

New Horizons for Canada's
Rural Economy:
Some Lessons from Rural
America

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New Horizons for Canada's Rural Economy

- The quest for a New Rural Economy
- The new rural opportunities
- The new policy changes

The Quest for a New Rural Economy

1. Globalization is pressuring “old” rural sectors...
2. Leaving the rural economy highly uneven
3. Many regions search for new economic engines...
4. Yet rural areas lag in high growth businesses.

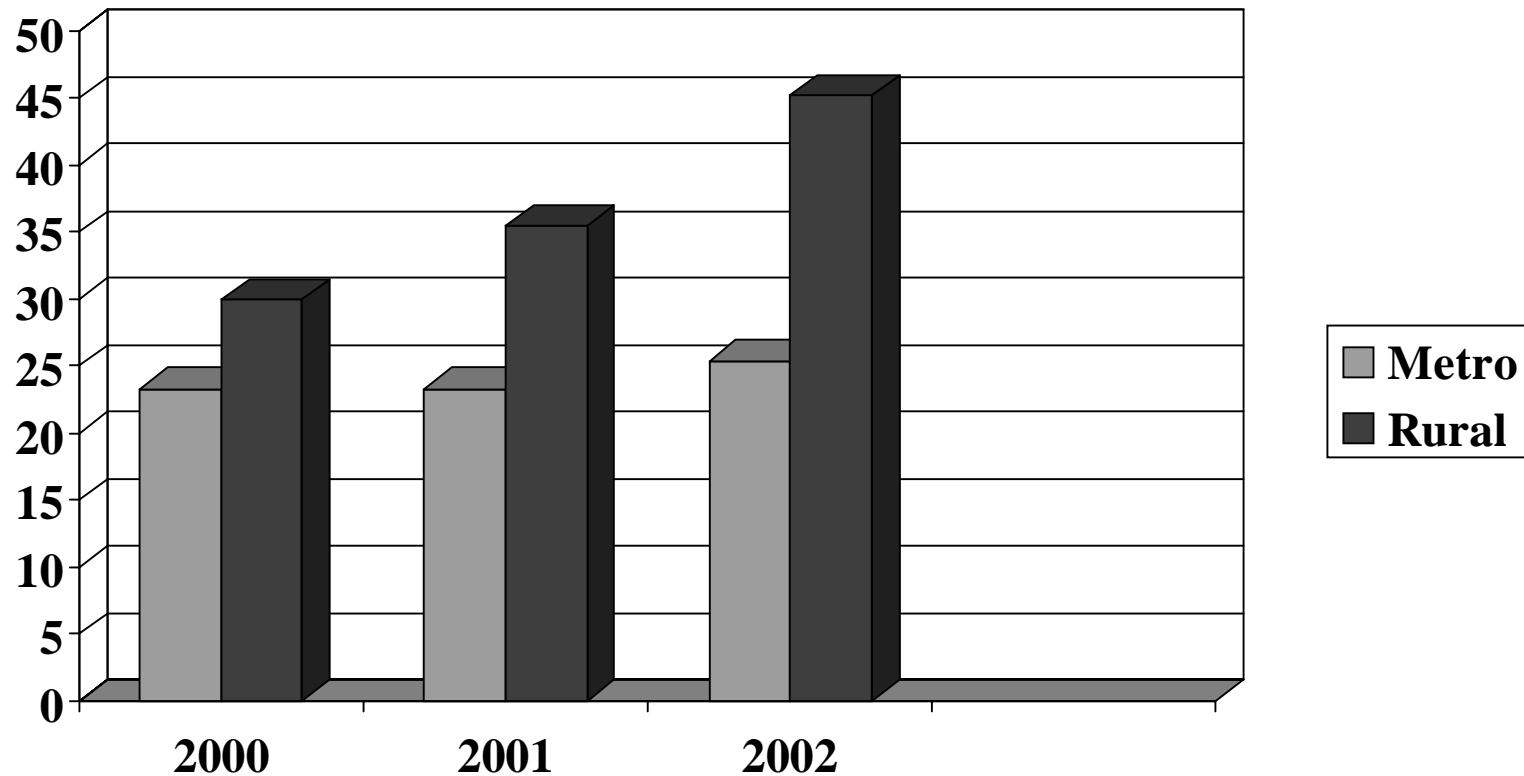
New Rural Opportunities

Old engines will not disappear...

But they must be supplemented by the new.

Or current trends will continue.

Rural Factory jobs hurt by shutdowns...



The New Challenge in a Global Economy

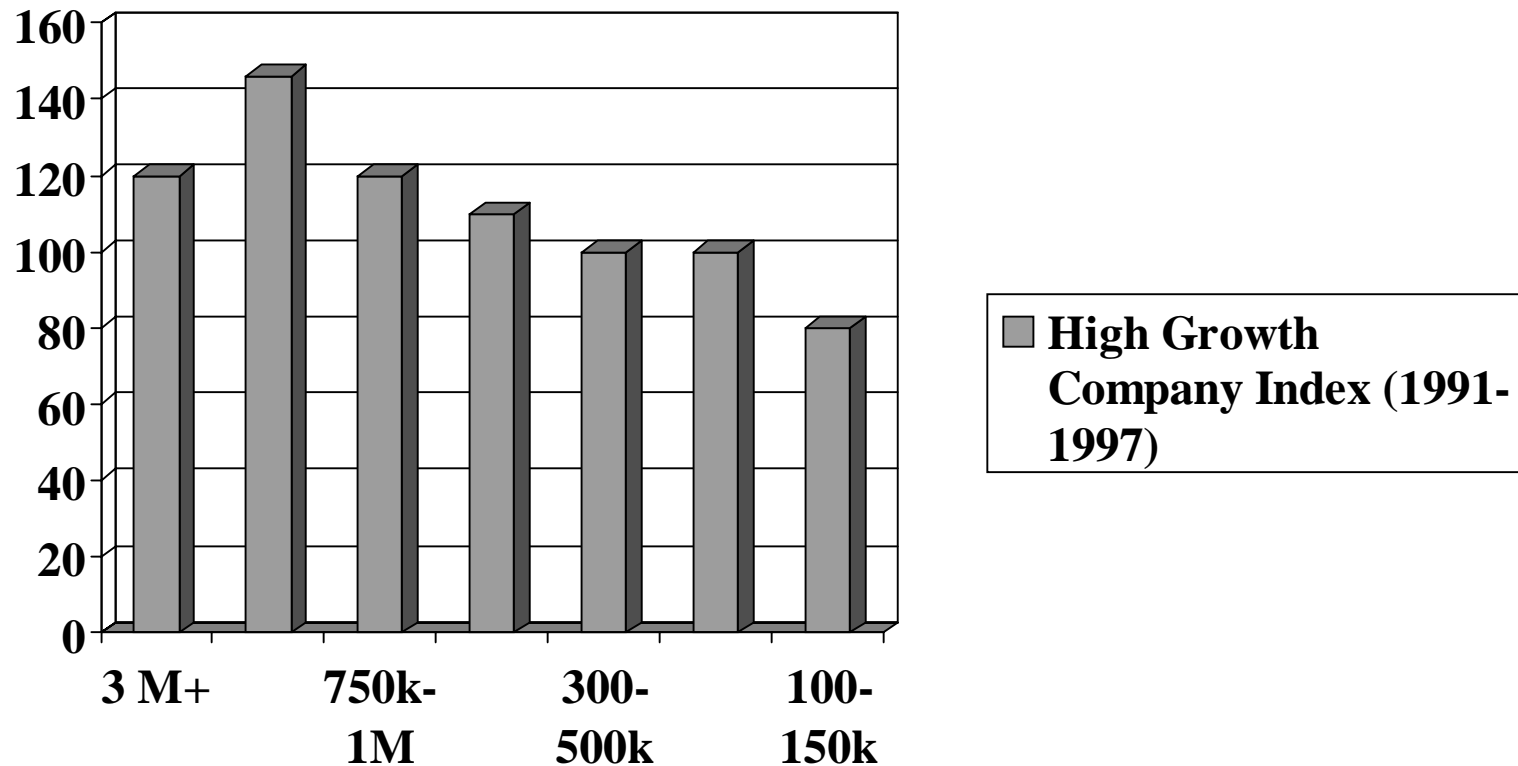
Regions must constnatly invest in new
sources of competitive advantage...

Instead of protecting the old.

Rural America has exciting new business horizons...

1. Product agriculture
2. Tourism/Agri-tourism
3. Advanced manufacturing

Yet Rural Areas lag in high-growth business starts...



Product Agriculture Horizons

From “new-use” commodities

- Ethanol
- Bio-plastics (Blair, NE)

To new “high-value” products

- Pharmaceuticals

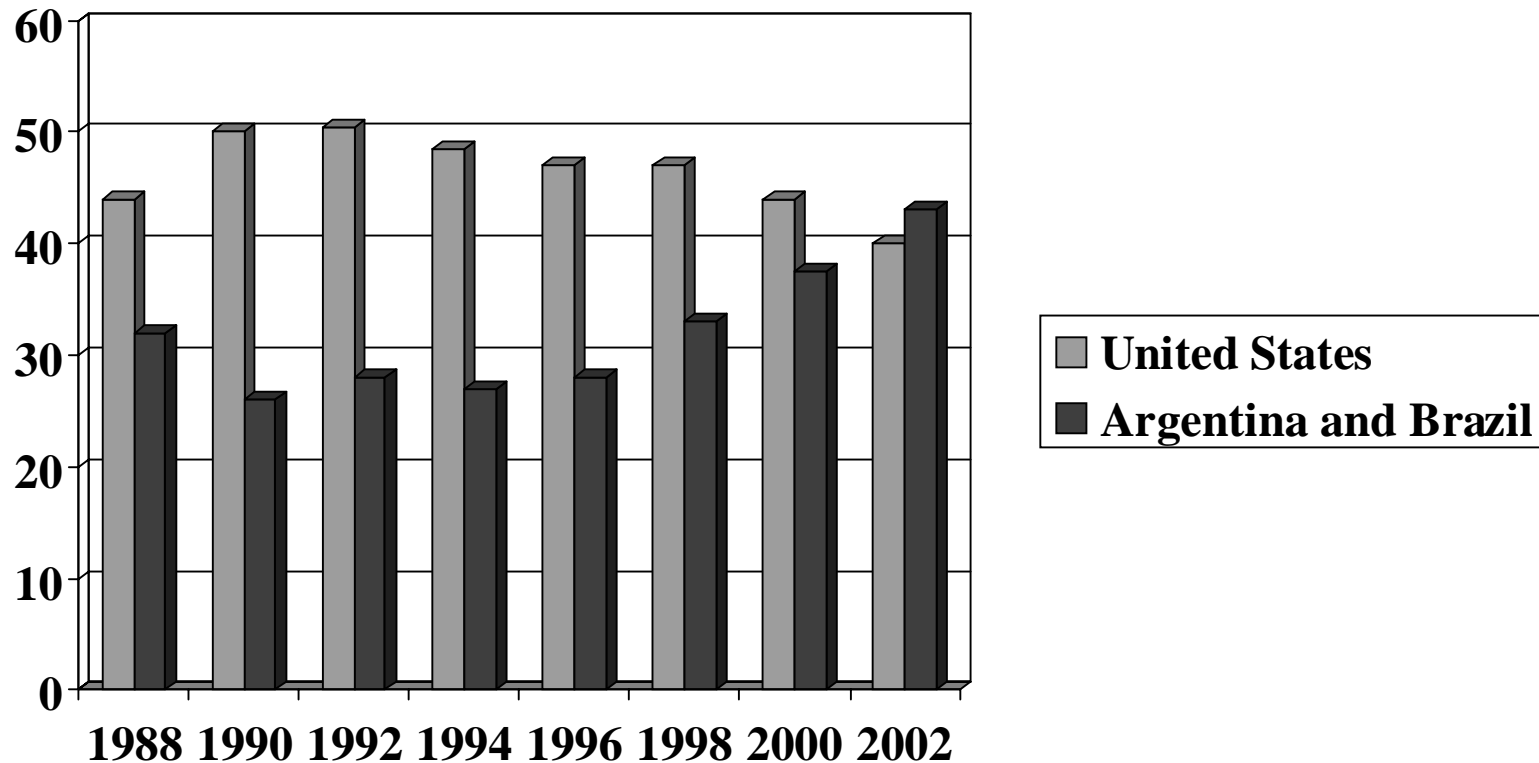
Growing Pharmaceuticals

- Big potential for reducing health care spending
- The highest value farm products ever
- High-skill, high-wage jobs
- All built on the power of life science, information, technology, and advanced manufacturing

Farm-to-grocer foods

- Affluent consumers want quality, nutrition, taste, and choice.
- Farmers within striking distance of cities can deliver that.

The U.S is losing share in Soy Markets...



Waitrose – Giving consumers choice...

And farmers new markets.

- Rapid growth in the past 10 years
- A business strategy built on “choice”
- Offer more than 1,500 organic foods...

From farm-fresh organic leg of lamb...

To “deep-strawed eggs.”

Creating Regional Brands...

The European Model.

France: Institut des Appellations d'Origine
“Appellation Controlee”

Champagne

Bordeaux

Roquefort

New Rural Scenic Strategies

- Scenic Strategy
Mountain vistas and open skies in the Rockies
- “Nature” strategy
Pheasant hunting in South Dakota
- Cultural Strategy
Foods, fields, and art in Tuscany

Advanced Manufacturing...

NC's Hosiery Industry

- Makes 60% of the nation's socks
- Employs 35,000 workers
- Many small firms – most have fewer than 75 workers
- And the industry is almost entirely rural – NC's Catawba Valley

Partnering to Compete

- In the 1980's, industry feared foreign competition...
- So, firms partnered to create Hosiery technology Center in 1989
- Located in Catawba Valley Community College

The Common Thread of the New Frontier

- In the past, *independence*
- In the future, *interdependence*

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The New Policy Challenges

1. Acknowledging the new rural reality

Agricultural policy alone can no longer be rural policy

We should not pour old policy into new wineskins

What else to do?

The New Policy Challenges

2. Agreeing on the new goal

Helping rural regions build new competitive advantage in a global marketplace

Key Implications for New Rural Policy

- “Region” is the proper policy frame – but rural areas tend not to think regionally!
- Focusing on single firms, communities or counties is no longer sufficient
- Business focus must go beyond the traditional suspects
Knowledge-based rural industries must become more important
- “One-size-fits-all” policies will probably fail.

A Shift in Thinking

- From subsidies
- To growing entrepreneurs
- To leveraging regional opportunities

Building Blocks for New Rural Policy Entrepreneurship

- Shifting policy from:
 1. Recruitment to business starts
 2. Subsidy to business innovation

Making Rural America more Entrepreneurial

- Helping communities and businesses think regionally
- Delivering better business assistance
- Making more equity capital available

Building Blocks for New Rural Policy Education

- Training a knowledge-based work force
- Higher-ed institutions as a regional catalyst

Building Blocks for New Rural Policy Technology and Infrastructure

- Broadband access
- Product Ag technologies
- Regional business networks
- E-shop resource centers

Summary Lessons

- Globalization changes everything
- Going beyond commodities is key,

Summary Lessons

- Subsidies protect the “old” economy –
And discourage innovation to the new

Summary Lessons

- Critical mass matters –
So think regionally.

Summary Lessons

- The New Regional Economy is an exciting frontier –
- But new policies are needed to claim it.