



The Urban-Rural Gap

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In 1900, rural dwellers accounted for 60.4% of the population. They declined to 30.1% by 1960.



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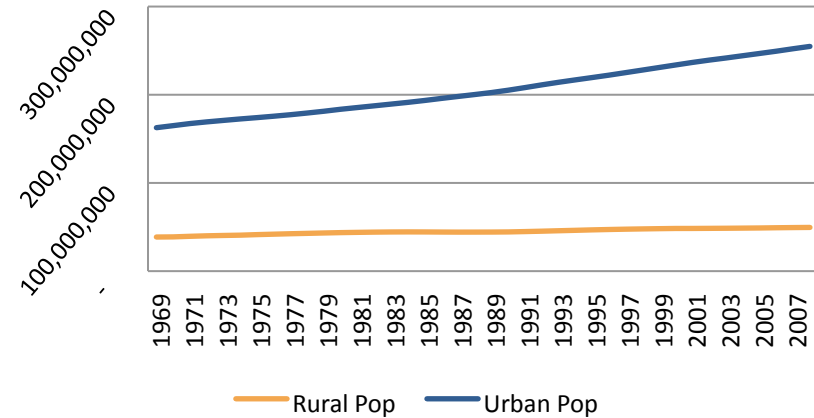
Population Gap

U.S. Urban and Rural Population 1969 - 2008 (Millions)

Year	Rural		Urban		Total
	Population	Share	Population	Share	Population
1969	38.67	19.21%	162.63	80.79%	201.30
1974	40.78	19.12%	172.55	80.88%	213.33
1979	43.27	19.27%	181.30	80.73%	224.57
1984	44.49	18.86%	191.34	81.14%	235.82
1989	44.31	17.95%	202.51	82.05%	246.82
1994	46.28	17.59%	216.85	82.41%	263.13
1999	48.15	17.26%	230.89	82.74%	279.04
2004	48.78	16.65%	244.27	83.35%	293.05
2008	49.56	16.28%	254.81	83.72%	304.37

Source: Bureau of Economic Analysis, Regional Economic Information System, 2010

Urban and Rural Population 1969 - 2008



Rural Share of Population



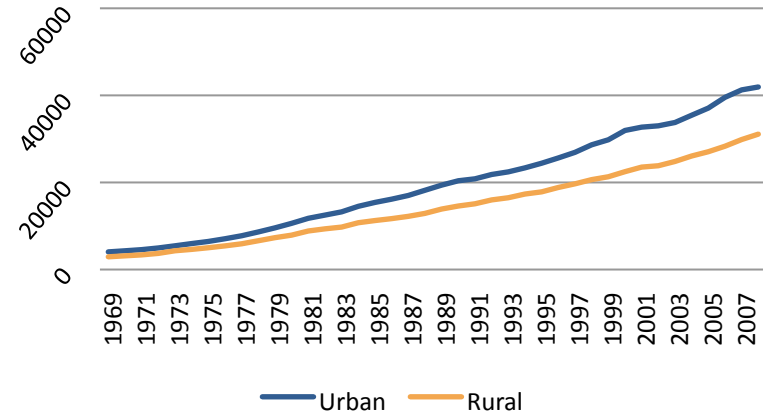
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Income Gap

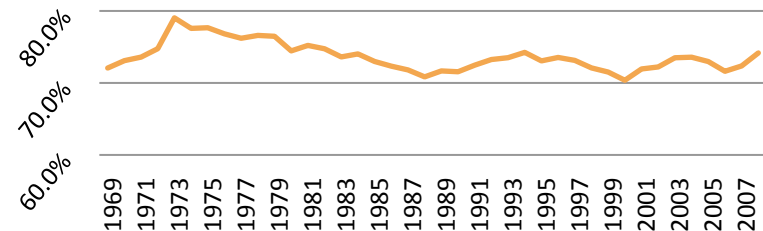
Urban and Rural Income Trends 1969 - 2008 (Thousands)

Year	Rural		Urban	
	Total	Per Capita	Total	Per Capita
1969	\$112,948,224.00	\$2,921.00	\$659,135,776.00	\$4,053.00
1974	\$188,666,812.00	\$4,626.00	\$1,029,006,188.00	\$5,963.00
1979	\$316,715,850.00	\$7,320.00	\$1,735,321,150.00	\$9,571.00
1984	\$478,139,323.00	\$10,748.00	\$2,777,908,677.00	\$14,518.00
1989	\$615,716,284.00	\$13,895.00	\$3,926,279,716.00	\$19,388.00
1994	\$802,425,790.00	\$17,339.00	\$5,064,370,210.00	\$23,354.00
1999	\$1,026,055,891.00	\$21,309.00	\$6,880,075,109.00	\$29,798.00
2004	\$1,271,927,794.00	\$26,075.00	\$8,656,862,206.00	\$35,440.00
2008	\$1,541,270,673.00	\$31,098.00	\$10,684,318,327.00	\$41,930.00

Per Capita Personal Income (Thousands)



Ratio of Rural to Urban PCPI



Source: Bureau of Economic Analysis, Regional Economic Information System, 2010



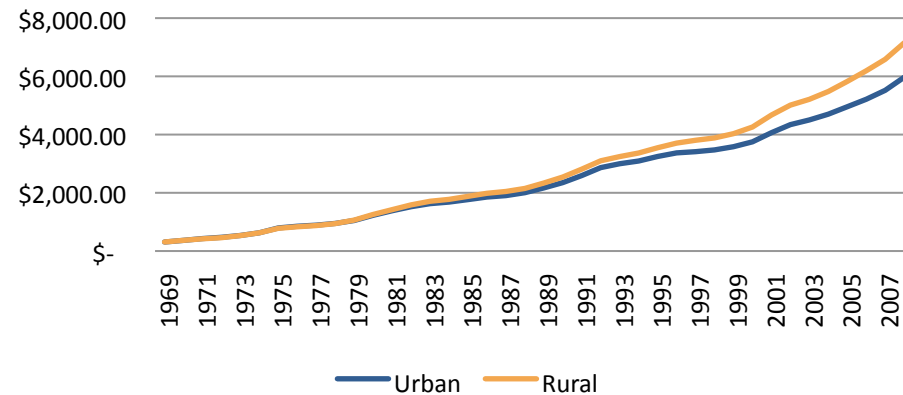
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Transfer Payments

Transfer Payments Per Capita

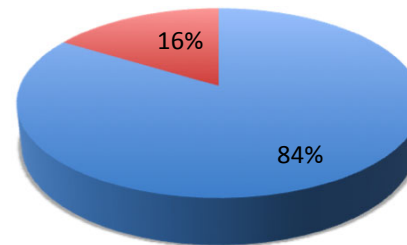
Year	Rural	Urban
1969	\$310.79	\$309.32
1974	\$626.50	\$626.42
1979	\$1,063.05	\$1,048.72
1984	\$1,774.64	\$1,681.74
1989	\$2,336.27	\$2,167.93
1994	\$3,367.21	\$3,091.96
1999	\$4,031.42	\$3,583.70
2004	\$5,479.99	\$4,701.30
2008	\$7,150.13	\$5,969.92

Per Capita Transfers



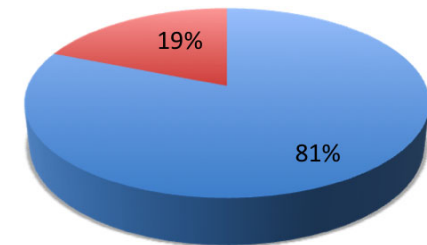
2008 Population Share

Urban Population Rural Population



2008 Share of Total Transfers

Total Urban Total Rural



Source: Bureau of Economic Analysis, Regional Economic Information System, 2010



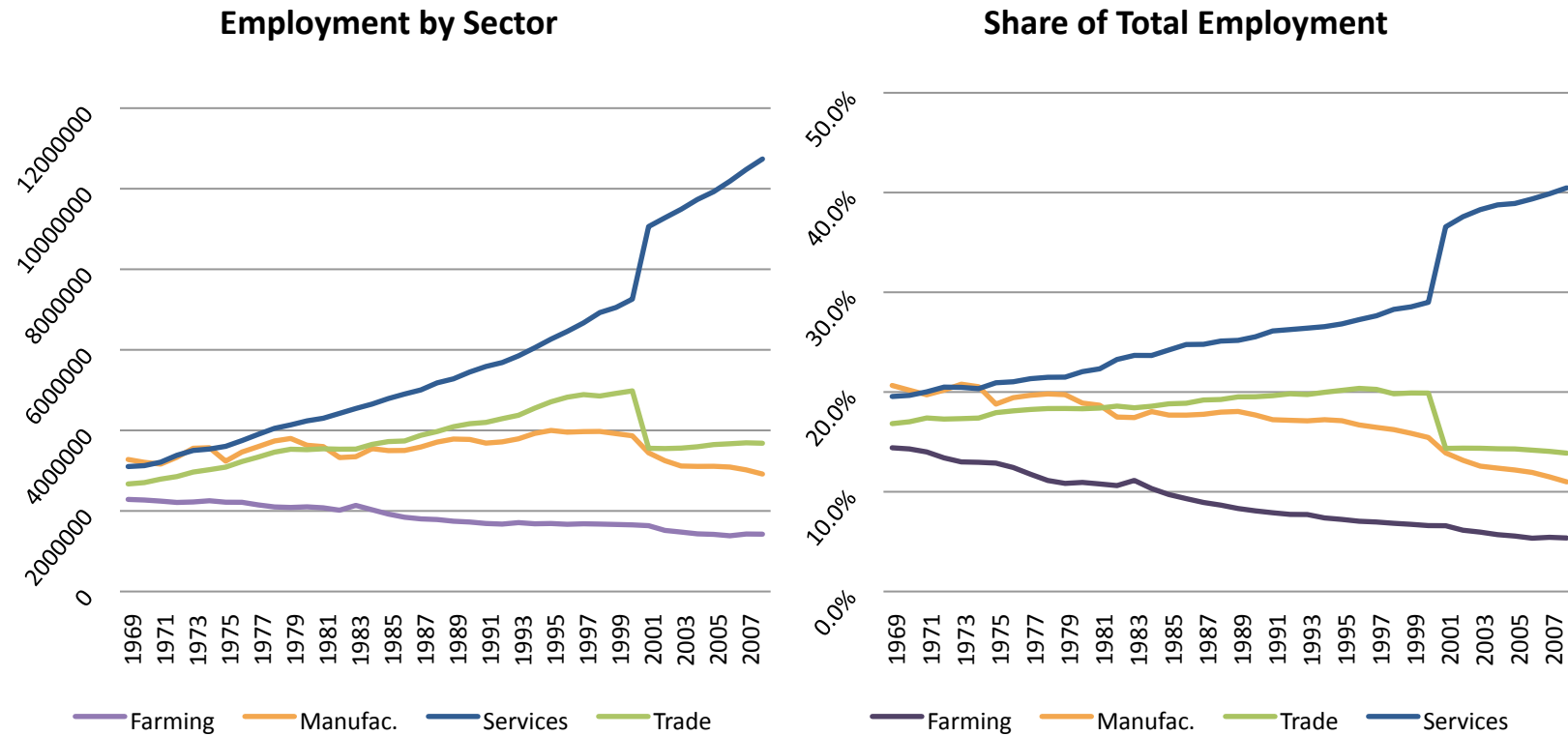
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Labor Force Demographics

	1980	2001
Percent Disabled		
Urban	3.9	4.2
Rural	6.0	6.5
Percent Married		
Urban	56.6	51.6
Rural	64.4	58.7
Percent Male		
Urban	47.5	48.2
Rural	47.7	48.5
Percent White		
Urban	85.5	79.9
Rural	90.9	89.7
Average Age (years)		
Urban	41.2	43.2
Rural	42.9	46.1
Education (years)		
Urban	12.0	13.0
Rural	11.2	12.3



Rural Employment



Note: BEA changed designation from SIC to NAICS in 2001



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“Current polices to improve the disappointing economic performance of rural regions are by and large, not working.”

“Not only is the performance of rural regions lagging, but the gap in performance levels between rural and urban areas seems to be widening.”

Michael E. Porter, Harvard University, February 25, 2004



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Determinants of Economic Activity Location

- Firms – Productivity (low cost production)
 - Transactions Costs
 - Localization Economies (Like producers locating together)
 - Urbanization Economies (Size of overall activity)
- Individuals – Amenities
 - Natural Amenities
 - Man-made Amenities



Rural Areas are Diverse

- Size
 - Stillwater (46,000)
 - Mangum (2,700)
 - Bernice (500)
- Location
 - Proximity to Urban Areas
 - Proximity to other Rural Areas
- Economic Composition
 - Local Industries
 - Export Industries
 - Resource Dependent Industries





Productivity Challenges of Rural Areas

- Agglomeration: Urban areas are inherently more productive – density breeds productivity (Ciccone 1996).
- Transactions Costs: Manufacturing moved to rural (largely adjacent) areas because of reduced land and transactions costs. Now, lower transactions costs are causing manufacturing to move offshore.





“America’s current rural landscape will be increasingly bifurcated, as some parts develop into metropolitan hubs and others decline in population and economic activity.”

John M. Quigley, University of California, December 2002



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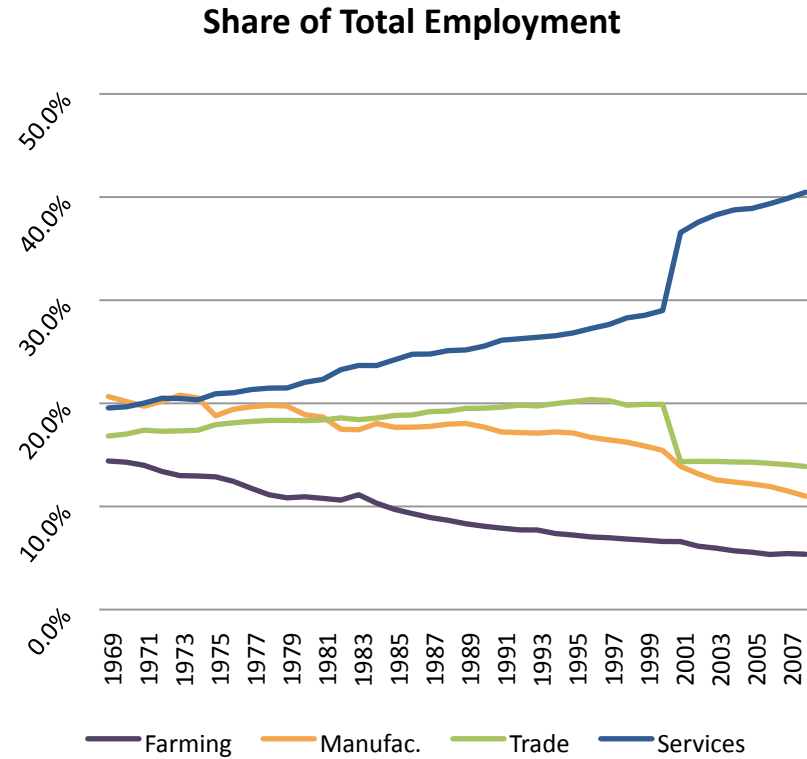
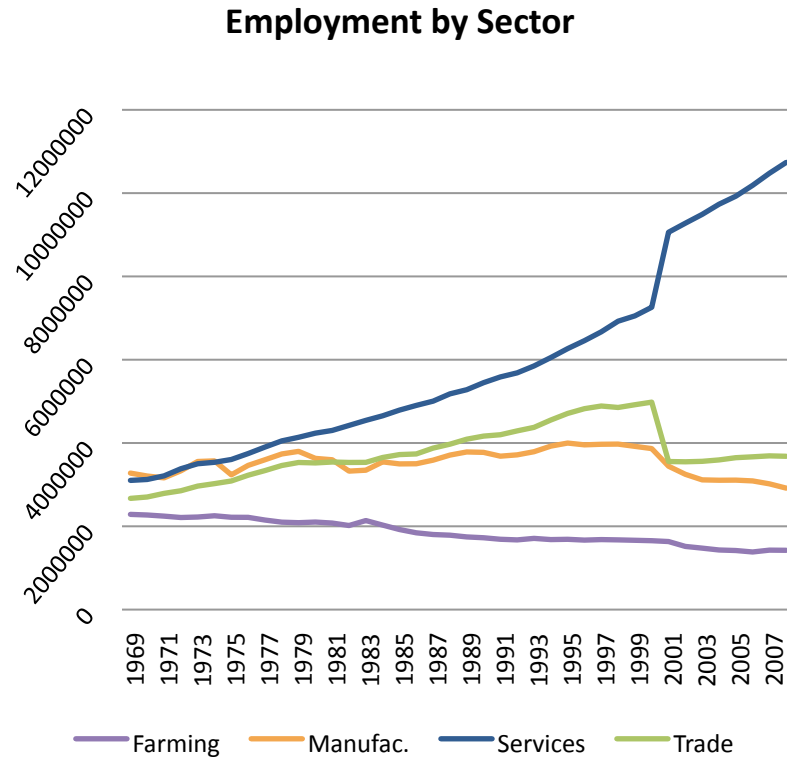
Back to the Future?



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1950 isn't Realistic, so What Is?



Note: BEA changed designation from SIC to NAICS in 2001



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What is Your Objective?

- Define your objective
 - Work with your residents to understand their goals for your community
 - Regional Hub?
 - Maintain current growth?
 - Shared multi-community growth?
- Advance your objective
 - General Strategies
 - Specific Tactics





General Strategies

- Set a unified vision
- Enhance determinants of success
 - Productivity
 - Amenities
- Communicate with your community



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Vision

- Bottom Up – Buy in is crucial!
- Determine your Market
 - Portfolio vs. Cluster
 - Try not to settle for businesses that don't meet your specific objective
- Inventory and expand your assets => Enhance your Sense of Place
- Public/Private Partnership



Enhance your Determinants

- Make your environment conducive to activity location
 - Productivity
 - Infrastructure (communications, transportation)
 - In 2002, Urban and Rural communications infrastructure was roughly equivalent – don't fall behind
 - Recruit talent that enhances local business formation (Medical, Legal, Financial, Public Services)
 - Amenities
 - Identify and build on local assets
 - Create new assets (MAPS)





Enhance your Determinants

- Multi-jurisdictional Partnering (Productivity and Amenities)
 - Be Creative
 - Be Flexible



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Tactics (Brainstorm)

- Mass Marketing
- Social Networking
- Market to Individuals (instead of firms?)



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Dave, Dave and Steve



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