

# **A Balance Sheet for Rural America: Assets, Challenges and Opportunities**

Presented at:

*Rural Communities: The Challenges of  
Meeting Veterans' Needs Workshop*

Washington, DC  
September 8, 2006

**Mark Partridge**  
Swank Professor in Rural-Urban Policy  
The Ohio State University



DEPARTMENT OF  
AGRICULTURAL, ENVIRONMENTAL,  
AND DEVELOPMENT ECONOMICS

Swank Program in Rural-Urban Policy



1

## Outline: Why am I here?

- Rural America is far too diverse to simply characterize
  - But I am going to try anyhow
- Three rural Americas
  - Amenity/recreation/retirement communities
  - Metropolitan adjacent—facing growth pressure
  - Rural remote
    - The first two are faring quite well
    - The “Rural” stereotype is rural remote--unfortunate

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
- Provide assets and challenges for rural America
  - Challenges and barriers can reflect opportunities.
    - A community's prospects improve when barriers are removed.



DEPARTMENT OF  
AGRICULTURAL, ENVIRONMENTAL,  
AND DEVELOPMENT ECONOMICS

Swank Program in Rural-Urban Policy



3

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.

## Overall Rural America

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



DEPARTMENT OF  
AGRICULTURAL, ENVIRONMENTAL,  
AND DEVELOPMENT ECONOMICS

Swank Program in Rural-Urban Policy



4

- 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.
- 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.

Sources for this analysis are U.S. Dept. of Agriculture, Economic Research Service, *2007 Farm Bill Theme Papers, Rural Development July 2006*. Other sources include Partridge et al. (2006) "[Employment Growth in the American Urban Hierarchy: Long Live Distance](#)," and Partridge et al. (2006), "[Does the New Economic Geography Explain U.S. Core-Periphery Population Dynamics?](#)" available at <http://aede.osu.edu/programs/Swank/> and *The Geography of American Poverty: Is there a Role for Place-Based Policies?*, by Mark Partridge and Dan S. Rickman, W.E. Upjohn Institute for Employment Research, Kalamazoo, MI, 2006.

- **Voting with their feet and diversity**
  - Rural America experienced net population in-migration 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 in dying though growing less than metro America (6% vs. 2% pop growth 2000 to 2005)
  - Yet, about one-half of non-metro counties lost people between 2000-2005—illustrating rural diversity.



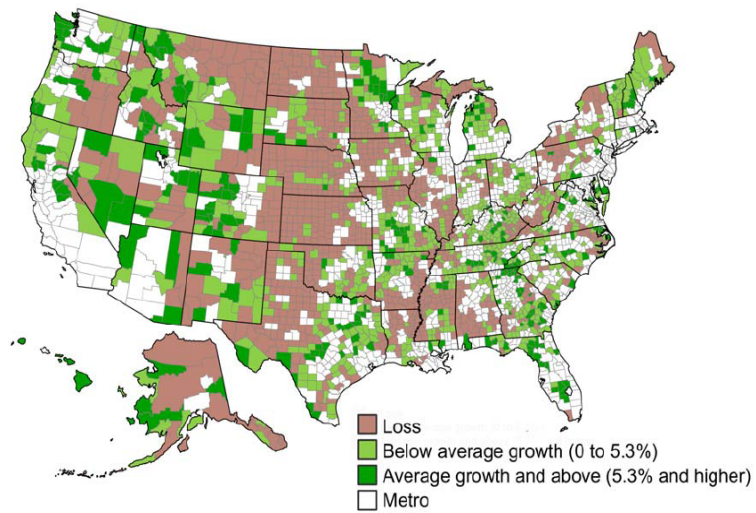
DEPARTMENT OF  
AGRICULTURAL, ENVIRONMENTAL,  
AND DEVELOPMENT ECONOMICS

Swank Program in Rural-Urban Policy



5

**Figure 3. Nonmetro Population Change, 2000-05**



Source: Prepared by ERS using Census Bureau 2005 population estimates.

From USDA, ERS, 2007 Farm Bill Theme Papers, Rural Development, July 2006

6

Rural population loss in Great Plains and S. Manufacturing dependent regions.  
Rural population gains are centered in mountains and metropolitan adjacent.

### 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



DEPARTMENT OF  
AGRICULTURAL, ENVIRONMENTAL,  
AND DEVELOPMENT ECONOMICS

Swank Program in Rural-Urban Policy



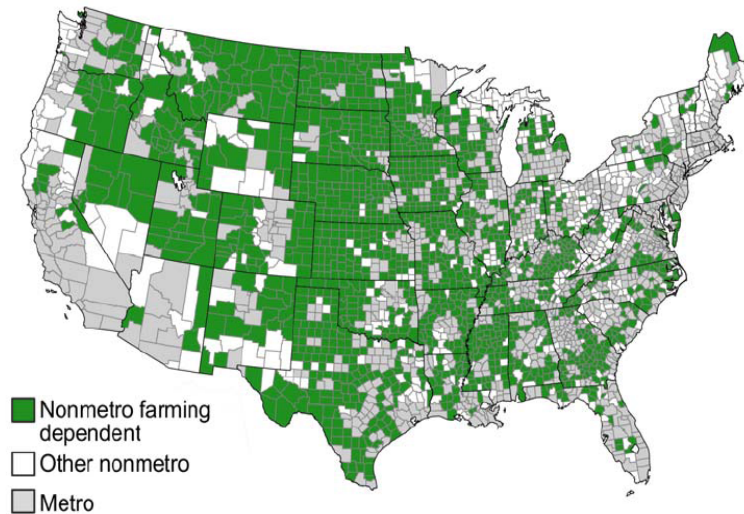
7

- **The first two tend to have stronger economies and have “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.

**Figure 1. Farming-Dependent Counties in 1950 and 2000**

**Nonmetro farming-dependent counties, 1950**

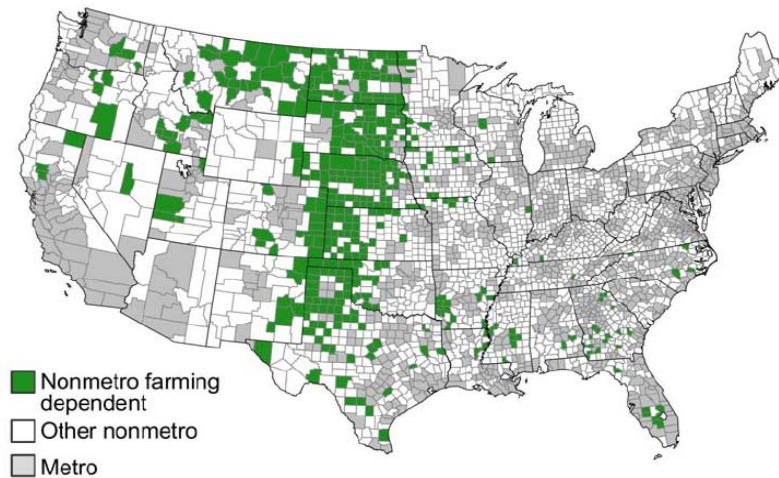


From USDA, ERS, 2007 Farm Bill Theme Papers, Rural Development, July 2006

9

Roughly all of Rural America outside of the Northeast and the West Coast was farm dependent in 1950.

### Nonmetro farming-dependent counties, 2000



Source: Farming-dependent counties are defined by ERS. Metro/nonmetro status is based on the Office of Management and Budget (OMB) June 2003 classification.

From USDA, ERS, 2007 Farm Bill Theme Papers, Rural Development, July 2006

10

- 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.

## Assets in Remote Rural America

- **A “rural” quality of life that appeals to many.**
  - Low crime
  - Little congestion
  - Strong sense of community– social capital/cohesion/trust
- **Economic Advantages**
  - Available and willing workforce
  - In many cases, surprising entrepreneurship potential
  - Low land and labor costs
    - Favors labor intensive manufacturing or service sector industries
  - Increasing broad band internet connectivity
    - Less of a barrier
  - Emerging opportunities in bio-fuels, agro/cultural tourism



DEPARTMENT OF  
AGRICULTURAL, ENVIRONMENTAL,  
AND DEVELOPMENT ECONOMICS

Swank Program in Rural-Urban Policy



11

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.

# Challenges in Remote Rural

- **Remoteness and lack of urban access**
  - Urban services and household amenities.
  - Often lack urban cultural amenities
    - (R. Florida's creative class)
  - Higher transport and near-term energy costs
    - high energy costs can especially hit remote rural communities w/o offsetting bio fuels capability.
    - Commuting and primary sector production.
  - Workforce has less education on average
  - Infrastructure can be lacking (water/sewage & roads).
  - Often lacks financial capital or venture capital



DEPARTMENT OF  
AGRICULTURAL, ENVIRONMENTAL,  
AND DEVELOPMENT ECONOMICS

Swank Program in Rural-Urban Policy



12

Of course, Remote Rural faces many barriers and challenges, which underlie its struggles to retain population.

## Barrier/Opportunity

- **A need for more regional cooperation**
- **Too much wasteful competition among communities**
- **Regions provide (say 50-75 miles in radius):**
  - Create critical mass to support private develop
  - 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 state and federal incentives are needed to encourage regions.**
  - Often communities don't even know their "regions"



DEPARTMENT OF  
AGRICULTURAL, ENVIRONMENTAL,  
AND DEVELOPMENT ECONOMICS

Swank Program in Rural-Urban Policy



13

- 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.
- 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.
- The Center for the Study of Rural America is providing a valuable service in helping regions identify their assets.

# Conclusion

- Rural America is very diverse
- Rural remote is the only region that fits stereotype of rural regions are struggling
- Even here, there are opportunities for policy
  - Infrastructure
  - Support regional cooperation



DEPARTMENT OF  
AGRICULTURAL, ENVIRONMENTAL,  
AND DEVELOPMENT ECONOMICS

Swank Program in Rural-Urban Policy



14

# Thank you

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

<http://aede.osu.edu/programs/Swank/>  
*(under presentations)*



DEPARTMENT OF  
AGRICULTURAL, ENVIRONMENTAL,  
AND DEVELOPMENT ECONOMICS

Swank Program in Rural-Urban Policy



15