Rethinking the Rural Raison D’être: A Primer for New Rural Policy and Practice

Presented to the
Regards to Rural 2013
Rural Development Initiatives
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President & CEO
Rural Policy Research Institute
Four Considerations

I. Recalibrating the rural/urban dialogue and paradigm

II. Who wins: the World Bank or the OECD?

III. Rural imperatives, and signs of hope and progress!

IV. Final reflections: Why your work is so critical
I. Recalibrating the rural/urban dialogue and paradigm
Two major types of rural definitions

- U.S. Census Bureau
  - Urban and Rural Areas

- Office of Management and Budget
  - Core Based Statistical Areas – Metropolitan and Nonmetropolitan Areas
Urban and Rural Areas

- The U.S. Census Bureau defines urban areas:
  - Core blocks and block groups with population density of 1,000 people per square mile.
  - Surrounding blocks with overall density of 500 ppmi$^2$
  - Range in size from 2,500 people to nearly 2 million people.
  - **Rural** is everything that is not urban.

- Based on the 2010 Decennial Census:
  - 59 million people live in rural areas (19%)
  - 249 million people live in urban areas (81%)
Census Defined Urban Areas
But all urban areas are not the same

New York-Newark
Population 1.8 million

Hermann, MO
Population 2,515
Pitfalls to using this definition

- These boundaries are only defined every 10 years.

- Urban area boundaries don’t align with boundaries of cities and towns.
  - There is no governmental jurisdiction over Census defined urban areas.

- Very limited sub-county data challenges more granular understanding, and resource targeting.
  - The most comprehensive data is at the county level.

- All would agree that some “urban” places are really much more rural in character.
Core Based Statistical Areas

- Defined by the Office of Management and Budget.
- Designed to be functional regions around urban centers.
- Classification is based on counties.
- Three classifications of counties:
  - Metropolitan, Micropolitan, Noncore
  - Based on size of urbanized area/urban cluster in central counties and commuting ties in outlying counties.
Core Based Statistical Areas

- Metropolitan
- Micropolitan
- Noncore
Usually, metropolitan is equated with urban and nonmetropolitan is equated with rural.

So, if metropolitan is urban, then...
This is urban:

Los Angeles, California
Population 1.2 million
And so is this:

Armstrong County, Texas
Population 2,071

Part of the Amarillo Texas Metropolitan Area
And if nonmetropolitan is rural, then...
This is rural:

Loving County, Texas
Population 55
And so is this:

Paducah, Kentucky
Population 48,035
Most Counties are Both Urban and Rural!

Coconino County, Arizona
Population   127,450
Flagstaff Metro Area
Most metropolitan areas contain rural territory and rural people.

In fact...

54% of all rural people live in metropolitan counties!
### Distribution of U.S. Population by Urban and Rural Areas, and Core Based Statistical Areas, 2010

<table>
<thead>
<tr>
<th></th>
<th>Urbanized Area</th>
<th>Urban Cluster</th>
<th>Rural</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Metropolitan</strong></td>
<td>219,677,256</td>
<td>10,766,879</td>
<td>32,007,997</td>
<td>262,452,132</td>
</tr>
<tr>
<td><strong>Micropolitan</strong></td>
<td>228,950</td>
<td>13,852,786</td>
<td>13,072,477</td>
<td>27,154,213</td>
</tr>
<tr>
<td><strong>Noncore</strong></td>
<td>15,917</td>
<td>4,711,483</td>
<td>14,411,793</td>
<td>19,139,193</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>219,922,123</td>
<td>29,331,148</td>
<td>59,492,267</td>
<td>308,745,538</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Urbanized Area</th>
<th>Urban Cluster</th>
<th>Rural</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Metropolitan</strong></td>
<td>99.9%</td>
<td>36.7%</td>
<td><strong>53.8%</strong></td>
<td>85.0%</td>
</tr>
<tr>
<td><strong>Micropolitan</strong></td>
<td>0.1%</td>
<td>47.2%</td>
<td>22.0%</td>
<td>8.8%</td>
</tr>
<tr>
<td><strong>Noncore</strong></td>
<td>0.0%</td>
<td>16.1%</td>
<td>24.2%</td>
<td>6.2%</td>
</tr>
</tbody>
</table>
II. Who Wins: The World Bank or the OECD?
The OECD New Rural Paradigm (2006)

<table>
<thead>
<tr>
<th></th>
<th>Old Paradigm</th>
<th>New Paradigm</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Objectives</strong></td>
<td>Equalization. Focus on farm income</td>
<td><strong>Competitiveness</strong> of rural areas</td>
</tr>
<tr>
<td><strong>Key target sector</strong></td>
<td>Sector based</td>
<td><strong>Holistic</strong> approach to include various sectors of rural economies</td>
</tr>
<tr>
<td><strong>Main tools</strong></td>
<td>Subsidies</td>
<td><strong>Investments</strong></td>
</tr>
<tr>
<td><strong>Key actors</strong></td>
<td>National governments, farmers</td>
<td><strong>Multilevel-governance</strong></td>
</tr>
</tbody>
</table>

Guarantee an adequate attention to rural issues And **empower** local communities and governments

Rural is not synonymous with agriculture
Rural is not synonymous with economic decline
Promoting Growth in All Regions
There is no single/unique path to growth...

No marked convergence or divergence profiles by type of region
Predominantly urban and rural regions, 1995-2007
Concentration → high levels of GDP pc

GDP per capita vs. national GDP per capita

21% 79%
...but not necessarily faster growth

Only 45% of metro--regions grow faster than the national average.

Metro-regions appear to have entered in a process of convergence.

...signs of inefficiencies appear in significant number of metro-regions...
Contributions to aggregate growth depend on few hub regions...

...the fat tail is equally important -- if not more -- to aggregate growth...
Contributions to growth OECD TL3 regions

27% of growth driven by 2.4% (or 20) regions...

...and 73% of growth by the remaining

\[ y = 0.5031x^{-1.201} \]
Lagging regions contribute to national growth

Lagging Regions Contribution to Aggregate Growth

Overall, they contributed to 44% of aggregate OECD growth in 1995-2007.

In eight OECD countries lagging regions contributed more to national growth than leading regions.

Bottom line: support for lagging regions need not be merely a “social” policy. They contribute a large share of national growth.

<table>
<thead>
<tr>
<th>Country</th>
<th>lagging</th>
<th>leading</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>29%</td>
<td>71%</td>
</tr>
<tr>
<td>Austria</td>
<td>53%</td>
<td>47%</td>
</tr>
<tr>
<td>Canada</td>
<td>26%</td>
<td>74%</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>62%</td>
<td>38%</td>
</tr>
<tr>
<td>Finland</td>
<td>35%</td>
<td>65%</td>
</tr>
<tr>
<td>France</td>
<td>68%</td>
<td>32%</td>
</tr>
<tr>
<td>Germany</td>
<td>27%</td>
<td>73%</td>
</tr>
<tr>
<td>Greece</td>
<td>-16%</td>
<td>116%</td>
</tr>
<tr>
<td>Hungary</td>
<td>34%</td>
<td>66%</td>
</tr>
<tr>
<td>Italy</td>
<td>26%</td>
<td>74%</td>
</tr>
<tr>
<td>Japan</td>
<td>27%</td>
<td>73%</td>
</tr>
<tr>
<td>Korea</td>
<td>23%</td>
<td>77%</td>
</tr>
<tr>
<td>Mexico</td>
<td>44%</td>
<td>56%</td>
</tr>
<tr>
<td>Netherlands</td>
<td>49%</td>
<td>51%</td>
</tr>
<tr>
<td>Norway</td>
<td>61%</td>
<td>39%</td>
</tr>
<tr>
<td>Poland</td>
<td>44%</td>
<td>56%</td>
</tr>
<tr>
<td>Portugal</td>
<td>54%</td>
<td>46%</td>
</tr>
<tr>
<td>Slovak Republic</td>
<td>67%</td>
<td>33%</td>
</tr>
<tr>
<td>Spain</td>
<td>48%</td>
<td>52%</td>
</tr>
<tr>
<td>Sweden</td>
<td>58%</td>
<td>42%</td>
</tr>
<tr>
<td>Turkey</td>
<td>47%</td>
<td>53%</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>57%</td>
<td>43%</td>
</tr>
<tr>
<td>United States</td>
<td>51%</td>
<td>49%</td>
</tr>
<tr>
<td>average unweighted</td>
<td>43%</td>
<td>57%</td>
</tr>
<tr>
<td>average weighted</td>
<td>44%</td>
<td>56%</td>
</tr>
</tbody>
</table>
III. Rural Imperatives, and Signs of Hope and Progress!
Policies and budgets are ultimately about visions and values.
“If you do the same things, over and over, you’ll probably get the same outcomes!”
The Critical Question:

“What policy framework will best integrate rural and urban initiatives and programs, to advantage both ag and non-ag rural constituencies, their communities and regions, and enhance their children’s potential to thrive there in the 21st century?”
What is Demanded?

1. Greater attention to asset-based development, much more broadly defined. Placemaking, married to economic development, must be the new paradigm.

2. The building of regional frameworks, appropriately configured, of sufficient scale to leverage these geographies and bridge these constituencies. (While we need rural and urban responses, their intersection is the future of enlightened public policy.)

3. As the Federal role reduces over time, greater attention to new governance / new intermediary support by the public sector.

4. Regional innovation policies which specifically target mutually beneficial competitive advantage, that rural and urban areas share. (i.e., Regional food systems, bio-energy compacts, natural resource-based / sustainability assets, “workshed” / “watershed” approaches, etc.)
5. Attention to the **importance of working landscapes**:
   - Arts / heritage / culture
   - Natural resources / tourism
   - Bio-energy / biofuels, entrepreneurial agriculture

6. Incentives to bridge **innovation / entrepreneurship support systems**, from urban to rural expression

7. Opportunities to **address spatial mismatch** issues in workforce / training across broader geographies, via “place-based” community / technical college collaborations, both sister schools and research universities.

8. Innovative funding approaches **which enhance collaboration** across state and local governments, particularly in cross-sectoral, regional experimentation.
The Framework for Regional Rural Innovation

- **New Narratives & Networks**
- **Knowledge Networks & Workforce**
- **Collaborative Leadership**
- **Quality of Place**
- **Entrepreneurship & Innovation**

Critical Internal Considerations
- Wealth Creation and Intergenerational Wealth Retention
- Youth Engagement and Retention
- Social Inclusion and Social Equity
V. Final Reflections: Why your work is so critical
Small States Find Outsize Clout Growing in Senate

BY ADAM Liptak
RUTLAND, VT — In the four years after the financial crisis struck, a great wave of federal stimulus money washed over Rutland County. It helped pay for bridges, roads, preschool programs, a community health center, buses and fire trucks, water mains and tanks, even a project to make sure that bats could still swim down the river while a bridge was being rebuilt.

Just down Route 4, at the New York border, the landscape abruptly turns from swamp to scrubby, Washington County, N.Y., which is home to about 45,000 people — just as Rutland is — saw only a quarter as much money.

As North Korea Blasters, South Breaks Taboo With Nuclear Talk

BY MARTIN FACKLER AND CHOEGANG-JUN
SEOUL, South Korea — As their country prospered, South Koreans largely turned off the opinion polls show that two-thirds of South Koreans support the idea, made by a small but vocal minority, that their country should join the nuclear club.

Whether that support might translate into action is uncertain. But the recent international diplomatic efforts to derail North Korea’s nuclear ambitions have prompted a debate about the strategic consequences, and the regional security implications, of acquiring nuclear weapons, a taboo in South Korea for the last half-century.

The difference in the fortunes of Rutland and Washington Counties reflects the growing disparity in their citizens’ voting power, and it is not an anomaly. The Constitution has always given residents of states with small populations a lift, but the size and importance of the gap has grown more sharply in recent years, in ways that framers probably never anticipated, and it afflicts the political dynamic of issues as varied as gun control, immigration and campaign finance.

In response, lawmakers, lawyers and watchdog groups have begun pushing for change. A lawsuit to curb the small-state advantage in the Senate’s rules is moving through the courts. The Senate has already made modest changes to rules conforming to the Constitution.

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CUTS GIVE OBAMA PATH TO CREATE LEANER MILITARY

BY DAVID E. SANGER
WASHINGTON — At a time when $48 billion in mandated budget cuts are about to begin at the Pentagon, officials are considering whether there may be an opening to trim the defense establishment around the new President’s budget for an armed forces that are smaller than those most analysts had estimated just weeks ago.

The list of not only closures but also inaction in deployed military weapons and stockpiles is large, and it reflects the military’s interest in the cuts.

Bases, Health Prog and Nuclear Arm Face Scrutiny

By ALISIA J. ROBINS
and THOM SHANKER
KABUL, Afghanistan — President Hamid Karzai has been the most critical of some of the policies that American officials have described as most important to their mission here, including the widespread use of Special Operations forces and a continuing strategy to create battlefield victories.

Mr. Karzai was among those who have advocated for the United States and its allies to do more to help the Afghan government, in particular by providing more trained, capable police officers.

The Afghans have long argued that American forces are not doing enough to help the Afghan government, and that the United States has been too focused on defeating the Taliban and Al Qaeda.

The Afghan president’s dismay with the Afghan forces has also been evident in his recent sharp criticism of the American military’s conduct in a recent offensive against the Taliban in the southern provinces of Kandahar and Helmand.

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“All great truths begin as blasphemies.”

--George Bernard Shaw
Two “Visions,” Upon Which to Frame our Hope
THE END OF BIG
HOW THE INTERNET MAKES DAVID THE NEW GOLIATH
**Ratings of Institutions**

**Question:** How much confidence do you have in each one — a great deal, quite a bit, some, very little, none at all?

*Percentage of people answering “a great deal” or “quite a bit”.*

<table>
<thead>
<tr>
<th>Institution</th>
<th>2012</th>
<th>2013</th>
</tr>
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<tbody>
<tr>
<td>Military</td>
<td>76</td>
<td>67</td>
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<tr>
<td>Auto Industry</td>
<td>28</td>
<td>29</td>
</tr>
<tr>
<td>Religious Leaders and Organizations</td>
<td>25</td>
<td>21</td>
</tr>
<tr>
<td>Federal Government</td>
<td>16</td>
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<td>National News Media</td>
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<td>Social Networks</td>
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<td>Large Corporations</td>
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<td>Financial Industry</td>
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<tr>
<td>Health Insurance Companies</td>
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<td>10</td>
</tr>
<tr>
<td>IRS</td>
<td>Not polled</td>
<td>10</td>
</tr>
</tbody>
</table>
“What lies behind us, and what lies before us are tiny matters compared to what lies within us.”

--Ralph Waldo Emerson