WHERE IS RURAL AMERICA HEADING?

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Demographers lament the difficulty of predicting where population trends are heading at anytime, but especially at this point in the decennial census cycle, as we find ourselves in the shadow of the 2000 census. Hampered by a diminished view of where we have been (much less where we are going), we eagerly await the detailed demographic, housing, social, and economic information that is only available once every 10 years. What we do know from population estimates and economic data that are available between censuses is that, for most of the past decade, rural America has been in a period of growth and prosperity. More people are moving in from urban centers than are moving out. Falling unemployment, growing per capita incomes, and rising weekly earnings for rural workers indicate the continuation of a positive economic climate, though recently employment and population growth have been slowing down.

We also know that rural areas continue to be placed at a disadvantage by the small size and relative isolation of rural settlement; traditional rural-based industries are declining as generators of jobs and income; the rural-urban earnings gap is still large and even widened in the 1990's; very high levels of poverty remain in regions throughout the country; and low-wage rural workers face increasingly fierce global competition. Moreover, the economies of individual rural areas differ greatly, as do the opportunities and challenges they face. The answer to the question, "Where is Rural America Heading?" depends to a large degree on where you are. In this paper I highlight differences in population trends among five U.S. regions (Figure 1) and briefly discuss forces at work that are shaping these differences. The regions include the four U.S. Census regions (Northeast, South, Midwest, and West) and an ERS delineation of the Great Plains used in a special issue of *Rural Development Perspectives* focusing on that region (Rowley, 1998). I conclude with a discussion of 3 new Federal data initiatives that will affect how researchers analyze conditions and trends, businesses make location decisions, and federal, state, and local policy makers shape rural programs.

Before answering the question "Where is Rural America Heading?" we must know where it is to begin with. Most research and policy making relies not on the Census Bureau's official definition of "rural," which is a place-based system that excludes all places of 2,500 or more and for many purposes is an outdated concept. Rather, we use the Office of Management and Budget's county-based definition, nonmetropolitan, which includes all counties outside the commuting range of cities of 50,000 or more. In this paper "rural" or "nonmetro" comprises the roughly 2,300 counties that are not part of any metropolitan (metro) area. Together they include 20 percent of the U.S. population (55 million) spread over 80 percent of the land area.

In this decade so far, the rural population grew by 3.6 million, or 7.1 percent compared with just a 1.3 million increase in the entire 1980-90 decade. But that growth has been very unevenly distributed. Figure 2 shows population growth rates for the 5 regions broken into two bars each for the 1980's and the 1990's up through 1998 (the last year that we have county population estimates). A rebound in

growth has clearly occurred in the 1990's, although the graph does not show that annual rates have dropped considerably from a peak in mid-decade. All of the upward change in trend is the product of migration. Natural increase (the excess of births over deaths) has been dropping since the 1980's. The only exception to the rebound that we see on this graph is in the Northeast, where population growth has slowed somewhat since the 1980's. On the one hand, the Northeast did not experience the population declines associated with the 1980's farm crisis seen in the Midwest and the Great Plains; on the other hand, the region has recently been having difficulty holding on to its manufacturing base and has seen cut-backs in some of its resource-based industries.

Figure 2 shows the continuing attraction of both the West and the South, which together accounted for over three-quarters of rural growth during the 1990's. The South actually had larger absolute population growth than the West, adding 1.7 million people onto a much larger population base. The phenomenal population growth rates in the West in the past two decades, which on an annual basis were between 2 and 3 percent a year, compare with the highest growth rates found in developing countries. In this region, population is boosted by both high in-migration and high natural increase, though the contribution from natural increase has been steadily decreasing (Cromartie, 1999)

So, while nonmetro areas as a whole grew by 7 percent during the 1990's, population growth rates ranged from less than 1 percent for the Great Plains to over 17 percent for rural areas west of the front range of the Rockies. Population growth in the rural Great Plains turned around from substantial losses in the 1980's, and in the 1990's the region's metro areas have been growing as fast as those in the West and South. But in rural areas population growth remains quite low.

What accounts for this diversity of regional trends? Of course, regional differences owe much to historical trends in rural economies. We are all familiar with a generalized view of economic transitions where farming and mining give way to manufacturing as the main engine generating jobs and income; manufacturing in turn is replaced by an amenity-driven, service-based economy. But clearly, different regions followed different paths. For instance, the rise of the New South can be traced to the point in time in the early 1960's when the number of manufacturing jobs being created began to outnumber the displacement from agriculture. Among U.S. regions, the South comes closest in smoothly following these transitions.

Primary industries based on resource extraction continue to play a vital role in local economies throughout the country, more so in the Great Plains than elsewhere. Rural parts of the Plains are not participating in the manufacturing and services phases to the same degree as other areas, and therefore have few alternative sources of employment outside farming. The rural West also did not develop a strong manufacturing base to complement its core natural resource industries. So, in many locales, the region appears to be making an unprecendented and at times very stressful leap straight from a primary, resource extractive economy to a tertiary, services-based economy.

Research by David McGranahan at the Economic Research Service has honed in on 3 important factors that are playing a lead role in shaping the rural economy: natural amenities, urban size and accessibility, and the education of the workforce. Amenity-driven migration has been reshaping this country from Snowbelt to Sunbelt for the past 50 years. Moderate climates and scenic features such as lakes and mountains attract new residents and drive recreation- and retirement-based industries. The ERS Natural Amenities Index, combining measures of climate, topography, and presence of surface water, accounts for most of the regional differences in county population growth since 1970 (McGranahan, 1999).

Rural growth is more closely aligned to these natural amenities than to urban or industrial structure, although these also play a role. Amenity-driven retirement migration is already high but promises to accelerate after 2010, when the first baby boomers turn 65.

Accessibility to metro jobs and the economies of scale found in larger cities within nonmetro areas are still important in determining population patterns. Metro areas continue to expand outward into rural hinterlands, adding more nonmetro territory to their outlying fringes and placing more rural residents within their commuting zones. Two-thirds of nonmetro population growth during 1990-98 took place in counties adjacent to metro areas. In areas where the types of amenities measured by the ERS Index are low, such as the Great Plains, urban size and metro accessibility continue to be the best predictors of population growth. Another indicator of the continuing importance of urbanization is the growth of nonmetro cities, to the point where they become metro. In the annual updates since 1993 alone, eight new metro areas have been recognized, three in the South, and five in the West (Figure 3). While nonmetro areas added 3.6 million people during the 1990's, three-quarters of a million people have been reclassified as metro through this continuing urbanization.

Globalization, new technology, and the changing organization of work put a higher premium on education. Areas with a skilled workforce are at an advantage in attracting new, cutting-edge economic activities. There seems to be some movement toward a high-skill path among rural employers, so education and work skills are gaining in importance, as real earnings for high school dropouts decline. According to a recent major survey of manufacturers conducted by ERS, both rural and urban manufacturers report rising skill requirements and consider labor quality to be their most pressing problem (McGranahan, 1998). Areas with high levels of education, such as the Great Plains, may be poised to capture a share of new economic growth in flexible manufacturing and other information-based activities requiring high levels of human capital. But education also stimulates rural outmigration, because most opportunities available to those with a good education are elsewhere. High educational standards cannot attract new business when the best and brightest have moved away.

Geographic patterns of population growth and decline show the effects of these three forces (Figure 4). High-amenity growth areas are found not just in the intermountain West but also in the upland South and the lake country of the upper Midwest. The bulk of counties losing population can be found in the Great Plains, where lack of amenities, sparse settlement structure, and the high quality of its education combine with farm consolidation to stimulate out-migration.

I want to conclude by mentioning three federal initiatives that are changing the way we define and collect information about rural and small town America, in ways that could have a significant impact on the future of rural areas themselves. The Office of Management and Budget recently undertook a major evaluation of the metropolitan area system and is currently proposing new standards for delineating "core-based statistical areas" for the 2000 census and beyond. This includes the delineation of close to 500 "micropolitan" areas, based around cities of 10,000-50,000. The identification of important regional trade centers partially addresses the lack of statistical differentiation within nonmetro territory----the fact that 80 percent of U.S. territory essentially is treated as the nonmetro residual. If the 1990 data are a good guide, the 50 million nonmetro residents would be divided roughly in half, between those living in micropolitan centers and those in the remaining rural and small town areas outside micropolitan commuting zones. If adopted, these areas would be an important tool for researchers and policy makers; they potentially would more effectively target Federal dollars, and would place these areas on the radar of private sector decision-makers making business location choices.

Another criticism received by OMB is that counties are often too big, especially in the West, to accurately delineate the boundary between rural and urban. ERS has completed a project that has mapped out the entire continuum of settlement at the census tract level, allowing us to identify the more rural parts of metro counties. The resulting Rural-Urban Commuting Areas (RUCA's) will soon be available on our website and are already being used to better target clients for rural-based federal programs.

Finally, the American Community Survey (ACS) is a new approach by the U.S. Census Bureau for annually collecting the kinds of demographic, housing, social, and economic data that have been available once every 10 years as part of the decennial census. When fully implemented in 2003, the ACS will be mailed out to 3 million households, a large enough sample to provide annual estimates for population groups of 65,000 each year. For smaller areas, multiple years will be aggregated to accumulate an accurate estimate, but these multi-year averages will be updated every year in order to measure change over time. The ACS will provide timely information needed for planning and evaluating public programs at all levels of government, and will take us out of the information shadow we find ourselves in at this time every decade.

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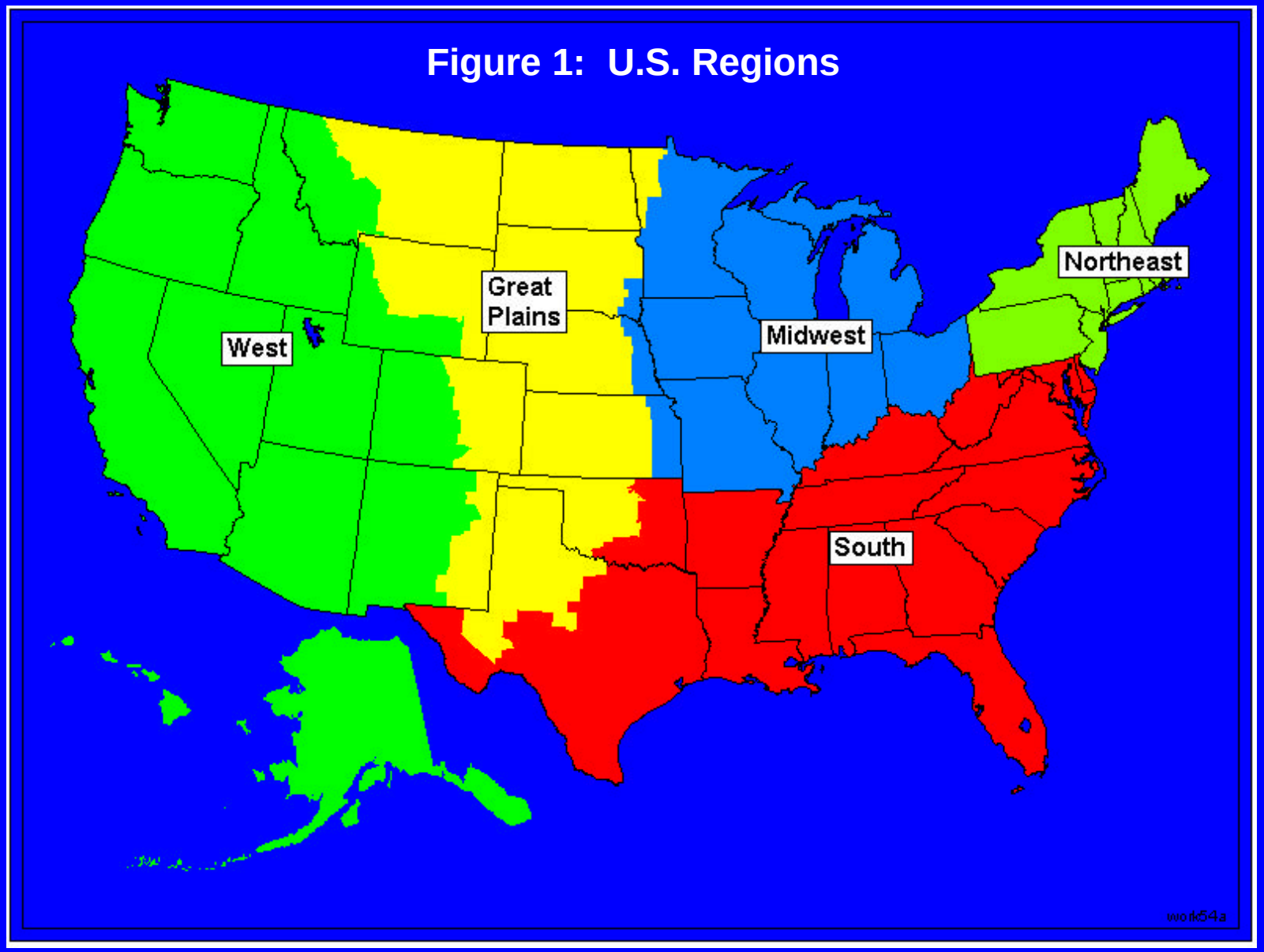
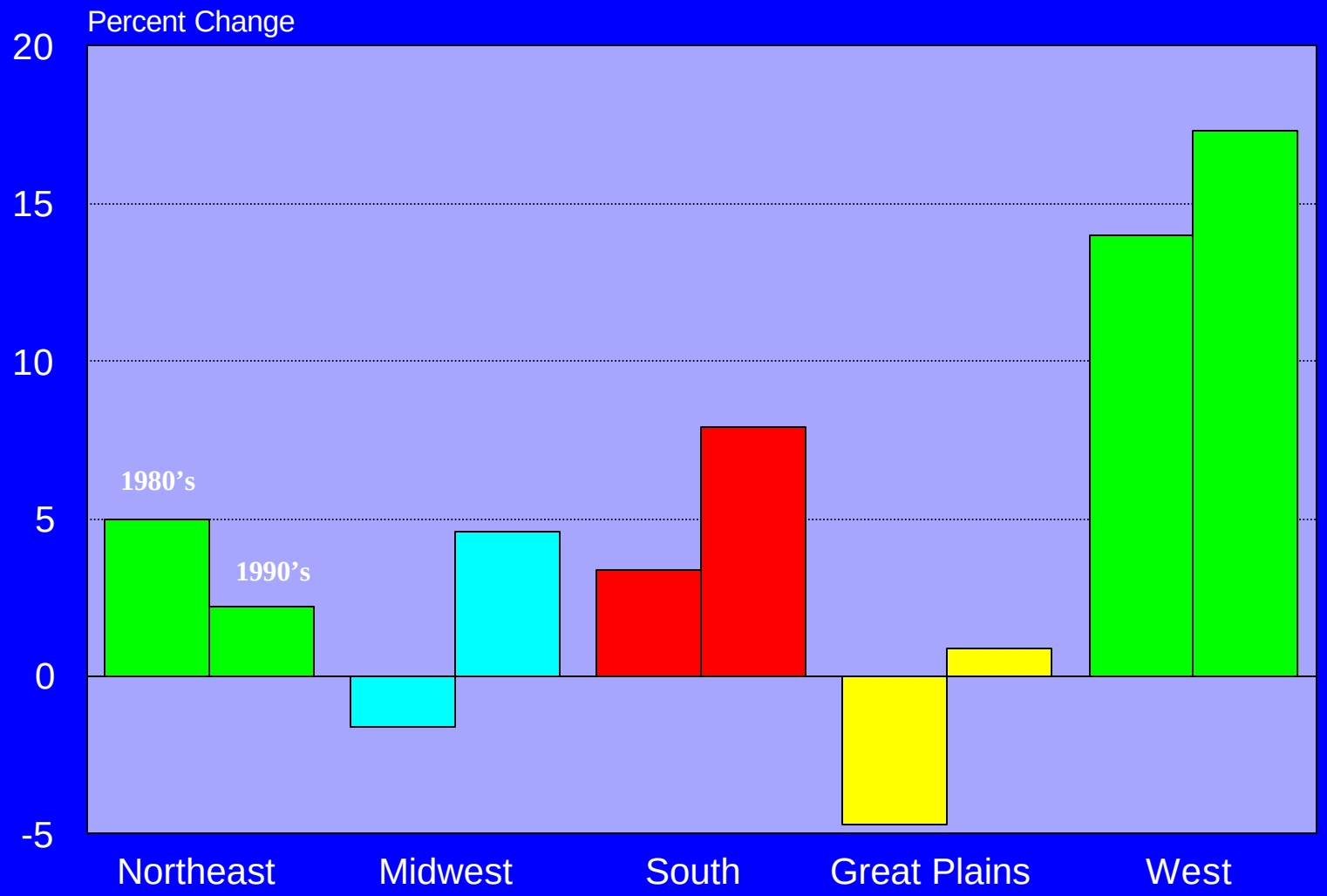
Figure 1: U.S. Regions



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

Figure 2: Rural Population Growth by Region, 1980's and 1990's



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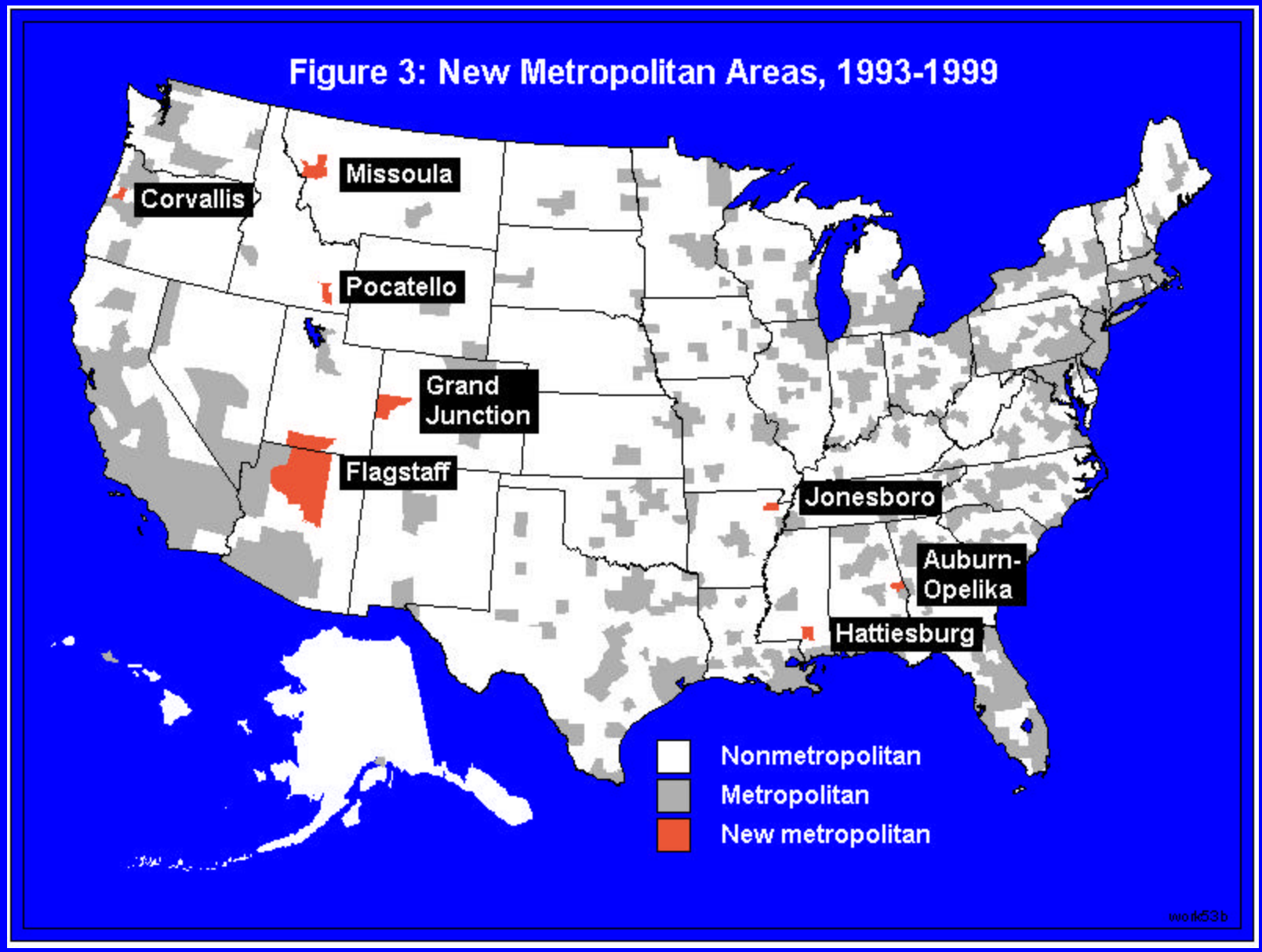

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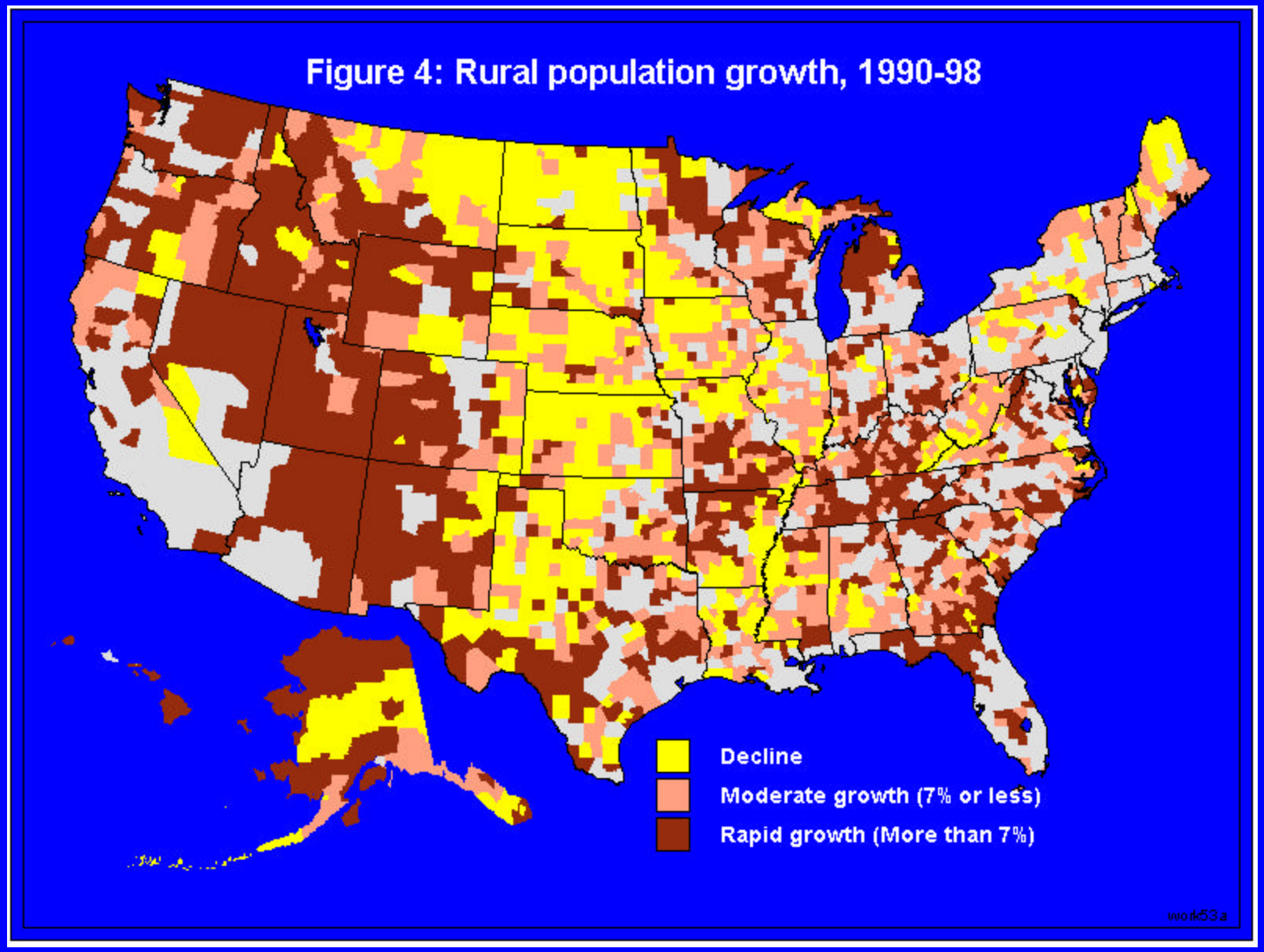

Source: Prepared by Economic Research Service, USDA, using data from the U.S. Census Bureau