Competitive Advantages of Rural America in the Next Century
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Judging by statistics from the past half-century, rural America will continue to grow faster than urban America. The spread of large cities, the creation of new ones, the addition of 30 million more senior citizens, and the diffusion of immigrants into rural areas are powerful forces contributing to rural growth. Rural areas are competitive in a broad range of industries, eventually including significant elements of today’s high wage, urban-oriented growth industries. Some rural places will be left behind, but past policy experience shows that alleviating conditions in distressed rural areas is well within the nation’s capacity. The official statistical system that divides the nation into metropolitan and rural areas misdirects policy discussions by hiding rural growth and obscuring the intertwined nature of urban and rural activities. Four-fifths of rural growth has occurred in areas reclassified as metropolitan, and two-fifths of all farmers farm in metropolitan America.

My assignment for this article was straightforward: you “should achieve one essential mission: identify where rural America’s comparative advantage may lie in the coming century.” “Peer into the future” and determine “from where the new economic engines for rural America are going to come.” Mission impossible? Perhaps. Mission essential? Definitely. As Nathan Keyfitz (1987), the noted demographer at Harvard University once wrote, “Standing against this assertion of the absolute impossibility of knowing the future is the absolute necessity of a picture of the future if behavior is to have any sense” (p. 237).

Completing the mission requires going beyond the safe boundaries of empirical social science research and entering the misty realm of forecasting, storytelling, and fantasy. The story I shall tell spans two centuries. It begins in 1900 to give us some perspective on what it means to think ahead a century and to recall the perils of rural life in the midcontinent wilderness only 100 years ago. Then, more humble, we jump to 1950 and modern statistics. They will help us understand today’s rural competitive advantage from the way it has manifested itself over the past half-century. That way, it turns out, is often spectacular and sometimes contradicts the very core of how we think of rural America.

Rural America has important competitive advantages other than being a place to grow or extract natural resources. Its advantages derive from matters of geography,
demography, and policy, as well as economics. A century ago these advantages were less evident, and rural life was fragile.

1900

We begin with a woman’s memoir, *Rachel Calof’s Story: Jewish Homesteader on the Northern Plains* (Rikoon 1995). Her words are a sober testament to rural life and human mettle 100 years ago. The difference between her conditions and ours shows us the huge chasm we must leap to move ahead a century, even speculatively in our mind’s eye. Listen to her:

Our lives were uncomplicated. Our purpose was survival, and through survival the hope that somehow the future would treat us more kindly than the past. (P. 67)

The winters dominated our lives. It seemed that all our accomplishments during the warm season had to be directed to lasting through this one season. Even though this summer justified optimism in our view of the future, we were still in a weak position for the coming ordeal of winter. (P. 69)

We knew that sudden and fearful misfortune was ever close on the prairie. We were terribly vulnerable and we never forgot it. . . . This year [1900] we had planted most of the land in wheat. We had great expectations. . . . A better life awaited just ahead. Dear reader, it was not to be. . . . The storm passed as quickly as it came, and we surveyed the wreckage it had left behind. Ruin and desolation lay all about us. No wheat crop, no hay, the horses dead, the shack full of water, the windows broken out. The soil itself was torn and warped. I suppose this was as good a time and reason as any to give up the long, unequal struggle. But we had become resilient and tempered by hardships and, surprisingly, our first emotions were joy and thankfulness that we had been spared. We had come very close to success this time. Next year might well be the year of fulfillment. (Pp. 75-77)

I must say that personally the most dependable state of affairs that I knew during the many years I lived on the prairie was pregnancy, and soon I was again carrying my usual load. . . . I felt certain that this time I would not come out of it alive. (P. 73)

The ordeal of winter, the long, unequal struggle to survive, the threat of sudden misfortune, the danger of childbirth, and the thin line between tragedy and happiness, all tempered by gratitude for being spared and hope for a kinder future—that was Rachel Calof’s rural America of 1900. True, rural America was diverse then as it is now. Yet, we can reasonably assume that daily life for rural Americans in 2100 will be as different from life today as the Calofs’ was.

A timid thinker cannot leap from Rachel’s reality—the nearest doctor sixty miles and three days away, the life-saving properties of straw when the winter fuel is gone—to our reality of medical advice provided through the Internet, with medicine and other city goods delivered overnight by airplane. The rare creative soul who can make such a fantastic leap probably leaves behind all tethers to social science, not to mention an audience dedicated to the pragmatic consideration of economic realities and public policy directions.
1950

I feel more confident trying to peer ahead fifty years, aided not by autobiography but by modern statistics and a thought experiment. Imagine we had convened here in 1950. What would we have had to anticipate in order to predict how rural America would evolve from 1950 to today? What can we learn about the changes ahead by looking backward and examining the changes of the past fifty years? What has happened to the rural America of 1950?

The 1950 census marked the debut of the standard metropolitan area. The interagency Federal Committee on Standard Metropolitan Areas developed this concept because “for many types of social and economic analysis it is necessary to consider as a unit the entire population in and around the city whose activities form an integrated social and economic system” (U.S. Department of Commerce 1953, 27). Then and now the basic building blocks are counties. A metropolitan area had at least one city with 50,000 inhabitants or more to which were added contiguous counties if “they are essentially metropolitan in character and socially and economically integrated with the central city.” The criteria for inclusion concerned the number of “nonagricultural workers,” population density, commuting to and from the county with the largest city in the metropolitan area, and the volume of telephone calls to that county (an average of four or more calls per month per phone subscriber).

Here was the beginning of the statistical separation of the United States into places that were parts of metropolitan areas and those that were not. This bifurcation continues today and shapes the information we receive and, therefore, how we think about rural areas. “Nonmetropolitan” areas are not defined in terms of rural character. They are simply counties that lack a medium-size city or a qualifying combination of population density and commuting. The term nonmetropolitan has caught on to such a degree that even the U.S. Department of Agriculture (1995) routinely includes in reports phrases such as “the terms rural and nonmetro are used interchangeably in this report” (p. 25).

Using these definitions, the 1950 census revealed that urban America had grown faster than rural America. It leaped 21 percent between 1940 and 1950, adding 15 million people. Rural America was not declining. Its population increased 7 percent, adding 4 million people. Yet, there were 12 percent fewer farms in 1950 and 7 million fewer people living on farms. Rural America was home to 44 percent of the U.S. population in 1950, down from 47 percent a decade before.¹

Against this background of relative rural decline, similar to present trends, had I argued in 1950 that rural America had certain key competitive advantages and would grow faster over the next half-century than urban America, I probably would not have been taken seriously. But I would have been right. From 1950 through 1999, rural America grew 89 percent compared to 72 percent for urban America. In absolute terms, the numbers are almost equal: rural America added 58 million people, and urban America 61 million people. If I had predicted that 146 million people
would be living in urban America and 124 million in rural America by 1999, I would have been almost exactly on the mark.²

How can that be? According to the U.S. Bureau of the Census, about 20 percent of the U.S. population was in rural America in 1999, not the 46 percent of my totally valid “prediction.” The explanation is simple. Between 1950 and the present, the Office of Management and Budget took 564 counties out of rural America and reclassified them as metropolitan (see Figures 1 and 2). Today, some 71 million people, one-fourth the U.S. population, live in what was rural America in 1950 but is considered urban America today.

Thus, when we contemplate the future of rural America and new policy directions, we must be careful of what rural America we are discussing. Much attention has focused on the brain drain of people moving from rural America to the employment opportunities and city lights of urban America. In the metropolitanization of 1950s rural America, however, the people did not leave. Urban America came to them. One-third of the residents in 1950 rural America were absorbed into urban America without leaving home.

The magnitude of this force on the future of rural America should not be underestimated. Rural America has great competitive advantages for urban development, not the least of which is abundant land available in large lots, generally uncontaminated and undeveloped, at relatively low prices.

FORMERLY RURAL AMERICA

The implication of this lesson from the 1950s is powerful. Much of what we consider rural America today will be urban America in 2050. The cause is twofold. Part is geographical destiny, the result of being near metropolitan areas. Part is economic growth centered on small cities. As rural areas grow in employment and population, they cross the statistical divide of the Office of Management and Budget. They become metropolitan areas and disappear from the statistics and roll call of rural America.

Perhaps we should recognize at least three categories—urban, formerly rural, and still rural—when we analyze the condition and future of rural America and consider policies to promote its desirable evolution. We might even dare to call them nonrural, mixed rural, and rural. We conscientiously track urban versus rural, but we can learn further lessons about rural development by keeping track of formerly rural as well.

This metropolitanization of rural America creates tremendous employment opportunity. Formerly rural America added 21 million jobs between 1969 and 1997. Its increase of 136 percent far outpaced the rest of urban America, which grew 59 percent, and the rest of rural America, which grew 55 percent.³ Viewed in another way, formerly rural America has added more jobs since 1969 than currently exist in the entire state of California. Formerly rural America is a vibrant place, and much of today’s rural America will become formerly rural.
FIGURE 1. Metropolitan America, 1950

FIGURE 2. Metropolitan America, 1999
There is no reason to expect the metropolitanization of rural America to cease. The interesting question is what percentage of today’s rural America is likely to turn, or be turned, to urban within the next fifty years. A guess, a very crude initial estimate, can be made using the rural-urban continuum county code developed by the U.S. Department of Agriculture (Butler and Beale 1994). Three of its nine categories are rural counties physically adjacent to metropolitan areas and economically linked to them.

More than one-half of today’s rural population lives in these adjacent counties, 31 million people. Another 7 million live in rural areas whose counties include city populations of 20,000 or more; with some growth, they could become metropolitan, too. In fact, only 31 percent of the people in today’s rural America live outside these adjacent small cities and counties. Merely 6 percent of the nation’s population, that rural core is nevertheless a multitude: 17 million rural folks, almost equal to the population of New York, the third largest state.

If the lesson of the 1950s holds true, and there is no sign that the outward expansion of large cities and the growth of small cities are abating, the metropolitan geography of 2050 will look very different from today’s. The version in Figure 3 adds the adjacent counties and small-city counties to the metropolitan landscape. In fact, not all of these counties will become metropolitan, and some shown as remaining rural will become metropolitan. In the previous half-century, the home counties of 36 percent of the rural population became formerly rural, not 69 percent as suggested by Figure 3. A more careful analysis can produce better numbers.

The rural America of 1950 found room for another 58 million people. Rural Clark County, Nevada, jumped from 48,000 people to 1.2 million in becoming metropolitan Las Vegas; rural Pima County, Arizona, expanded from 141,000 to 804,000 in becoming metropolitan Tucson; and rural Gwinnett County, Georgia, grew from 32,000 to 546,000 while being absorbed into metropolitan Atlanta. Where will the next extra 60 million folks locate in rural America, or 40 million, or 80 million? Where will the next Las Vegas and Tucson be? Whatever the answers, one thing is certain: much economic opportunity will occur for rural Americans as large cities spread and new ones emerge.

THE ECONOMIC CHARACTER OF RURAL AMERICA

What happens to the character of rural America and its economic activities when they become absorbed into metropolitan America? Before answering this question, we need a working definition of rural America. The official dichotomy between metropolitan and nonmetropolitan counties is of limited value. What should we expect when rural is simply defined as that which does not qualify to be metropolitan, that which lacks a metropolitan character? Rural is literally a nonplace—nonmetropolitan because it does not meet certain requirements of population size, density, and commuting.
Yet, rural is more than a nonsense, an absence of certain city and suburb conditions. Rural also goes beyond another, sometimes-used census definition: anything that is not in a town or city of 2,500 residents or more, another nondefinition that defines rural by what it is not. Perhaps it is more fruitful to start with economic function, not with population clusters and commuting. There are certain things that rural areas do well, and we probably share a good sense of what rural is.

Farms, ranches, forests, and mines—these are the loci of rural activities, the old, old economy, the primary sector. They cannot be done with lots of people around. People trample the corn, complain of livestock odor and dust, start forest fires, and initiate lawsuits when blasting or mine subsidence damages their homes. The primary sector and related secondary activities in manufacturing such as food processing, saw milling, and farm machinery create economic clusters from which rural regions can prosper. They are unique to rural areas because they are resource based.

Rural areas also house economic activities for which we seek out separation, a location apart. The list is long and varied. Most are relatively self-contained communities. Some are located apart by deliberate government policy, including Native American reservations, university campuses, military bases, and prisons. Others are located apart by the private sector, including manufacturing branch plants, tourism resorts, and retirement villages.
Rural America is also the home of reserves, places set aside. Here, we find most of our national parks, wilderness areas, wildlife sanctuaries, national and state forests, flood plains, regional landfills, test grounds, strategic petroleum storage depots, national rivers and trails, and missile ranges.

Finally, no sketch of rural America can be complete without small towns and cities, the places where the pace is a bit slower, the crimes fewer, and all the children above average. Like rural America in general, they can be sketched in rich, happy colors or dreary, grim ones. Both portraits are true to life somewhere, sometimes.

Rural America has certain economic disadvantages—a small labor force and lower population density. They translate into less local market demand, more limited production capacity, and fewer business services. Rural America lacks those city amenities most prized by readers of *Money* magazine when they rank the nation’s best places to live each year. Missing are professional major league sports teams, five-star restaurants, symphonies, opera, dance, theater, museums, classical music radio stations, art galleries, large public libraries, zoos, amusement parks, and more. Rural America also does not offer recent college graduates large numbers of their peers to join in work and play. It does not offer the frail elderly first-rate, highly specialized medical care. It does not offer parents of young children outstanding college-preparatory schools with a full spectrum of advanced placement courses and foreign languages. In short, almost by definition, rural America cannot compete with large population concentrations in making possible a great specialization and variety in both production and consumption.

On the other hand, rural America has numerous competitive advantages. It offers its own amenities—natural areas, outdoor recreation, broad vistas, peaceful sunsets. It also offers what might be called AMENities—freedom from congestion, crime, commuting, pollution, change, diversity, and the conflicts of urban life. It also offers lower land costs, lower building costs, lower housing prices, lower labor costs, lower security costs, lower parking costs, and lower taxes. Since the 1930s, these cost advantages have been translated into public policy designed to attract manufacturing branch plants and their postindustrial variants including back offices, reservation services, and information centers.

The Internet follows the telephone, airplane, and interstate highway as the latest innovation to lower greatly the cost of communication and transportation to and from rural areas. With these lower costs, people ask, will there be a rural renaissance? Will rural areas become more competitive? The advantages to rural residents as consumers are evident; the huge inventory of three or more massive bookstores is now available in most parts of rural America, to cite but one traditional city amenity. The advantage to rural areas as producers is less clear. True, the Internet can bring the market to rural producers, but can rural producers achieve the scale necessary for warehouses, order fulfillment, and other aspects of Internet sales? The answer appears to be yes, judging by statistics that show how rural America has adapted to opportunities in the past half-century.
THE METROPOLITANIZATION OF RURAL AMERICA

Rural America disappears into metropolitan America in the way we keep and analyze statistics, but in a far truer sense, it does not. If we define rural America in terms of its hallmark industries, its small-town lifestyle, and its open spaces, much of rural America is doing well and prospering within metropolitan America. The dichotomy of metropolitan-nonmetropolitan is a false one and does us a disservice when we incorrectly take those words to mean urban-rural or city-country. When we think about rural America, when we search for rural economic opportunities and formulate rural policy options, we should not stop at the official metropolitan line. The border between the U.S. Departments of Housing and Urban Development and Agriculture, between urban and rural policy, should not be drawn there. We need a reunification of rural America in the way we think about rural America.

Rural policy and urban policy should recognize the interaction and juxtaposition of urban and rural activities and urban and rural people within metropolitan areas. The point here is not only farmers’ markets, bed and breakfasts, country inns, property taxation and farmland, annexation, growth control, and conflicts of lifestyles between new and established residents on the urban fringe—important as those things are—but also and especially the viability of hundreds of thousands, if not millions, of rural jobs within metropolitan areas. Much of rural America exists within metropolitan America.

Farming is the ultimate example. Using as the measure of outcome the ability of farmers to stay in farming, farming does best not in rural America but in formerly rural America. In 1997, there were 785,000 farmers and farm employees in the metropolitan counties of the former rural America. The number is down from 964,000 in 1969. Yet, that retention rate of 81 percent is considerably higher than the 71 percent rate in rural America. There are even 357,000 farmers within the boundaries of 1950 metropolitan America, and their retention rate is 79 percent. Thus, well over 1 million people farm within today’s metropolitan America, almost two-fifths of the nation’s farmers (Table 1). The country is alive and well in the city.

The relatively high retention rates of metropolitan farmers suggest that there might be some advantages to farming in the proximity of cities. Three testable hypotheses come quickly to mind. In metropolitan areas, members of farm households are more likely to obtain and hold off-farm jobs. Also, some farmers can sell off pieces of land from time to time to raise capital and funds for other purposes. Finally, some farmers may be able to provide specialty crops and other goods to local markets and wholesalers.

Manufacturing, on the other hand, does particularly well in rural America. Together, rural America and formerly rural America added more than 2 million manufacturing jobs between 1969 and 1997, while 1950 urban America lost more than 3 million jobs. Rural and formerly rural America now have 84 percent as many manufacturing jobs as urban America, up from 48 percent in less than three decades (Table 2).
Formerly rural America has the fastest growth rate for manufacturing jobs, 42 percent over twenty-eight years. Next comes presently rural America. Whereas it may have once seemed heroic to attract manufacturing jobs to rural areas, rural America now has proportionately more manufacturing jobs than either formerly rural America or urban America. There is an important implication here for the potential of rural America to secure jobs in the new economy. Because rural America can supply the labor force, infrastructure, and logistics sufficient for manufacturing activities, it ought to be able to do the same for similar activities involved in e-commerce warehouses and distribution centers.

The manufacturing case also shows how certain urban jobs and industries are spun off to rural areas. In the next half-century, other jobs will follow—also drawn to the competitive advantages of rural areas, also made possible by technological change.

**THE NEW ECONOMY AND THE OLD**

Much of the new economy is so new that it does not yet appear in the latest federal statistics. The most recent *County Business Patterns (CBP)* provides data for 1997, a time before the Internet, e-commerce, dot.com, and the digital divide became part of popular culture and commercial life. Yet, the 1997 data provide some clues about rural America’s potential role in the new economy.

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**TABLE 1. Farming Employment by County Type**

<table>
<thead>
<tr>
<th>County Type</th>
<th>n</th>
<th>Jobs 1969</th>
<th>Jobs 1997</th>
<th>Change</th>
<th>Retention</th>
<th>Total 1969</th>
<th>Farm/ Total 1969</th>
<th>Farm/ Total 1997</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rural</td>
<td>2,249</td>
<td>2,549,462</td>
<td>1,800,021</td>
<td>–749,441</td>
<td>71%</td>
<td>14.6%</td>
<td>6.6%</td>
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<tr>
<td>Formerly rural</td>
<td>557</td>
<td>963,620</td>
<td>784,752</td>
<td>–178,868</td>
<td>81%</td>
<td>6.3%</td>
<td>2.2%</td>
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<tr>
<td>Urban 1950</td>
<td>274</td>
<td>450,092</td>
<td>357,494</td>
<td>–92,598</td>
<td>79%</td>
<td>0.8%</td>
<td>0.6%</td>
<td></td>
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<tr>
<td>All</td>
<td>3,080</td>
<td>3,963,174</td>
<td>2,942,267</td>
<td>–1,020,907</td>
<td>74%</td>
<td>4.4%</td>
<td>1.9%</td>
<td></td>
</tr>
</tbody>
</table>

*Source: U.S. Department of Commerce (1999b) and author’s calculations.*

**TABLE 2. Manufacturing Employment by County Type**

<table>
<thead>
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<tbody>
<tr>
<td>Rural</td>
<td>2,249</td>
<td>3,559,962</td>
<td>4,387,759</td>
<td>827,797</td>
<td>23%</td>
<td>20.3%</td>
<td>16.1%</td>
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<tr>
<td>Formerly rural</td>
<td>557</td>
<td>3,132,441</td>
<td>4,449,079</td>
<td>1,316,638</td>
<td>42%</td>
<td>20.5%</td>
<td>12.3%</td>
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<tr>
<td>Urban 1950</td>
<td>274</td>
<td>13,816,570</td>
<td>10,536,902</td>
<td>–3,279,668</td>
<td>–24%</td>
<td>23.9%</td>
<td>11.5%</td>
<td></td>
</tr>
<tr>
<td>All</td>
<td>3,080</td>
<td>20,508,973</td>
<td>19,373,740</td>
<td>–1,135,233</td>
<td>–6%</td>
<td>22.7%</td>
<td>12.5%</td>
<td></td>
</tr>
</tbody>
</table>

*Source: U.S. Department of Commerce (1999b) and author’s calculations.*

Formerly rural America has the fastest growth rate for manufacturing jobs, 42 percent over twenty-eight years. Next comes presently rural America. Whereas it may have once seemed heroic to attract manufacturing jobs to rural areas, rural America now has proportionately more manufacturing jobs than either formerly rural America or urban America. There is an important implication here for the potential of rural America to secure jobs in the new economy. Because rural America can supply the labor force, infrastructure, and logistics sufficient for manufacturing activities, it ought to be able to do the same for similar activities involved in e-commerce warehouses and distribution centers.

The manufacturing case also shows how certain urban jobs and industries are spun off to rural areas. In the next half-century, other jobs will follow—also drawn to the competitive advantages of rural areas, also made possible by technological change.
A good starting point is national CBP data for 1990 and 1997. The high-wage industries that created the most jobs over that period were health services (2.5 million jobs), engineering and management services (708,000), computer and data-processing services (680,000), wholesale trade (482,000), and security and commodity brokers (264,000). How did rural America fare in attracting these jobs? Are there signs in the 1997 data that rural America is and will actively participate in the new economy?

Answering these questions is not just a matter of looking up data. Much employment information within CBP is suppressed by the U.S. Bureau of the Census to protect the confidentiality of companies. The numbers shown in Table 3 result from estimating the employment in each county and then adding up the numbers by county for urban, formerly rural, and rural America. The table shows the percentage of each high-wage growth industry found in each type of county and its location quotients. Take the location quotient of 1.49 for security and commodity brokers in urban areas as an example. Formed by dividing the urban areas’ share of the nation’s employment in security and commodity brokers (88 percent) by the urban areas’ share of the nation’s total employment (59 percent), the location quotient of 1.49 literally means that urban areas have one and a half times their proportionate share of security and commodity broker jobs. Whenever an area has a greater share of a particular industry than it does of all jobs, the location quotient is greater than one. Hence, the area is relatively specialized in that industry and presumably has a competitive advantage.

Both rural areas and formerly rural areas lag behind the 1950 urban areas in every growth industry examined here. The urban areas have more than their proportionate share, and the rural areas lag more than the formerly rural ones. For example, urban America has 136 percent of its share of the software industry, formerly rural America has 74 percent, and rural America has only 12 percent.

Yet, there are signs of rural economic opportunity in these numbers. Sticking with the software industry, 2 percent of all jobs are in rural areas and 19 percent are in rural or formerly rural areas. Existence proves possibility. These numbers indicate that the stories of “lone eagles” are true. People can do new economy jobs in rural areas. In 1997, there were 5,700 software jobs in rural areas and another 44,000 in formerly rural areas. The broader industry, computer and data services, provided 38,000 jobs in rural areas and another 290,000 in formerly rural areas. Catalog sales, not a growth industry, but shown as a possible precursor and indicator of internet sales, yielded 22,000 and 40,000 jobs in rural and formerly rural areas, respectively. Wholesale trade, perhaps an indicator of the capacity to handle e-commerce order fulfillment facilities, provided 758,000 rural jobs. Health services is the only growth industry in which rural America already has close to its share. Indeed, hospitals are the single largest employers in many rural counties.

The traditional competitive advantage of rural areas in primary and related secondary industries remains important (see Table 4). These results are consistent with our mental sketch of rural America. For example, rural America has three times its share of meatpacking and poultry processing, once urban activities, too. Perhaps the
newest development is the motor vehicle industry. Urban areas still have the majority of jobs, but rural areas now have 191,000 jobs, or 23 percent. The rural America of 1950 has close to half the automobile manufacturing jobs—something probably unthinkable fifty years ago. The results for hotels and motels give credence to the many claims that travelers and tourists can be important parts of rural economies. Hotels and motels alone provide some 310,000 jobs in rural areas, and the rural America of 1950 has half the nation’s hotel and motel employment.

Taken together, these results for the old and new economies suggest that rural America abounds in opportunity. Because rural areas have succeeded in providing a large enough workforce for the automobile industry, they ought to be able to do the same for significant components of the new economy. There seems to be little that is not possible in rural America. Traditionally rural industries continue to provide jobs. Traditionally urban jobs flourish in rural areas, too, and new economy jobs do not stop at the city line either.

**SENIOR CITIZENS AND IMMIGRANTS**

The aging of America provides a demographic source of economic opportunity for rural America. Many an economic development professional has recognized that the retired elderly create jobs when they move into an area and spend their retirement pensions, social security income, and savings. Many places have already entered the competition to entice elderly migrants as a deliberate economic development strategy.
The prospects for revitalizing rural America with the money of the baby boom generation seem enormous. The U.S. Bureau of the Census (2000) projects almost a doubling of the elderly population from 2000 to 2025. There will be 63 million elderly in 2025, 28 million more than today. The elderly are perhaps the wealthiest retired generation in the nation’s history and are expected to seek out retirement homes and condominiums in desirable settings.

Census estimates for the 1990s do not provide data on county-level migration of the elderly. There are data on changes in the number of elderly, but those numbers combine the effects of younger age groups crossing the sixty-five-year line (“aging in place”) with the effects of migration. The basic facts seem to be that rural America had the lowest percentage increase in elderly population in the 1990s when compared to formerly rural America and urban America (see Table 5). The elderly constitute a greater share of the rural population, but that can stem from the out-migration of younger people as well as from the in-migration of retirees. In fact, the increase in the elderly population was a smaller part of the total population increase in rural areas compared with other areas.8

The history of specific areas is far more instructive than gross aggregates to understand the power of the elderly to transform rural America. Four criteria pinpoint thirty-six illustrative counties. Their populations increased at least 10 percent in the 1990s, their elderly populations grew at a faster rate than their total populations and increased by at least 1,000 people, and the elderly share of their 1999 populations is more than 19.2 percent, one and a half times the national elderly share. All the counties that meet these criteria were rural in 1950, and one-half remain

### Table 4. Shares of National Employment and Location Quotients (LQs) for Selected Old Industries, 1997

<table>
<thead>
<tr>
<th>Industry</th>
<th>Standard Industrial Classification</th>
<th>Rural %</th>
<th>LQ</th>
<th>Formerly Rural %</th>
<th>LQ</th>
<th>Urban %</th>
<th>LQ</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forestry</td>
<td>0800</td>
<td>62</td>
<td>3.52</td>
<td>22</td>
<td>0.97</td>
<td>16</td>
<td>0.26</td>
</tr>
<tr>
<td>Farming</td>
<td>0100</td>
<td>61</td>
<td>3.48</td>
<td>27</td>
<td>1.14</td>
<td>12</td>
<td>0.21</td>
</tr>
<tr>
<td>Lumber and wood products</td>
<td>2400</td>
<td>55</td>
<td>3.11</td>
<td>24</td>
<td>1.04</td>
<td>21</td>
<td>0.36</td>
</tr>
<tr>
<td>Meat products</td>
<td>2010</td>
<td>54</td>
<td>3.05</td>
<td>21</td>
<td>0.92</td>
<td>25</td>
<td>0.42</td>
</tr>
<tr>
<td>Mining</td>
<td>1000-1400</td>
<td>42</td>
<td>2.41</td>
<td>21</td>
<td>0.91</td>
<td>36</td>
<td>0.61</td>
</tr>
<tr>
<td>Food and kindred products</td>
<td>2000</td>
<td>32</td>
<td>1.81</td>
<td>23</td>
<td>0.98</td>
<td>45</td>
<td>0.77</td>
</tr>
<tr>
<td>Apparel and other textile products</td>
<td>2300</td>
<td>31</td>
<td>1.76</td>
<td>16</td>
<td>0.70</td>
<td>53</td>
<td>0.89</td>
</tr>
<tr>
<td>Motor vehicles and equipment</td>
<td>3710</td>
<td>23</td>
<td>1.33</td>
<td>25</td>
<td>1.08</td>
<td>52</td>
<td>0.87</td>
</tr>
<tr>
<td>Hotels and motels</td>
<td>7010</td>
<td>19</td>
<td>1.08</td>
<td>31</td>
<td>1.31</td>
<td>50</td>
<td>0.85</td>
</tr>
<tr>
<td>Total employment</td>
<td>18</td>
<td>1.00</td>
<td>1.00</td>
<td>23</td>
<td>1.00</td>
<td>59</td>
<td>1.00</td>
</tr>
</tbody>
</table>

Source: U.S. Department of Commerce (1999a) and author’s calculations.
rural today. Seventeen are in Florida, five in Texas, four in North Carolina, two in Arizona and Washington, and one each in six other states.

Statistics for Lee County, Florida, demonstrate the economic potential of gray growth. In 1950, Lee County was a rural county of 23,000 residents, not adjacent to any metropolitan area. Today, it has more than 400,000 residents, and its 103,000 senior citizens are 26 percent of its population. Its elderly population increased 20,000 or 24 percent between 1990 and 1999. In short, fifty years sufficed to transform a small rural county into the Fort Myers-Cape Coral metropolitan area.

Other rural counties had similar experiences. Some like Lee became the core of new metropolitan areas: Brevard, Florida, from 24,000 residents in 1950 to 470,000 in 1999, with 20 percent elderly; Mohave, Arizona, from 8,500 to 134,000, with 22 percent elderly; and Barnstable, Massachusetts, from 47,000 to 213,000, with 23 percent elderly. Others remain rural, among them, Citrus, Florida, from 6,000 residents to 116,000, with 31 percent elderly; Polk, Texas, from 16,000 to 73,000, with 20 percent elderly; Henderson, North Carolina, from 31,000 to 83,000, with 22 percent elderly; Garland, Arkansas, from 47,000 to 84,000, with 23 percent elderly; and Clallam, Washington, from 26,000 to 65,000, with 21 percent elderly. All of these counties and others with similar histories were not adjacent to a 1950 metropolitan county. They grew on their own, propelled to a large degree by senior citizens.

Keeping this half-century perspective in mind, there seems to be no reason that portions of today’s rural America will not have similar senior momentum. Some rural counties will add tens of thousands of residents. The U.S. Department of Agriculture (1995) has identified 190 rural counties that experienced 15 percent or more in-migration of people sixty years or older in the 1980s. With the doubling of the elderly population in the next twenty-five years, many more rural places can expect to become retirement destinations.

TABLE 5. Population Change by Type of Area, 1990-99

<table>
<thead>
<tr>
<th>Measure</th>
<th>Rural</th>
<th>Formerly Rural</th>
<th>Urban</th>
<th>All</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase in the elderly population, 1990-99</td>
<td>450,054</td>
<td>1,517,212</td>
<td>1,489,499</td>
<td>3,456,765</td>
</tr>
<tr>
<td>Percentage elderly increase, 1990-99</td>
<td>6</td>
<td>21</td>
<td>9</td>
<td>11</td>
</tr>
<tr>
<td>Percentage elderly increase as share of total increase</td>
<td>12</td>
<td>13</td>
<td>17</td>
<td>14</td>
</tr>
<tr>
<td>Percentage elderly share of total population, 1999</td>
<td>15</td>
<td>12</td>
<td>12</td>
<td>13</td>
</tr>
<tr>
<td>Elderly location quotient</td>
<td>1.15</td>
<td>0.96</td>
<td>0.96</td>
<td>1.00</td>
</tr>
<tr>
<td>Net domestic migration, 1990-99</td>
<td>1,901,062</td>
<td>5,372,487</td>
<td>-7,272,875</td>
<td>674</td>
</tr>
<tr>
<td>Percentage population increase, 1990-99</td>
<td>8</td>
<td>19</td>
<td>6</td>
<td>10</td>
</tr>
</tbody>
</table>

Immigration is another major demographic force. Highly focused in its location pattern, it seems at first glance to be an urban phenomenon, much like some of the growth industries in Table 3. More than three-quarters of immigrants between 1990 and 1999 live in the 1950 urban areas, and only 5 percent live in today’s rural areas (see Table 6). Yet, that small fraction is 342,000 people and accounts for 9 percent of the total rural population change over the decade.

Statistics for individual counties show the importance of recent immigration as a local economic force. There are seventy-six counties nationally for which net immigration between 1990 and 1999 equals at least 5 percent of their 1999 populations. They include thirty-one rural counties, nineteen formerly rural counties, and twenty-six urban counties. Pushing the criterion to 10 percent leaves twenty counties, of which nine are rural, two formerly rural, and nine urban.

The nine metropolitan immigration magnets are famous. They are all counties of the Miami, New York, San Francisco, and Los Angeles areas. The top two are Miami-Dade County and Kings County (Brooklyn, New York City), whose recent immigration of roughly 330,000 each is 15 percent of their 1999 populations. Far less well known are rural counties such as Presidio, Texas, whose 1,900 recent immigrants are 21 percent of the population; Santa Cruz, Arizona, 5,300 immigrants and 14 percent; Imperial, California, 19,000 immigrants and 13 percent; Franklin, Washington, 4,700 immigrants and 10 percent; and Seward, Kansas, 2,000 immigrants and 10 percent.

The 2000 census will confirm what many suspect from case studies, personal observation, and the 1990 census: a great and growing role of immigrants in the rural economy. Immigrant workers are extremely important to farming, meatpacking, other food production, textiles and apparel, and several service industries. Immigrants also are key rural professionals, the most visible perhaps being the many foreign-trained physicians in underserved rural areas.

**RURAL PLACES LEFT BEHIND**

A competitive advantage of rural America in the policy realm is that its problems are of a small enough scale that affordable public policy can make a big difference. For evidence, consider the experience of the Appalachian Regional Commission, the nation’s only sustained attempt at national regional development policy. Official Appalachia has 22 million people, with 42 percent in rural areas. Since 1965, a coordinated federal-state effort has built more than 2,000 miles of highways and 800 miles of access roads, constructed or equipped more than 700 vocational and technical facilities, provided funding for 300 primary health clinics and hospitals, and supported more than 2,000 water and sewer systems.

The result has been impressive. The rural counties of Appalachia have grown faster than their twin counties outside the region in income, employment, and population (Isserman and Rephann 1995; Isserman 1997). The differences are stunning:
17 percentage points faster employment growth on average during the period from 1969 to 1993, when rural employment grew 43 percent nationally (see Figure 4). In contrast, the rural counties of another lagging region, the Lower Mississippi Delta, where Congress continues to refuse to initiate a similar program, fell further and further behind their control group, 11 percentage points on average.

The Appalachian Regional Commission (1999, sec. 7.5) uses a grim set of requirements to define its distressed counties. Applying them nationally, 272 counties qualify as distressed based on data from the mid 1990s. Each has more than 150 percent of the national poverty and unemployment rates and less than two-thirds the national per capita market income (personal income minus transfer payments), or twice the poverty rate and at least one of the other two conditions.9 Almost all of the counties are in rural America, with only ten in formerly rural America and four in 1950 urban America (Bronx and Kings in New York City, and Laredo and El Paso in Texas). Ten percent of the people in rural America live in distressed counties compared to 3 percent in both formerly rural America and urban America (see Table 7).

Two arguable implications can be drawn from the statistics in Table 7 and the Appalachian results. First, improving life and alleviating the distressed conditions in the 258 rural counties is well within the wherewithal and capabilities of effective rural policy. Second, the metropolitanization of rural America appears to accomplish much of the task, although that is a testable hypothesis.

The distressed counties exhibit a marked regional pattern. They are found predominantly in central Appalachia, the Lower Mississippi Delta and the associated Black Belt, the Mexican borderlands, and Indian Country (see Figure 5). These region names intentionally evoke the racial and ethnic diversity of rural distress. Yet, for whatever reason and with whatever excuse, only in Appalachia, where the distress is predominantly white, has this nation mustered a sustained and comprehensive rural development policy.

**CONCLUSIONS AND POLICY IMPLICATIONS**

Much of today’s rural America will be the fastest growing part of the nation in the next half-century. The long-term prosperity and growth of this country, the spread

<table>
<thead>
<tr>
<th>County Type</th>
<th>n</th>
<th>Net Immigration</th>
<th>Percentage of Immigration</th>
<th>Location Quotients</th>
<th>Immigrant/Population Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rural</td>
<td>2,292</td>
<td>342,027</td>
<td>5</td>
<td>0.23</td>
<td>9%</td>
</tr>
<tr>
<td>Formerly rural</td>
<td>574</td>
<td>1,391,422</td>
<td>19</td>
<td>0.71</td>
<td>12%</td>
</tr>
<tr>
<td>Urban</td>
<td>274</td>
<td>5,744,574</td>
<td>77</td>
<td>1.43</td>
<td>65%</td>
</tr>
<tr>
<td>All</td>
<td>3,141</td>
<td>7,478,078</td>
<td>100</td>
<td>1.00</td>
<td>31%</td>
</tr>
</tbody>
</table>

FIGURE 4. Growth of the Rural Counties of Appalachia and the Lower Mississippi Delta Relative to Their Twin Counties, 1969-93


FIGURE 5. America’s Most Distressed Counties

Source: Author’s calculations.
of large cities and the creation of new ones, the addition of almost 30 million more
senior citizens, and the accelerated diffusion of immigrants into rural areas are pow-
nerful forces contributing to the development of rural America. Furthermore, rural
areas are competitive in a broad and growing range of industries, which in time
will include significant elements of today’s urban-oriented, high-wage growth
industries.

Some rural places continue to be left behind. We know what our policy response
should be, and we know how to do successful regional development. Yet, we lack
the will and continue to let rural places languish unnecessarily with poverty and
unemployment rates in the 30 to 50 percent range. I once recommended that the
Appalachian Regional Commission become the American Regional Commission
and focus on the problems of the nation’s most distressed regions (Isserman 1997).
The governors of the thirteen states in Appalachia were too smart to support such an
initiative. Why should they, when it would only mean a sharing of resources and
attention with other places and people, many worse off than their constituents?
When recommending policy, we have to consider political feasibility, and we have to
strive to understand why this nation has failed always to initiate and sustain urban
policy, rural policy, or regional policy.

Our current statistical system makes it impossible for us to talk about rural Amer-
ica from a factual foundation, and even misleads us. We must decide what rural is
and then measure it. The proposed new system of megapolitan, macropolitan, and
micropolitan areas will not help (Federal Register, 20 October 1999, pp. 56628–44).
The world does not separate into urban and rural activities at county boundaries.
With the geographical information systems and computer capacity of this age, we
should be able to create statistics for urbanized areas and rural areas, at a minimum
by separating our county statistics into those two components. We must stop being
satisfied with a statistical system that leaves us guessing about conditions in rural
America.

As more than 1 million metropolitan farmers demonstrate, urban and rural are
intertwined. Key policy issues result from the interaction of urban and rural activi-
ties. Many farm families exist by combining farm and city incomes. The continuous

<table>
<thead>
<tr>
<th>County Type</th>
<th>n</th>
<th>Population 1999</th>
<th>Persons in Poverty 1993</th>
<th>Unemployed 1996</th>
<th>Total Type Population</th>
<th>Percentage Located in Distressed Counties</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rural</td>
<td>228</td>
<td>8,402,992</td>
<td>1,635,591</td>
<td>257,869</td>
<td>53,925,500</td>
<td>10.0</td>
</tr>
<tr>
<td>Formerly rural</td>
<td>10</td>
<td>1,955,011</td>
<td>596,840</td>
<td>126,894</td>
<td>71,833,306</td>
<td>2.7</td>
</tr>
<tr>
<td>Urban</td>
<td>4</td>
<td>4,357,484</td>
<td>1,385,033</td>
<td>182,429</td>
<td>146,885,222</td>
<td>3.0</td>
</tr>
<tr>
<td>All</td>
<td>222</td>
<td>11,715,487</td>
<td>3,617,464</td>
<td>567,192</td>
<td>272,644,028</td>
<td>4.3</td>
</tr>
</tbody>
</table>

metropolitanization of rural America is one dimension of that interaction. Yet, metropolitanization does not mean the demise of rural activities. Rural policy must recognize their interaction and ensure that growth happens on fair and wise terms conducive to both rural and urban people and activities.

NOTES

1. These numbers are my calculations. The county data on population and farms in 1940 and 1950 come from the County and City Data Book, Consolidated File, County Data, 1944-77, originally a U.S. Bureau of the Census computer tape now available from the Inter-University Consortium for Political and Social Research housed at the University of Michigan (www.icpsr.umich.edu). A list of metropolitan counties in 1950 can be found in the U.S. Department of Commerce (1953), and the list of metropolitan counties in 1999 can be downloaded from the Census Bureau’s web site at www.census.gov. I added together the data for the 274 metropolitan counties of 1950 and, separately, for the other 2,821 counties. Pitfalls in such work stem from changes in county boundaries, creation of new counties, modifications to the Federal Information Processing System codes, different practices among federal agencies, and suppressed data. The sum of the data for the two groups of counties, however, was between 99.9 and 100.2 percent of the sum of the data for the forty-eight states—the closest to national totals that I could derive for the six variables. Resolving those small discrepancies was beyond the resources, time, and needs of this article. Alaska and Hawaii are not included, since neither was a state in 1950.

2. I derived these figures using the U.S. Bureau of the Census’ estimates of 1999 county populations, as well as the methods, metropolitan definitions, and 1950 data described in the previous note. The 1999 data can be downloaded from www.census.gov. The 1950-99 calculations are based on 274 metropolitan and 2,812 other counties. Nine counties for which there were 1940 and 1950 data lacked 1999 data because of changes in county geography; four are in Virginia and two include parts of Yellowstone National Park. The counties used in the 1950-99 comparisons account for 99.9 percent of the 1950 and 99.6 percent of the 1999 populations of the continental United States. Alaska and Hawaii are again excluded.

3. The employment data are from Regional Economic Information System of the Bureau of Economic Analysis (U.S. Department of Commerce 1999b). The Federal Information Processing System (fips) codes of the Bureau of Economic Analysis (BEA) differ from those of the U.S. Bureau of the Census, the treatment of independent cities in Virginia being the most important departure. I added the BEA fips codes to the metropolitan county file before making the calculations reported here. In all, there are 274 metropolitan, 557 formerly rural, and 2,244 rural counties for which 1969 and 1997 data exist. They account for 99.9 and 99.98 percent of 1969 and 1997 national employment, Alaska and Hawaii again being excluded.

4. Here, I used the U.S. Bureau of the Census population estimates mentioned in note 2 and the classification of counties created by the Economic Research Service, U.S. Department of Agriculture (and commonly referred to as the Beale code). The 1993 version of the code can be downloaded from www.ers.usda.gov. Beale code classifications and 1999 population estimates are both available for 836 metropolitan and 2,302 other counties. Their populations equal almost 100 percent of the national population (99.908 percent) including Alaska and Hawaii. Twelve counties have moved from rural to formerly rural since the code was released. Ten of them are included in the future metropolitan America of Figure 3. The two that are not underscore the fact that even places not adjacent to a metropolitan area and with fewer than 20,000 urban residents can become formerly rural, too.

5. These calculations are based on employment data from Regional Economic Information System (U.S. Department of Commerce 1999b). Farming includes both farm proprietors and farm employees. Alaska and Hawaii are excluded. More than 99.99 percent of the 1969 and 1997 farming employment in the continental United States is accounted for in the county data.
6. These calculations entailed the same methods and data sources as the farming calculations. At least 99.98 percent of the 1969 and 1997 manufacturing employment in the continental United States is accounted for in the county data.

7. I made the county employment estimates using County Business Patterns data (U.S. Department of Commerce 1999a) and a computer algorithm developed with Oleg Smirnov while we both were associated with the Regional Research Institute of West Virginia University. The method and alternative ones are described in Gerking et al. (2001). This particular method does not ensure that the county estimates sum to the national employment by industry, but they were within 0.5 percent of national employment for every industry in Tables 3 and 4 except hotels and motels (99.1 percent), engineering and management services (98.8 percent), and mining (87.8 percent). The percentage shares for rural, formerly rural, and urban shown in the tables are based on the sum of the counties.

8. I derived these numbers and all others in this section from U.S. Bureau of the Census estimates of county population, elderly population, migration, and immigration. The data are available at www.census.gov in the section for population estimates. Alaska and Hawaii are included. Note that net domestic migration sums to 674 in Table 5, not zero as it would by definition. The reason is that one, and only one, county in the United States is formerly metropolitan and, therefore, not included in most tables. It had –674 net migration for 1990-99. Fayette County, West Virginia, was part of the Charleston metropolitan area in 1950 but is rural today. Its population fell from 82,000 in 1950 to 47,000 in 1999.


REFERENCES


