Rethinking Rural for Regional Development

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Mark Drabenstott
Director

RUPRI Center for Regional Competitiveness

University of Missouri-Columbia
mark@rupri.org
What is rural?

It all depends on who is asking!
We now have enormous capacity to understand all the ins and outs of “rural.”

But this capacity has value only when we apply it to critical policy questions.
Defining Rural America

- The metro/ nonmetro definitions are not the same as urban/ rural definitions.
- Metropolitan counties contain rural places, and nonmetropolitan counties contain urban places.
- In fact, 51% of all rural residents (30 million people) live in metropolitan counties!
- Nearly 100 metropolitan counties have no urban population whatsoever.
Urbanized Areas, Urban Clusters, and Rural Areas, U.S.

From an economic standpoint, one policy question stands out: How can rural regions best run in the global economic race?
A 21st Century Strategy for Rural Development

1. Why is a regional approach critical?
2. What does it take to win?
3. How to define rural regions?
Globalization handicaps most rural regions.

Critical mass is more important than ever — most rural areas lack it.
Top 10% Counties for Job Creation 1995 to 2005

Denotes rural county

Source: BEA, REIS
Top 10% Counties for *Income Creation*
1995 to 2005

Source: BEA, REIS

Denotes rural county
On net, many rural regions losing ground.

1. Anemic job growth...
2. Weak income gains...
3. And a brain drain.
 MUCH OF RURAL AMERICA IS GETTING A SMALLER SLICE OF THE NATION’S JOBS.

SOURCE: US BUREAU OF ECONOMIC ANALYSIS, REGIONAL ECONOMIC INFORMATION SYSTEMS

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A 21st Century Strategy for Rural Development

1. Why is a regional approach critical?
2. What does it take to win?
3. How to move forward?
What does it take to win?

1. Craft a regional **strategy**.
2. Build robust regional **governance**.
3. Deliberately pursue **innovation**.
4. Grow a lot of **entrepreneurs**.
Regions must...

- Identify their unique competitive advantage — *founded on their distinct economic assets*.
- Chart a course to seize it.
- Prioritize public investments to leverage it.

*Without a strategy, you will not know the “ask” in Des Moines or DC.*
Two Key Strategy Principles

1. Must be founded on the region’s economic strengths (assets). The era of smokestack chasing is over.

2. Must target industries where the region can build synergies around established or potential business clusters.
2. Robust regional governance

Thinking & acting as a region

A regional roundtable is crucial to crafting sound regional strategies — *the region must own it!*

This roundtable must engage public, private, nonprofit leaders.

Who will supply the Round Table?

*Who plays King Arthur?*
Much of rural America rests on the laurels of assembly mfg & commodity agriculture.

- *We must look much further onto the horizon.*
- *The key will be deliberately connecting public research with what each region does best.*

**3. Deliberate investment in regional innovation.**
4. World-class entrepreneurial climate.

Creating this climate will require…

- A change in culture…from we work for “them” to we work for “us.”

- Regional e-ship support systems. *Systematic in approach and regional in scope.*

- Recycling the wealth in new equity instruments. *Don’t bury your talent in the dirt.*
A 21st Century Strategy for Rural Development

1. Why is regional development critical?
2. What’s the new paradigm for development?
3. How to define rural regions?
A Regional Strategy Process

Identify a “region”

Build a “governance” group

Diagnose the region’s competitive advantage

Map region’s assets and potential—ground-level view.

Select “best” economic direction—craft strategy to seize it.

Public Investment Priorities

Private Investment Priorities
What is a rural region?

Two Guiding Principles

1. Regions form best from bottom-up, not top-down.

2. They must achieve some semblance of critical mass, though very difficult to define a priori. For most of America, it probably means 10 to 25 counties. The region may spill across state lines.
What is a rural region?

Two Key Questions

1. What’s the economic geography?
2. What’s the leadership network geography?
Step 1: Identify the Region

- What is the most logical economic region?
- What is the “commuter shed”? “Retail shed”?
- Is there compelling geography?
- Who plays well together in the same sand box?
- Are there historical/cultural factors to consider?
- Is there a business cluster to unite the region?
Step 2: Build Regional Governance

- Who are the regional “champions”?
- Who can provide aegis for the roundtable?
- Which public officials will engage?
- Which private sector leaders will engage?
- Which foundations or non-profits can supply glue?
- Can a university/college bolster the effort?
Western Alabama-Eastern Mississippi WIRED Region

- 1st generation WIRED grant
- Mostly rural
- Driven by 8 community colleges
- No prior regional initiatives
- The state line was huge
What is the WAEM Region?

- 37 counties.
- 1.028 million people.
- Most people (88%) work in the Region … 368,000 jobs.
In OMB terms, 23 *rural*, 9 *micropolitan*, and 5 *metro* counties.

Region suffers in today’s CDBG formulas.

Source: OMB, 2004
Defining the Lake Wobegon Region
KEY PARTNERS

• AgStar Financial
• Southern Minnesota Foundation
• MN Dept. of Employment & Economic Development (DEED)
• Workforce Investments Boards
• Bio Business Alliance
• Expected support from agribusinesses, regional foundations and others
The Minnesota Initiative Foundations

Northwest Minnesota Foundation

West Central Initiative

Southwest Initiative Foundation

Northland Foundation

East Central Initiative Foundation

Southern MN Foundation

http://www.mcknight.org/greatermn/index.aspx
1. How can rural regions best compete in the global economic race.

This is the question of overriding import to rethinking “rural.”
2. Rural regions are not natural acts. How to provide incentives for them to form—and the capacity to act?
3. We need economic information at the most “granular” level in order to aggregate into highly organic regions. “Lake Wobegon” is but the first of many such exercises about to play out across the fruited plain.