



**Rural Regional Innovation:
A response to metropolitan-framed placed-based
thinking in the United States
Brian Dabson**

Community & Regional Development Institute
Cornell University
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Policy Challenge

- **Three dimensions:**
 - Nature of rurality and how it is measured
 - Perceived/potential contribution that rural places/people make to national well-being
 - Appropriateness/effectiveness of public investments in rural America
- **Sharpened by:**
 - Economic crisis, measures to reduce deficit
 - Obama's support of place-based strategies

Structure of remarks

- Origins of **place-based policy initiatives** and implications for rural America
 - Measurement of rurality, public discourse
 - Rural-urban linkages, regional innovation clusters
- Framework for emerging thinking in US around **“rural regional innovation”**
 - Main components
 - Implications for regional science

Rurality

- Distinguishing ‘urban’ from ‘rural’ based on population size – **dichotomy or continuum**
- **Three-dimensional view**
 - Settlement size – metropolitan to hamlet
 - Concentration – dense to sparse
 - Accessibility – central to remote
- **Multi-dimensional view**
 - GIS to better capture complexity and diversity

Dominant US typologies



- **US Census Bureau**
 - **Urbanized areas** – population > 50,000; density > 1,000 persons/sq. mile at core (500 in adjoining territory)
 - **Urban clusters** – population 2,500 – 49,999
- **Office of Management & Budget**
 - **Metropolitan areas** – one or more “urbanized areas” plus outlying counties with economic ties (commuting)
 - **Micropolitan area** – centered on “urban clusters’ >10,000.
 - **Non-core areas** – the remainder

Rural Identity

- **Kellogg Foundation/
Bergstrom**
 - Rural utopia
 - Rural dystopia
- **Carsey Institute**
 - Amenity-rich
 - Declining resource-dependent
 - Chronically poor
 - Amenity/decline
- **Stauber**
 - No social contract to define respective roles of urban and rural America since 1970s
- **Brookings/Katz**
 - Mythical benefits of small-town America

Innovation

Peter Drucker

*“ the purposeful and organized search for changes...a **systematic** examination of the areas of change that typically offer entrepreneurial activities”*

Regional Innovation Systems



- Ways of systematically fostering innovation as part of economic development policy.
- *“Cooperative innovation activities between firms and knowledge creating/diffusing organizations...and innovative-supportive culture that enables both firms and systems to evolve over time.” Doloreaux & Parto*

Regional Innovation Clusters

- “...geographically close groups of interconnected companies and associated institutions in a particular field, linked by common technologies and skills...”
Porter
- Benefits of **geographic proximity**...promote knowledge sharing and innovation through **thick networks** of formal and informal relationships across organizations – the social structure of innovation.
Mills, Reynolds & Reamer

Clusters as *metropolitan* paradigm

- **Brookings Institution:**
 - New research shows promise of clusters in times of economic uncertainty
 - Reflect the nature of the **real** economy – focus on true sources of growth
 - **Cluster thinking** a compelling framework for rethinking, reorganizing and reforming economic development at federal, state, regional levels

International Influences

- **OECD Rural Paradigm**
 - An increased focus on natural and cultural amenities
 - Pressure to reform agricultural policy
 - Decentralization and trends in regional policy
- **EU Regional Policy**
 - Two-pronged target: persistent inefficiency and persistent social exclusion

Obama's Place-based Investments



- *...nation is increasingly a conglomeration of regional economies and ecosystems...promote planning and collaboration across jurisdictional boundaries...rural development programs should be coordinated with broader regional initiatives...*

The Challenge

- To develop a legitimate **rural component for place-based policies**, one that is an **intellectual, policy, and programmatic counterpoint** to metropolitan-framed regional innovation cluster approaches.

Porter Themes

- Productivity does not depend on *what* industries a region competes in, but *how* it competes
- The most important sources of prosperity are *created* not inherited
- The prosperity of a region depends on the productivity of *all* its industries
- Innovation is more than just scientific discovery
- There are no low-tech industries, only low-tech firms

Cortright's Cluster Thinking



- Encouraging an orientation towards **groups** of firms...
- Building on the **unique** strengths of regions...
- Moving **beyond analysis** to ongoing dialogue with firms and other economic actors...
- Recognizing that each cluster demands different strategies and approaches...
- Fostering an environment that helps new clusters emerge...

Rosenfeld's Rural Clusters



- **Clusters of Distinction**
 - Define and brand a local economy and a particular place
- **Clusters of Competence**
 - High concentration of companies, skills, and support but lacking uniqueness; operating within a diversified economy
- **Clusters of Opportunity**
 - Seeds of clusters with growth potential

Rural Regional Innovation

Proposition #1



- *While proximity may be a determining factor in metropolitan clusters, it is still possible to **capture the benefits of regional clusters where participating firms and sectors are less proximate***
 - Rural businesses located within/close to metropolitan centers can plug into cluster networks and value chains
 - More remote businesses are of two main types:
 - Building on **community assets, entrepreneurial opportunities**, using **broadband** – building upon community and virtual sector networks
 - Requiring **space** rather than proximity – natural resources; linking into regional, national, and global supply chains

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Proposition #2



- *The exploration and capturing of the benefits of **rural-urban interdependence** is essential for national well-being and prosperity*
 - Importance and extent of interdependence not widely recognized or understood; rural areas provide **critical consumption goods** to metro consumers – food, energy, water, environmental remediation, lower-cost land & labor, unique experiences
 - Urban areas are **end-market for rural production**, provide specialized services, offer diverse job opportunities, generate resources for rural investment
 - Many rural services – **ecosystem services** (wetlands, carbon storage, pollinators, aquifers) not appropriately valued

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Proposition #3



- *The inherent challenges of distance and low density, coupled with limitations of capacity and resources in many rural places, call for **effective cross-jurisdictional and cross-sectoral approaches.***
 - **Systems approach** to design and delivery of services and responses for rural people and places – connecting resources and expertise
 - **Regional collaboration** – all levels of government, business and nonprofit organizations find common ground, cross boundaries to solve problems, plan for the future

Rural Regional Innovation

Proposition #4



- *The challenges of persistent poverty and limited opportunity associated with many rural places require **a focus on the creation and retention of economic, social, and environmental wealth***
 - Application of triple bottom line, multiple forms of wealth (capital, assets) – **“making wealth stick”** – issues of local control and ownership
 - Challenge: developing the analytical, planning, and design **tools** to capture stocks and flows of multiple forms of wealth in rural regions
 - Challenge: developing the **metrics** to describe community health and well-being, guide resources, measure impact

Rural Regional Innovation

Proposition #5



- *The ability of rural places to be resilient in the face of disruptive events requires “forward leaning” attitudes and strategies based on innovation and entrepreneurship.*
 - Increasing likelihood and frequency of disasters – requires more intelligent and inclusive approaches to planning and preparedness – both coping with impacts and building resiliency to recover and thrive
 - Embrace propositions 1-4
 - Create a positive narrative about rural America over next 20 years
 - Foster innovation and entrepreneurship

The research gap

- **Tools that capture:**
 - “Beneath the radar screen” rural clusters
 - The accumulation and leakages of rural wealth
 - Measures of economic, social, and environmental assets



Brian Dabson
Rural Policy Research Institute
brian@rupri.org
www.rupri.org