

## SUSTAINABILITY AND RURAL COMMUNITIES

*Gary Paul Green\**

### I. INTRODUCTION

For the past 75 years, many rural communities in the U.S. have either lost population or remained stagnant.<sup>1</sup> There are numerous economic, political, and social factors that have contributed to the underdevelopment of rural America. Rural residents, especially young adults, often migrate to urban areas as a means of upward mobility.<sup>2</sup> Higher wages and salaries are often cited as the primary reason younger workers move to cities.<sup>3</sup> In addition, youth often move to urban areas for social and cultural reasons.<sup>4</sup> Cities that offer more diversity and cultural activities are effective in attracting young, educated adults.<sup>5</sup> The resulting loss of human capital for rural communities has a devastating impact on the potential for rural development.

Technological advancements in agriculture have enabled farmers to grow more food and fibrous materials, such as cotton, with less labor.<sup>6</sup> This technological treadmill has meant, however, that fewer farmers are needed to grow more food and fibrous materials.<sup>7</sup> The changing structure of agriculture is also driven by global economic forces, economies of scale, and public policies that provide incentives for farmers to “get bigger or get out.”<sup>8</sup> One of the major consequences of the increased concentration and centralization of the

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\* Professor in the Department of Community and Environmental Sociology at the University of Wisconsin-Madison.

1. *Recent Population Change*, U.S. DEP’T OF AGRIC. (Mar. 31, 2014), <http://www.ers.usda.gov/topics/rural-economy-population/population-migration/recent-population-change.aspx#UzmL9ty4n8s>.

2. PATRICK J. CARR & MARIA J. KEFALAS, HALLOWING OUT THE MIDDLE: THE RURAL BRAIN DRAIN AND WHAT IT MEANS FOR AMERICA 1-5 (2009).

3. *Rural Poverty and Well-Being*, U.S. DEP’T OF AGRIC. (Mar. 3, 2014), [http://www.ers.usda.gov/topics/rural-economy-population/rural-poverty-well-being.aspx#Uvp\\_nm4n8s](http://www.ers.usda.gov/topics/rural-economy-population/rural-poverty-well-being.aspx#Uvp_nm4n8s) [hereinafter *Rural Poverty*].

4. CARR & KEFALAS, *supra* note 2, at 133-36.

5. RICHARD FLORIDA, THE RISE OF THE CREATIVE CLASS 283-314 (2002).

6. ECON. RESEARCH SERV., U.S. DEP’T OF AGRIC., Pub. No. ERR-106, THE U.S. PRODUCE INDUSTRY AND LABOR: FACING THE FUTURE IN A GLOBAL ECONOMY 1-2 (2010).

7. *Id.*

8. This quote is often attributed to Earl Butz who was Secretary of Agriculture under Presidents Nixon and Ford.

agricultural system is that there are fewer opportunities for young adults to enter farming.<sup>9</sup> As the number of farms and ranches decline, demand for businesses that support producers also declines.<sup>10</sup> As a result, there are fewer job opportunities in agricultural-related industries in rural areas. The reduced opportunities for earning a living in rural areas pushes many families to move to urban centers where more jobs are available.

In some regions, rural communities have become less economically dependent upon agricultural commodities and natural resources, such as forestry, mining, and fishing.<sup>11</sup> Instead, their local economies are based in manufacturing and service jobs.<sup>12</sup> As manufacturers sought to lower their labor costs in the 1970s and 1980s, many businesses shifted operations to rural areas.<sup>13</sup> Globalization of markets, however, places rural communities in direct competition with even cheaper labor in developing countries.<sup>14</sup> The result has been the loss of manufacturing jobs in rural areas, such as the textile industry in the U.S. Southeast.<sup>15</sup> Manufacturing firms providing higher wages and demanding more skilled workers are more likely to remain in urban areas because of labor supply issues and proximity to markets and support services.<sup>16</sup>

Federal policy and economic globalization have been major factors in the underdevelopment of rural areas. In the agricultural sector, federal farm programs have promoted consolidation and concentration.<sup>17</sup> Subsidies and loan guarantees have reduced much of the risk in agricultural production and therefore provided incentives for farms to get bigger.<sup>18</sup> Trade policies, such as the North American Free Trade Agreement (NAFTA), have made it more difficult for low-skilled manufacturers and service firms to compete in a global economy.<sup>19</sup>

The continued decline and stagnation of rural communities is concerning

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9. THOMAS LYSON, *AGRICULTURAL CHANGE: CONSEQUENCES FOR SOUTHERN FARMS AND RURAL COMMUNITIES* 155-76 (Joseph J. Molnar ed., 1986).

10. WALTER GOLDSCHMIDT, *AS YOU SOW: HOW INDUSTRIALIZED FARMING IS CHANGING THE AMERICAN WAY OF LIFE* 22-55 (1947).

11. DAVID L. BROWN & KAI A. SCHAFFT, *RURAL PEOPLE & COMMUNITIES* 149-167 (2011).

12. AMY GLASMEIER & PRISCILLA SALANT, *LOW-SKILL WORKERS IN RURAL AMERICA FACE PERMANENT JOB LOSS* 2 (2006), available at <http://files.eric.ed.gov/fulltext/ED536116.pdf>.

13. GENE F. SUMMERS ET AL., *INDUSTRIAL INVASION OF NONMETROPOLITAN AMERICA: A QUARTER CENTURY OF EXPERIENCE* 1-5 (1976).

14. BARRY BLUESTONE & BENNETT HARRISON, *THE DEINDUSTRIALIZATION OF AMERICA: PLANT CLOSINGS, COMMUNITY ABANDONMENT, AND THE DISMANTLING OF BASIC INDUSTRY* 43-44 (1982).

15. *U.S. Textile and Apparel Industries and Rural America*, U.S. DEP'T OF AGRIC., (May 4, 2014), <http://www.ers.usda.gov/topics/crops/cotton-wool/background/us-textile-and-apparel-industries-and-rural-america.aspx#.U2Eeil64n8s>.

16. GLASMEIER & SALANT, *supra* note 12.

17. MARTY STRANGE, *FAMILY FARMING: A NEW ECONOMIC VISION* 131-34 (1988).

18. *Id.*

19. Lori Wallach, *NAFTA at 20: One Million Jobs Lost, Higher Income Inequality* (Mar. 31, 2014), [http://www.huffingtonpost.com/lori-wallach/nafta-at-20-one-million-u\\_b\\_4550207ht.ml](http://www.huffingtonpost.com/lori-wallach/nafta-at-20-one-million-u_b_4550207ht.ml).

for several reasons, but some of the more obvious are the following:

1. Many rural economies are still dependent on natural resources, both renewable (e.g., water and forests) and non-renewable (e.g., oil and minerals). Natural resources are the basis of commodity production, such as forest or agricultural products, and consumption, through recreation, retirement, and tourism.<sup>20</sup> Rural people are the stewards of these natural resources, but poverty can contribute to the exploitation of these important assets.<sup>21</sup> The poor may be more likely to be concerned with short- rather than long-term benefits derived from natural resources.<sup>22</sup> Improving rural livelihoods, therefore, is essential to the sustainability of these areas.

2. Agricultural productivity has increased over the past few decades, but the demands of world population growth and biofuel consumption have undercut these gains.<sup>23</sup> Land use patterns may limit the potential supply of food and fuel. It is estimated that the U.S. loses approximately one million acres of farmland to urban sprawl each year.<sup>24</sup> Long-term strategies to protect farmland, therefore, are essential to meet the growing demands for food and fuel. In addition, the growing demand for food and fuel may provide new incentives for land that has been set aside for conservation to be brought back into production. This, too, has important implications for rural sustainability. The loss of conservation acreage contributes to the loss of habitat for wildlife and increased soil erosion.<sup>25</sup>

3. The stagnation and decline of rural areas adds to the pressures on cities to accommodate rapid population growth.<sup>26</sup> Policies encouraging increased urbanization, therefore, may lead to significant declines in quality of life for rural residents.<sup>27</sup> Rural-to-urban migration tends to be selective, so the most educated workers are likely to leave rural communities.<sup>28</sup> The result is a significant loss in human capital.

4. The lack of job opportunities in rural areas contributes to the rural brain drain (the loss of educated young adults), which places additional constraints on businesses, ultimately leading to a vicious cycle downward.<sup>29</sup>

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20. Gary Paul Green, *Amenities and Community Economic Development*, 31 J. REGIONAL ANALYSIS & POL'Y 61, 61-76 (2001) [hereinafter Green, *Amenities and Economic Development*].

21. AMARTYA SEN, DEVELOPMENT AS FREEDOM 203-06 (1999).

22. Geoffrey McNicoll, *Handbook of Sustainable Development*, in POPULATION AND SUSTAINABILITY 125-39 (2007).

23. ECON. RESEARCH SERV., U.S. DEP'T OF AGRIC., Pub. No. WRS-0801, GLOBAL AGRICULTURAL SUPPLY AND DEMAND: FACTORS CONTRIBUTING TO THE RECENT INCREASE IN FOOD COMMODITY PRICES 1-20 (2008), available at [http://www1.eere.energy.gov/bioenergy/pdfs/global\\_agricultural\\_supply\\_and\\_demand.pdf](http://www1.eere.energy.gov/bioenergy/pdfs/global_agricultural_supply_and_demand.pdf).

24. TOM DANIELS & DEBORAH BOWERS, HOLDING OUR GROUND: PROTECTING AMERICA'S FARMS AND FARMLAND 1-2 (1997).

25. *Conservation Reserve Programs*, U.S. DEP'T OF AGRIC., (March 31, 2014), <http://www.fsa.usda.gov/FSA/webapp?area=home&subject=copr&topic=crp>.

26. BROWN & SCHAFFT, *supra* note 11, at 16-32.

27. *Id.*

28. *Id.* at 115.

29. CARR & KEFALAS, *supra* note 2, at 109-10.

The loss of younger people in rural areas makes it more difficult for employers to find qualified workers.<sup>30</sup> The loss of population and businesses in rural areas contributes to the fiscal problems facing local governments.<sup>31</sup> As they lose these tax revenues, local governments must either reduce their services or increase taxes to maintain the same level of services.

Historically, rural economies have been rooted in the extraction of natural resources (e.g., forestry, agriculture, and fishing) for export markets.<sup>32</sup> In many cases, these commodities are processed outside rural areas, and therefore, much of the value of the final product is added in these locations.<sup>33</sup> Sustainable approaches to promoting rural development need to focus on strategies that provide broader benefits to the rural population, while enhancing the long-term sustainability of its' natural resources.

Part II describes some of the major obstacles that rural residents face in addressing these issues. Part III briefly outlines the key components of three broad strategies: regionalism, amenity-based development, and cluster development. It discusses some of the benefits and obstacles that each strategy may face in promoting rural sustainability. Part IV concludes by examining the issue of rural development and sustainability.

## II. WHAT ARE THE KEY OBSTACLES TO RURAL SUSTAINABILITY?

Although there is a great deal of diversity across rural America, practitioners and policy makers face some common obstacles in promoting sustainable rural communities. Low population density and distance to markets are especially significant constraints to rural development because it is more difficult for local governments to provide services and for businesses to access markets in these settings.<sup>34</sup> For example, the low population density often makes it unprofitable for the private sector to provide Internet services to many rural areas in the U.S.<sup>35</sup>

Low population density limits access to important services and resources, such as education, health care, cultural activities, and employment.<sup>36</sup> For example, rural schools often cannot provide the breadth in course offerings found in urban areas.<sup>37</sup> This situation may place rural students at a competitive

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30. GARY PAUL GREEN, *WORKFORCE DEVELOPMENT IN RURAL AREAS* 20-21 (2007) [hereinafter GREEN, *WORKFORCE DEVELOPMENT*].

31. PAUL E. PETERSON, *CITY LIMITS* 143-45 (1981).

32. MICHAEL THOMAS POWER, *LOST LANDSCAPES AND FAILED ECONOMICS: THE SEARCH FOR A VALUE OF PLACE* 235-54 (1996).

33. David Kraybill & Thomas Johnson, *Value Added Activities as a Rural Development Strategy* 21-1 S. J. AGRIC. ECON. 27-40 (1989).

34. Bryan H. Massam & Ian Askew, *A Theoretical Perspective on Rural Service Provision; A Systems Approach* RURAL PUB. SERV. INT'L COMPARISONS 15-38 (1984).

35. Gregory Rose, *Wireless Broadband and the Redlining of Rural America*, NEW AM. FOUND. (Mar. 31, 2014), available at [http://newamerica.net/sites/newamerica.net/files/policy\\_docs/Wireless%20Broadband%20and%20the%20Redlining%20of%20Rural%20America.pdf](http://newamerica.net/sites/newamerica.net/files/policy_docs/Wireless%20Broadband%20and%20the%20Redlining%20of%20Rural%20America.pdf).

36. PETERSON, *supra* note 31, at 223-36.

37. Bree L. Dority & Eric C. Thompson, *Economic Issues in School District Consolidation*

disadvantage in college admissions. In many areas of the Great Plains and Upper Midwest, the problem is the declining number of students, which makes it difficult to maintain the viability of local school systems.<sup>38</sup> Declining enrollments often force local officials to consider school consolidation as a solution.<sup>39</sup> The loss of local schools, however, can have a devastating impact on the sense of community and on the local economy.<sup>40</sup>

Low population density in rural communities also means that there are fewer job opportunities in various occupations and industries. The “thin” labor markets in most rural areas make it more difficult to offer specific job training programs because it is not cost effective to provide the training to a very small number of workers.<sup>41</sup> Thin labor markets reduce the return on human capital investment in rural areas so that workers with the same level of education earn much less than they would in urban areas.<sup>42</sup> This feature of rural labor markets is a major factor leading to the brain drain that exists in many rural regions.<sup>43</sup> Many rural communities lack the cultural amenities that may be necessary to attract businesses and young, educated workers to the area.<sup>44</sup>

It is also more difficult to provide access to health care in isolated, rural communities.<sup>45</sup> Farmers often pay more for health care coverage.<sup>46</sup> There are fewer health care professionals and facilities in rural areas.<sup>47</sup> In addition, rural residents are more likely to smoke and suffer from chronic diseases.<sup>48</sup> Thus, there is less supply and greater demand for health services in rural areas.

Rural communities are often dependent on single industries, especially those in the extractive sector (e.g., agriculture, forestry, mining, and fishing).<sup>49</sup> This dependency creates additional challenges to improving the quality of life in rural communities because residents are vulnerable to major shifts in markets and technology.<sup>50</sup> For example, many of the rural communities in the

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in *Nebraska*, 23 GREAT PLAINS RESEARCH 145-57 (2013).

38. *Id.*

39. Gary Paul Green, *School Consolidation and Community Development*, 23 GREAT PLAINS RES. 99, 106 (2013).

40. Thomas A. Lyson, *What Does a School Mean to a Community? Assessing the Social and Economic Benefits of Schools to Rural Villages in New York*, 17 J. RESEARCH IN RURAL EDUC. 131-37 (2002).

41. GREEN, WORKFORCE DEVELOPMENT, *supra* note 30, at 27.

42. *Id.* at 27-28.

43. CARR & KEFALAS, *supra* note 2, at 137-72.

44. *Id.* at 133-36.

45. LAVONNE A. STRAUB & NORMAN WALZER, RURAL HEALTH CARE: INNOVATION IN A CHANGING ENVIRONMENT 20-35 (1992).

46. ACCESS PROJECT, WHO IS UNINSURED?, (Mar. 31, 2014), <http://www.accessproject.org/adobe/IBNo.5.pdf>.

47. AGENCY FOR HEALTH CARE RESEARCH & QUALITY, MEDICAL EXPENDITURE PANEL SURVEY (June 2004), [http://meps.ahrq.gov/mepsweb/data\\_files/publications/cb13/cb13.shtml](http://meps.ahrq.gov/mepsweb/data_files/publications/cb13/cb13.shtml).

48. U.S. DEP'T OF HEALTH & HUMAN SERV., HEALTH, UNITED STATES, 2012 (May 2014), available at <http://www.cdc.gov/nchs/data/hus/hus12.pdf>.

49. William R. Freudenburg, *Addictive Economies: Extractive Industries and Vulnerable Localities in a Changing World Economy*, 57 RURAL SOC. 305, 305-32 (1992).

50. *Id.*

Upper Midwest are experiencing economic distress because they were heavily dependent on the declining pulp and paper mills industry.<sup>51</sup> The pulp and paper mills industry provided higher than average wages and benefits to workers, and it is not likely that these jobs will be replaced with jobs that offer the same level of wages, benefits, and opportunities for advancement.<sup>52</sup>

Finally, some rural communities have experienced population growth as a result of urban sprawl (low density development, such as in suburban areas).<sup>53</sup> Much of the literature on land use patterns suggests that this growth often generates more costs than benefits for local governments.<sup>54</sup> Sprawl is often produced by fragmentation and competition among local governments.<sup>55</sup> Each unit of local government is competing for businesses and population to increase their tax rolls, which contributes to land use policies and zoning that facilitate sprawl.<sup>56</sup>

To overcome these obstacles in rural areas, policy makers and practitioners need to develop innovative strategies that address these key attributes of density, scale, and dependency. In addition, these strategies should focus on the triple bottom line of meeting economic, social, and environmental goals. More specifically, sustainable practice should provide good jobs, reduce poverty, and enhance environmental quality.

### III. RURAL SUSTAINABILITY STRATEGIES

How do rural communities overcome these structural obstacles and promote more sustainable development? This Part focuses on strategies that address the structural problems in rural communities in different ways.

#### A. Regionalism

In many respects, globalization has made it more difficult for most rural areas to compete in international markets.<sup>57</sup> Rather than sharpening competition, rural communities need to be encouraged to collaborate more with other rural communities and urban areas as well.<sup>58</sup> Regionalism addresses a key problem facing most localities: Political jurisdictions often do not match

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51. U.S. CENSUS BUREAU, ANNUAL SURVEY OF MANUFACTURERS, (2014), <http://www.census.gov/manufacturing/asm/index.html> (last visited Mar. 31, 2014).

52. *Id.*

53. TOM DANIELS, WHEN CITY AND COUNTRY COLLIDE: MANAGING GROWTH IN THE METROPOLITAN FRINGE xiii (1999).

54. DOUGLAS G. PORTER, MANAGING GROWTH IN AMERICA'S COMMUNITIES 58-59 (1997).

55. PETER DREIER, JOHN MOLLENKOPF & TODD SWANSTROM, PLACE MATTERS: METROPOLITICS FOR THE TWENTY-FIRST CENTURY 72-76 (2d ed. 2004).

56. *Id.*

57. CORNELIA BUTLER FLORA & JAN L. FLORA, RURAL COMMUNITIES: LEGACY AND CHANGE 291-333 (4<sup>th</sup> ed. 2013).

58. MARK DRABENSTOTT, FEDERAL RESERVE BANK OF KANSAS CITY, A REVIEW OF THE FEDERAL POLICIES IN REGIONAL ECONOMIC DEVELOPMENT 1-2 (2005).

the geography of economic, social, and environmental problems.<sup>59</sup> For example, communities may be unable to manage environmental problems because the source of the problem is located in another jurisdiction. Similarly, many rural communities have become bedroom communities for larger urban areas.<sup>60</sup> Bedroom communities (places with no major employment center) often compete with the urban centers for businesses to improve their tax base.<sup>61</sup> This competition has negative effects on local government budgets because they offer unnecessary subsidies.<sup>62</sup> Finally, rural communities are extremely limited in providing a wide variety of services to their residents (e.g., police and fire protection, social services, and health care).<sup>63</sup> There is need for greater coordination and cooperation among communities. Federal and state policy can provide more incentives for collaboration rather than encouraging the competition for capital and workers between communities. For example, federal and state policy can provide incentives for communities to broaden their development strategies to think regionally.

Regional strategies assume that most urban and rural areas are intimately linked and we need policies that promote greater integration.<sup>64</sup> A minimal amount of coordination can occur with information exchange or cooperation on a few activities, such as police protection.<sup>65</sup> On a more formal level, it can involve coordinated regional transportation systems, land use planning, and even tax sharing.<sup>66</sup> In some cases, it may involve a separate government for the region or provisions for taxation at the regional level.<sup>67</sup>

Tax base sharing can be an important element of regionalism because it reduces some of the differences in service delivery and educational funding across a region.<sup>68</sup> Property taxes frequently fund school districts, and, as a result, large variations in funding for education across localities may exist.<sup>69</sup> Tax sharing can help equalize the spending on education across school districts.<sup>70</sup>

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59. MYRON ORFIELD, *METROPOLITICS: A REGIONAL AGENDA FOR COMMUNITY AND STABILITY* 1-14 (1997).

60. DREIER ET AL., *supra* note 55, at 104.

61. *Id.* at 72-76.

62. Gary P. Green, Arnold Fleischmann & Tsz Man Kwong, *The Effectiveness of Local Economic Development Policies in the 1980s*, 77 SOC. SCI. Q. 609, 609-25.

63. STRAUB & WALZER, *supra* note 45, at 3-19.

64. Henry R. Richmond, *Metropolitan Land-use Reform: The Promise and Challenge of Majority Consensus*, REFLECTIONS ON REGIONALISM 9-39 (Bruce Katz ed., 2000).

65. Beverly A. Cigler, *Pre-conditions for Multicommunity Collaboration*, in *MULTI-COMMUNITY COLLABORATION: AN EVOLVING RURAL REVITALIZATION STRATEGY* 53-74 (Peter F. Korschling et al. eds., 1992).

66. MYRON ORFIELD, *METROPOLITICS: A REGIONAL AGENDA FOR COMMUNITY AND STABILITY* 55-65 (1997).

67. *Id.*

68. *Id.* at 39-54.

69. Bruce J. Biddle & David C. Berliner, *A Research Synthesis: Unequal School Funding in the United States*, <http://www.ascd.org/publications/educational-leadership/may02/vol59/num08/Unequal-School-Funding-in-the-United-States.aspx>.

70. *Id.*

Other potential regional policies include affordable housing, transportation, and land use planning.<sup>71</sup> Providing more affordable housing options outside central cities helps reduce concentrated poverty and provides housing opportunities in suburban and rural areas.<sup>72</sup> Regional transportation systems enable workers throughout the region to have access to good jobs.<sup>73</sup> Land use decisions are usually made by local jurisdictions without consideration of externalities or impacts on neighboring municipalities.<sup>74</sup> Regional land use planning can address some of these limitations by ensuring that municipalities throughout a region have a coordinated plan for growth and development.<sup>75</sup>

There are several potential benefits to promoting regionalism as a rural development strategy. First, regionalism can generate economies of scale because resources and efforts are not duplicated across several jurisdictions.<sup>76</sup> As a result, municipalities can provide services at a lower cost. These economies of scale are often realized in the provision of services, such as health care, police and fire protection, and social services.<sup>77</sup>

Second, regional policies can capture spillover effects across jurisdictions and internalize costs.<sup>78</sup> For example, developing regional land use plans can work against municipalities limiting undesirable land use and encourages municipalities to internalize costs of development.<sup>79</sup> It also may encourage more high-density development that would curb the loss of farmland.<sup>80</sup>

Third, regionalism has the potential of increasing expertise and empowerment.<sup>81</sup> Through coordination and concentrating resources, rural communities can have more leverage to address social and economic problems.<sup>82</sup>

Rural communities face several obstacles, however, in promoting regionalism. Many states allocate resources to localities based on population or jobs, which establishes a competitive system among municipalities and

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71. MYRON ORFIELD, *METROPOLITICS: A REGIONAL AGENDA FOR COMMUNITY AND STABILITY* 74-103 (1997).

72. DREIER ET AL., *supra* note 55, at 68-69.

73. Dena Belzer, Sujata Srivastava, & Mason Austin, *Transit and Regional Economic Development*, RECONNECTING AMERICA (May. 11, 2011) <http://www.reconnectingamerica.org/resource-center/browse-research/2011/transit-and-regional-economic-development/>.

74. DREIER ET AL., *supra* note 55, at 238.

75. DAVID RUSK, *CITIES WITHOUT SUBURBS* 9-10 (2003).

76. Daryl Hobbs, *Costs and Benefits of Multicommunity Collaboration*, in *MULTICOMMUNITY COLLABORATION: AN EVOLVING RURAL REVITALIZATION STRATEGY* 279-86 (Peter F. Korsching et al. eds., 1992).

77. *Id.*

78. RUSK, *supra* note 75, at 33-34.

79. MYRON ORFIELD, *METROPOLITICS: A REGIONAL AGENDA FOR COMMUNITY AND STABILITY* 95-98 (1997).

80. DANIELS ET AL., *supra* note 24, at 20-21.

81. Hobbs, *supra* note 76.

82. *Id.*

prevents collaboration and coordination across the region.<sup>83</sup>

Finally, regional approaches to rural development are often challenged by a strong sense of community and local pride that makes it difficult to mobilize residents around multi-community issues.<sup>84</sup> Regionalism does not necessarily mean a loss of community autonomy. There is always, however, the potential for the loss of meaningful participation as decisions and policies are made at a higher level.<sup>85</sup> This weakness can be compensated with structured decision-making that begins at the grassroots level.<sup>86</sup>

Regionalism provides rural areas with the ability to address social, economic, and environmental issues at the appropriate level and also increases the availability of resources.<sup>87</sup> Regional approaches may be the most appropriate response to the limitations of many rural areas that are related to low population density because it improves the scale of operation to provide additional resources.<sup>88</sup>

### ***B. Amenity-Based Development***

There is a growing appreciation and understanding of the economic potential of consumption activities related to natural amenities in rural areas.<sup>89</sup> Most natural resources can be considered multifunctional because they potentially provide multiple needs in a rural community such as production for external markets and consumption through activities like tourism and recreation.<sup>90</sup> Tourism and recreational activities can reduce dependency on a few industries by diversifying the local economy. Many retirement destinations have seen their service sector grow, especially the health care industry.<sup>91</sup> In this case, rural communities have found ways of supporting extractive industries without destroying their natural amenities.<sup>92</sup> In many rural areas, these natural resources have greater value as amenities than they do

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83. DREIER ET AL., *supra* note 55, at 247.

84. Dennis U. Fisher, Rondald D. Knutson & Howard Ladewig, *Policy and Multicommunity Development*, in MULTICOMMUNITY COLLABORATION: AN EVOLVING RURAL REVITALIZATION STRATEGY 323-32 (Peter Korsching et al. eds., 1992).

85. GARY PAUL GREEN & ANNA HAINES, ASSET BUILDING AND COMMUNITY DEVELOPMENT 8-9 (3d ed. 2012) [hereinafter GREEN ET AL., ASSET BUILDING].

86. *Id.*

87. Hobbs, *supra* note 76.

88. *Id.*

89. Green, *Amenities and Economic Development*, *supra* note 20.

90. Jean-Eudes Beuret & Marie-Christine Kovachshazy, *Rural Amenities Policies: Future Stakes*, in AMENITIES AND RURAL DEVELOPMENT: THEORY, METHODS, AND PUBLIC POLICY 33-48 (Gary Paul Green et al. eds. 2005).

91. Steven C. Deller, *Economic Impact of Retirement Migration*, 9 ECON. DEV. Q. 25-38 (1995).

92. David W. Marcouiller, Steven C. Deller & Gary Paul Green, *Amenities and Rural Development: Policy Implications and Directions for the Future*, in AMENITIES AND RURAL DEVELOPMENT: THEORY, METHODS, AND PUBLIC POLICY 329-36 (Gary Paul Green et al. eds., 2005).

as commodities that are extracted for external markets.<sup>93</sup>

Amenity-based development offers significant opportunities for many rural areas. One of the policy issues that must be addressed, however, is the free-rider problem—urban residents may benefit from the development, but there is no incentive for them to pay for the amenity.<sup>94</sup> Beneficiaries of amenity-based development may not be residents in the local area, while the costs are almost entirely borne by locals.<sup>95</sup> Policy makers must recognize that these amenities are often public goods and that sources of financial support may be needed from the broader region.<sup>96</sup> For example, tourism communities must continually invest in their physical infrastructure to support these economic activities, but they are usually only supported through local taxes.<sup>97</sup> Again, regionalism may provide some advantages by sharing the costs and benefits of amenity-based development across a broader area.

Another policy issue that must be addressed in amenity-based development is how to avoid the negative impacts of this strategy on housing costs. Amenity-based development may encourage high-income residents to move to the area because of the perceived quality of life.<sup>98</sup> Economists characterize natural amenities as highly elastic, which means that high-income consumers are more willing to pay for access to these resources.<sup>99</sup> As a result, high amenity regions are typically less affordable for low-income residents.<sup>100</sup> High amenity communities also rely heavily on a service sector that provides relatively low wages.<sup>101</sup> Often, low-wage workers are unable to live in the area because of the rising housing costs associated with this development.<sup>102</sup> The result is that workers must commute long distances to their job, which is often referred to as the “Aspen-effect” in these areas.<sup>103</sup> One strategy is for communities to encourage more affordable housing projects in these settings through policies like inclusionary zoning, which requires developers to provide a certain percentage of low-income housing in every project.<sup>104</sup>

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93. Steven C. Deller, Tsung-Hsiu Sue Tsai, David W. Marcouiller & Donald English, *The Role of Amenities and Quality of Life in Rural Economic Growth*, 83-2 AM. J. AGRIC. ECON. 352, 352-65 (2001).

94. Green, *Amenities and Economic Development*, *supra* note 20.

95. Gary Paul Green et al., *Local Dependency, Land Use Attitudes and Economic Development: Comparisons Between Seasonal and Permanent Residents*, 61 RURAL SOC. 427, 427-45 (1996).

96. Green, *Amenities and Economic Development*, *supra* note 20.

97. Steven C. Deller, David W. Marcouiller & Gary P. Green, *The Influence of Recreational Housing Development on Local Government Finances*, 24 ANNALS OF TOURISM RESEARCH 1, 1-28 (1997) [hereinafter Deller et al., *Recreational Housing Development*].

98. Green, *Amenities and Economic Development*, *supra* note 20.

99. *Id.*

100. Deller et al., *Recreational Housing Development*, *supra* note 97.

101. David W. Marcouiller & Xia Xianli, *Distribution of Income from Tourism-Sensitive Employment*, 14 TOURISM ECON. 545, 545-65 (2008).

102. Deller et al., *Recreational Housing Development*, *supra* note 97.

103. This label refers to the situation in Aspen, Colorado where low-wage workers must commute long distances to their jobs because they cannot afford to live in the immediate area.

104. PATRICK SHARKEY, *STUCK IN PLACE* 81 (2013).

Amenity-based development can provide a more holistic approach than traditional rural development strategies by recognizing the integral linkages between the environment, jobs, and social justice. In many instances, protecting and enhancing environmental quality can be a key to economic development and addressing poverty.<sup>105</sup> Amenity-based development also can be a basis for improved access to health care and education.<sup>106</sup> Retirement destinations in amenity-rich areas may require investments in improved health care as a way to attract more retirees.<sup>107</sup> These investments in health care have broader benefits to the population.

Social conflicts between local residents and tourists/seasonal residents, over growth and development are typical in amenity-rich settings.<sup>108</sup> Local residents tend to prefer to see more job and income growth, while tourists and seasonal residents may place a higher priority on maintaining environmental quality.<sup>109</sup> These differences may be difficult to overcome, but some form of consensus may be necessary to overcome the perceived trade-off between jobs and the environment.<sup>110</sup> Preservation of environmental quality is the basis of economic development in these communities.

The part-time employment and low wages often associated with the tourist industry present another obstacle.<sup>111</sup> Some rural regions have attempted to deal with these issues by building tourism activities across all seasons, so as to reduce the part-time employment problems.<sup>112</sup> For example, a community might promote winter sports, such as snowmobiling, in a region that is predominately a summer attraction.

Overall, amenity-based development may not be appropriate for all rural areas, but it does offer benefits for many communities. In particular, amenity-based development can help promote a more sustainable community by building on the multifunctional rural landscape.<sup>113</sup> It may not necessarily be in conflict with more traditional extractive industries, such as forestry. Instead, it can supplement these industries and contribute to a more diversified local economy.<sup>114</sup>

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105. Green, *Amenities and Economic Development*, *supra* note 20.

106. Gary Paul Green, *Natural Amenities and Asset-based Development in Rural Communities*, in MOBILIZING COMMUNITIES: ASSET BUILDING AS A COMMUNITY DEVELOPMENT STRATEGY 130, 130-45 (Gary Paul Green et. al. eds., 2010) [hereinafter Green, *Natural Amenities*].

107. *Id.*

108. Green et al., *supra* note 95.

109. *Id.*

110. MICHAEL P. EICHLER, CONSENSUS ORGANIZING: BUILDING COMMUNITIES OF MUTUAL SELF-INTEREST 91-108 (2007).

111. Marcouiller & Xianli, *supra* note 101.

112. Green, *Natural Amenities*, *supra* note 106.

113. Beuret et al., *supra* note 90.

114. Marcouiller et al., *supra* note 92.

### C. Cluster Development

Many states, regions, and municipalities have recently adopted cluster strategies to promote more value-added activities.<sup>115</sup> Clusters refer to closely associated businesses and institutions that are linked by commonalities and complementarities.<sup>116</sup> Michael Porter has been one of the chief architects and proponents of cluster development.<sup>117</sup> According to Porter, clusters are a more effective strategy than traditional economic development approaches for regions to compete in a global economy.<sup>118</sup> Rather than viewing each business or industry in competition with one another, clusters cultivate cooperative arrangements among economic actors in a region.<sup>119</sup> The concentrations of high-tech industries in Silicon Valley is the best example of cluster development.<sup>120</sup>

Clusters are conceptualized as larger than industries and include suppliers of specialized inputs and services.<sup>121</sup> They also may include institutions that provide specialized training and technical support, as well as trade associations and other organizations that may include cluster firms.<sup>122</sup> In the case of Silicon Valley, Stanford University and the University of California–Berkeley have provided an important source of innovation and labor for the high-tech industries in the region.<sup>123</sup>

The cluster development strategy is based on the assumption that a location's competitiveness is not based on the specific industries in a community but on how the cluster as a whole competes in the global economy.<sup>124</sup> Clusters shape innovation and productivity growth through several different means.<sup>125</sup> For example, clusters will be able to more easily identify common training needs across firms and develop programs that meet their needs.<sup>126</sup> This characteristic of clusters is especially important for firms in rural areas because it may be more difficult to provide training firms to specific individual firms due to the cost and scale of training programs.<sup>127</sup> It may be possible to establish career ladders across business establishments by coordinating training and linking job openings more closely to training

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115. Michael E. Porter, *Location, Competition and Economic Development: Local Clusters in a Global Economy*, 14 *ECON. DEV. Q.* 15, 15-24 (2000) [hereinafter Porter, *Location, Competition and Economic Development*].

116. *Id.*

117. *Id.*

118. *Id.*

119. *Id.*

120. ANNA LEE SAXENIAN, *REGIONAL ADVANTAGE: CULTURE AND COMPETITION IN SILICON VALLEY AND ROUTE 128* 11-28 (1994).

121. MICHAEL E. PORTER, *ON COMPETITION* 197-288 (2009).

122. *Id.*

123. SAXENIAN, *supra* note 120, at 29-58.

124. Porter, *Location, Competition and Economic Development*, *supra* note 115.

125. *Id.*

126. GREEN, *WORKFORCE DEVELOPMENT*, *supra* note 30, at 31-56.

127. *Id.*

programs.<sup>128</sup> Career ladders have the benefit of providing investments in job training for low-skilled workers and addressing the skill shortages that many businesses are facing today.<sup>129</sup>

Rural regions face some difficult challenges in implementing cluster development strategies, but these obstacles are not formidable. Distance and density may make it more difficult to coordinate clusters.<sup>130</sup> For example, job training may be delivered through several different educational institutions in a region.<sup>131</sup>

Industry associations and organizations can play an important role in overcoming some of the obstacles to developing rural clusters.<sup>132</sup> Rural clusters also may have more difficulty in transitioning from low-wage employment because many firms are within natural resource extraction industries and there are fewer opportunities for occupational mobility in these settings.<sup>133</sup>

There are many success stories, however, of rural regions that have employed a cluster strategy.<sup>134</sup> Limited resources in many rural areas may promote greater collaboration and partnerships across communities.<sup>135</sup> Clusters can be an important rural development strategy because they provide new opportunities for high-wage employment and offer more long-term stability to communities.<sup>136</sup> In the context of a global economy, rural clusters can increase productivity and lead to a higher quality of life.<sup>137</sup> Cluster development builds on local social relationships and offers opportunity for indigenous, rather than absentee, ownership.<sup>138</sup> These attributes address many of the weaknesses of traditional development strategies in rural areas.<sup>139</sup>

### III. WHAT IS THE FUTURE OF RURAL PLACES?

For more than seven decades now, the population has declined in many

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128. JOAN FITZGERALD, CAREER LADDERS FOR U.S. WORKERS: MOVING UP IN THE NEW ECONOMY 1-23 (2006).

129. *Id.*

130. See generally James Goldsmith & Gary Paul Green, *Wisconsin's Plastic Valley Association: A Cluster-Based Development Strategy*, 47-4 J. OF EXTENSION (2009), available at <http://www.joe.org/joe/2009august/a8.php>.

131. Gary Paul Green, Valeria Galetto & Anna Haines, *Collaborative Job Training in Rural America*, 18 J. RESEARCH RURAL EDUC. 78-85 (2003).

132. Goldsmith et al., *supra* note 130.

133. LINDA M. LOBAO, LOCALITY AND INEQUALITY: FARM AND INDUSTRY STRUCTURE AND SOCIOECONOMIC CONDITIONS 75-93 (1990).

134. Goldsmith et al., *supra* note 130.

135. Hobbs, *supra* note 76.

136. Porter, *Location, Competition and Economic Development*, *supra* note 115.

137. MICHAEL J. PIORE & CHARLES F. SABEL, THE SECOND INDUSTRIAL DIVIDE: POSSIBILITIES FOR PROSPERITY 126 (1984).

138. Goldsmith et al., *supra* note 130.

139. Gary P. Green & Kevin McNamara, *Traditional and Nontraditional Opportunities and Alternatives for Local Economic Development*, in THE RURAL SOUTH IN CRISIS 288-303 (Lionel J. Beaulieu ed., 1988).

rural areas, and the income gap between rural and urban areas has widened.<sup>140</sup> Access to key resources, such as health care and education, is also unequal between rural and urban areas.<sup>141</sup> Reducing the gap in services between rural and urban areas, especially health care and education, is essential to slowing the loss of population and employment out of rural areas.<sup>142</sup> These population and employment trends may also have negative consequences for environmental quality and the natural resource base in rural areas. Too often rural communities make short-term sacrifices to their environment in order to provide more jobs and income.<sup>143</sup> These tradeoffs are not necessary if rural communities understand the actual long-term benefits and costs of these decisions.

Historically, rural development policy has been viewed as synonymous with agricultural policy.<sup>144</sup> Rural areas, however, are more diverse today, and policy makers and practitioners need to recognize that increasing agricultural productivity does not necessarily benefit most rural people and places.<sup>145</sup> Broader rural development policies are needed to address the issues facing most communities today.

There is a growing interest in rural development policies that focus on promoting the “triple bottom line”: social justice, environmental quality, and economic development.<sup>146</sup> Of course, there are several conflicts or contradictions that must be overcome in achieving all three goals.<sup>147</sup> For example, there is typically a tension between promoting jobs and protecting the environment.<sup>148</sup> Environmental protection may make it more difficult to address social equity.<sup>149</sup> Similarly, creating new jobs may do very little to help the poor and underemployed.<sup>150</sup>

These contractions and conflicts between objectives in the triple bottom line are not inevitable.<sup>151</sup> The evidence suggests that the challenge to addressing the problems in rural communities is to think beyond strategies that emphasize a single goal without considering the impacts on other

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140. *Rural Poverty*, *supra* note 3.

141. BROWN & SCHAFFT, *supra* note 11, at 56-80.

142. *Id.*

143. William R. Freudenburg, *A Good Business Climate as Bad Economic News?*, 3 SOC'Y & NAT. RESOURCES 313-31 (1991).

144. WILLIAM P. BROWNE, JERRY R. SKEES, LOUIS E. SWANSON, PAUL B. THOMPSON & LAURIAN J. UNNEVEHR, SACRED COWS AND HOT POTATOES: AGRARIAN MYTHS IN AGRICULTURAL POLICY 23-30 (1992).

145. *Id.*

146. Gary P. Green, *Self-development as a Strategy for Rural Sustainability*, in RURAL SUSTAINABLE DEVELOPMENT IN AMERICA 175-90 (Ivonne Audirac ed., 1997).

147. Scott Campbell, *Green Cities, Growing Cities, Just Cities?: Urban Planning and the Contradictions of Sustainable Development*, 62 J. AM. PLANNING ASSOC. 296-312 (1996).

148. Freudenburg, *supra* note 143.

149. Campbell, *supra* note 147.

150. Gene F. Summers & Kristi Branch, *Economic Development and Community Social Change*, 10 ANN. REV. SOC. 141-66 (1984).

151. Campbell, *supra* note 147.

dimensions.<sup>152</sup> An important first step is to recognize and invest in the assets already available in rural communities.<sup>153</sup>

Looking at the different rural development strategies discussed here, it is clear that some strategies may be more appropriate for some communities than others. Amenity-based development, in particular, is more attractive in regions that have natural assets, such as lakes, rivers, and mountains. Industrial clusters may be more likely to succeed in regions that have a strong industrial base, a skilled workforce, and good access to training institutions. There is a tendency for many rural communities to overlook their assets and focus on the problems they are facing.<sup>154</sup>

Regionalism may provide the broadest potential for rural communities because it addresses the basic structural constraints that most rural communities face: small size, low population density, and distance to markets. It is also the case that regionalism can be an essential component to promoting amenity-based development and industrial clusters. Communities that collaborate to promote tourism and recreational development may be more effective working together than alone. For example, tourism can be enhanced if there are multiple attractions in a region. Similarly, promoting environmental quality is enhanced through policies that reduce generating externalities for neighboring communities.

Industrial clusters also may be dependent on regional policies that promote greater coordination and cooperation across institutions. Rather than promoting greater competition for jobs, local governments may need to work together to promote the regional cluster and coordinate training programs across educational institutions. Economic development organizations can help find suppliers in the region that support existing industry.

Developing regional strategies in rural areas, however, will require a significant transformation in our political and social institutions. Many state and federal policies continue to allocate resources based on population or employment, which places rural areas at a competitive disadvantage in accessing funds.<sup>155</sup> Many public policies also fail to consider the actual costs of how we value natural resources.<sup>156</sup> Regional strategies to promote rural development will help us fully account for the benefits and costs of our policies.

#### IV. CONCLUSION

Many analyses of rural America consider the loss of population and businesses as inevitable, the result of market forces and modernization.<sup>157</sup>

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152. *Id.*

153. GREEN ET AL., ASSET BUILDING, *supra* note 85, at 9-14.

154. *Id.*

155. BROWN & SCHAFFT, *supra* note 11, at 56-80.

156. BILLILL MCKIBBEN, DEEP ECONOMY: THE WEALTH OF COMMUNITIES AND THE DURABLE FUTURE, 129-76 (2007).

157. GILBERT C. FITE, AMERICAN FARMERS: THE NEW MINORITY 234-44 (1981).

Others emphasize that urbanization brings more benefits for the environment and workers, therefore we should be encouraging the population shift from rural to urban areas.<sup>158</sup> Rural people and places, however, continue to play a vital role in maintaining our natural resources and protecting the environment. Rural America will need to build new partnerships and alliances to survive the changing economic context it faces.

These changes are unlikely to come directly from state or federal programs, although there is a critical role for governments in facilitating community and regional development. Rural communities would benefit from incentives for cooperation, through access to financial or technical assistance. Rather than administering programs like Community Development Block Grants to individual communities, it might be possible to make these resources available only to communities that partner with neighboring municipalities.

Another critical component to developing new institutional frameworks for rural development is participatory processes that engage residents in the deliberation, decision-making, and implementation of community-based strategies. In many cases, residents lack the capacity to fully participate in these processes. This capacity will be necessary to effectively respond to the issues rural communities face in the next century.

Sustainability is the key challenge facing rural communities. Rather than assuming economic growth will ultimately help us solve these obstacles, we need to understand the complex relationship between the environment, economy, and society in order to develop long-term solutions.

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158. EDWARD GLAESER, TRIUMPH OF THE CITY: HOW OUR GREATEST INVENTION MAKES US RICHER, SMARTER, GREENER, HEALTHIER, AND HAPPIER 1-15 (2011).