THE OHIO STATE UNIVERSITY

The Urban/Rural Continuum and "Rural" Economic Development Policy?

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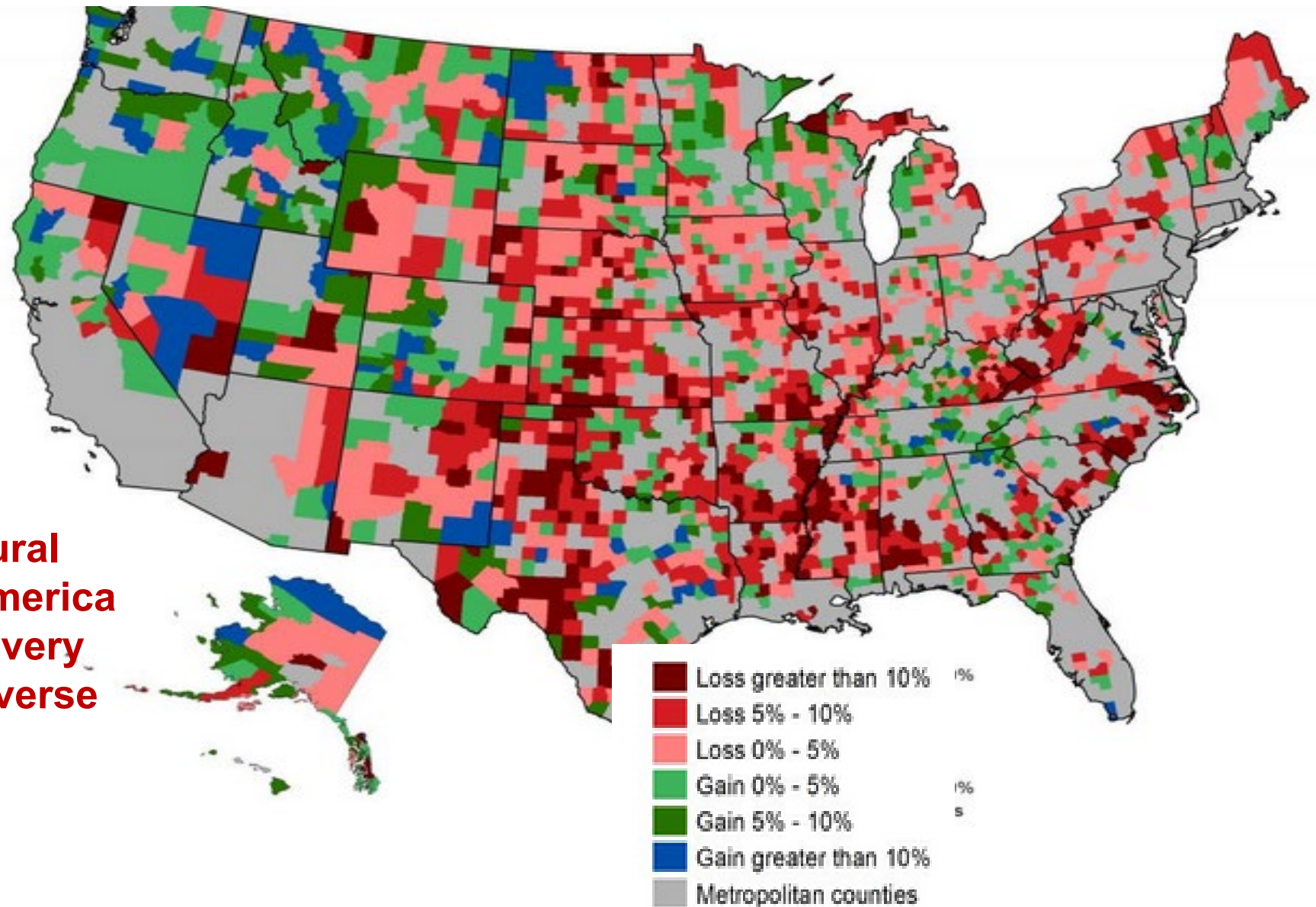
Swank Chair in Rural-Urban Policy

The Ohio State University, Jinan University, & GSSI

Population Change In Nonmetropolitan Counties, 2010 To 2020

Rural America is very diverse

Legend:
- Loss greater than 10%
- Loss 5% - 10%
- Loss 0% - 5%
- Gain 0% - 5%
- Gain 5% - 10%
- Gain greater than 10%
- Metropolitan counties

Source: *Census Bureau, Census of 2020 and 2010.* **Analysis**: *K.M. Johnson, University of New Hampshire.*

https://carsey.unh.edu/publication-rural-america-lost-population-over-past-decade-for-first-time-in-history

Nonmetropolitan Demographic Change by Adjacency and Micropolitan Status, 2000 to 2020

2000 to 2010 | 2010 to 2020

Percent Change

Adj Micro | Adj Other | NonAdj Micro | NonAdj Other | Adj Micro | Adj Other | NonAdj Micro | NonAdj Other

■ Population Change ■ Natural Increase ■ Net Migration
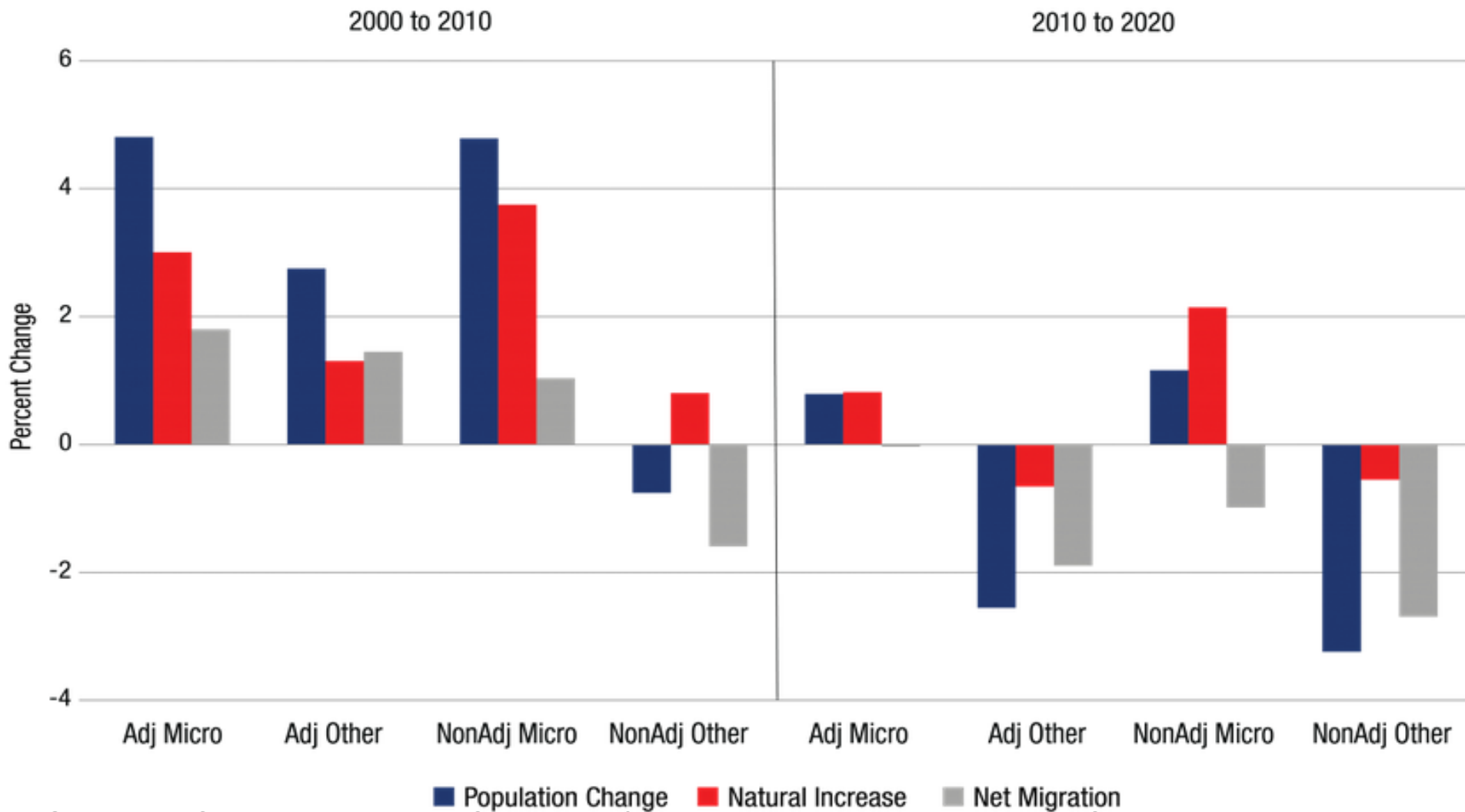
Source*: Census Bureau, Census of 2020, 2010, and 2000 and Census Estimates.*
Analysis*: K.M. Johnson, University of New Hampshire.*

https://carsey.unh.edu/publication-rural-america-lost-population-over-past-decade-for-first-time-in-history

Introduction

1. **Rural/Urban is not an "either or" dichotomy but a continuum. But humor me and assume a "dichotomyish."**

2. Different questions require different rural/urban definitions. Economic-development questions need a distinct definition versus (say) sociological, cultural, and political questions.

   a) For economic development, rural is not defined as a landscape of farms, forests, or lakes. These could be what I call "low-density suburbs."

   b) "Rural" in economic development means little or no economic integration with an "urban" area.

Introduction—cont.

1. Urban is defined as having a sufficient population for "agglomeration economies."
    a) Labor pooling
    b) Input sharing
    c) Knowledge spillovers—learn from nearby firms.

2. Minimum population to be "urban" is rising over time due to technological change.
    I.   Demand Threshold effects—rural places need to grow.
    II.   Rural areas benefit from linking to larger urban areas to achieve critical mass for development.

3. Pre-1970ish, "urban" needed a core urban area/city of > ≈ 50,000 rising to > 100,000+ today.

Introduction

- Area surrounding an urban area is defined as urban if there is sufficient economic integration with core urban area.

- Conceptually, this is the Census Bureau's definition for metropolitan and micropolitan areas, where integration is measured by commuting and county is the unit.

- However, current federal criteria for metro and micro areas are outdated or politically motivated.
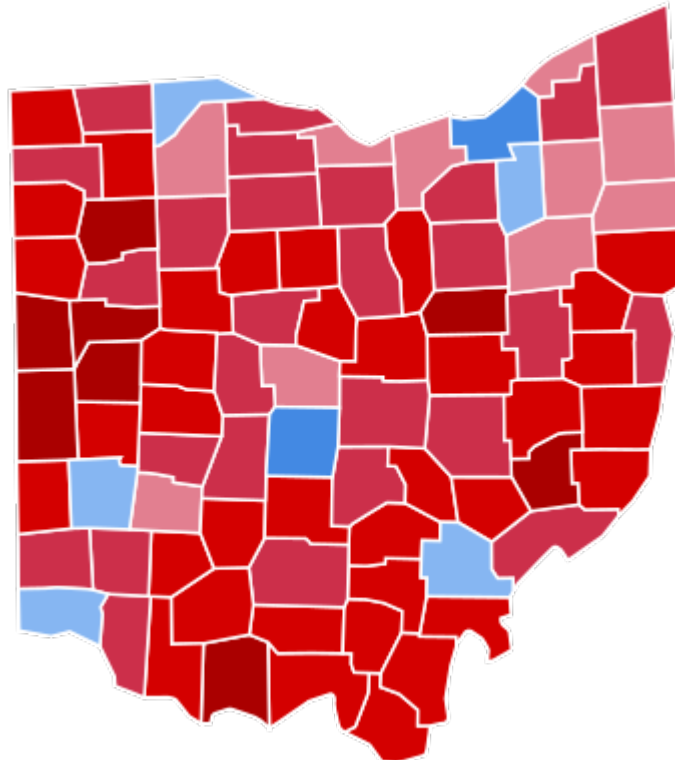
Example of different Cultural and Economic Effects across space.

- **2020 Ohio Presidential election results and rural/urban split.**

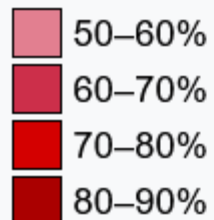- **But different rural/urban split than for economic development.**
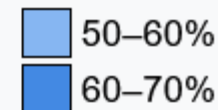
2020 Ohio Presidential Results by County

Trump

▇	50–60%
▇	60–70%
▇	70–80%
▇	80–90%

Biden

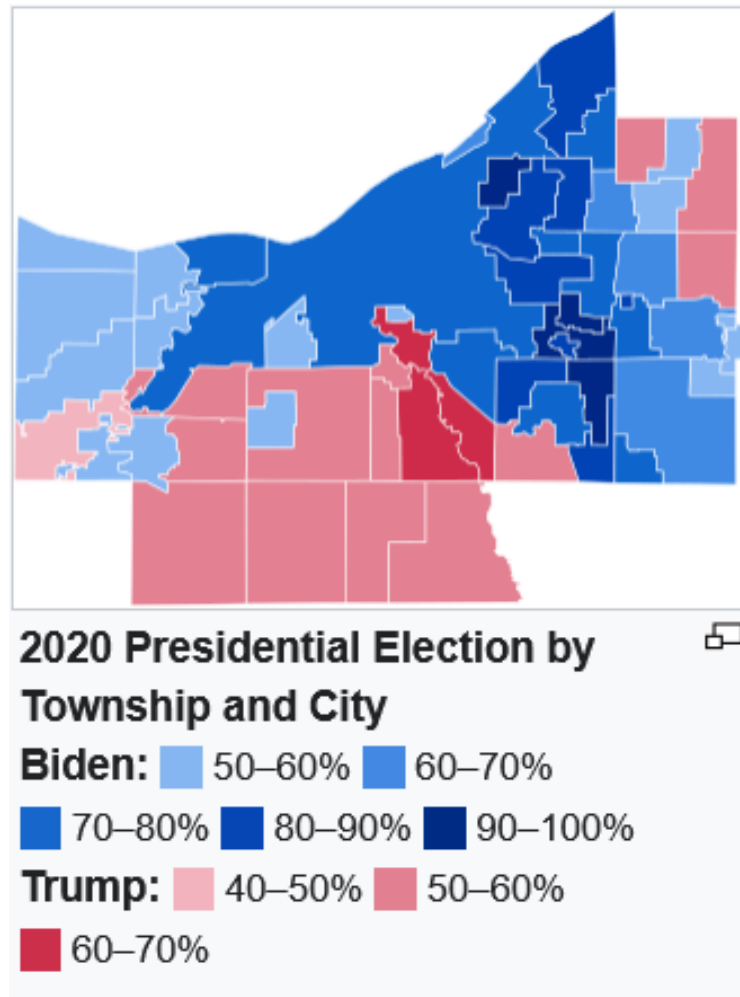|	
▇	50–60%
▇	60–70%

2020 Cuyahoga County Presidential Results by Municipality

Even within an urban county, voting pattern shifts as moving toward more rural.

Culture is affected by population density and proximity to urban core. More experience as urban also seems to matter.

2020 Presidential Election by Township and City

Biden: 50–60% 60–70% 70–80% 80–90% 90–100%

Trump: 40–50% 50–60% 60–70%

Source: https://en.wikipedia.org/wiki/Cuyahoga_County,_Ohio#Politics

Table 1 2016 Election Results for Trump

	Metro Definition and Change	Total Metro Votes	Trump Metro Votes	Trump Metro Votes Share
(1)	Metro 1950	68,380,703	25,469,903	37%
(2)	Metro Def. Change 1950–1973	26,522,379	14,147,642	53%
(3)	Metro Def. Change 1973–1983	6,245,681	3,457,467	55%
(4)	Metro Def. Change 1983–1993	3,764,839	2,214,950	59%
(5)	Metro Def. Change 1993–2003	3,548,019	2,075,511	60%
(6)	Metro Def. Change 2003–2013	2,040,345	1,298,349	63%
(7)	Metro 2013	110,501,966	48,663,822	44%
(8)	Nonmetro 2013	19,409,615	12,401,021	64%
(9)	Total United States	129,911,581	61,064,843	47%

Source: Townhall.com. Missing county-level data for Alaska. Current metropolitan counties are split into those defined in 1950 and those that were subsequently reclassified as metropolitan by time period of reclassification.

Source: Goetz, Partridge, and Stephens, 2018

What is rural for economic development?

It's not "Census Urban" that has been around for over a century. If the place has > 2,500 residents, it is considered urban. [Urban has a core of 1,000 people per sq mile.]

- Even a village is defined urban.

- Does not include areas outside the municipality unless it is high-density development immediately adjacent to the municipality.

- This urban definition is shortly to rise to 5,000 residents (Census Bureau originally wanted 10,000).

It's not Commuting Zone—misnamed dataset on USDA website. Developed by rural sociologists and geographers. Does not include labor market criteria in its development.

What is rural for economic development?

1. Strictest definition of rural for economic development are counties that are nonmetropolitan area (non-MSA) and non-micropolitan area—**Core Rural, the county does not even have a "city" of over 10,000 residents.**

2. Metropolitan/nonmetropolitan areas use counties as their building block.

    i. Counties are generally functioning governments with large responsibilities. Economic development policy possible.

    ii. Counties are large enough to include multiple census tracts (neighborhoods) when necessary. They are hard to describe as labor markets or as possessing a functioning "government."

    iii. Parts of counties have high (low) urban commuting links even though this high (low) level of integration does not generally apply for the county.

What is rural for economic development?

3. Definition of MSA starts with a core urban area/city:

   i.   County surrounding an urban area of ≥ **50,000** people.

   ii. Any county with at least **25%** cross-commuting between it and the MSA's core counties is included the MSA.

4. Definition of a micropolitan area:

   i.   County surrounding urban area of ≥ **10,000** people (**& <50,000**).

   ii. Any county with at least **25%** cross-commuting between it and the micropolitan core counties is included the micropolitan area.

5. "Modern" MSA definition is urban core > 100,000 residents. Commuting threshold equals 35%. Most countries use > 25% commuting threshold--e.g., Canada & Sweden use 50%. US MSAs can lack large urban core and the lack of integration means MSAs can be geographically huge and includes more "rural" counties.

What is rural for economic development?

6) Consolidated Statistical Area (CSA) definition:

   i. 15% cross-commuting between MSAs and/or micropolitan areas—i.e., modest labor market links between separate urban areas.

   ii. Named for most populous MSA.

   iii. Does not add nonmetropolitan counties if they also have 15% commuting links between it and the CSA. **I HAVE NO CLUE AS TO WHY!!** This is problematic.

7) US needs official definitions for weak, moderate, or strong urban influence based on **commuting.**

8) No official definition for nonmetro counties with multiple urban commuting destinations. E.g., Clinton County OH has Cincy, C-bus, and Dayton.

Start with <u>Core Nonmetropolitan</u>:

    (i) **These are the most <u>rural</u> areas;**

    (ii) **small or no urban spillovers;**

    (iii) **few spillovers that would enable regionalism.**

    (iv) **no one "town" has sufficient agglomeration economies;**

    (v) **hard to employ urban-led growth or any growth aside from local entrepreneurship or natural amenity-led growth. Lack a population threshold to generate growth;**

E. Montana example—Miles City, MT commuting zone of Custer County with Fallon & Garfield counties.

# Montana Counties & CZs: A big advantage, Ohio rural communities are proximate to cities.
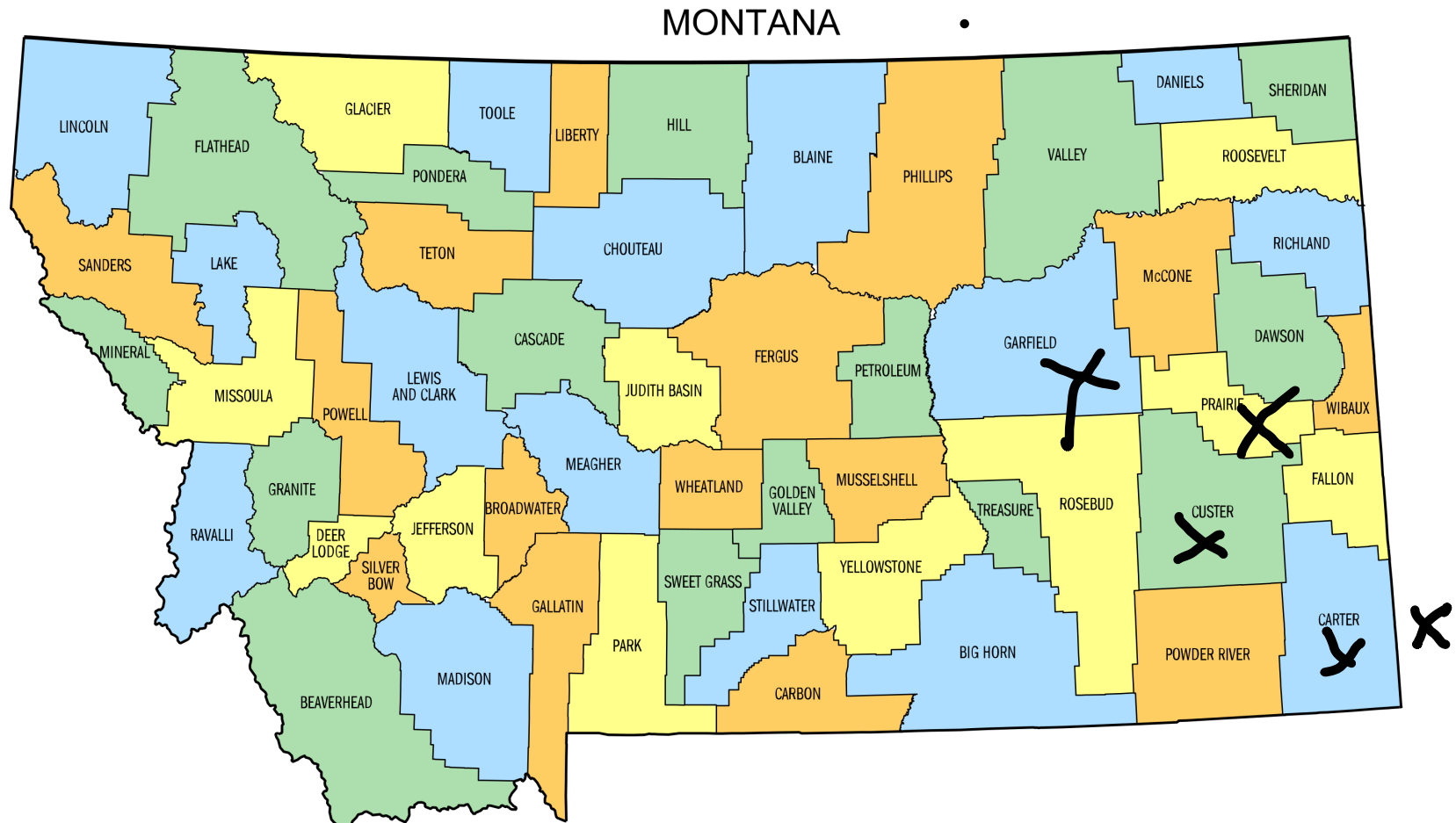
Miles City, MT commuting zone of Custer County linked with Fallon & Garfield counties: Labor Market Data

Miles City MT biggest core city

IN/OUT	Custer	Garfield	Prairie	
Custer	5482	18	16	
Garfield	13	557	0	
Prairie	9	0	370	
total emp	5755	584	470	
Largest City Pop	Miles City, 8600	Jordan, 442	Terry, 694	**Entire CZ Live & work in own county**
Share working in own county	95.3	95.4	78.7	94.1
share working in Custer	95.3	3.1	3.4	
share working in CZ outside own county				

Cleveland Region MSAs and Cleveland CSA Definition
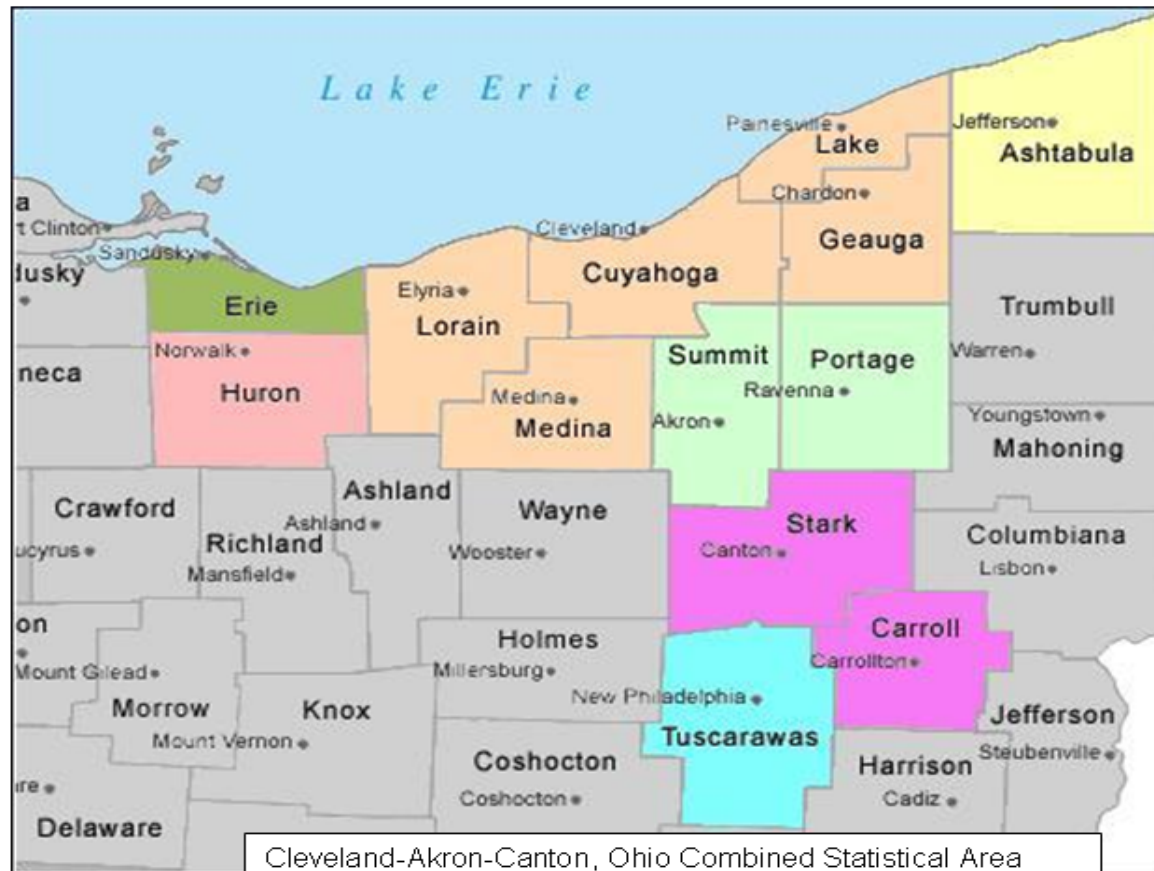
Cleveland-Akron-Canton, Ohio Combined Statistical Area
- Cleveland-Elyria, Ohio Metropolitan Statistical Area
- Akron, Ohio Metropolitan Statistical Area
- Canton-Massillon, Ohio Metropolitan Statistical Area
- Ashtabula, Ohio Micropolitan Statistical Area
- New Philadelphia-Dover, Ohio Micropolitan Statistical Area
- Sandusky, Ohio Micropolitan Statistical Area
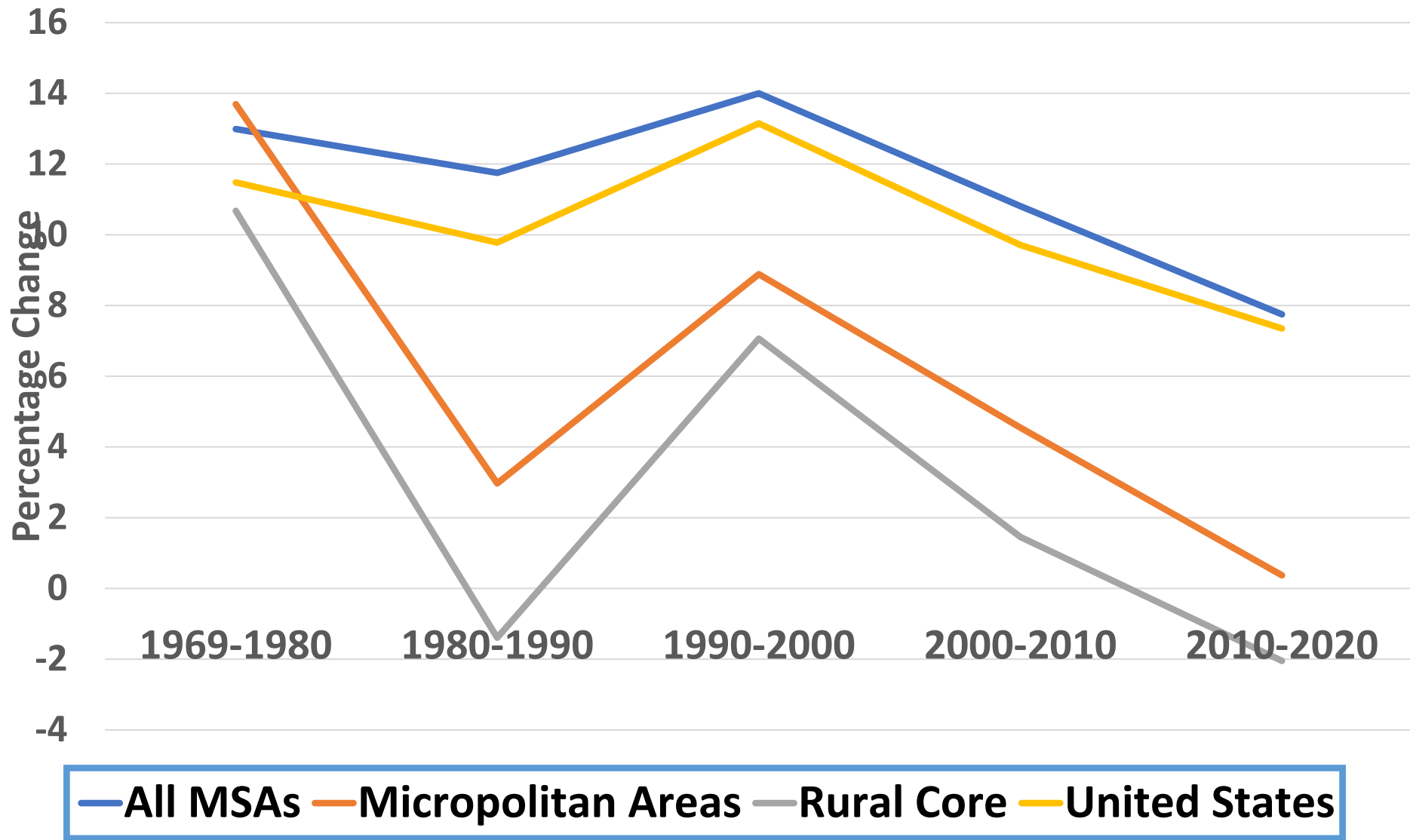- Norwalk, Ohio Micropolitan Statistical Area

How are these various classes of rural to urban faring?

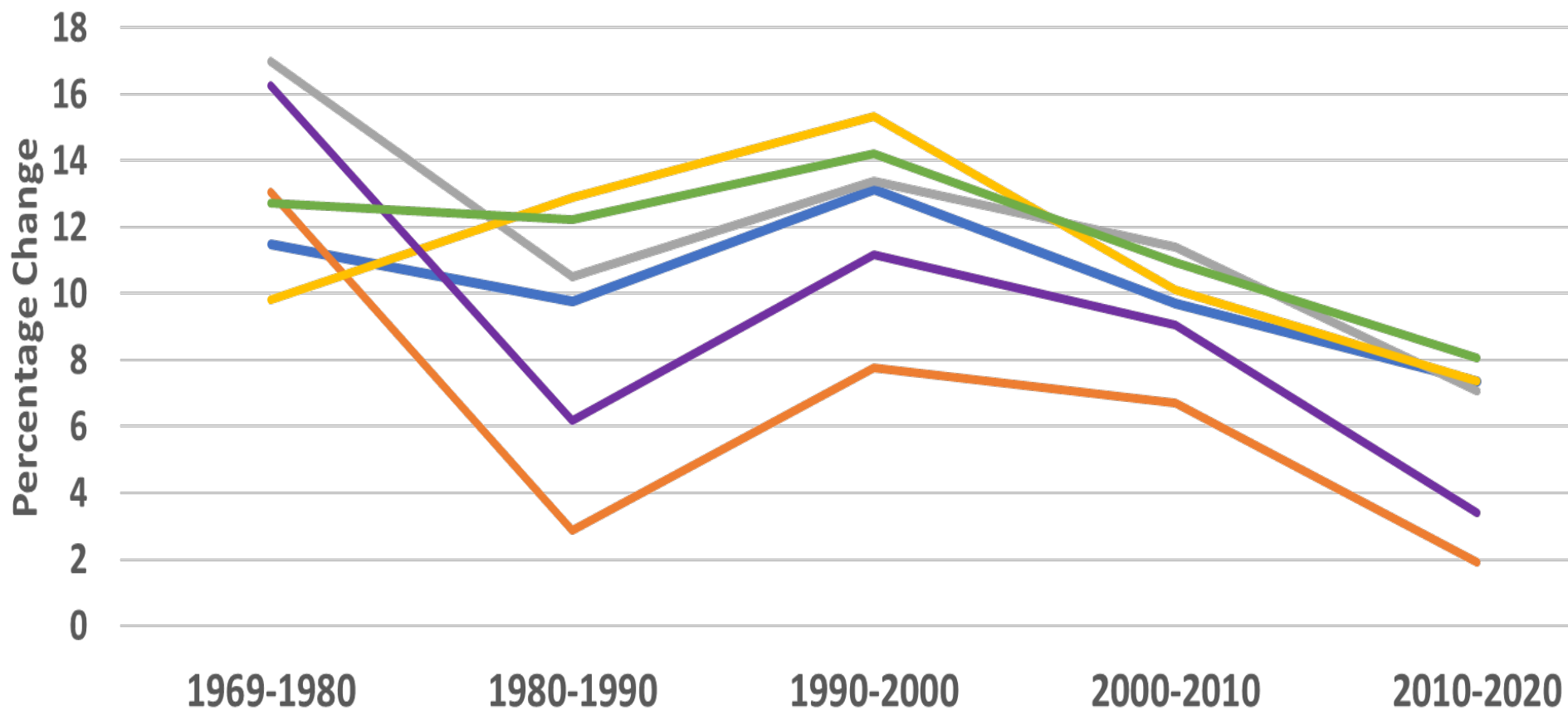What do recent patterns tell us about future rural economic development policies?

U.S. Ten-Year Population Growth (%)
By Selected Rural/Urban Classes: 1969-2020

U.S. Ten-Year Population Growth (%)
By Selected Rural/Urban Classes: 1969-2020

Percentage Change

1969-1980 1980-1990 1990-2000 2000-2010 2010-2020

United States
MSAs under 150,000
MSAs between 150,000 and 1.5 million
MSAs over 5 million
OMB < 100K Core City MSAs (144 MSAs)
OMB >100K Core City MSAs (248 MSAs)

Different Urban Classes	2020 Average Population
All MSAs	739,845
MSAs under 150,000	114,403
MSAs between 150,000 and 1.5 million	429,257
MSAs over 5 million	8,624,273
OMB < 100K Core City MSAs (144 MSAs)	135,230
OMB >100,000 Core City MSAs (248 MSAs)	1,094,619
Micropolitan Areas	50,251

Figure 1 Population growth of non-metro area by historical MSA definition: 100 = 1969 Population

Data Sources: U.S. Bureau of Economic Analysis for population (2017), and U.S. Census Bureau for metro definitions (2017).

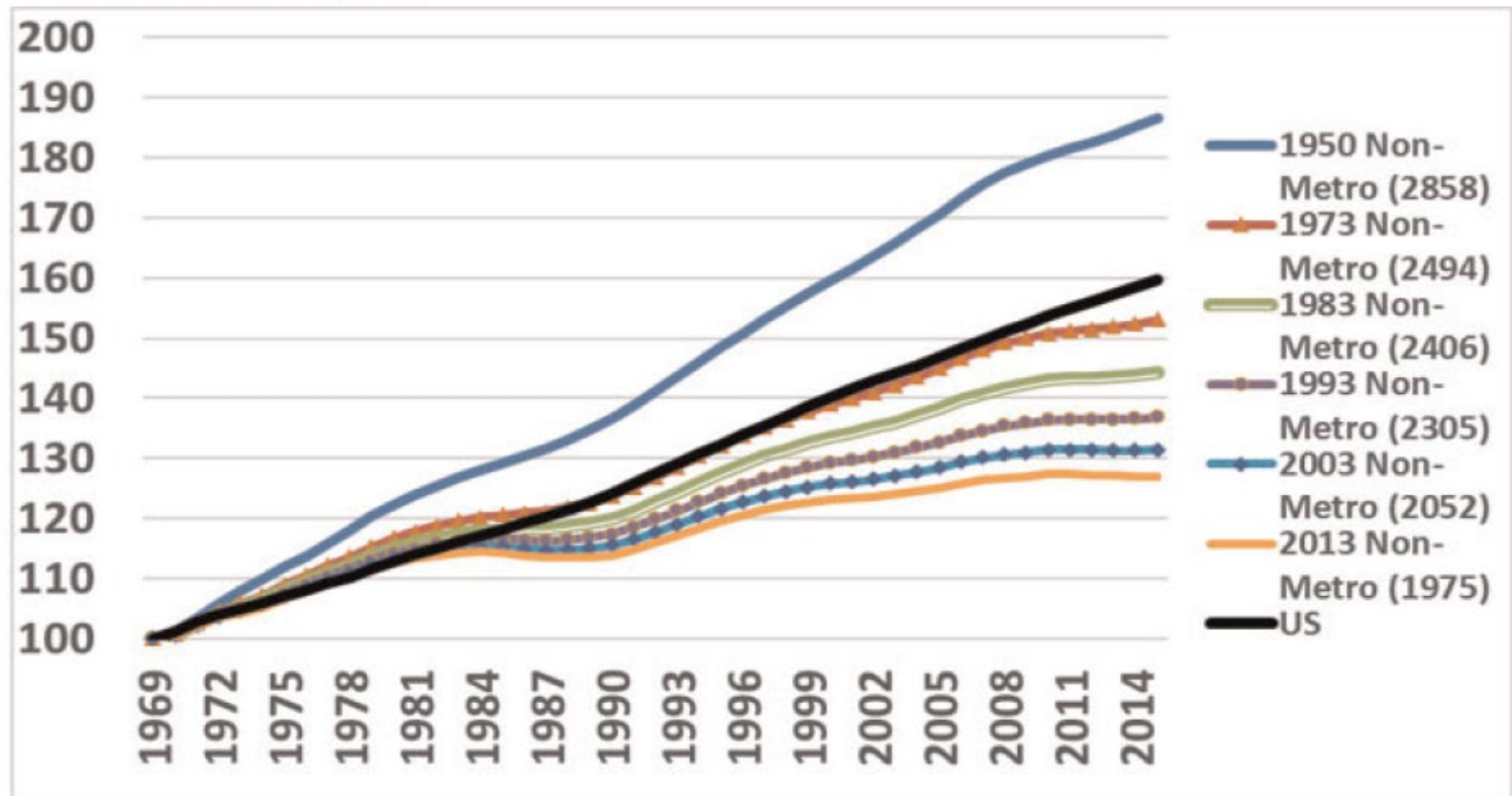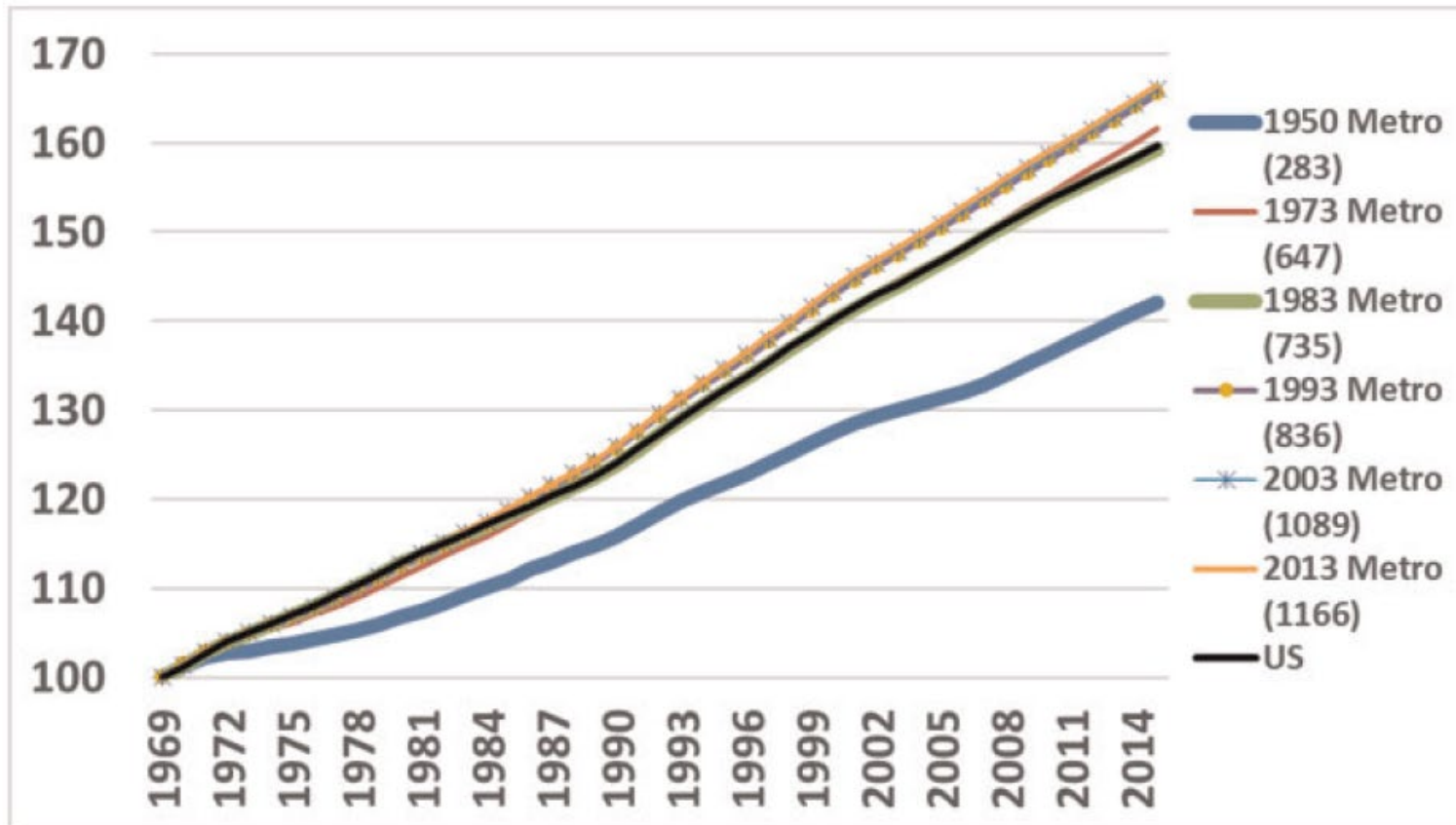**Source: Goetz, Partridge, and Stephens, 2018**

Figure 2 Population growth of metro area by historical MSA definition: 100 = 1969 Population

Data Sources: U.S. Bureau of Economic Analysis for population (2017) and U.S. Census Bureau for metro definitions (2017).


Source: Goetz, Partridge, and Stephens, 2018

Rural-Urban Linkages for development

- Rural economic development strategies often link rural areas with nearby urban centers who have advantages in generating economic growth via commuting. E.g., regionalism; regional hubs; growth poles, etc.

- Proximity to growing urban areas and sufficient transportation is required. This is much easier east of the Missouri/Mississippi Rivers with higher pop density.

- Better regional governance via cooperation, revenue sharing, and planning. US local governance is highly fractured

- Increases critical mass and improves economies of scale in public service delivery.

Clinton County, OH: Rural with strong rural-urban links

i) Largest city: Wilmington, OH ≈12,600
ii) Has Wilmington College and S. State Community College
iii) County Population 42,000 slightly down since 2008
iv) Lost ≈ 16,000 jobs in 2008 when DHL closed a facility
v) 165 bed hospital with ≈ 630+ employees

- **The big feature that helps Clinton County is the close access to three metro areas with jobs, recreation, and business services.**

Ohio Metropolitan Areas--2013
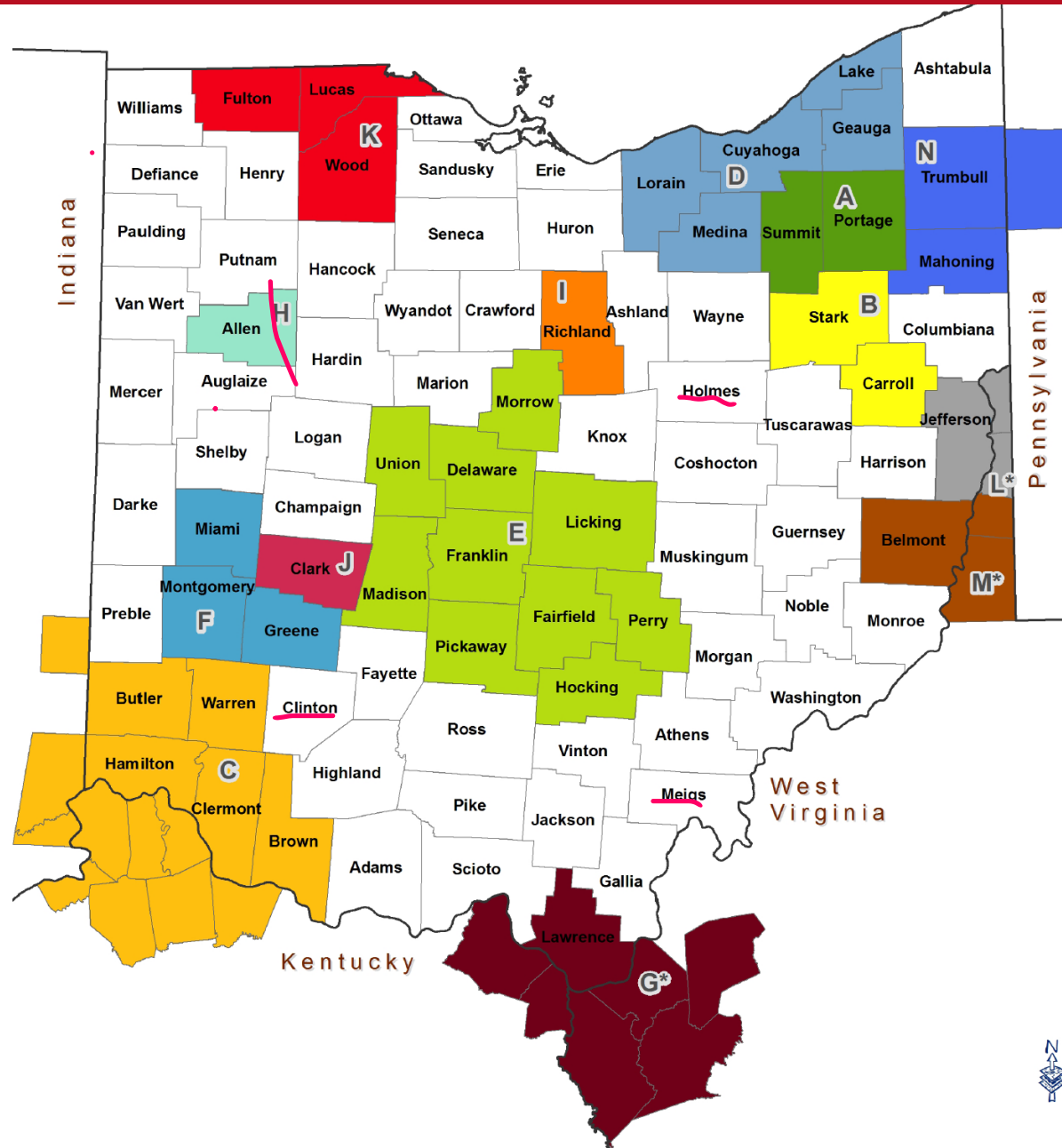
Clinton County, OH-Out Commuting: 2011-2015, Nearby Urban Jobs!

Cincinnati, OH-KY-IN MSA	3,672
Dayton, OH MSA	1,213
Columbus, OH MSA	282
Commuters Cin+Day+C-bus MSAs	5,167
Total population	41,892
Total residential employment (ACS)	18,460
Total commuters outside county	6,594
Wage and salary employment (BEA)	17,253
Net Commuting	(1,207)

Meigs County, OH-Out Commuting: A County that needs urban out-commuting to survive

Athens County	**1,781**
Vinton County	**40**
Huntington WV	**127**
Charleston, WV	**65**
Parkersburg-Vienna, WV	**359**
Commuters to Hunt MSA, Char MSA, PB MSA	**551**
Total population	**23,473**
Total residential employment (ACS)	**8,770**
Total commuters outside county	**5,084**
Wage and salary employment (BEA)	**3,908**
Net Commuting	**-4,862**

Holmes County-Out Commuting, A successful rural county despite low educational attainment, weak urban links and subpar highway transport.

Ashland County	319
Wayne County	2,283
Canton-Massillon, OH	221
Akron, OH	59
Cleveland-Elyria, OH	173
Commuters to Ash, Wayne, Canton, Akron, Clev MSAs	3,055
Total population	43,436
Total residential employment (ACS)	19,207
Total commuters outside county	4,093
Wage and salary employment (BEA)	20,429
Net Commuting	1,222

Other rural development strategies

- Natural amenity-led growth, not necessarily tourism.

- Entrepreneurship and start-ups: Holmes County, OH

- Clean environment

- Quality-of-life to attract in-migrants or bedroom-community commuters.

  - One person argued having nice tasting/clear water.

- Good public schools as an attractor to parents and leads to better human capital in the future.

  - Rural areas begin attracting in-migrants around 30-39+ of age.

- Workforce development

- Better local governance that is inclusive to non-elites.

- **Smokestack chasing incentive strategies are not favored by economists due to its weak track record.**

- Picking winners is incredibly difficult—Wall Street experts can't do it, why should local officials with little underlying knowledge.

- Then local officials need to understand the industry's geography.

- Firms have all of the cards and extract all of the gains out of the local area **and** threat of winner's curse—e.g., Reno, NV and Tesla, Is Columbus/OH and Intel another example?

Other Rural Development No Nos.

(1) Follow latest economic development fad.

  i. Reshoring, biotech, high-tech (build the next Silicon Valley), EVs, value-added manufacturing, cool downtowns, etc.

(2) Only consider business profits or tax levels and not quality-of-life;

(3) Hoping outside firms will save you;

(4) Ignore small business and start-ups;

(5) Go back to the past—e.g., stay with good ol' manufacturing, or agriculture, or mining, or whatever. These are declining industries in terms of employment.

(6) Believe a "boom" industry is your salvation. Oil and Gas boom. Williston, ND or 21 of 22 OH, PA, and WV natural gas intensive counties lost population.

Concluding Thoughts

Defining "rural" for economic development is about strength of urban economic linkages.

1) Rural areas lack a sizable city with sufficient agglomeration economies to spur growth

2) Few to no urban economic links → rural for economic development

3) Bucolic farmland and open spaces can still be urban if sufficient economic integration. "low-density suburb"

4) US metro areas are conceptually correct but have too low thresholds for city size and cross-commuting. Many MSA economies are actually closer to rural.

- **Smaller MSAs, micropolitan areas, and core rural counties have underperformed U.S. growth average since early 1980s.**
- **What about Covid?**
  - **Rural areas initially suffered less from Covid, but that changed. Does this suggest that healthcare access will be more important?**
  - **Covid increased remote work this is declining over time.**
  - **Remote work and online buying has long been posited as a rural development opportunity.**
  - **But, better online services means rural retail and other services can now be provided by urban competitors—e.g., Amazon. More Amazon means less for rural businesses.**

- **What about Covid—cont.?**
  - **Commuting may be the biggest bane of large city living.**
  - **What about the professional that wants to work remote in a nice rural setting?**
  - **At best, this is something for high-amenity areas that are most attractive.**
  - **Further limiting a rural renascence from a "Covid bump" is that it appears few firms are going to <u>fully</u> remote work. Hybrid remote work still requires the employee to live near the place-of-work, which is usually urban areas,**

Thank you

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Swank Program Website for policy brief.

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

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- 81% of MSAs grew 2010-2020
- 48% micros grew
- 53% of counties lost population
- 33% nonmetro counties gained pop 10-20 vs. 53% 00-10

Given the economic turbulence of the past decade, rural demographic change also varied depending on a county's economic base. Farming no longer dominates the rural economy, but it remains the most important economic activity in 443 rural counties. Nearly 78 percent of these counties lost population between 2010 and 2020 because minimal gains from natural increase were not enough to offset migration losses. Nearly 65 percent of the 357 counties dominated by manufacturing—traditionally a bright spot of rural demographic change—also lost population because migration losses exceeded dwindling natural increase. The demographic story was different in the overlapping groups of 296 nonmetropolitan recreational counties and 193 retirement destination counties which have natural amenities, recreational opportunities, or quality-of-life advantages. Here population gains were widespread because migrants were attracted by the proximate natural and built amenities and related economic opportunities. Though migration gains were smaller than in previous decades, they still produced a population gain in nearly 60 percent of the recreational and retirement destination counties. These four groups do not encompass all nonmetropolitan counties, but they illustrate that rural demographic change is far from monolithic.

Average Percent of Rural County Population with Access to Broadband

Residents of rural counties that grew from 2010-20 (blue bars) had a greater average percentage of their population with access to broadband (at least 25 Mgbs down/3 Mgbs up.)

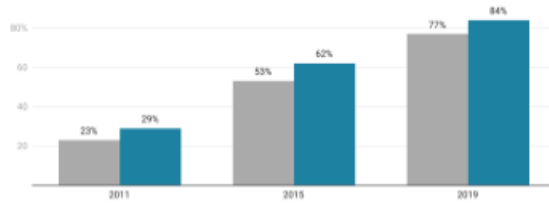Rural Counties that Lost Population   Rural Counties that Gained Population

Chart: Brian Whitacre • Source: U.S. Census, Federal Communications Commission • Created with Datawrapper

Rural Counties with More Broadband Tended to Do Better in 2020 Census, Study Shows

**Categorized by County Economic Type**

Only 21% of rural counties whose economies depend on farming gained population. Fifty-nine percent of rural counties with recreation economies gained population.
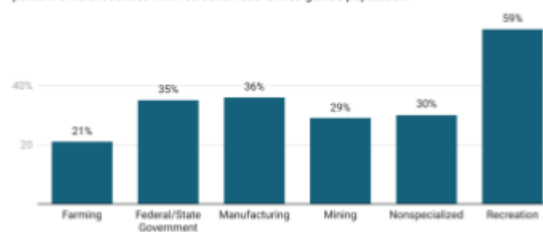
Census data processed by Angeliki Kastanis of the Associated Press and provided by the 2020 Census Co-op

Nearly 80% of Rural Farming-Dependent Counties Lost Population in Last Decade

Rural (Nonmetro) Counties -- Components of Pop. Change 2020-21
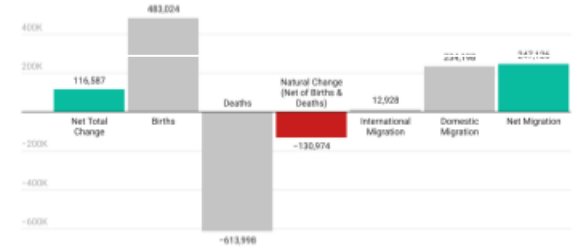
Rural is defined as counties that are not in a Metropolitan Statistical Area (OMB, 2013).
Chart: Daily Yonder • Source: U.S. Census Bureau • Created with Datawrapper

Rural Population Bounces Back in 2021