td>
<td>1,721,369</td>
<td>12,985</td>
<td>0.8%</td>
<td>29</td>
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<tr>
<td>Non Micro</td>
<td>503,942</td>
<td>512,610</td>
<td>8,668</td>
<td>1.7%</td>
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<tr>
<td>Statewide</td>
<td>11,353,145</td>
<td>11,464,042</td>
<td>110,897</td>
<td>1.0%</td>
<td>88</td>
</tr>
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</table>


They show the weak performance of metropolitan Ohio. Generally, metropolitan American has greatly outperformed nonmetro America this decade. In this sense, rural Ohio has performed surprisingly well.

Thanks to Jill Clark, AEDE for the data and chart.
Appendix: 2000-05 %Pop. Change by County
All Metro Areas are Highlighted

• Pink is population loss, darker shades of green is population gain. Yellow highlights the metropolitan areas for Cincinnati, Cleveland, Columbus, Dayton, and Toledo. Blue highlights the smaller metropolitan areas. Major interstates are in light yellow. [Thanks to Jill Clark of AEDE, who produced the map.]