



**THE OHIO STATE UNIVERSITY**

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**Rural Communities in an Urbanizing World  
Will they survive? Should Urbanites care?  
Challenges and Opportunities for Economic  
Development in Ohio Conference**

**Columbus, OH 43220**

**May 8, 2019**

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Regional Science, Gran Sasso Science Institute, L'Aquila, Italy**



# Update

A brief preview.....

**“Rural Communities in an Urbanizing World  
Will they survive? Should Urbanites care?”**

**Of course—answer yes! For god’s sake, its my job security.**

# Introduction

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- Should we care about rural areas AND should urbanites subsidize them? *You can substitute “lagging regions” for “rural.”*
  - In the past, rural to urban migration meant there were personal connections and less of a rural/urban divide.
- Rural areas will play a key role but not all rural places are sustainable. I’m not a charlatan or worse, a “consultant.” 😊
- Rural policy needs to consider that government funds are scarce; there are high-valued alternative like education.
- **Triage** may be needed in that sending funds to unsustainable rural places may also harm those who could have been helped because funding is “spread too thin.” (Olfert et al., 2014).

# Introduction

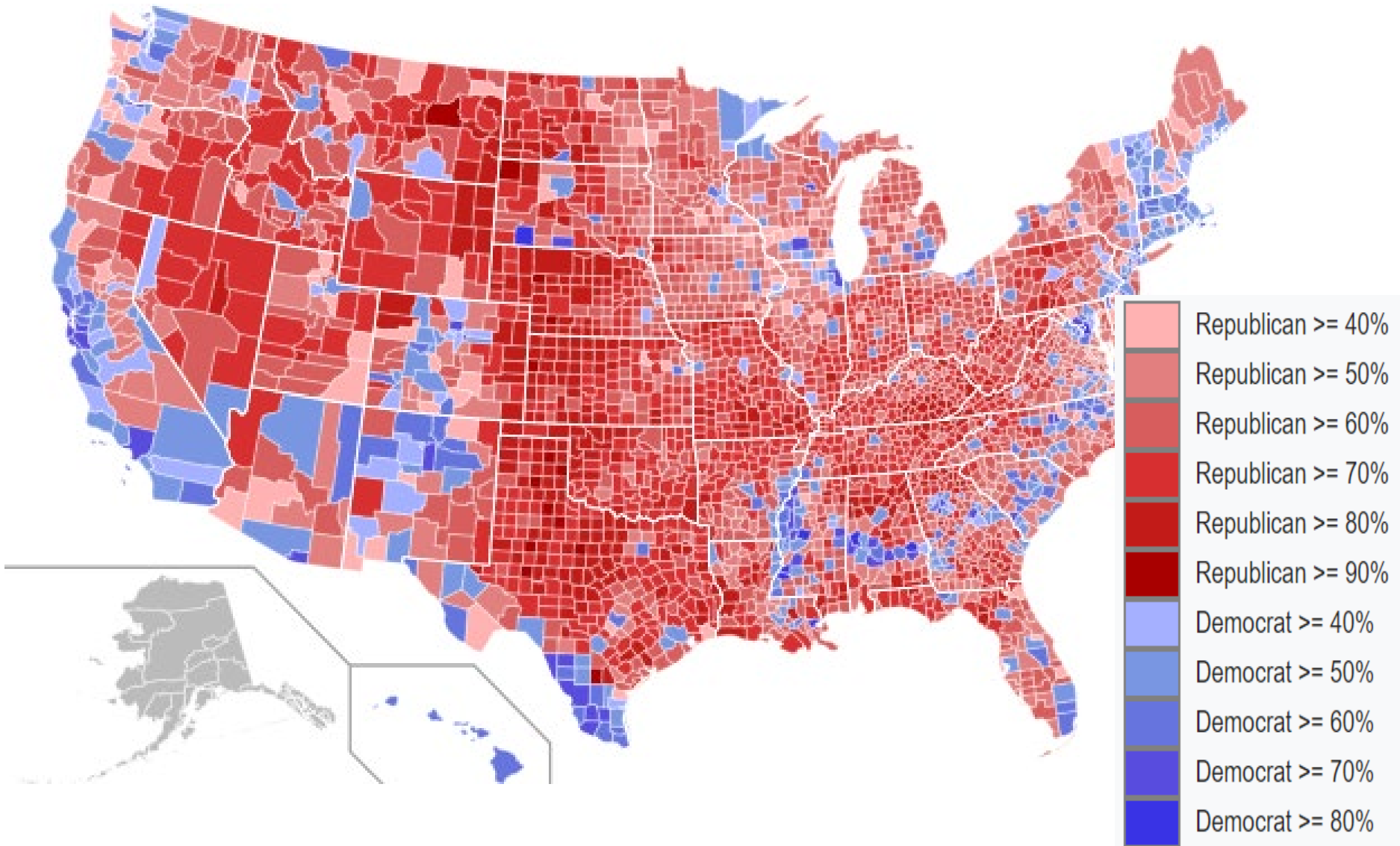
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- Many people prefer to live in rural areas and will choose to live there. We will always have rural.
  - A great thing is that your arrival time on the GPS is the same as your departure time in my hometown of Miles City, MT.
- Rural areas are the primary source of environment, food, energy, other commodities, natural amenities, water, etc.
- If rural has a future, then why the interest.

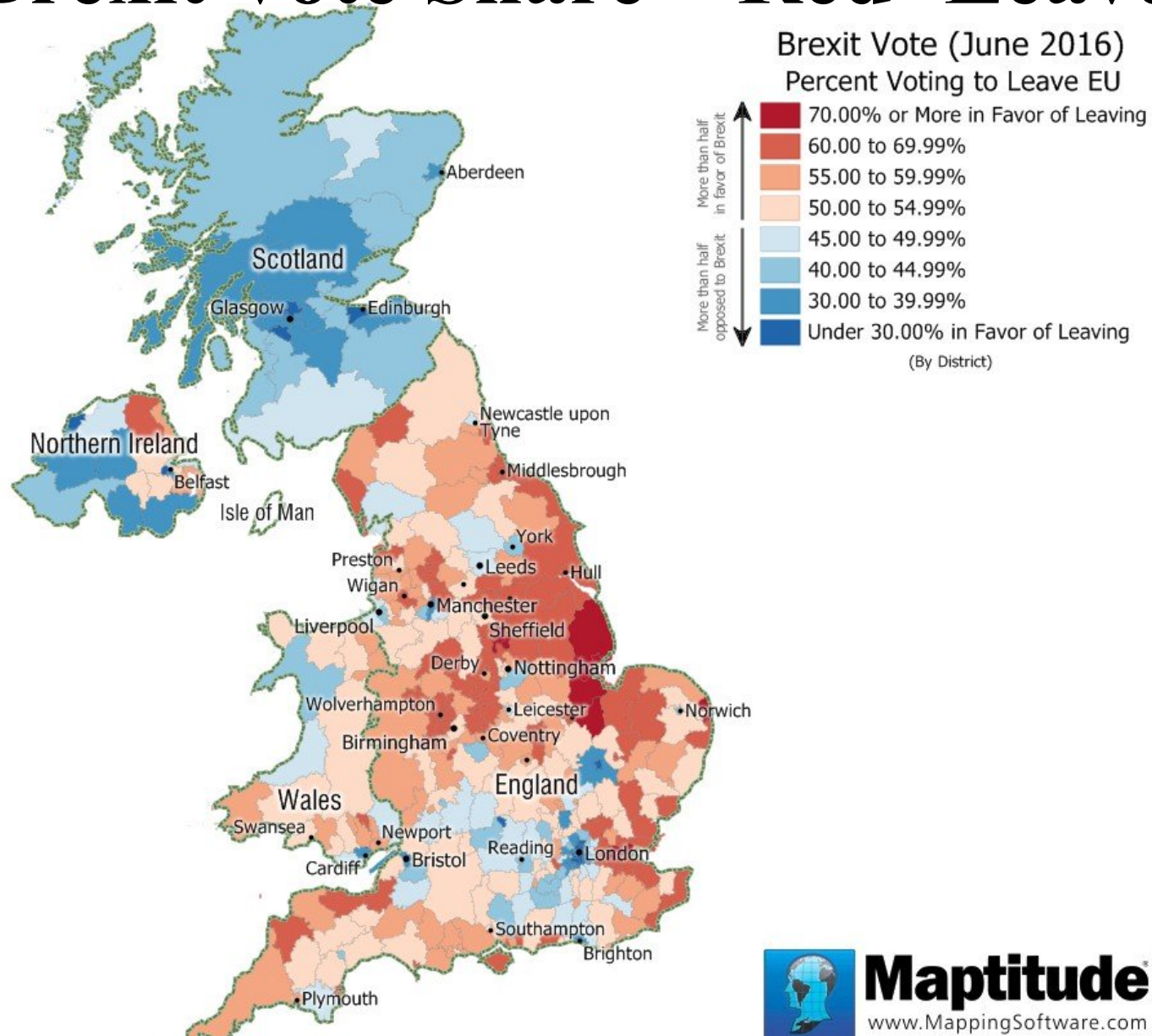


# 2016 Presidential Vote Share

## Red Trump won; Blue Trump lost.



# Brexit Vote Share—Red=Leave

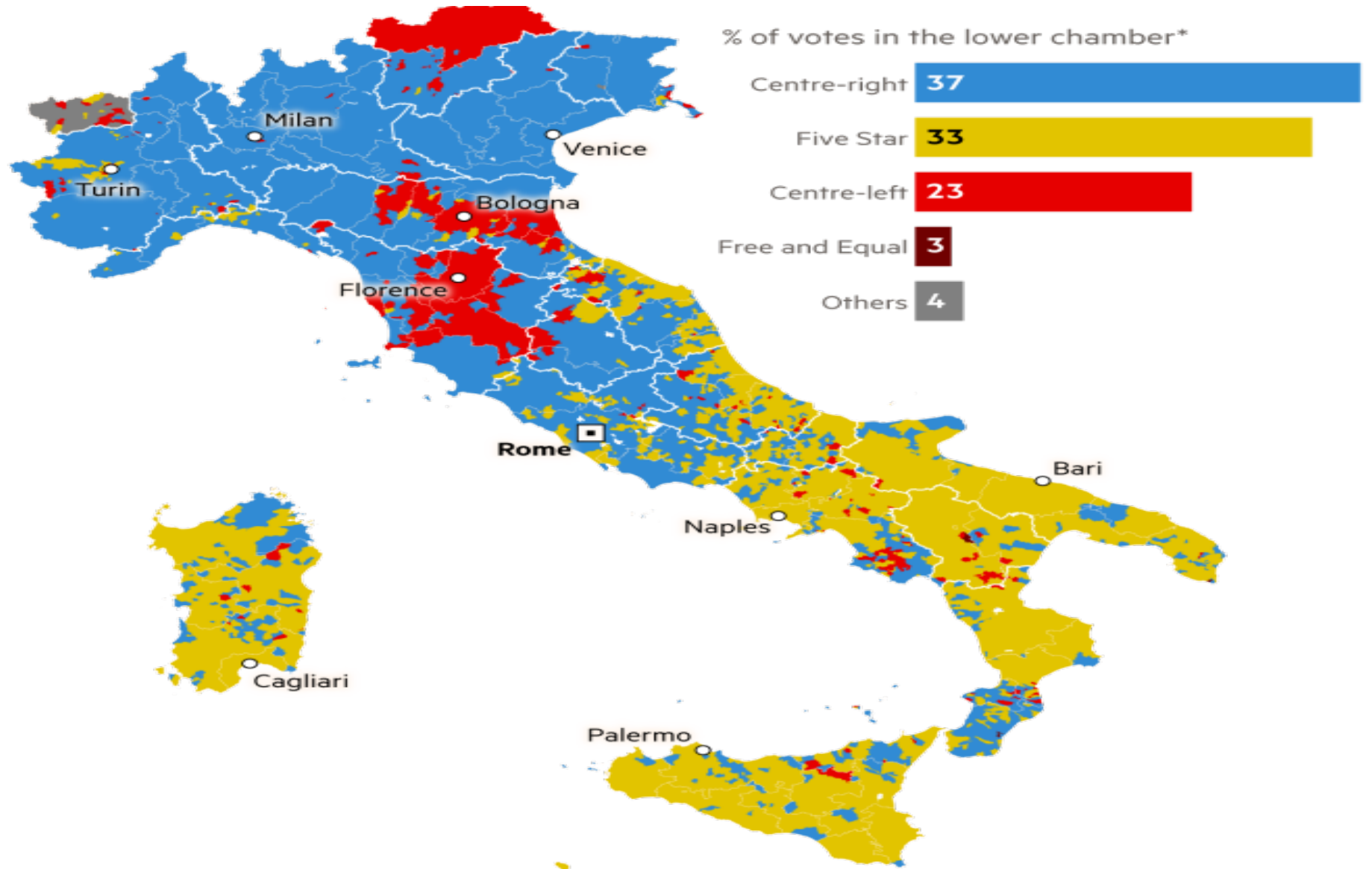


Source: <https://www.caliper.com/featured-maps/maptitude-brexit-map.html>



**Maptitude**  
www.MappingSoftware.com

# 2017 Italian Lower Chamber Results



Source: Italy's Ministry of Interior

\* 61,044 of 61,401 constituencies. Does not include overseas vote

<b>Rural Depends on Urban for:</b>	<b>Urban Depends on Rural for:</b>
<b>Employment</b>	<b>Labor Force</b>
Private and Public Services	Market for Private and Public Goods and Services
Urban Amenities	Market for Urban Amenities
<b>Market for recreation activities</b>	<b>Outdoor Recreation</b>
<b>Market for agriculture products</b>	<b>Food Safety and Security</b>
<b>Demand for Environmental Stewardship</b>	<b>Natural Environment</b>
Property taxes/land market	Land for Residential and Industrial Expansion

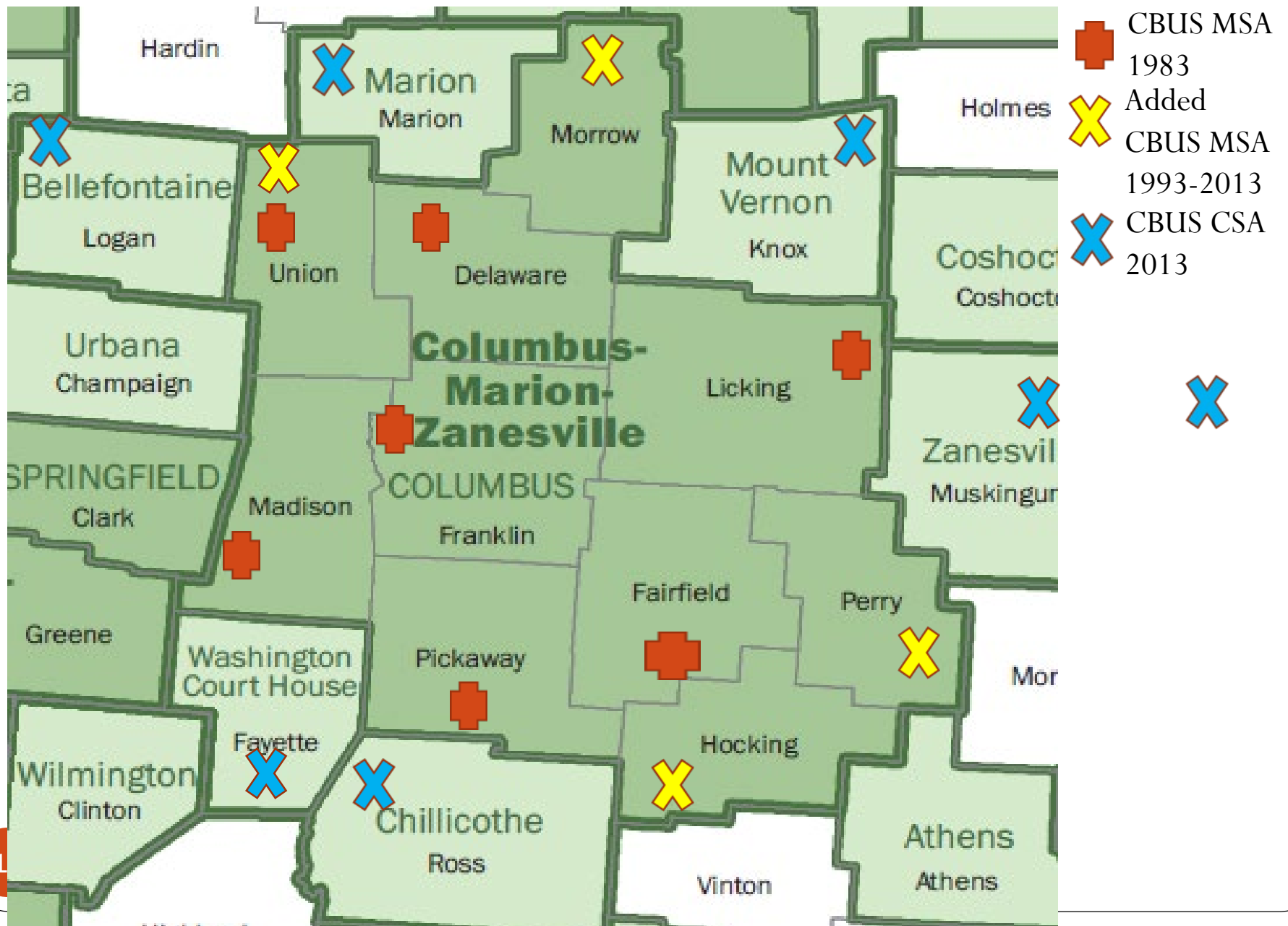
# Introduction

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- More attention to rural policy is needed—ignore it at urban areas’ peril: economically, socially, environmentally, and “politically.”
  - Rural and peripheral areas were among the strongest regions in Trump’s electoral success (Goetz et al., 2018), which was not favored in urban America.
- OECD (2010) does not show a general rapid decline in nonmetropolitan share of population in “rich” economies.
- Yet, rural areas face many challenges and many rural areas no longer serve a role that sustains their existence.

# Background

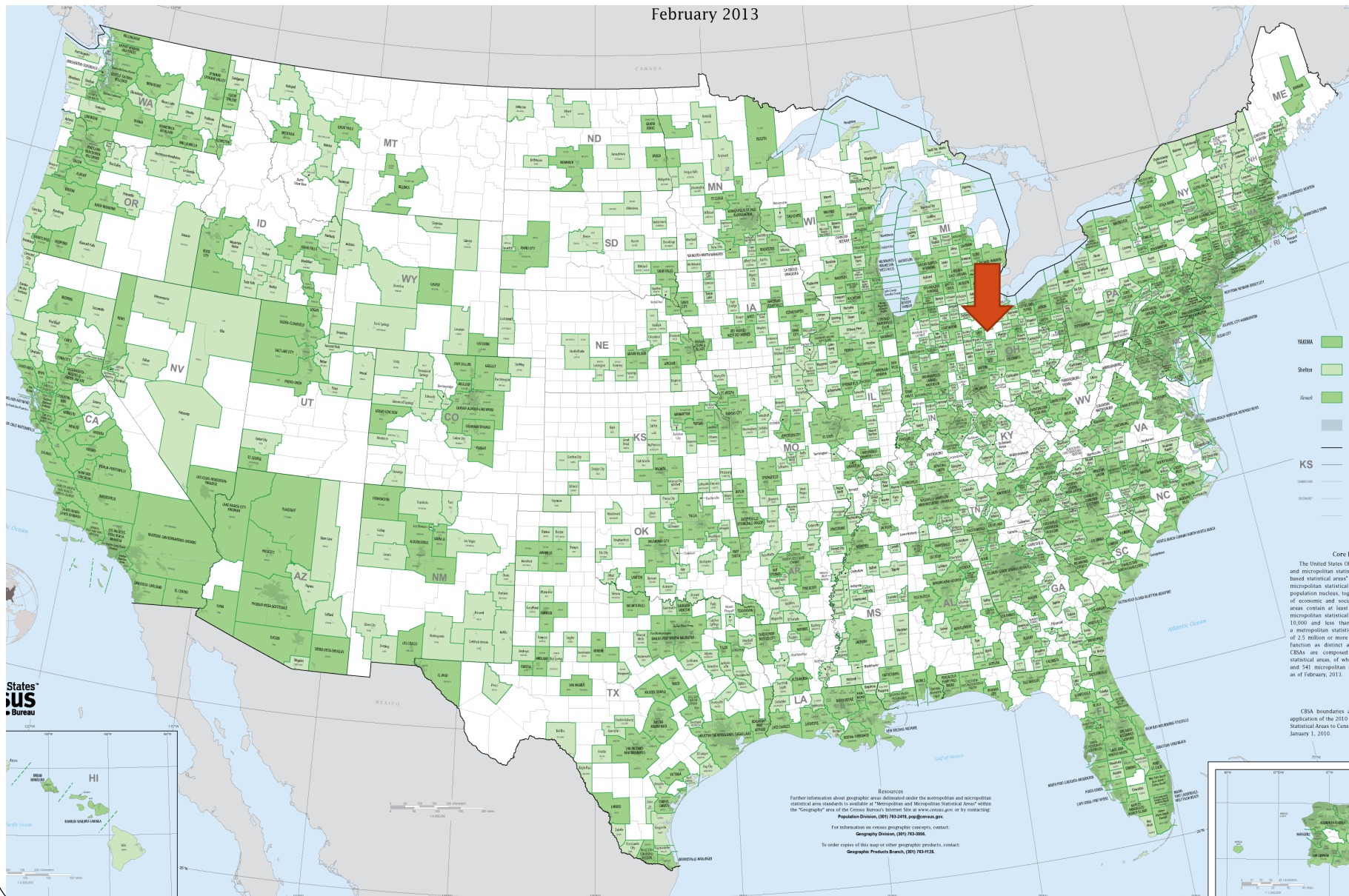
- What is definition of “rural” going forward?
  - Economic integration/metropolitan areas—not population density, the appearance of the landscape, or cultural attitudes—definitely not how (say) a *New York Times* writer defines it.
  - What is urban is country specific. I believe 100K in the US.
- Despite my somewhat optimistic statements regarding rural conditions, urban areas possess significant “agglomeration” economies that increase firm productivity and enhance household consumption.
  - For example, the internet has been held out for the last quarter century as a potential life saver for rural areas.
    - That is unlikely to be true....think Amazon or think how it is so much easier to work from home in major urban areas, reducing household commuting costs. (Netflix effect)





# USA Metropolitan and Micropolitan Areas, 2013

February 2013







# Background

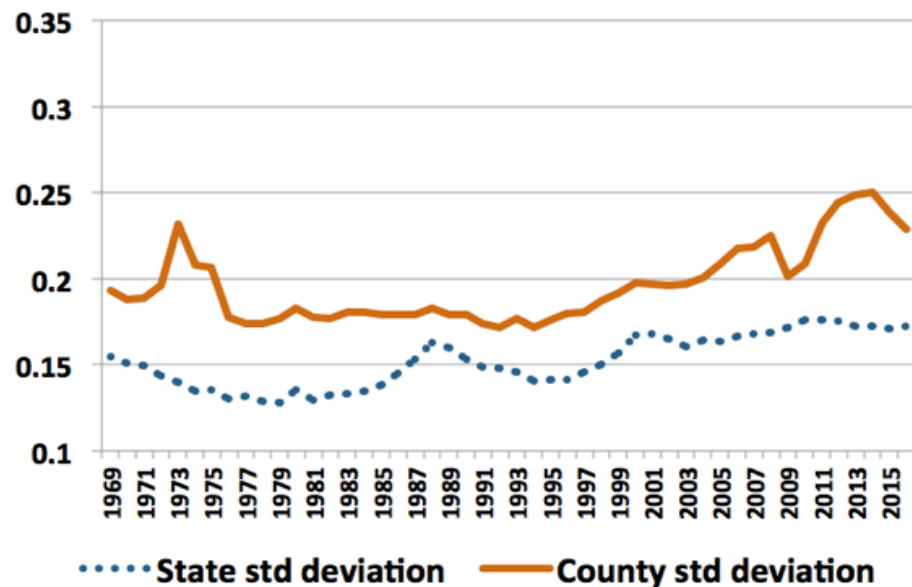
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- On the positive side for rural areas is that standard economic theory predicts that local economies converge. Grow together.
- So what's happening....Its actually **divergence** and **places are being left behind**.

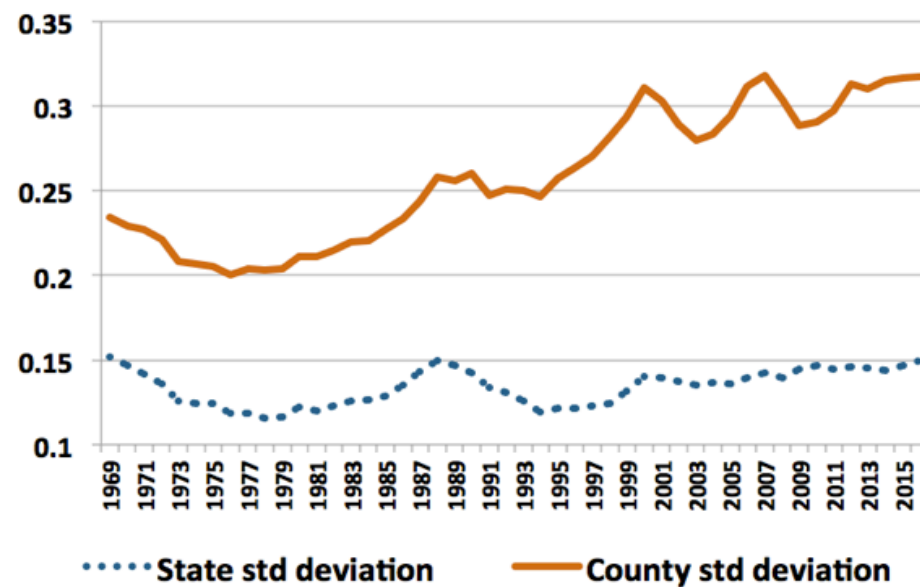
# Is basic economic wellbeing diverging?

## Average standard deviations in per-capita income

### Unweighted



### Weighted



- Unweighted std fall until 1994 to 0.17 before rising almost 50% to 0.25 in 2014.
- The population-weighted standard deviations increased from 0.20 in 1976 to about 0.32 in 2016, or a rise of about 60%.
- For the unweighted and weighted standard deviations of annual wage and salary job growth, the trend is steady convergence of job growth rates until 2010. After that, there has been about a one-third increase in the unweighted variation between 2010-2016.

# Population growth 1990-2017 (%)

1993 USDA and U.S. Census Bureau MSA Definitions



# Population growth 2010-2017 (%)

1993 USDA and U.S. Census Bureau MSA Definitions

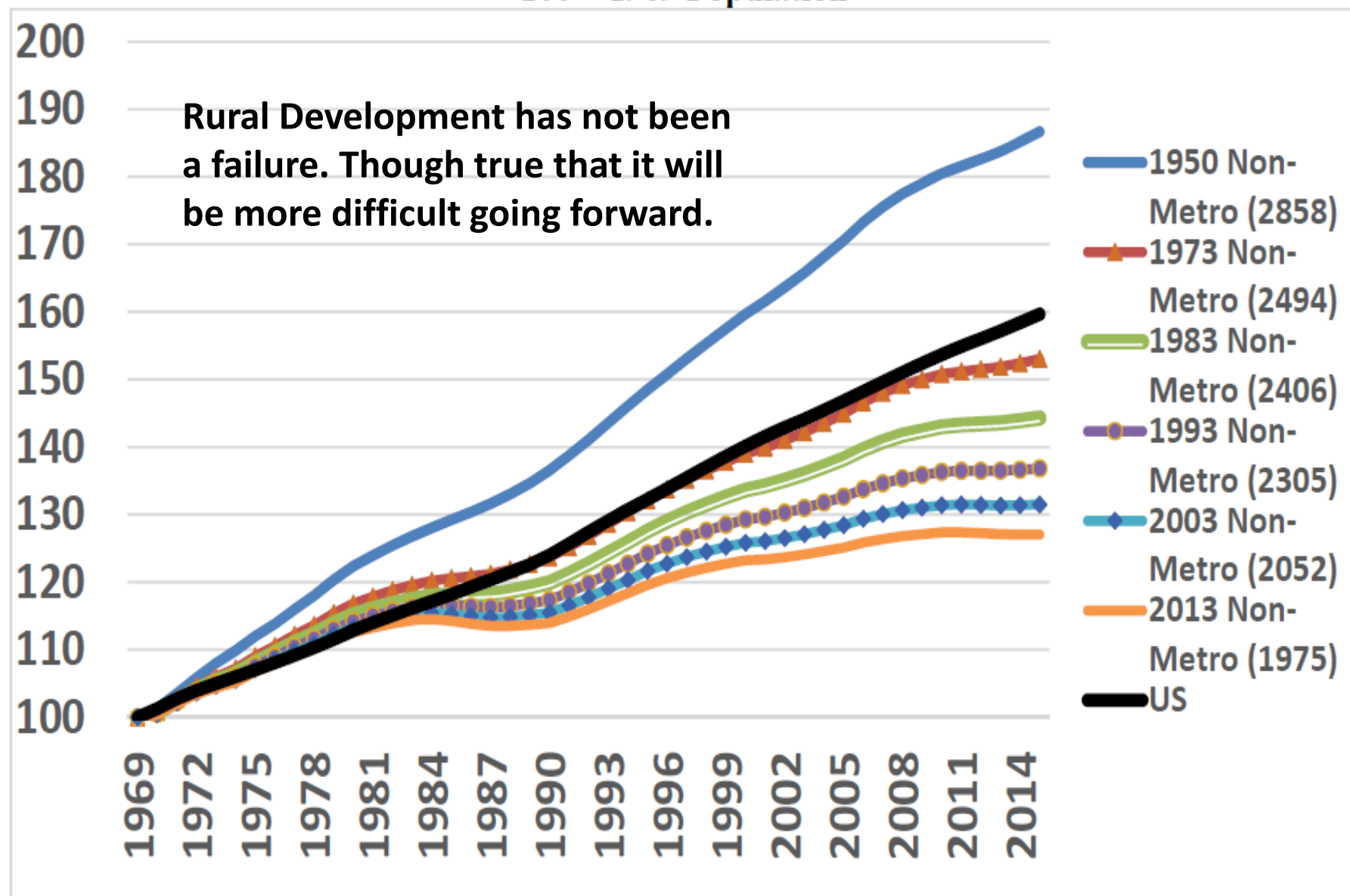




Rural America's "problems" are over-exaggerated. Many are struggling, but.....

- i) Simply, three rural Americas: 1. Urban adjacent, 2. High amenity, 3. Remote resource dependent. Only #3 is generally doing poorly.
- ii) Namely, if you go back to 1950, what was considered rural America has grown faster than urban America. Like the Big Ten promoting its best teams every year to the NFL.
- iii) What's left is difficult, but does not mean ALL of rural America is struggling.

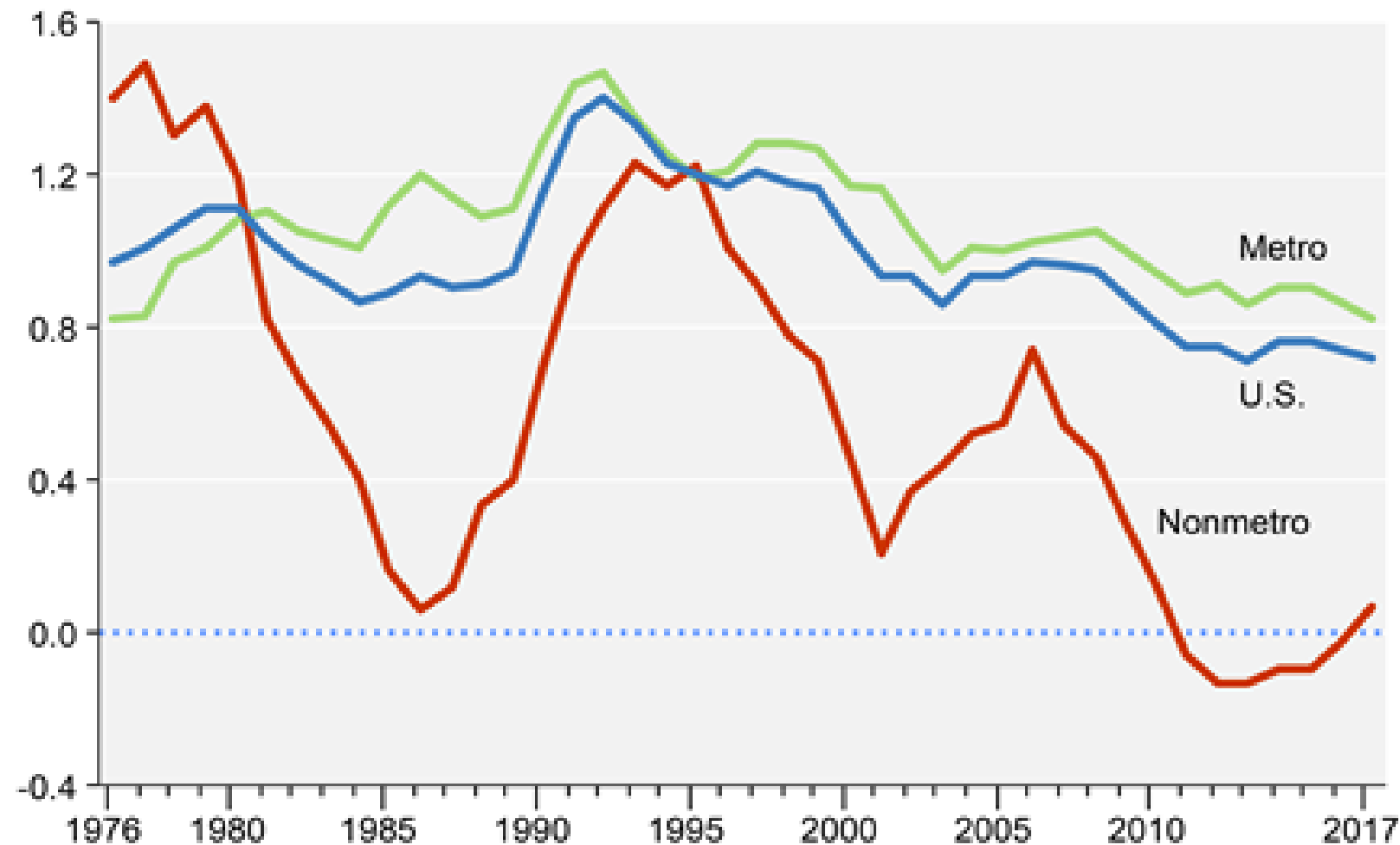
**Figure 1, Population Growth of Non-Metro Area by historical MSA Definition:  
100 = 1969 Population**



Source: U.S. Bureau of Economic Analysis for population and U.S. Census Bureau for metro definitions.

## Population change by metro/nonmetro status, 1976-2017

Percent change from previous year

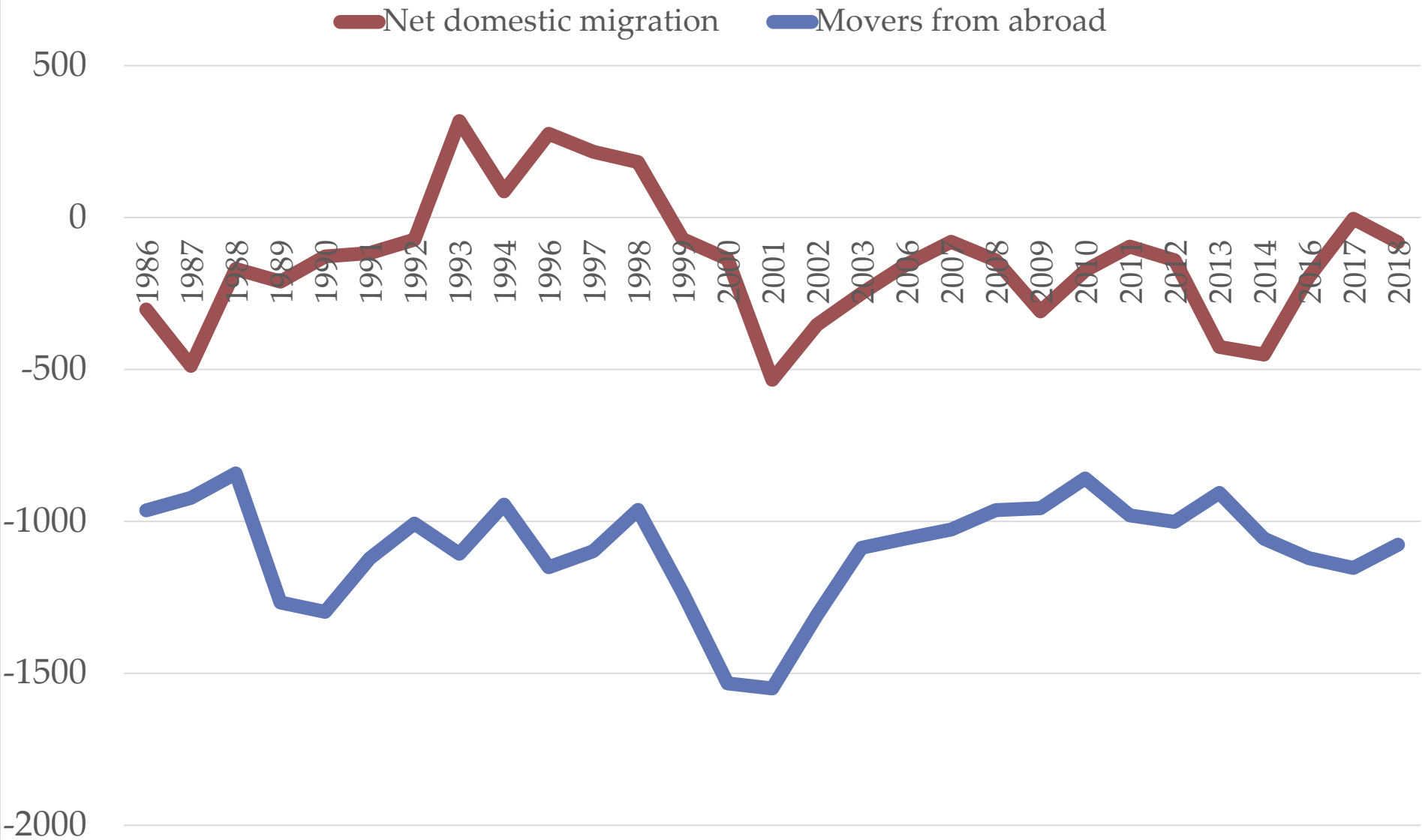


Note: Metro status changed for some counties in 1980, 1990, 2000, and 2010.

Source: USDA, Economic Research Service using data from the U.S. Census Bureau.

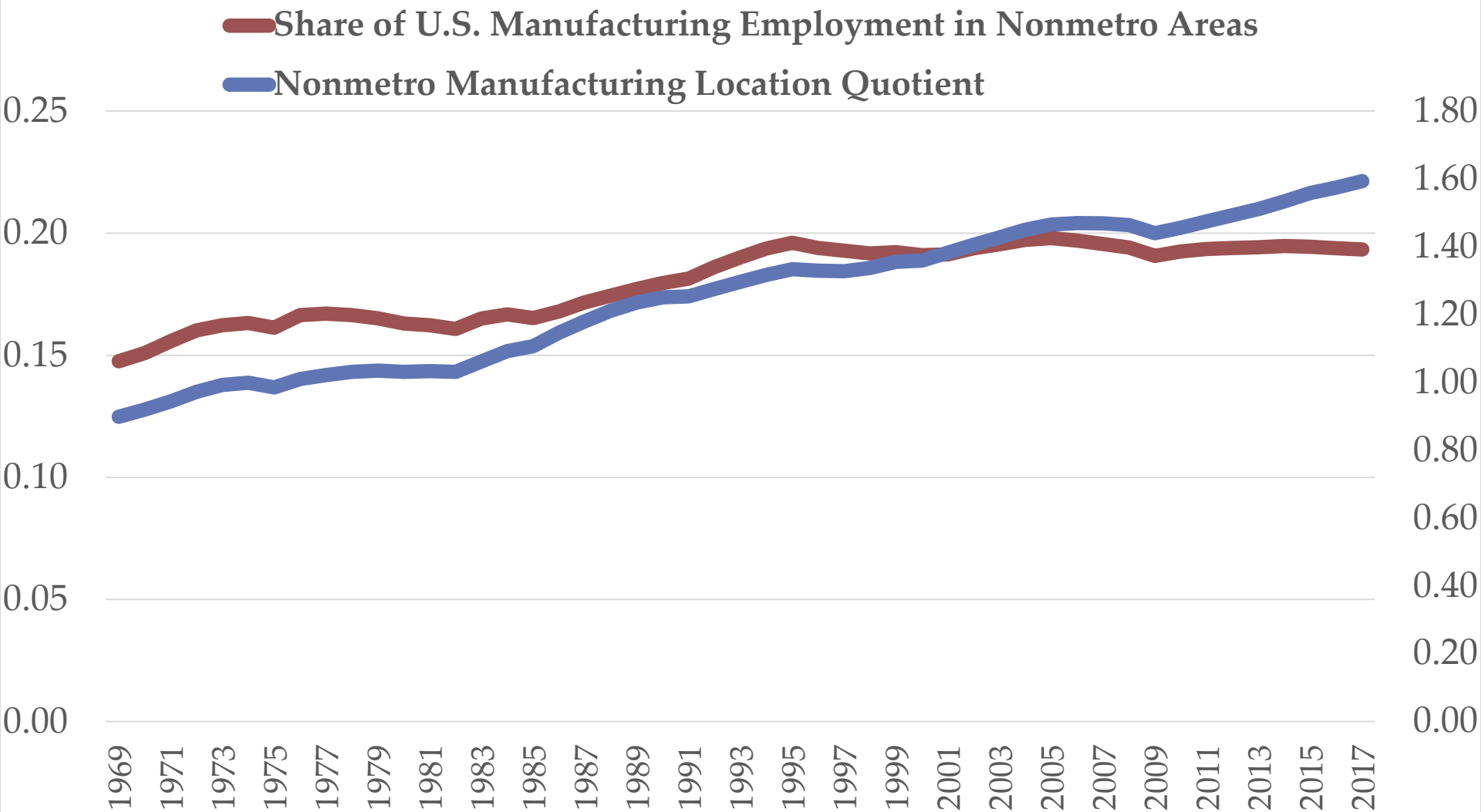


# Nonmetro-Metro Domestic Net Migration and Nonmetro-Metro Gross Movers from Abroad



Source: U.S. Census Bureau's CPS, <https://www.census.gov/data/tables/time-series/demo/geographic->

# Share of U.S. Manufacturing Employment in Nonmetro Areas and Nonmetro Manufacturing Location Quotient, 1969-2017



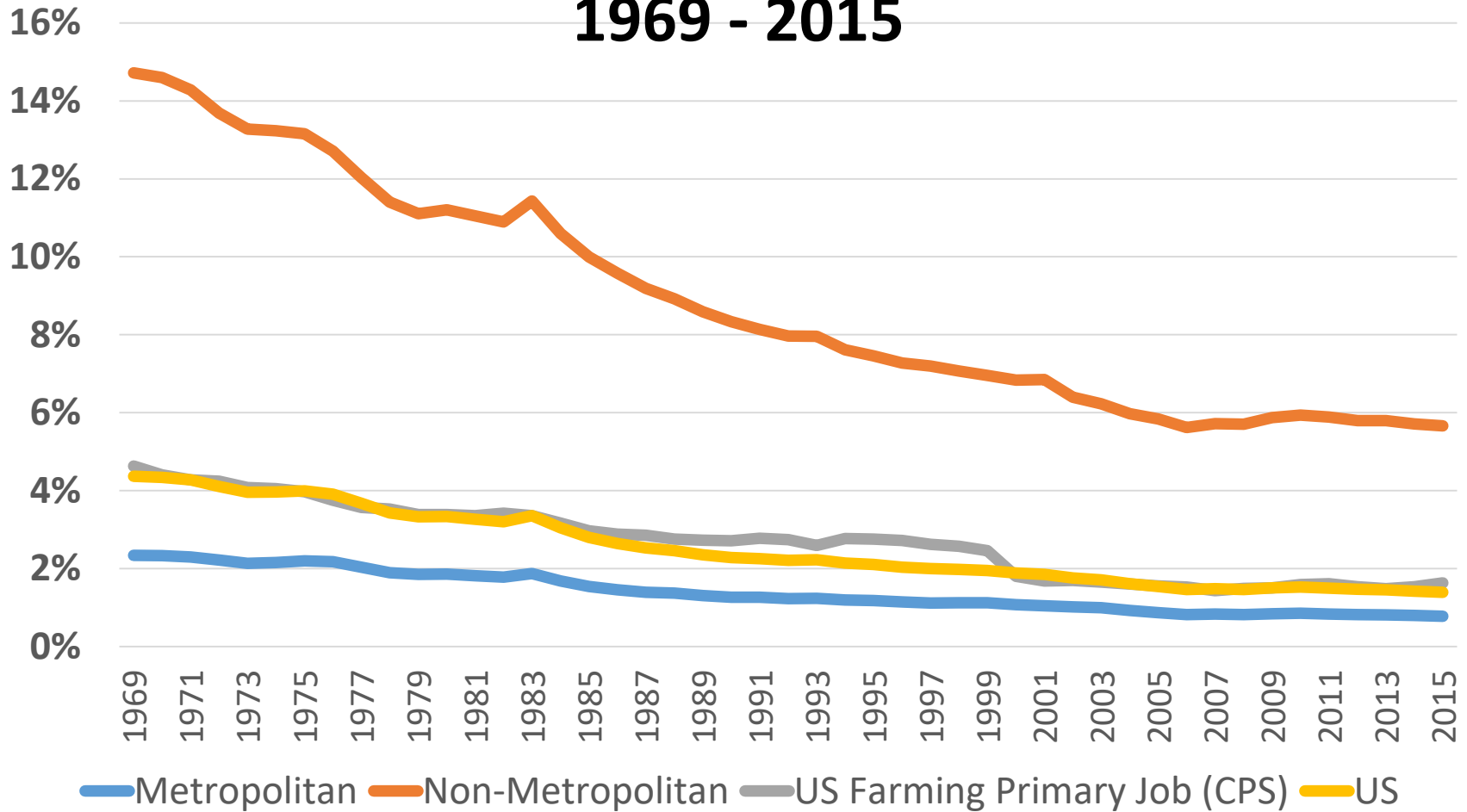
“Rural” is just farming, forestry, and mining

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- **NO!!!!**
- **Most areas rural long ago diversified out of agriculture.**
- **While the landscape may look like farms, the people have organized themselves into a much more diversified economy that is often urban centered.**
  - **e.g., over 360 nonmetro counties are reliant on manufacturing and 426 on recreation/tourism**

# Figure 1

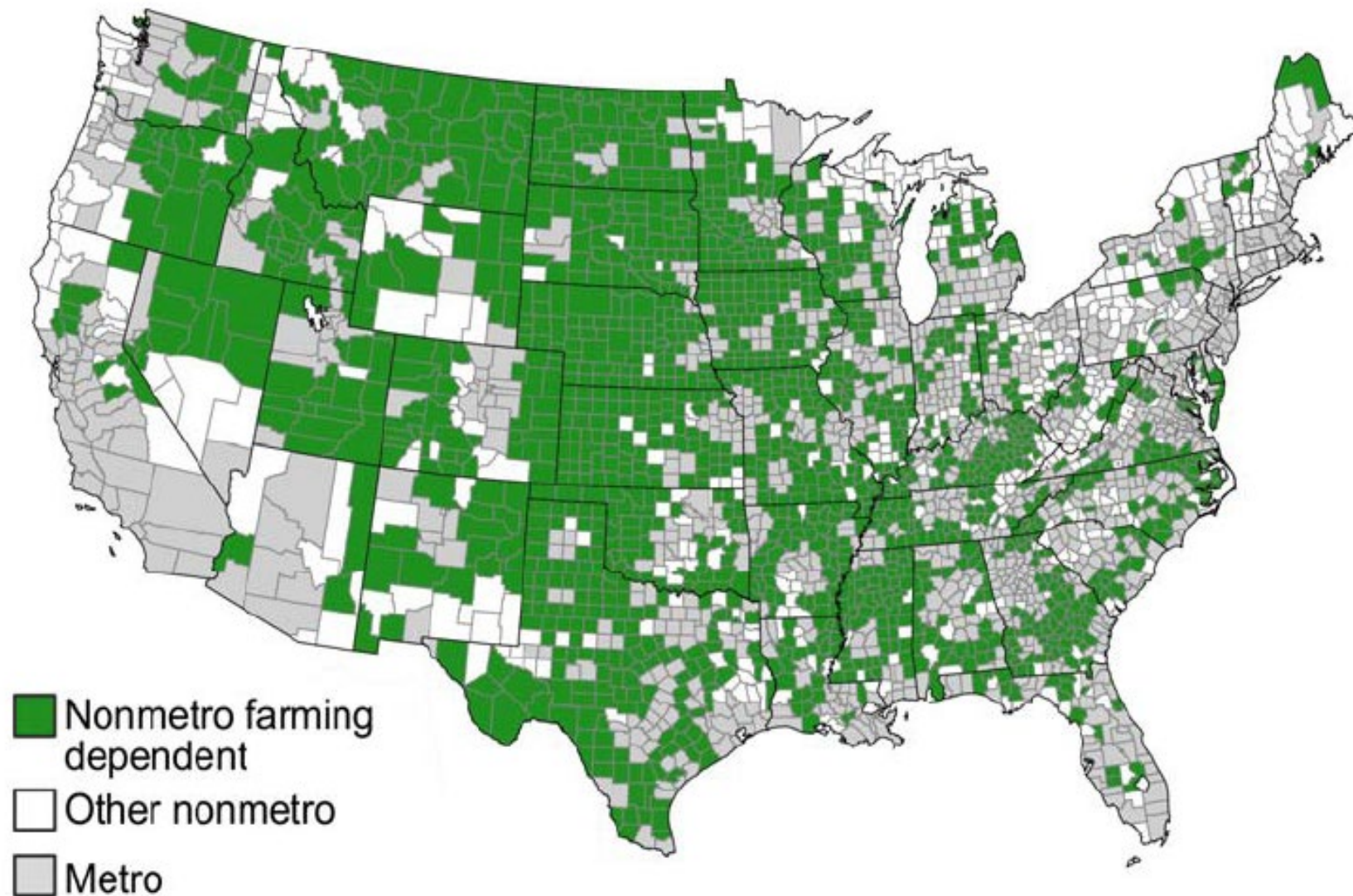
## Percentage of Total Jobs in Farming: 1969 - 2015



Source: Farming share of total employment for Metropolitan, Non-Metropolitan, and US : Bureau of Economic Analysis; Total Full-Time and Part-Time Employment CA25 (1969 – 2000) CA25N (2001 – 2015). Farming as primary job as a share of total employment: Bureau of Labor Statistics, Table cpsaat01

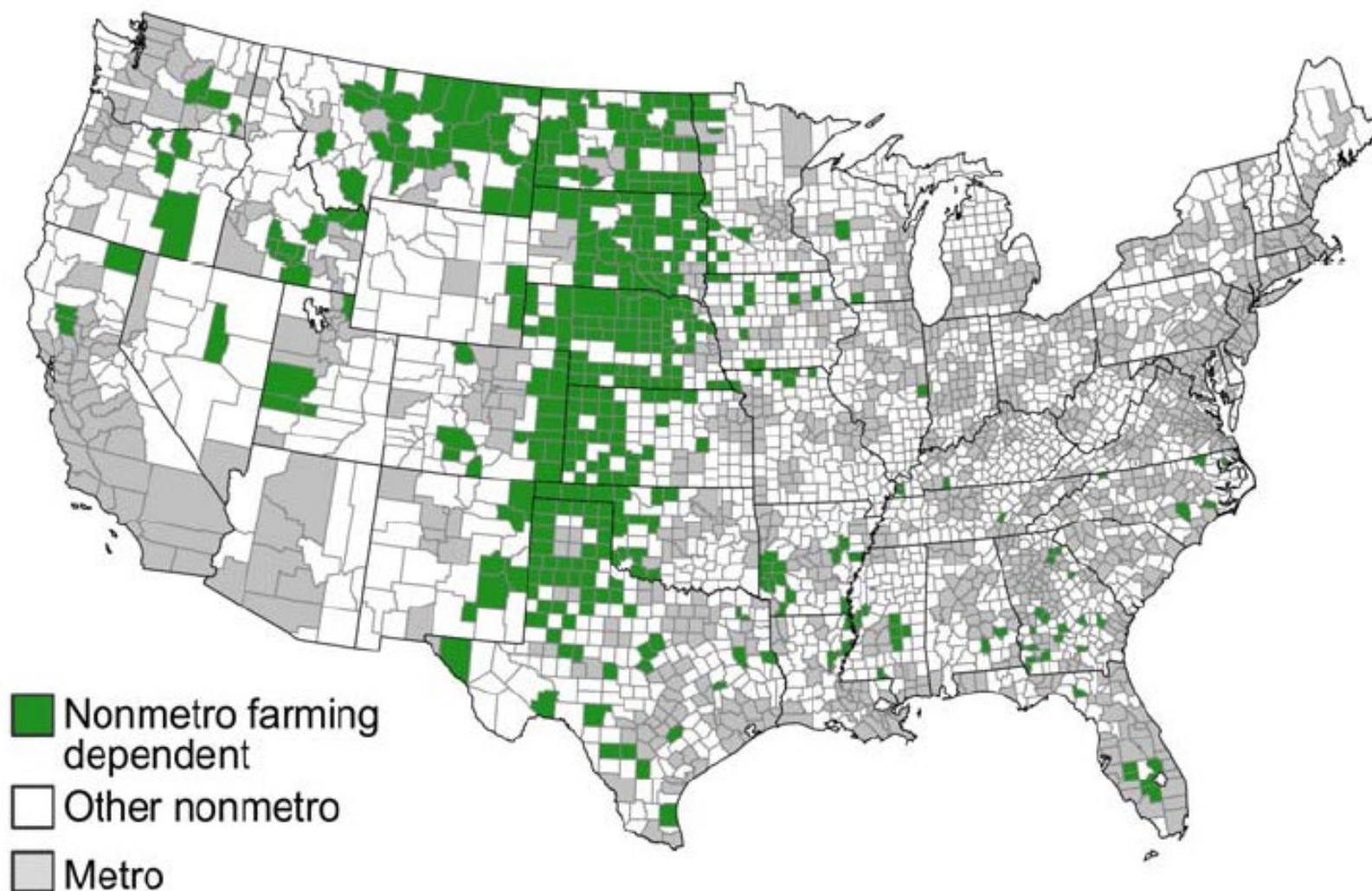
**Figure 1. Farming-Dependent Counties in 1950 and 2000**

**Nonmetro farming-dependent counties, 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.



## Rural Ohio Economy

- For job growth in OH's 32 (rural) micropolitan areas:
  - 3 better than C-bus,
  - 7 better than Cincy;
  - 15 better than U.S. nonmetropolitan avg.
  - 7 worse than U.S. nonmetropolitan avg.
- For job growth in OH's 17 core-rural counties:
  - 2 better than C-bus, **Wyandot** and **Holmes**
  - 3 better than Cincy;
  - 10 better than U.S. nonmetropolitan avg.
  - 2 worse than U.S. nonmetropolitan avg.

# Job Growth in the U.S. and Ohio

	2001 to 2010	2010 to 2018	2001 to 2018
United States	-1.31	14.49	12.99
U.S. Metro	-0.95	16.96	15.85
U.S. Nonmetro	-3.19	0.85	-2.38
Ohio	-9.24	9.97	-0.19
Ohio Metro	-8.66	9.24	-0.22
<i>Cincinnati, OH</i>	-5.80	10.94	4.50
<i>Columbus, OH</i>	-2.05	17.68	15.27
Ohio Metro excluding Columbus and Cincinnati	-11.67	5.64	-6.69
Ohio Micro	-10.51	7.39	-3.90
Ohio Nonmetro Core	-12.02	8.42	-4.61
Ohio Nonmetro Total	-10.76	7.55	-4.02



# Job Growth in Ohio Micro Areas %

Micro Area Name	2001 to 2010	2010 to 2018	2001 to 2018	Micro Area Name	2001 to 2010	2010 to 2018	2001 to 2018
Wapakoneta, OH	-1.37	18.79	17.16	Athens, OH	3.00	5.98	9.16
Celina, OH	12.67	18.04	33.00	Marietta, OH	-3.11	5.54	2.26
Urbana, OH	-18.09	17.70	-3.59	Zanesville, OH	-22.89	5.46	-18.68
Chillicothe, OH	-6.24	16.38	9.12	Ashtabula, OH	-11.23	4.75	-7.02
Wooster, OH	-13.20	16.04	0.72	Tiffin, OH	-17.26	4.31	-13.70
Findlay, OH	-1.96	14.14	11.91	Sandusky, OH	-8.54	4.04	-4.84
Van Wert, OH	-15.97	13.41	-4.70	Defiance, OH	-13.72	3.74	-10.49
Cambridge, OH	-5.73	13.15	6.66	Marion, OH	-13.46	3.61	-10.33
Bellefontaine, OH	-15.63	11.75	-5.72	Salem, OH	-13.39	1.83	-11.80
Wilmington, OH	-33.99	11.56	-26.36	Norwalk, OH	-20.74	0.53	-20.32
Greenville, OH	-13.19	10.18	-4.35	Portsmouth, OH	-6.60	-0.48	-7.06
Ashland, OH	-10.41	9.79	-1.64	Fremont, OH	-2.89	-2.03	-4.86
Sidney, OH	-12.28	9.64	-3.83	Bucyrus-Galion, OH	-21.80	-3.35	-24.42
New Philadelphia-Dover, OH	-7.69	9.01	0.63	Point Pleasant, WV-OH	-5.26	-3.94	-8.99
Mount Vernon, OH	5.76	7.92	14.13	Jackson, OH	-5.24	-4.46	-9.47
Washington Court House, OH	-2.53	6.40	3.71	Coshocton, OH	-15.22	-6.42	-20.66

Source: QCEW

# Job Growth in Ohio Core Rural Counties%

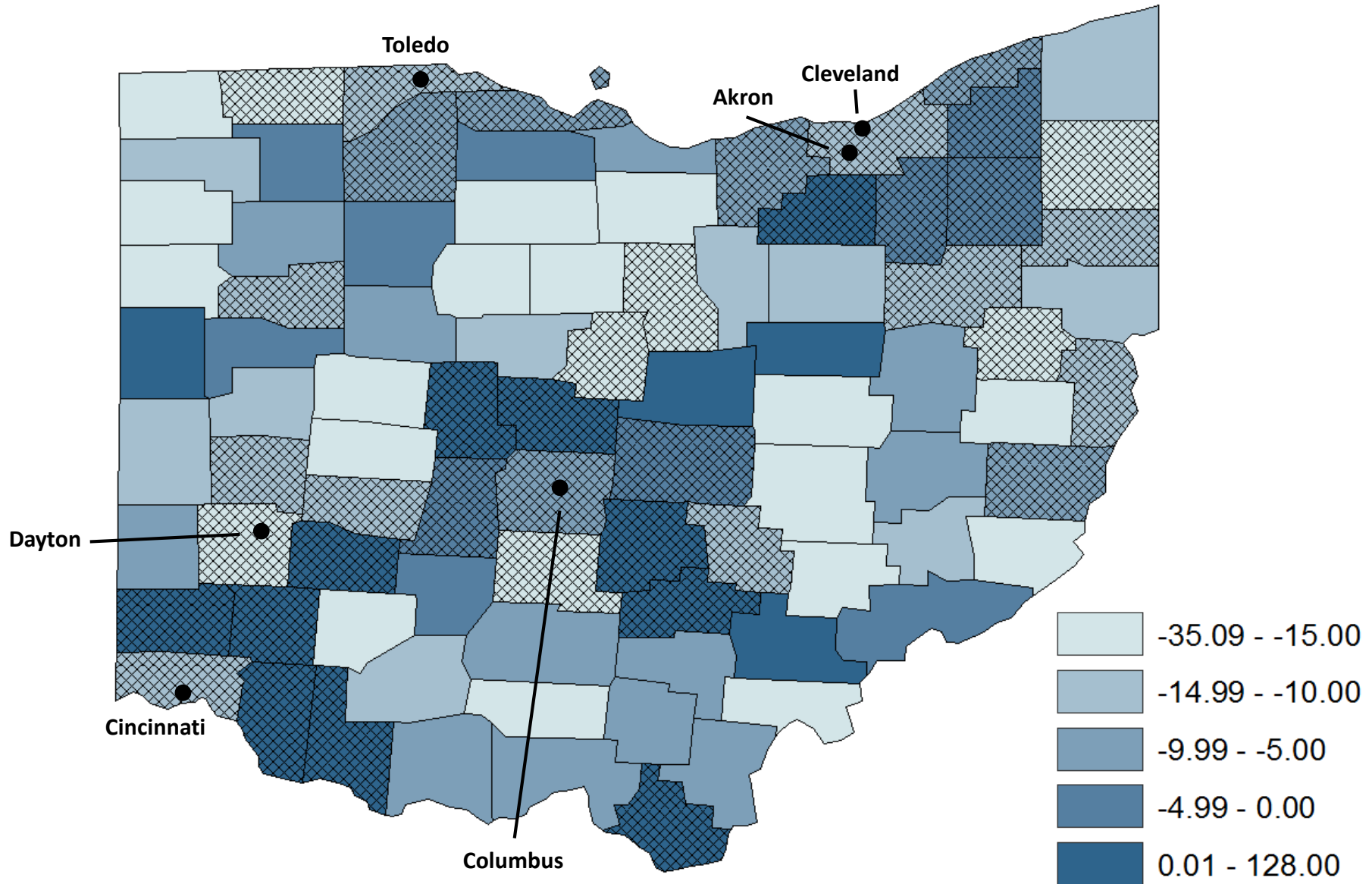
Core Rural County Name	2001 to 2010	2010 to 2018	2001 to 2018
Wyandot County	-27.83	22.89	-11.31
Holmes County	3.38	19.58	23.62
Harrison County	-18.45	16.62	-4.89
Morgan County	-29.12	16.46	-17.46
Williams County	-15.66	14.14	-3.73
Putnam County	-7.64	8.33	0.06
Pike County	-19.42	6.11	-14.50
Paulding County	-15.92	5.56	-11.24
Preble County	-9.14	5.47	-4.17
Highland County	-11.51	4.83	-7.24
Vinton County	-5.30	3.64	-1.85
Noble County	-11.83	3.25	-8.97
Meigs County	-28.82	2.62	-26.95
Adams County	-6.13	2.24	-4.02
Hardin County	-8.19	2.07	-6.29
Henry County	-1.83	-0.47	-2.29
Monroe County	-18.82	-20.05	-35.09

Source: QCEW

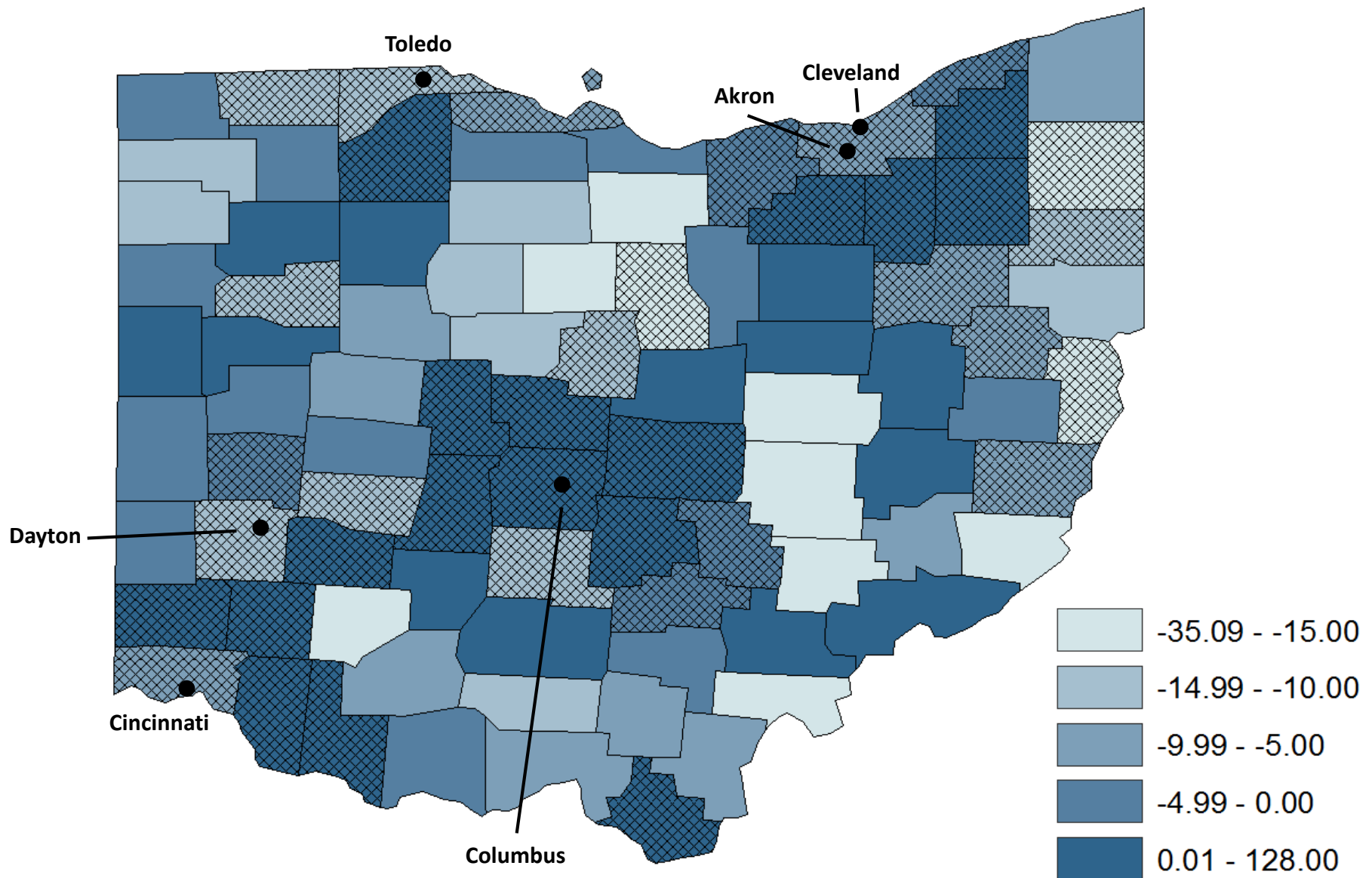
# Job Growth in Ohio Metro Areas (OH parts)%

Metro Area Name	2001 to 2010	2010 to 2018	2001 to 2018
Columbus, OH	-2.05	17.68	15.27
Cincinnati, OH-KY-IN	-5.80	10.94	4.50
Toledo, OH	-13.17	8.04	-6.18
Dayton-Kettering, OH	-14.45	8.01	-7.60
Canton-Massillon, OH	-14.49	7.44	-8.12
Akron, OH	-2.89	6.51	3.43
Cleveland-Elyria, OH	-11.23	6.12	-5.80
Lima, OH	-13.85	2.83	-11.41
Springfield, OH	-14.54	0.58	-14.04
Huntington-Ashland, WV-KY-OH	5.75	0.43	6.20
Wheeling, WV-OH	-5.15	-0.19	-5.33
Mansfield, OH	-15.60	-0.94	-16.40
Youngstown-Warren-Boardman, OH-PA	-16.26	-2.21	-18.11
Weirton-Steubenville, WV-OH	-12.19	-7.36	-18.65

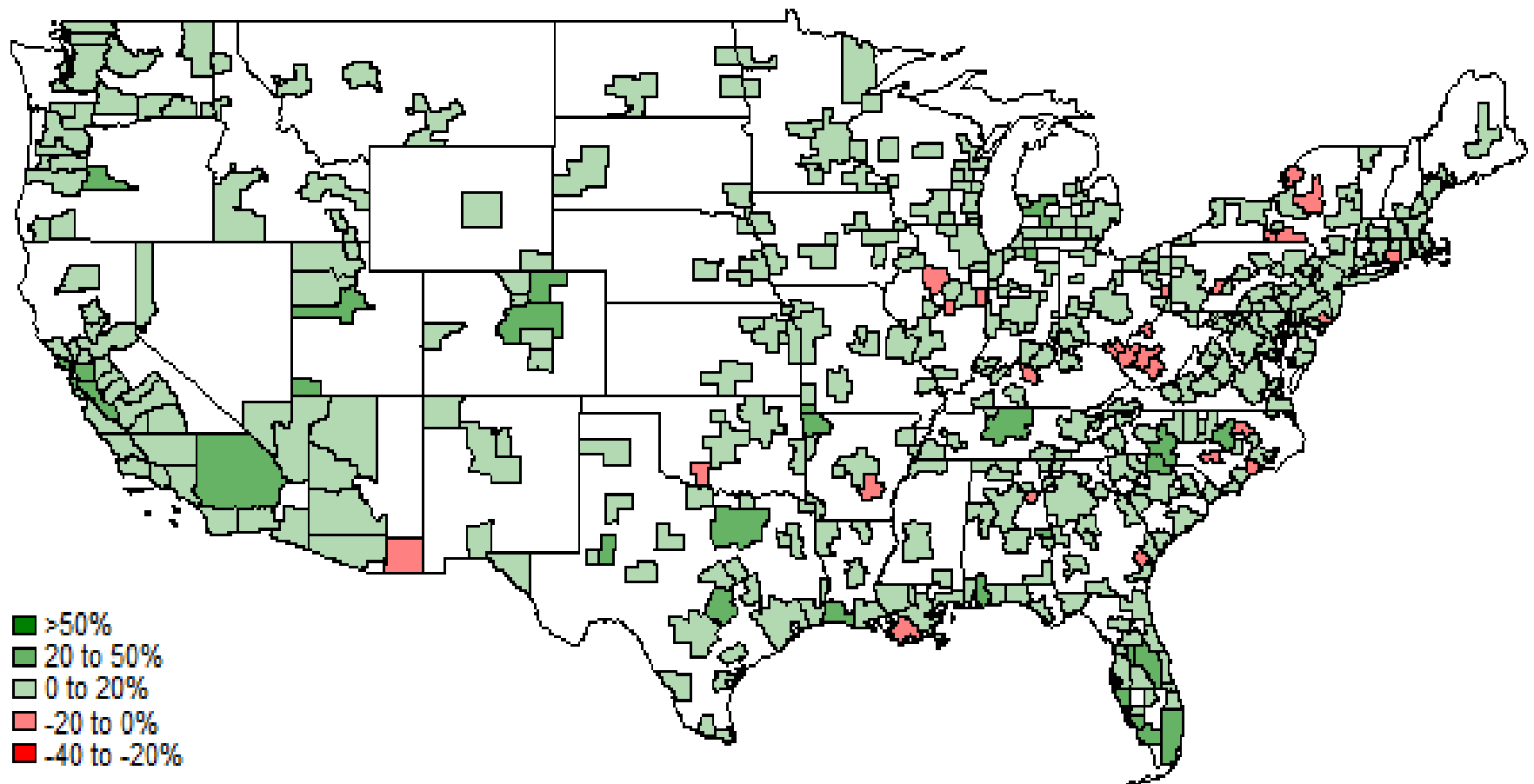
# Job Growth in Ohio Counties, 2001-2010



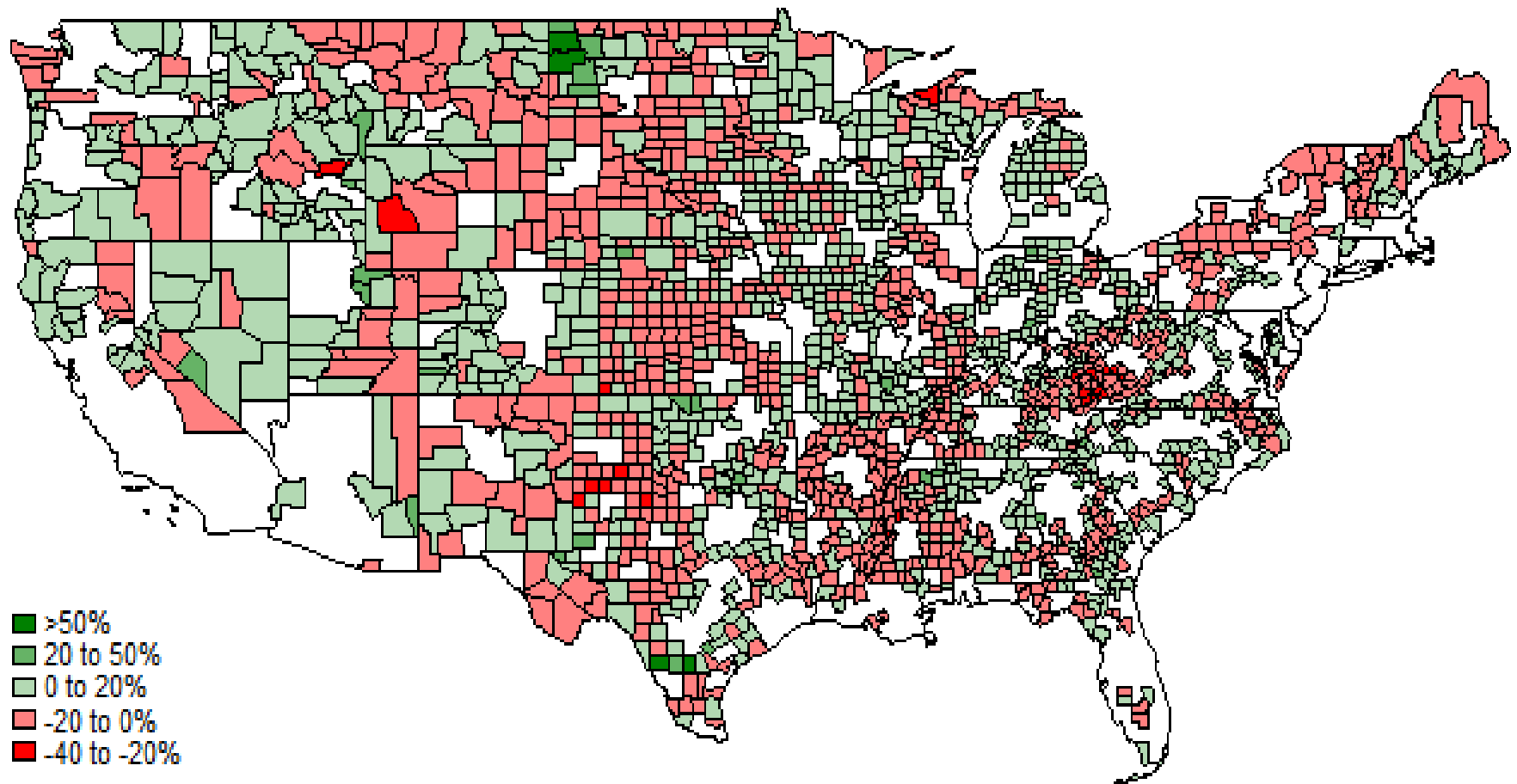
# Job Growth in Ohio Counties, 2010-2018



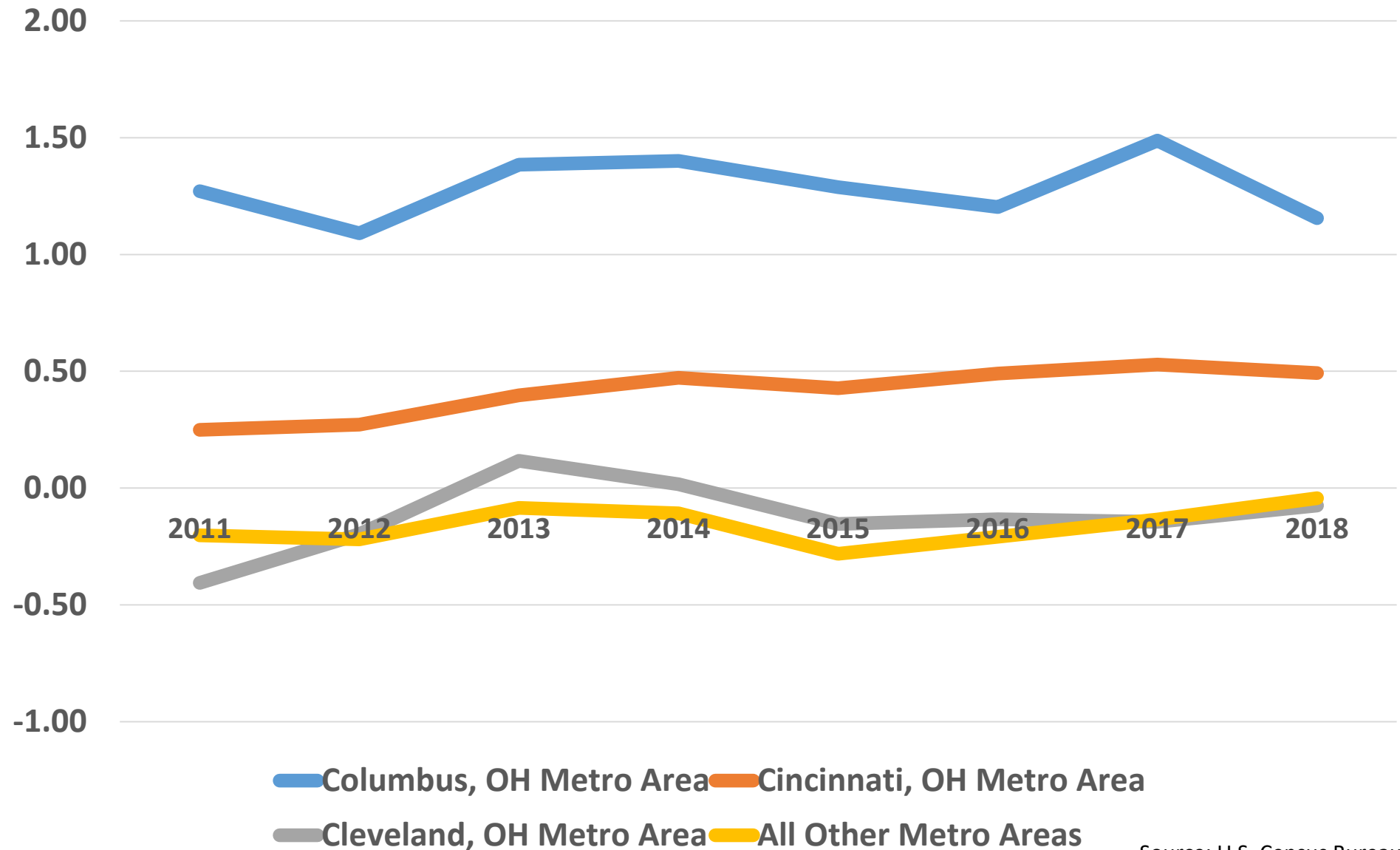
# Job growth in U.S. Counties, Metro Areas, 2010-2016



# Job growth in U.S. Counties, Nonmetro Areas, 2010-2016

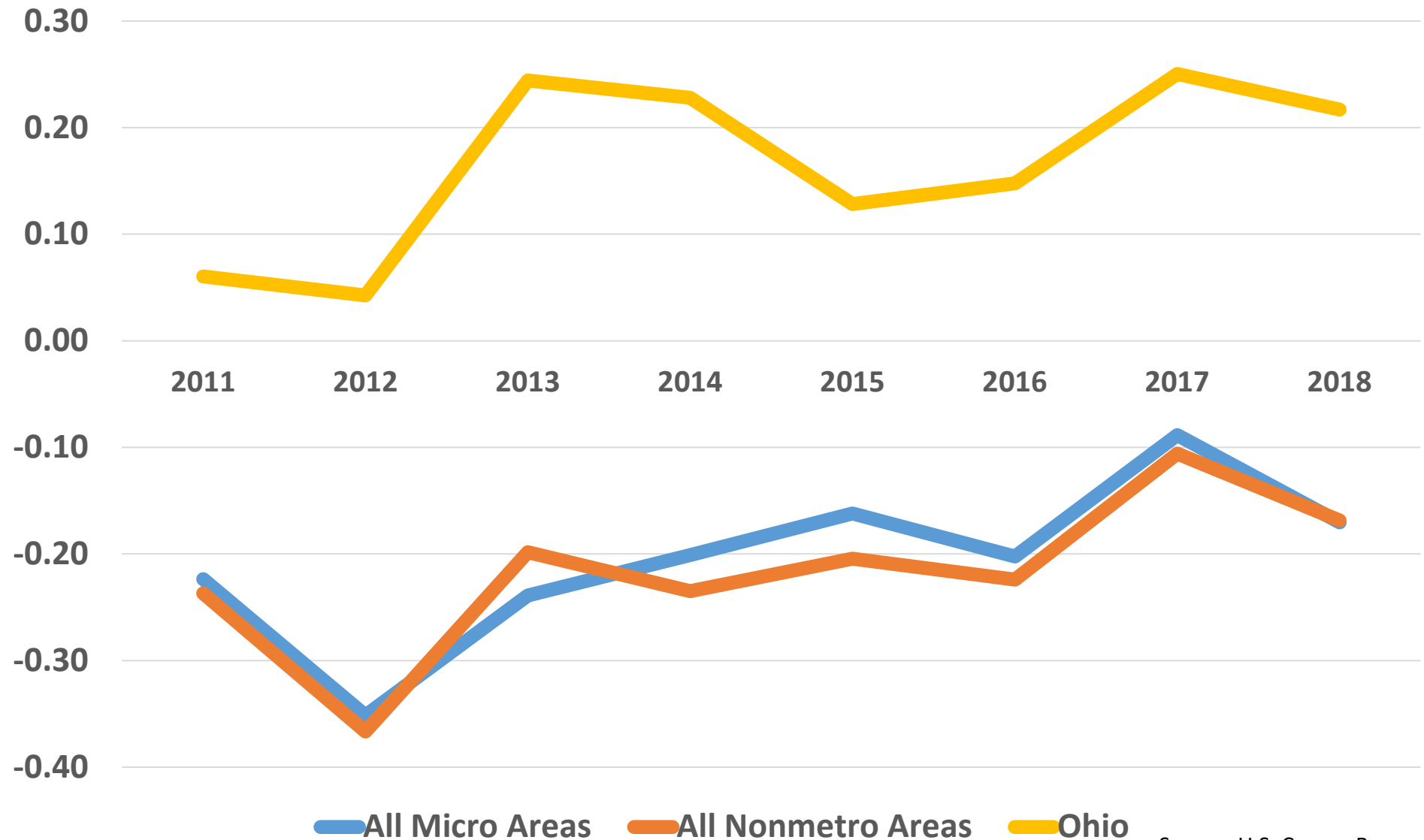


# Annual Population Growth Rates, Ohio Metro Areas, 2010-2018



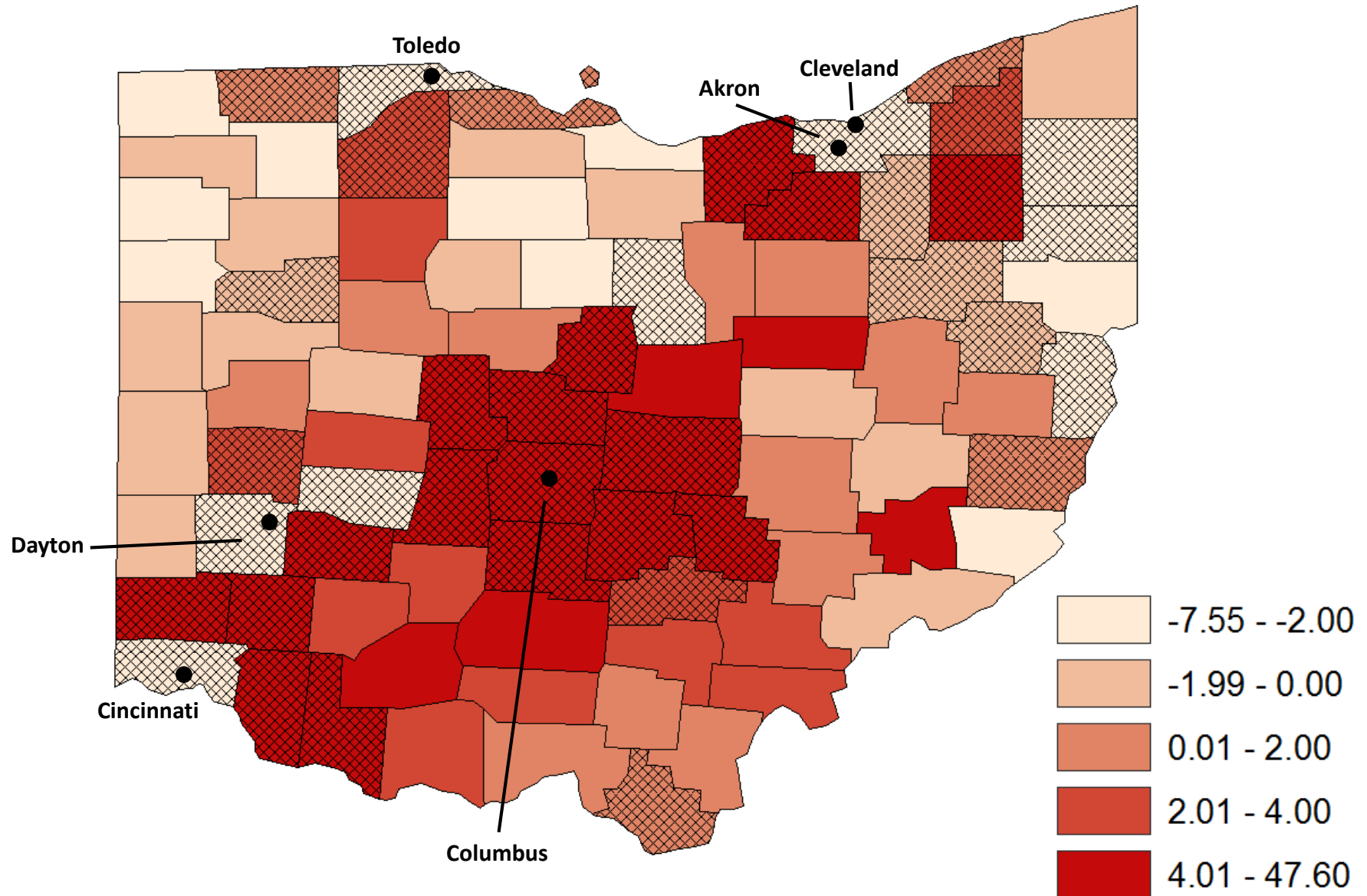


# Annual Population Growth Rates, Ohio Micro and Nonmetro Areas, 2010-2018

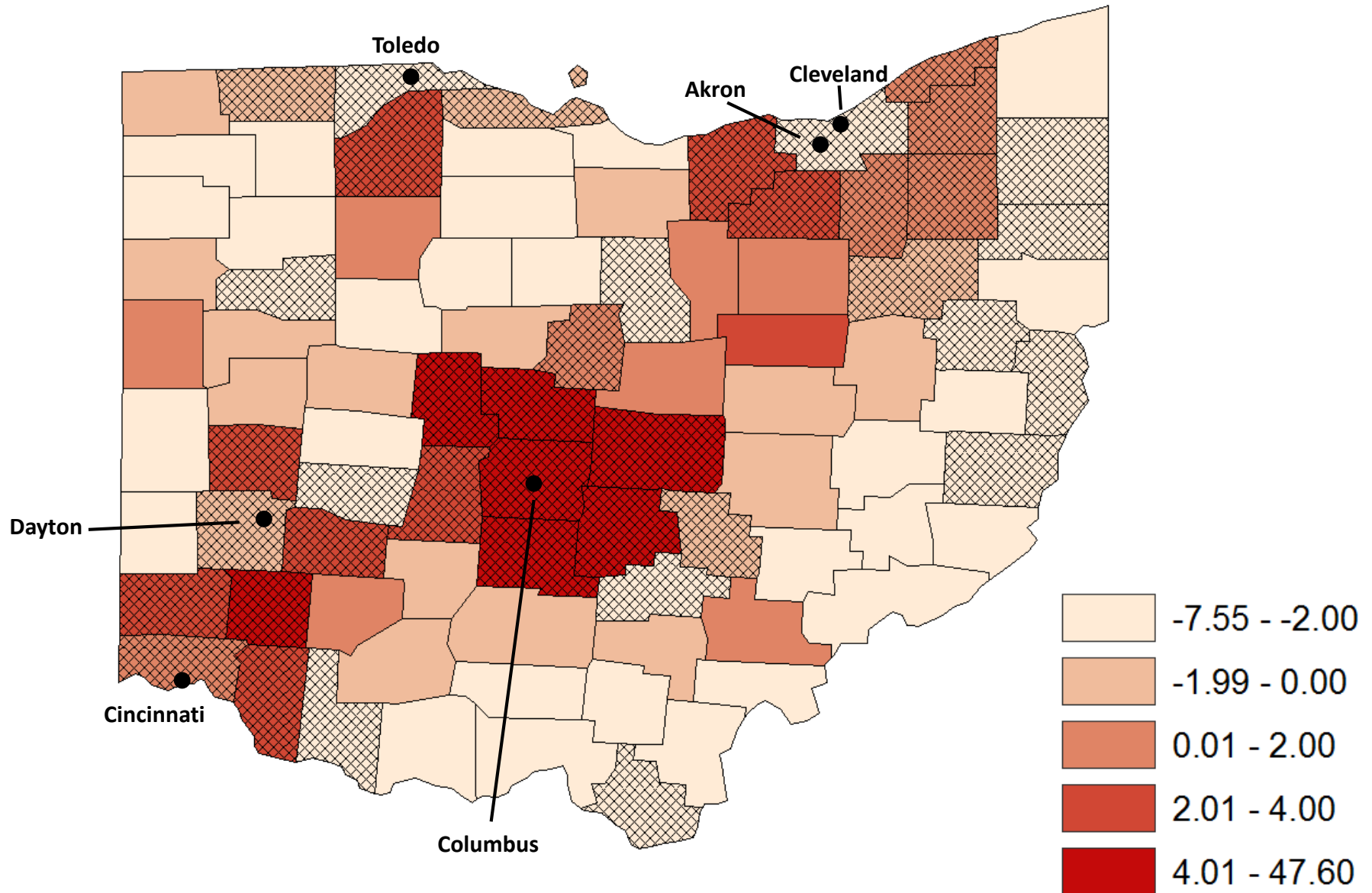


Source: U.S. Census Bureau

# Population Growth in Ohio Counties, 2001-2010



# Population Growth in Ohio Counties, 2010-2018



# What is good rural or lagging-region policy?

- **1. Governance reform** to shift from separate farm/rural/urban policies to a **regional** policy.
- Policy goals include: Tax sharing, planning and management of the rural-urban fringe, environmental protection, infrastructure, economic development for regions. This helps facilitate cooperation.
- Key issue is how to get all actors to participate and believe their input is valued. Leverage local social capital and networks to promote good governance (Natcher and Olfert, 2012). If not, mainly sectoral actors will participate to seek rents.

# Good Strategies—cont.

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- **2. 21<sup>st</sup> Century will belong to places that use their knowledge to leverage their assets.**
  - Rural communities should be attractive to knowledge workers and commuters.
    - Quality of life, pleasant environment, sustainable development; good public services such as schools—this is good economics!
    - **Attract return migrants in the 30s after they have seen bright lights. Young adults will always flee to the cities.**
  - 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 (Wojan and McGranahan, 2007).

# Good Strategies--cont

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- **3. Business retention and expansion is better than tax incentives for outside investment.**

## **Building local Entrepreneurship**

- Treat all businesses alike (Li et al., 2016).
- If you build a good climate for investment, your own businesses will thrive and STAY!
  - SME development is important because small businesses buy locally; profits stay local (Goetz et al.).
  - Bigger multipliers (Tsevetkova et al., forthcoming).
  - Entrepreneurship is critical and while academics say focus on the “opportunity” start-ups versus “necessity” start-ups, when I talk to actual people on the ground, they point to zillions of necessity start-ups that are vastly successful (Stephens and Partridge, 2011; Stephens et al., 2011).

# Conclusions

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- Cities are the engines of growth and urban-led growth can be an effective rural strategy.
- Focus on realities such as emerging regions that the people have self formed—the politicians lag what the people are doing.

## *Regionalism.*

- Adopt good strategies that don't require perfect foresight.
  - You just need to make it such that the best firms want to be in your community.
- Education & entrepreneurship are keys.
- Quality of life is critical in attracting the right people including commuters.

# Thank you

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*Google Mark Partridge economist*

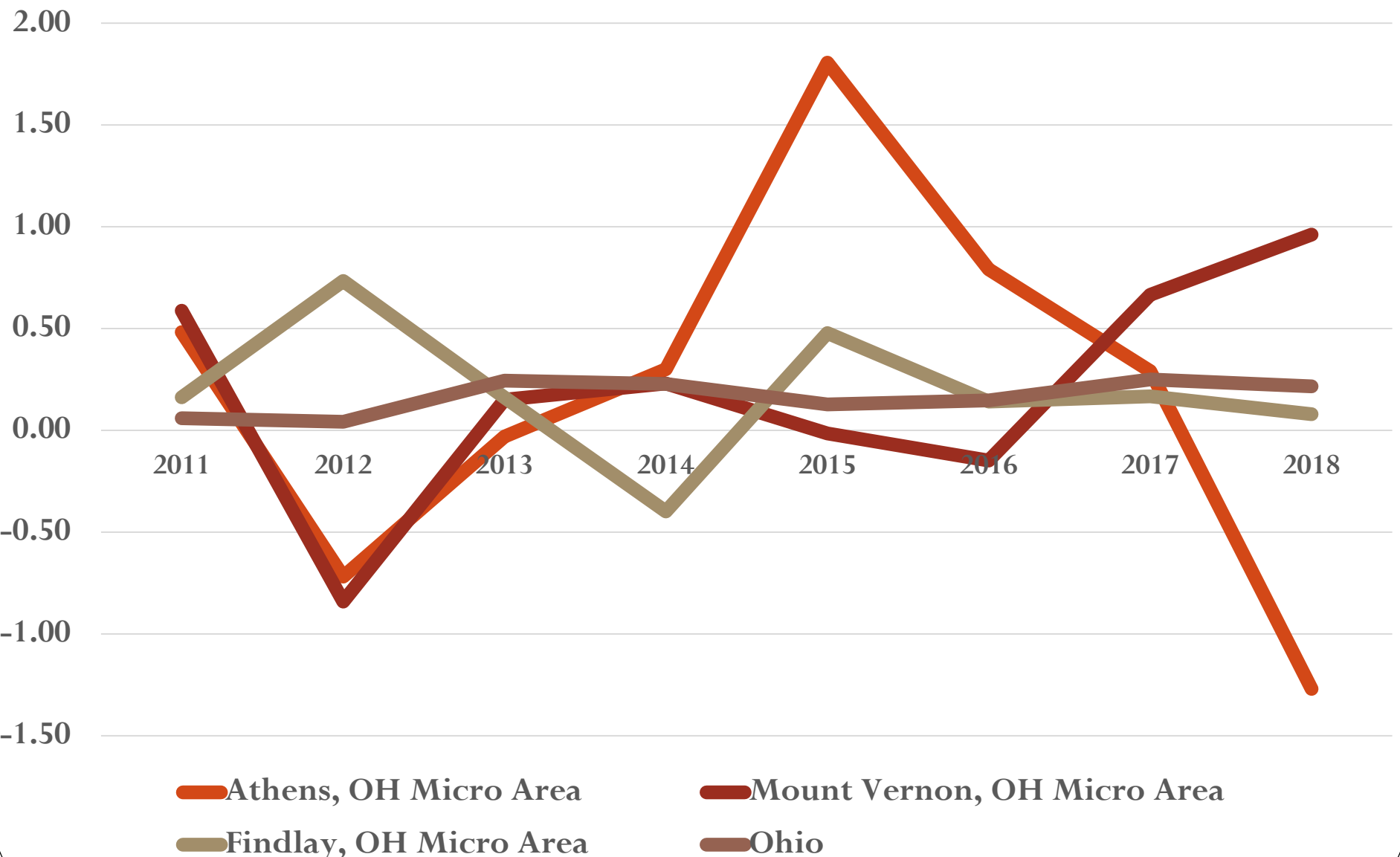


# Population and Population growth 1990-2017, 2010-2017

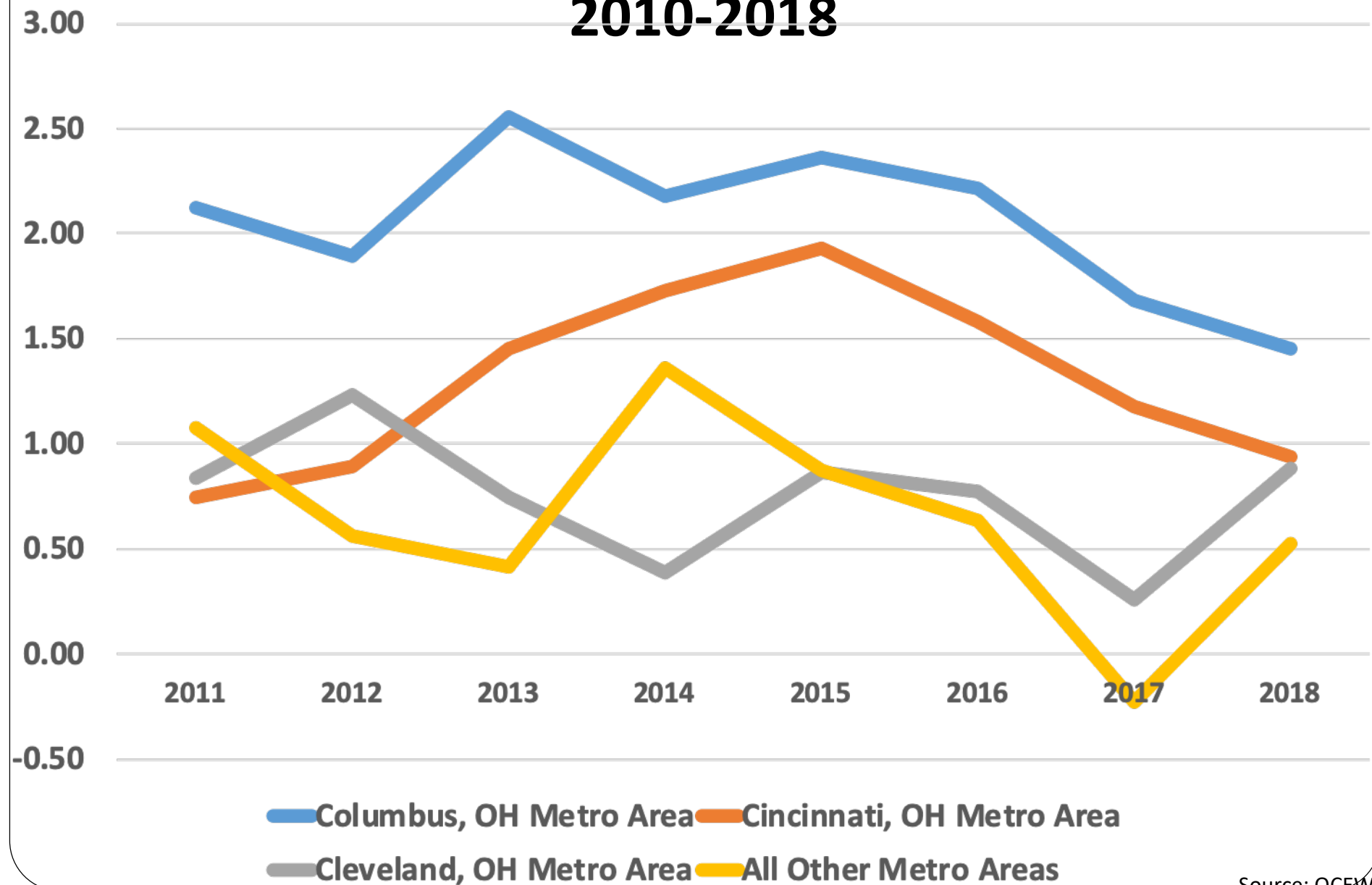
<i>Population Level Year</i>	Non Metro			Metro	U.S. Total
	Non Adjacent	Adjacent	Total		
1990	18,563,548	22,820,635	41,384,183	208,238,817	249,623,000
2010	20,071,333	26,173,406	46,244,739	263,093,682	309,338,421
2017	19,909,962	26,111,196	46,021,158	279,698,020	325,719,178
<i>National growth</i>					
1990-2017	7.25%	14.42%	11.20%	34.32%	30.48%
2010-2017	-0.80%	-0.24%	-0.48%	6.31%	5.30%
<i>Percentage (%)</i>					
Counties that gained population 1990-2017	53.6%	74.2%	62.6%	88.0%	69.3%
Counties that gained population 2X National Average 1990-2017	4.2%	7.5%	5.7%	25.2%	10.9%
Counties that gained population 2010-2017	34.4%	38.5%	36.2%	74.8%	46.5%
Counties that gained population 2X National Average 2010-2017	1.8%	3.6%	2.6%	18.5%	6.8%

Source: U.S. Census Bureau (1993 Urban Influence Codes definitions).

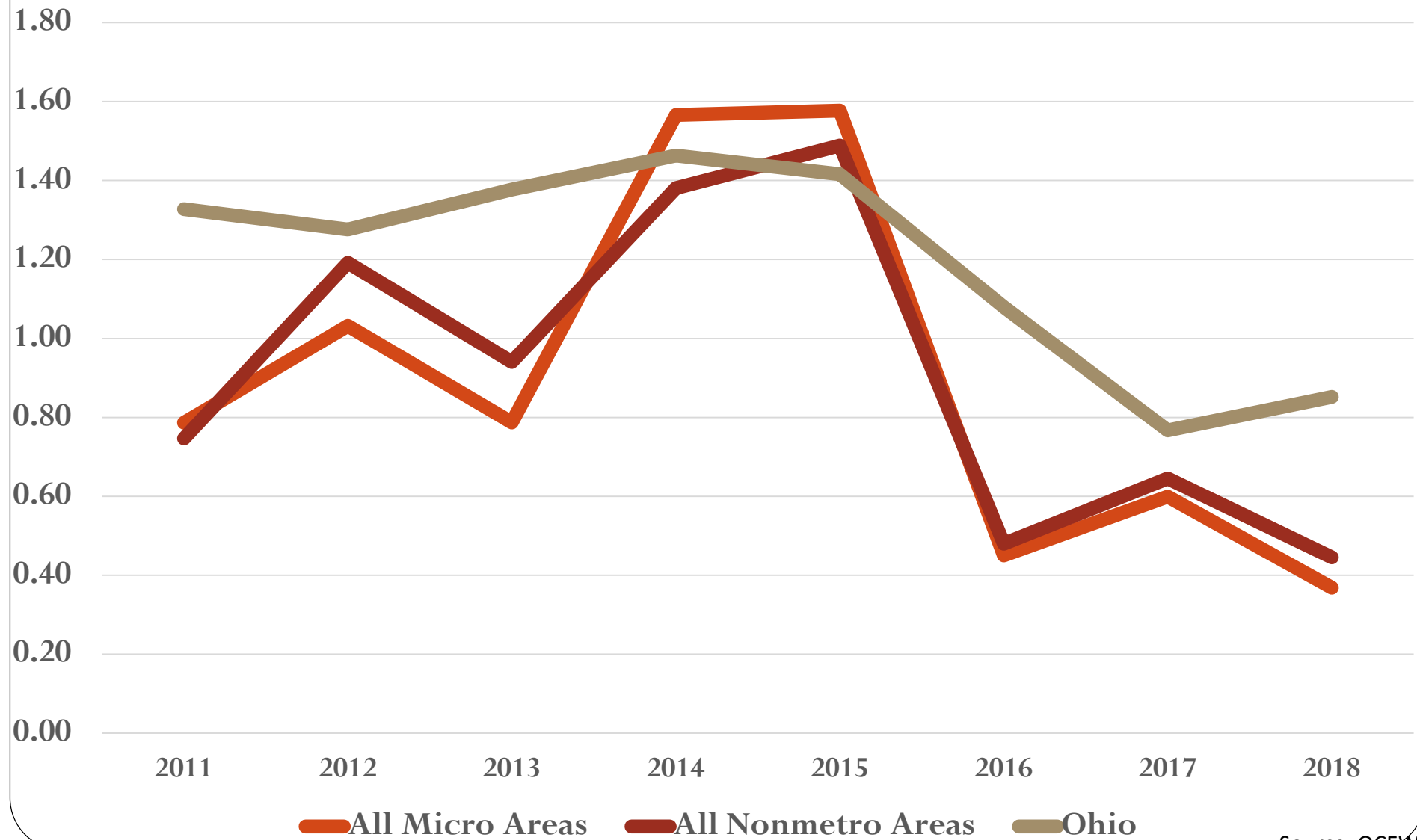
# Annual Population Growth Rates, Top 3 Ohio Micro Areas, 2010-2018



# Annual Job Growth Rates, Ohio Metro Areas, 2010-2018



# Annual Job Growth Rates, Ohio Micro and Nonmetro Areas, 2010-2018



# Annual Job Growth Rates, Top 3 Ohio Micro Areas, 2010-2018

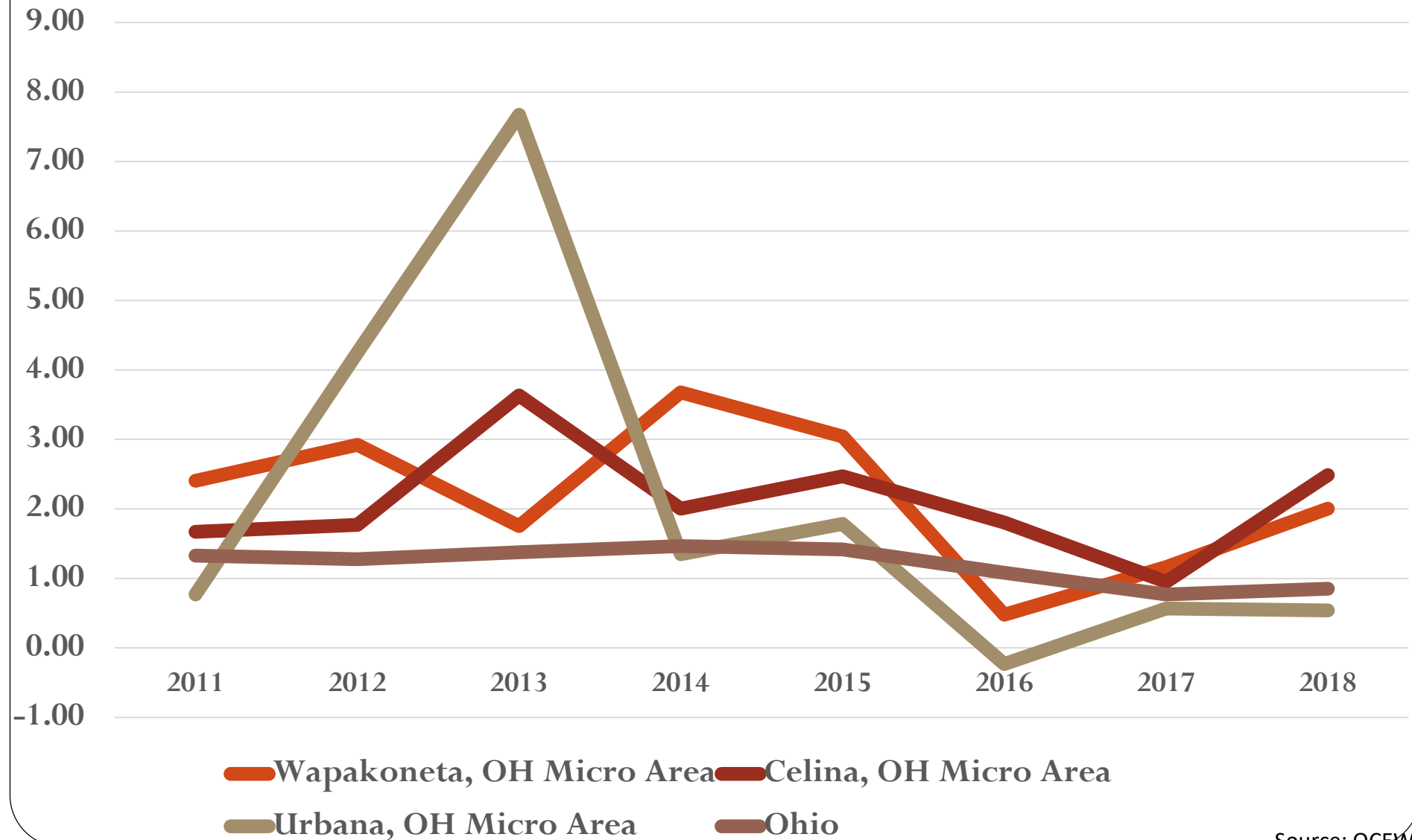
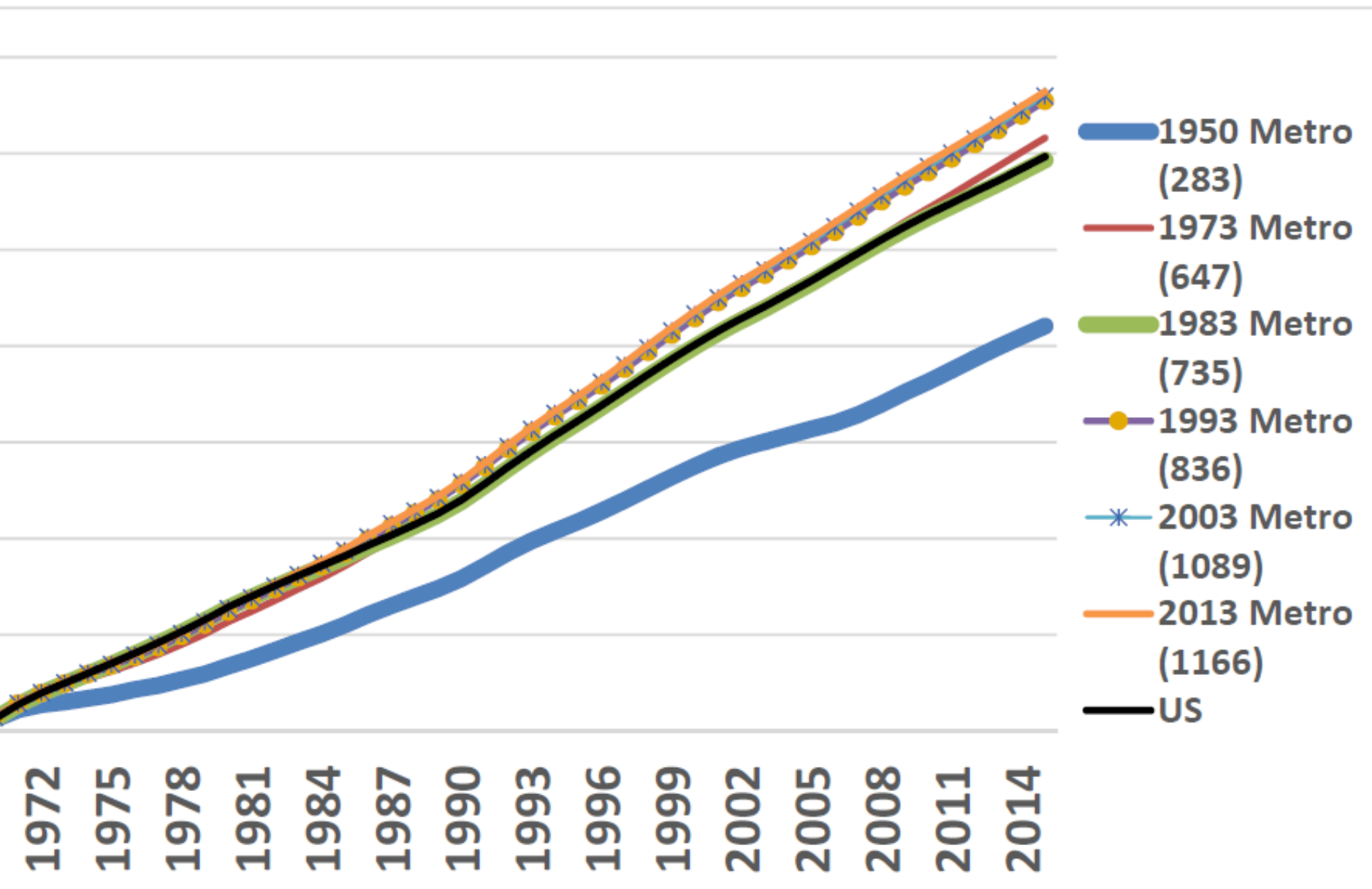


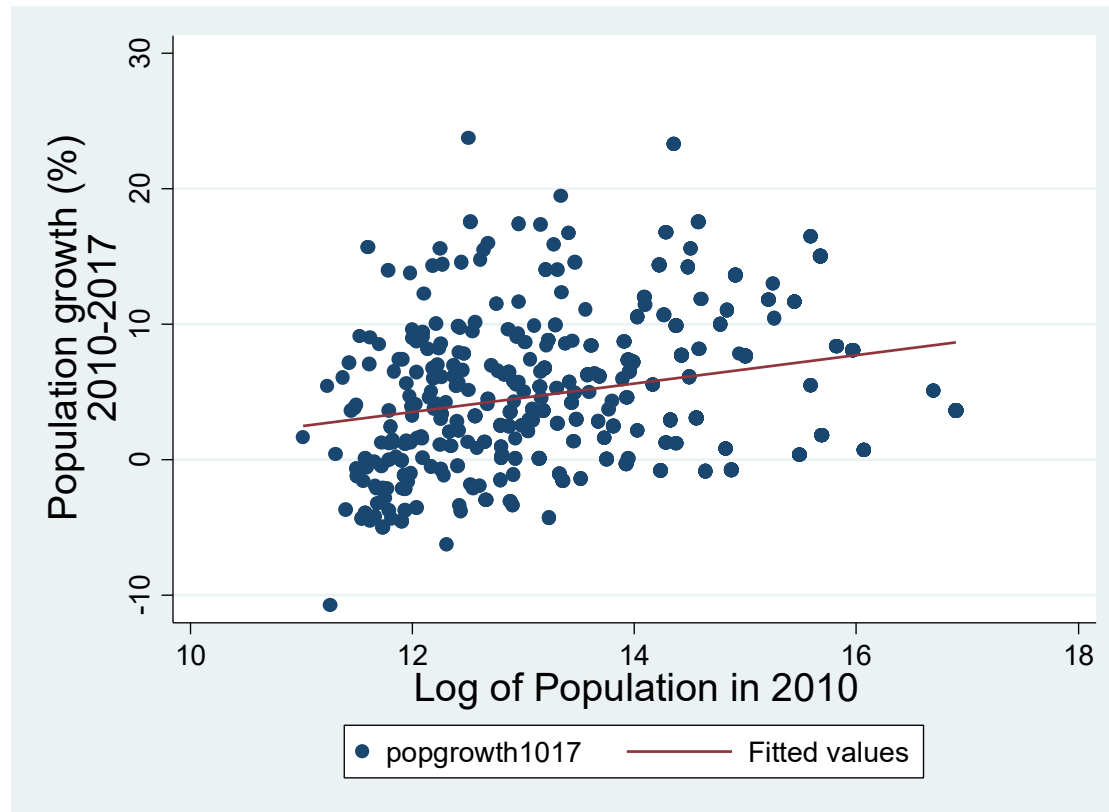
Figure 2, Population Growth of Metro Area by historical MSA Definition:  
100 = 1969 Population



Bureau of Economic Analysis for population and U.S. Census Bureau for metro definitions.

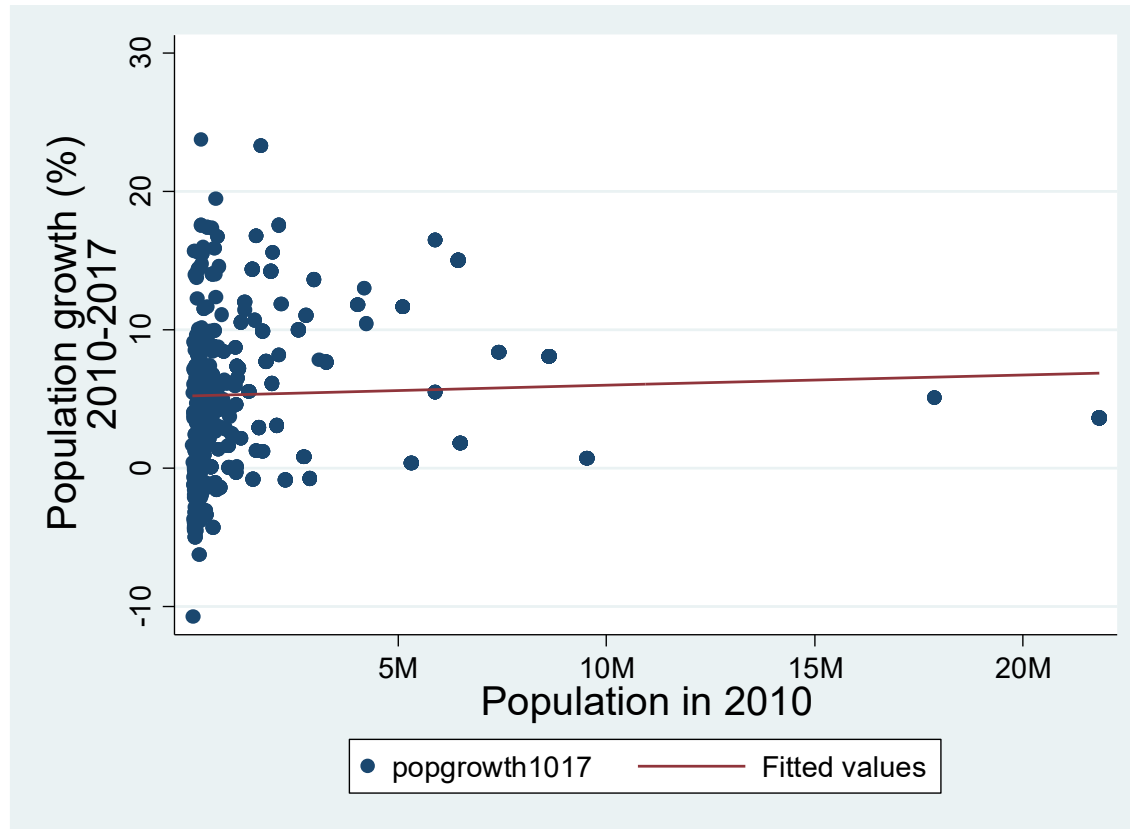
# Population growth (%) vs Population (logs) in 2010

MSAs, 1993 USDA and U.S. Census Bureau MSA Definitions



# Population growth (%) vs Population in 2010

MSAs, 1993 USDA and U.S. Census Bureau MSA Definitions





# Population growth 1990-2017 (%)

Nonmetro, non-adjacent areas, 1993 USDA and U.S. Census Bureau MSA  
Definitions



# Population growth 1990-2017 (%)

Nonmetro, adjacent to small metro areas, 1993 USDA and U.S. Census  
Bureau MSA Definitions



# Population growth 1990-2017 (%)

Nonmetro, adjacent to large metro areas, 1993 USDA and U.S. Census  
Bureau MSA Definitions



# Population growth 1990-2017 (%)

Metro areas, Population 50-100 k, 1993 USDA and U.S. Census Bureau  
MSA Definitions



# Population growth 1990-2017 (%)

Metro areas, Population 100-250 k, 1993 USDA and U.S. Census Bureau MSA Definitions



# Population growth 1990-2017 (%)

Metro areas, Population 250-1,000 k, 1993 USDA and U.S. Census Bureau  
MSA Definitions



# Population growth 1990-2017 (%)

Metro areas, Population 1-3,000 k, 1993 USDA and U.S. Census  
Bureau MSA Definitions



# Population growth 1990-2017 (%)

Metro areas, Population 3,000 k +, 1993 USDA and U.S. Census  
Bureau MSA Definitions





# Population growth 2010-2017 (%)

Non-metro, non-adjacent areas, 1993 USDA and U.S. Census  
Bureau MSA Definitions



# Population growth 2010-2017 (%)

Non-metro, adjacent to small metro areas, 1993 USDA and U.S. Census Bureau MSA  
Definitions



# Population growth 2010-2017 (%)

Non-metro, adjacent to large metro areas, 1993 USDA and U.S. Census Bureau MSA Definitions



# Population growth 2010-2017 (%)

Metro areas, Population 50-100 k, 1993 USDA and U.S. Census Bureau MSA Definitions



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Metro areas, Population 100-250 k, 1993 USDA and U.S. Census Bureau MSA

Definitions



# Population growth 2010-2017 (%)

Metro areas, Population 250-1,000 k, 1993 USDA and U.S. Census Bureau MSA Definitions



# Population growth 2010-2017 (%)

Metro areas, Population 1-3,000 k, 1993 USDA and U.S. Census Bureau MSA Definitions



(%)

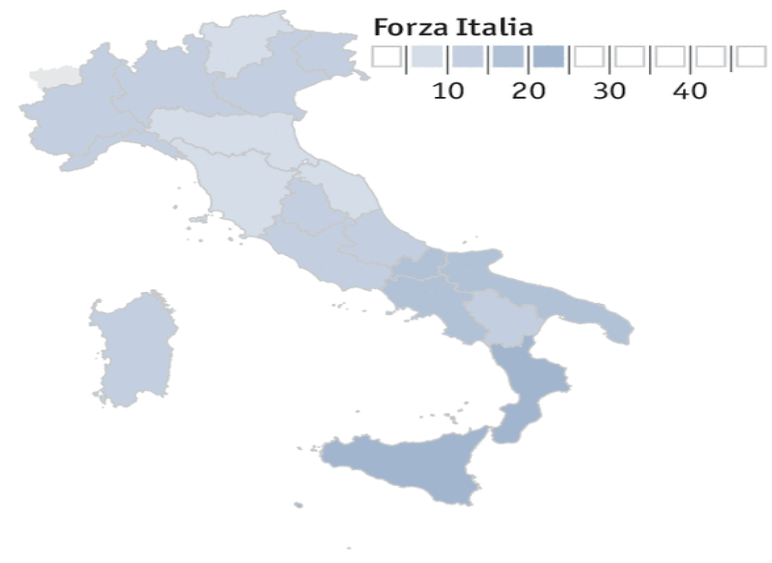
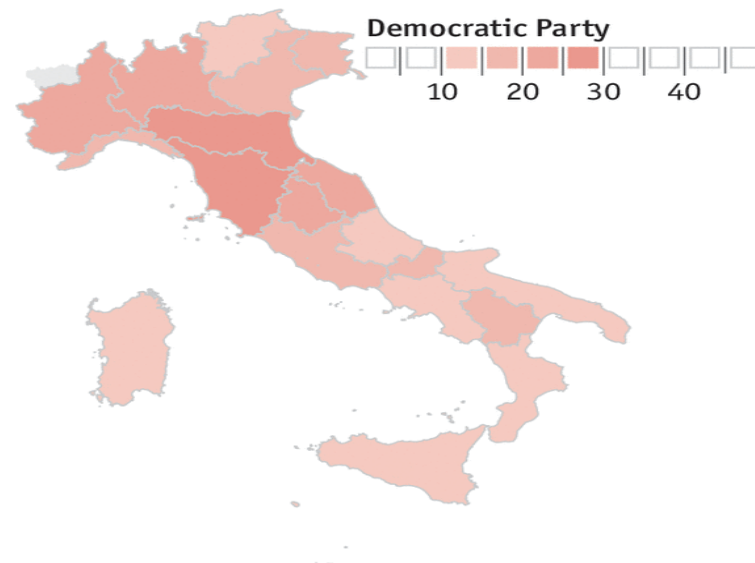
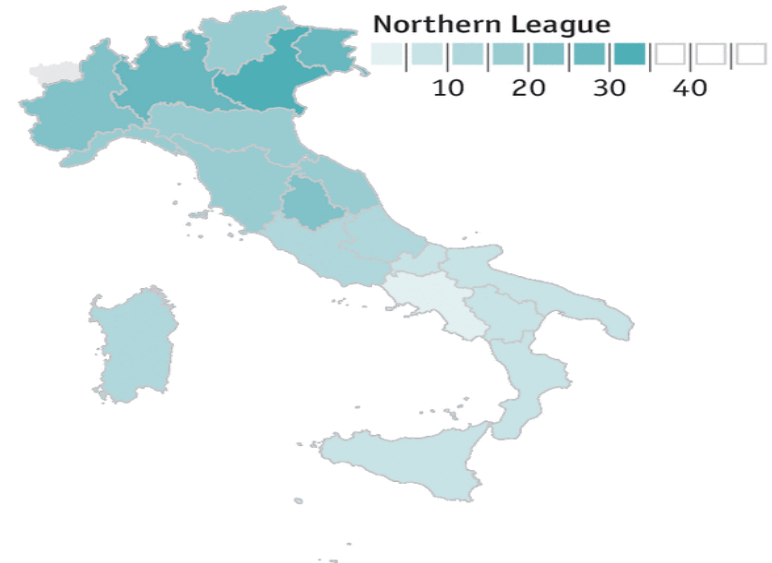
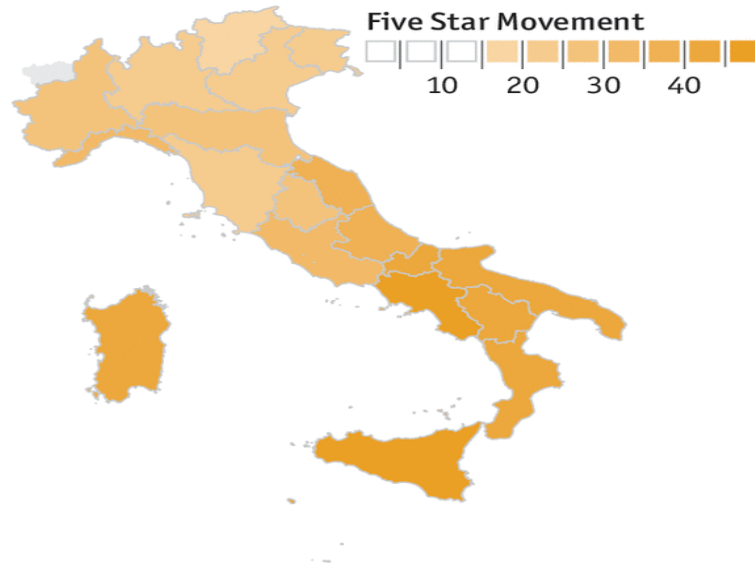
## Metro areas, Population 3,000 k +, 1993 USDA and U.S. Census Bureau MSA Definitions





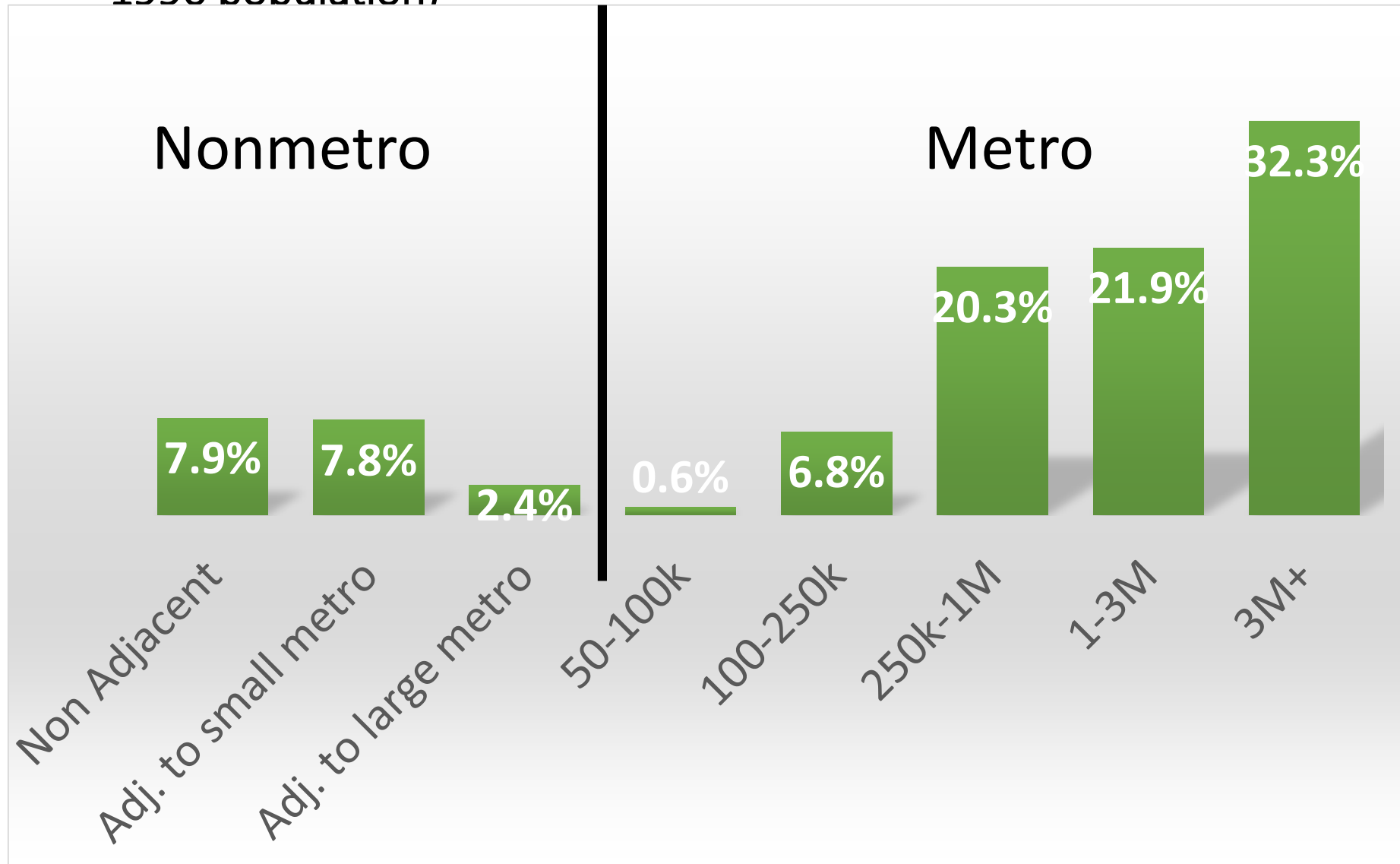
# Vox populi

Italian election results\*, Chamber of Deputies, top four parties, %, March 7th 2018 at 12:00 GMT



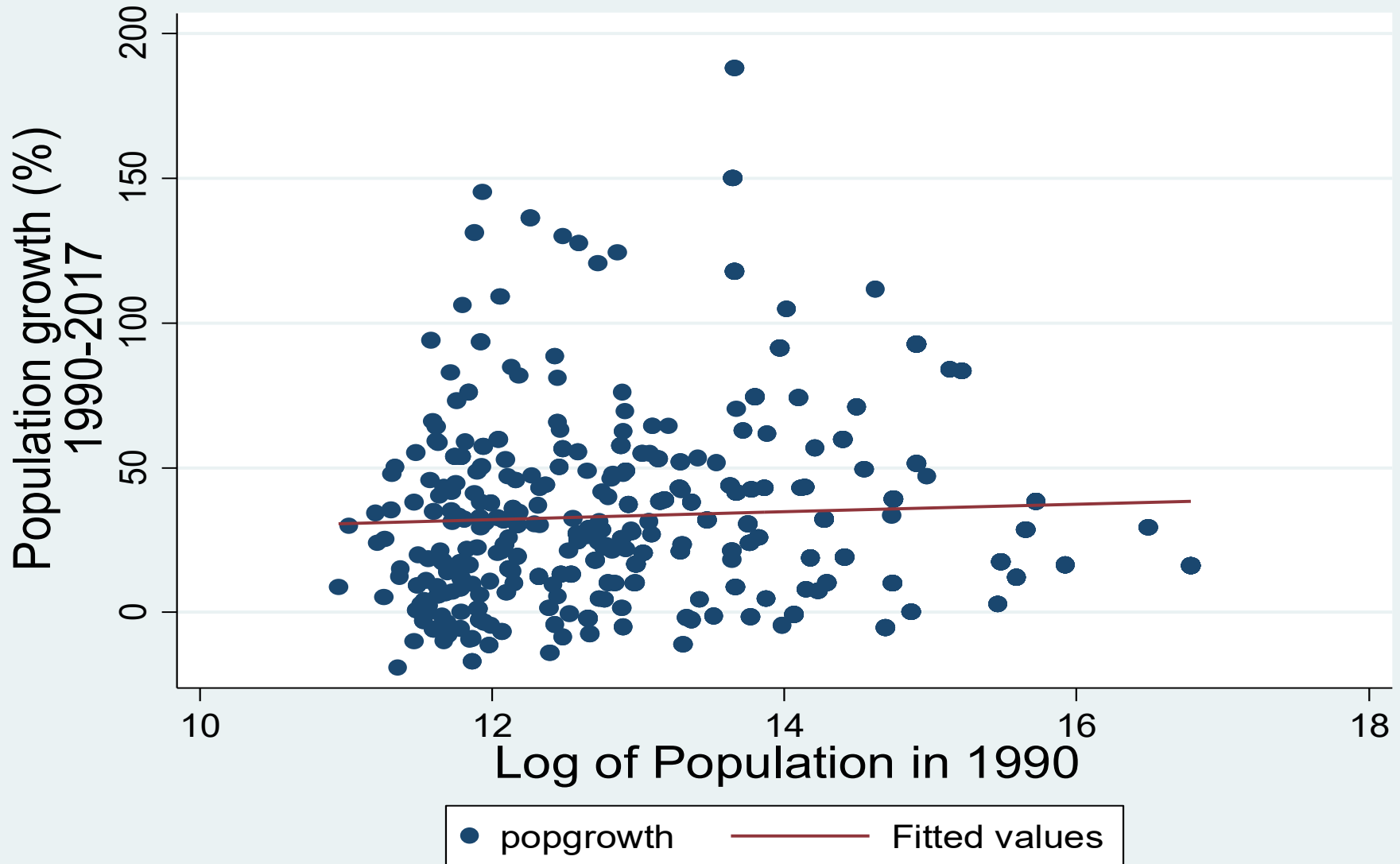
# Share of 2017 population in each category

(1993 USDA and U.S. Census Bureau MSA Definitions using 1990 population)



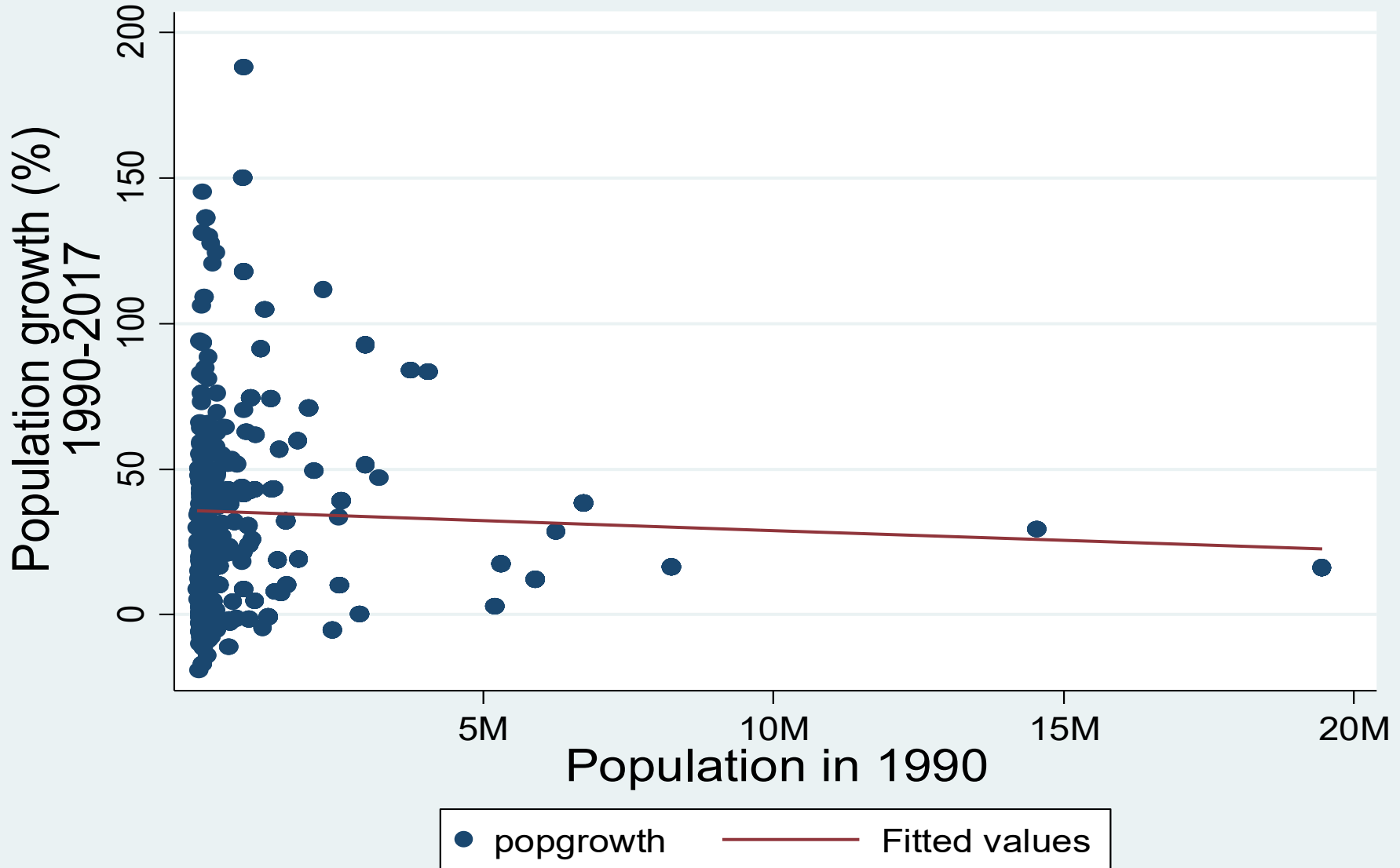
# Population growth (%) vs Population (logs) in 1990

MSAs, 1993 USDA and U.S. Census Bureau MSA Definitions



# Population growth (%) vs Population in 1990

MSAs, 1993 USDA and U.S. Census Bureau MSA Definitions



# Plains States Engines of Growth

## 1990-2000 Population Growth

