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….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

2. Skip bad policies and fads by focusing on policies that work such as building regions.
   - More important for rural regions—critical mass

3. Show how regions have organically formed.

4. Describe how regions should collaborate to help build sustainable futures
   - REAL collaboration that tangibly improves the lives of those living in the Palliser Region
   - Not about having an annual region luncheon
Critical Mass: The story of Canadian Community Success

• Rural-Urban interdependence
  • In 1950, communities detached from their neighbors
  • In 21st Century—communities linked in a web of interrelationships
  • Governance trails what the people are doing across regions.
    • Should rural communities compete or cooperate?

• Successful cooperation builds strength
  • Leverage growth in an entire region—town and country
<table>
<thead>
<tr>
<th>Basic Lessons of Pop Change</th>
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<tbody>
<tr>
<td>• Cities are Canada’s engine of growth</td>
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<tr>
<td>• Not as true in the U.S.</td>
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<tr>
<td>• North American rural development</td>
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<tr>
<td>• Critical mass &amp; threshold effects</td>
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<tr>
<td>• Growth poles or growth clusters</td>
</tr>
<tr>
<td>• Not everyone in small communities/neighborhoods commutes in their growth cluster, enough to stabilize their population and build critical mass</td>
</tr>
<tr>
<td>• This North American pattern underlies why rural &amp; urban communities should work together.</td>
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Communities should band together

- Large cities have the most growth spillovers
  - Metro areas >500,000 population
    - Calgary vs. Tulsa in their importance
  - Canada’s pop. growth is also centered near urban areas of at least 10,000 people (CAs)
- Evidence: growth does not end at city border!
  - Growth spreads out for hundreds of kms, though the growth effects decrease with distance
  - Both rural and urban participate in growth.
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.

Blue is pop loss and red is pop gain. CCS is roughly a community.
100km commuting rings around cities of at least 10,000 (CAs). Almost all of
the growth (except mining and near reserves) took place in these bands.
The “news” is that rural growth concentrates in the rings for rural Canada.
Goal is to expand the “rings” so that more rural Canadians participate in the
growth.

Source: Agricultural Division of Statistics Canada on the CD-ROM “Selected
Variables from the Census of Population, 1981 to 2001 tabulated within 1996
boundaries for census divisions and census consolidated subdivisions”
(contact Ray Bollman). Data Liberation Initiative.
Commuting shows range of rural-urban interdependence

- Commuting zones extend far outside of CA/CMA boundaries—show a growth cluster extending through an entire region.
- If someone can commute, they likely shop, utilize health care, participate in service organizations, etc.
- Such regions share common interests and these should be exploited regionally.
This is the share of a community’s (CCS) workforce that commutes into the Lethbridge CA in 2001. 50km, 100km and 150km rings around Lethbridge. This differs from Stats Canada’s definition of CA 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 Lethbridge CA, Light red is 50 to 75% commute to the Lethbridge CA, and so on to light green where 1 to 5% commute to the Lethbridge CA.

**Note that Lethbridge’s influence extends for 50+kms in terms of commuting rates of 5-25% for the local labor force.**

This is the share of a community’s (CCS) workforce that commutes into the Medicine Hat CA in 2001. 50km, 100km and 150km rings around Medicine Hat. This differs from Stats Canada’s definition of CA 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 Medicine Hat CA, Light red is 50 to 75% commute to the Medicine Hat CA, and so on to light green where 1 to 5% commute to the Medicine Hat CA.

**Note that Medicine Hat’s influence extends for 50+kms in terms of commuting rates of 5-25% for the local labor force.**

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.**

This is the share of a community’s (CCS) workforce that commutes into the Calgary CMA in 2001. 50km, 100km and 150km rings around Calgary. 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 Calgary CMA, Light red is 50 to 75% commute to the Calgary CMA, and so on to light green where 1 to 5% commute to the Calgary CMA.

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

This table is by way of summarizing some of the relationships. As researchers in rural development, we seem to spend quite a lot of our time convincing rural and urban audiences, and especially the latter that the interdependence is mutual, that a regional approach makes sense. This table can be used to illustrate the interdependence. The shading on here was initially designed to signify demand and supply though I am not sure that is entirely applicable. But I think of the white as the demand side of both product and factor markets and the shaded as supply. So the rural population, at least within commuting distance depends on urban for employment, for private and public services, and for urban amenities. Extending out some distance from the urban centre, the rural population is on the demand side for these goods and services. From the perspective of the urban centre, they depend on the rural labour force for some of their workforce, the rural population forms part of the market for the private and public goods and services provided in the city, as well as the urban amenities.

On the other hand, Urban residents have a demand for recreation in rural areas, for food safety and security, for a maintained environment, and for land for residential, industrial and commercial development beyond their current boundaries if they are to expand in an orderly way. From the rural perspective each of these can be seen as the basis for supplying recreation activities, food, environmental stewardship, and some arrangement for realizing tax revenues or proceeds from the sale of land.

A full understanding of these relationships is necessary in order to elicit the kind of cooperation or joint effort that is required to realize the mutual benefits of this interdependence. Mutual benefits as well as conflicts—both call for cooperation. Ultimately governance of urban and rural areas is involved.
Other countries are finding their version of improvements, Canada should find its own way to make improvements.

• At least if we are worried about long-term sustainability of communities, cooperation seems better than going it alone and seeing the community die (or unnecessarily struggle).

• But, regional cooperation needs to be properly planned and needs to be proactive enough to be successful.

• These are several reasons that argue for a regional approach and they should be considered when forming regions of common interests.

How can we cooperate?

• This can be a formal consolidation of gov’ts or it could be collaboration to make regions competitive.
  – Need a consensus for regional collaboration!
    • Why rely on borders drawn for the needs of the 19th century
  – Further regional needs for “neighbors”:
    • Tourism needs a regional brand
    • Linking Highway 9 communities to build critical mass
    • Economic development
    • Broadband service in remote areas—e.g., rural Palliser region
    • Transport people/access to services and amenities
    • Environment/Land use
    • Education/health/Labour force development
    • Quality of life initiatives
    • Increased political clout for common interests: lobby Ottawa, Edmonton and be heard in Toronto and elsewhere.

  Swank Program in Rural-Urban Policy
In Ohio, we have local competition for each other’s jobs down to a precise science. It goes w/o saying that Ohio is 48th and 49th in the U.S. in terms of growth dating back to 1995. We simply do not focus on building new wealth or attracting wealth from outside the state.

- Need to build regional identity.
  - Despite the interdependence of communities, too many towns think as if they are an island.
  - My “favorite” is how nearby towns compete for each other’s business—destroying everyone’s tax base.
  - E.g., can the Newell region brand itself as an unspoiled alternative for tourism?
  - E.g., how can Medicine Hat diversify—it is about making the region competitive.
- Nongovernmental: Chambers of Commerce
- Overlay regional gov’t on top of municipalities
  - Regional economic development authorities
  - Transportation—critical to build regional clusters
Provinces are amazing creatures. They jealously guard their interests and autonomy from the federal government, but they are reluctant to share their power with their own local governments. Quebec is increasingly an exception in their development policies in that the province devolves more authority to local levels of government.

By not planning, we get communities pitted against one-another. The outcome is a zero-sum game where all parties lose out. Rural communities, in their quest for growth, can lose their identity without cooperation. Moreover, sprawl can be a wasteful development that is not friendly to the environment and is expensive to provide infrastructure.

<table>
<thead>
<tr>
<th>Communities/Regions need tools</th>
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<tbody>
<tr>
<td>• Provinces should devolve some authority</td>
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<tr>
<td>– A positive case is Quebec</td>
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<tr>
<td>• More tax tools &amp; tax sharing for regions</td>
</tr>
<tr>
<td>– This facilitates cooperation.</td>
</tr>
<tr>
<td>– Regional fuel/use taxes for transportation</td>
</tr>
<tr>
<td>– Sales taxes (say 1% regional levy)</td>
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Local Devolution—continued

• Regional approaches stop the ‘city’ from keeping all of the gains while the ‘remote’ communities lose

  – Currently, (say) Brooks/Medicine Hat keeps all of its tax revenues from the region’s shoppers. Regional approaches would disperse some back to the country for needed regional projects.

• Then there would be regional support for job creation.
  – Weakness of Conference Board (Globe and Mail) ‘cities’ approach. What’s in it for the rest of the Country?
  – Does not consider smaller hubs (just big 10) and does not require cities to share their prosperity with rural residents.
Gander advertises rural tourism to attract tourists to their airport, they provide job opportunities to rural commuters, allowing neighboring rural communities to keep a critical mass of people. In turn, Gander attracts a labor force and benefits from rural shoppers. All are in the same boat and all mutually benefit.

Another good example is Action Southwest in southwest Sask, centered in Swift Current.
Governance in regions needs to be sure that all stakeholders participate and that all communities benefit.

Example of a Growth Cluster

- Brooks could form the anchor of a growth cluster (not just Toronto or Calgary)
  - Tourism, economic development
  - Brooks is important far outside of its borders.
    - Not Zero Sum!
    - Brooks’ problems of wrestling with immigrant communities or workforce or schools takes on a regional dimension.
  - But governance structure needs to ensure everyone benefits and everyone participates.
    - For example, we need to abandon the notion that (say) the rural and urban “Newell region” can be separated.
For communities to act as a region for their common interest, these factors should be considered.

Mayor Ayling referred to this strategy as changing his view of community and regional growth in Northern Alberta. A nearby community’s mayor noted how Grande Prairie’s success was revitalizing her town.
What is good strategy?

- You don’t have to pick the next hot industry, just be sure they want to be in your community. e.g., Seattle 1978 and Microsoft

1. Recognize rural-urban interdependencies
   - Rural-Urban Shared Fate
     - Regions share common interests and the gains should be exploited regionally.

I often get asked, what can we do? What industry should be go after? I point out that this is the wrong question, you should ask, how can we make it so that all of the best industries want to come here? One answer is how can we make it good for people to live there, and the jobs will follow.
Rural-Urban Shared Fates--cont

• Regions that realize they are linked will have a competitive advantage in the global economy.
  – Lower taxes, better infrastructure, better public services, stronger economic development
  – Just being a little more competitive will shift capital from around the world at the click of a mouse.
2. 21st Century will belong to places that use their knowledge to leverage their assets.

- Rural communities should be attractive to knowledge workers
  - Quality of life, pleasant environment, sustainable development—this is good economics!

- Rural US counties with greater shares of knowledge workers grow faster than metro areas (even metros with knowledge workers) and they grow about twice the rate of rural counties with low shares.
  - Source: see the appendix for a supporting chart

As Ed Glaeser says, get a lot of smart people and get out of their way.
Good Strategies--cont

3. Business retention and expansion makes much more sense than tax incentives for outside investment.
   - Treat all businesses alike and realize that both their workforce & customer base are regional.
   - If you build a good climate for investment, your own businesses will thrive and STAY.
     - Innovation comes from small firms. It is better products and lower costs. Not necessarily a bio-tech invention.
   - Business Retention and Expansion Programs
     - Draw opportunities such as the Defense Forces Base

Small businesses create more jobs on net--Birch.
Conclusions:
What have we learned?

- Focus on realities such as emerging regions that the people have self-formed—tho politicians lag what the people are doing.
  - Regional linkages have formed through a variety of ways
- Regional collaboration makes the entire area more globally competitive

Don’t try to reshape the future so that it makes you more comfortable. Besides being futile, it will be ineffective
Places don’t have to figure out the winning firms, but make it so that they will want to be where you are.

Conclusions

• Adopt good strategies that don’t require perfect foresight.
  – You just need to make it such that the best firms want to be where you are.

• Education & entrepreneurship are keys.
To conclude, I want to reaffirm what a pleasure it has been here today. I acknowledge that building a better, more sustainable Canada can seem challenging. Yet, there are opportunities and regional cooperation is high on that list. Remember, Canada’s region are very special places, and what you do today will affect the vitality and sustainability of this very special place for children and grandchildren. For this, I hope this presentation has stimulated you, not only for the remainder of this workshop, but also to go back and to your communities and try new innovative solutions.

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
Human capital and the knowledge economy trumps alternative forms of growth.

“One job function that is increasingly important in the knowledge economy is creative thinking—combining knowledge and ideas in novel ways to solve problems or create new opportunities. Occupations that typically require high levels of creativity include engineers, scientists, designers, artists, and business managers. Highly creative occupations are found predominantly in metropolitan areas, but some nonmetro counties also contain a relatively high proportion of these occupations.” Source: Rural America at a Glance.

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.
Figure 10
In each period, strong MIZ grew faster than moderate MIZ which, in turn, grew faster Weak MIZ, Canada

Percent change in total population


Census-defined population areas (CMAs have 50,000 or more in the urban area and include all municipalities where 20% or more of the workforce commutes to the urban core.

Census-defined rural areas (CAs) have less than 50,000 in the urban areas and includes all municipalities where less than 20% of the workforce commutes to the urban core.

Rural and small town (RST) areas are assigned to the land of the MIZ with no MIZ if not one of the MIZ.

Larger urban centres (LUCs) ▣ Rural and small town (RST) areas ▣
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.